



Filing Receipt

Filing Date - 2024-05-13 04:38:31 PM

Control Number - 56608

Item Number - 1



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 and 24.240

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: Henry M. Garza d/b/a Cielo Azul Ranch Public Water System
(selling entity)

CCN No.s: 12702

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

Transferee: Cielo Azul Agua LLC
(acquiring entity)

CCN No.s: 12702

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

County(ies): Hays

Table of Contents

Sale, Transfer, or Merger (STM) Application Instructions	1
Part A: General Information	3
Part B: Transferor Information	3
Part C: Transferee Information	4
Part D: Proposed Transaction Details	6
Part E: CCN Obtain or Amend Criteria Considerations.....	8
Part F: TCEQ Public Water System or Sewer (Wastewater) Information	9
Part G: Mapping & Affidavits	10
Part H: Notice Information.....	12
Appendix A: Historical Financial Information (Balance Sheet and Income Schedule).....	15
Appendix B: Projected Information	18

Please mark the items included in this filing

		EXHIBIT PAGES	
		Exhibit Description	Page #
<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	Part B: Question 5	
<input type="checkbox"/>	Partnership 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 type="checkbox"/>	Application Attachment A & B	Part C: Question 10	
<input type="checkbox"/>	Disclosure of Affiliated Interests	Part C: Question 10	
<input type="checkbox"/>	Capital Improvement Plan	Part C: Question 10	
<input checked="" 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	
		A Death Certificate	15
		B Trust Successorship	16
		C Declination	18
		D Tariff	20
		E Cert. of Account Status	39
		F Financial Information	44
		G Appraisal	66
		H Information Letter	72
		I Inspection Report	73
		J General Location Map	75
		K Detailed Location Map	77

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:

This is a testamentary transfer of the CCN and water facilities from Henry M., Garza (deceased) to Cielo Azul Agua LLC, a Texas limited liability company solely owned by The Garza Management Trust of 1994, successor in interest of Henry M. Garza. Transfer will have no impact on service to customers within the CCN service area. SEE EXHIBIT A - Henry M. Garza Death Certificate; EXHIBIT B - Trust Successorship; EXHIBIT C - Declination from Larry Garza. Exhibit A = Page 15; Exhibit B = Page 16; Exhibit C = Page 18

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

For **Transferee** (Purchaser) CCN:

For **Transferor** (Seller) 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

- ☐ 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: Henry M. Garza (deceased) d/b/a Cielo Azul Ranch Public Water System

(individual, corporation, or other legal entity)

☒ Individual ☐ Corporation ☐ WSC ☐ Other: _____

- B. Mailing Address: PO Box 1898, San Marcos, Texas 78667

Phone: (512) 847-2130

Email: hmgtrusts94@gmail.com

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

Name: Daniel Garza, Executor of the Estate of Henry M. Garza (deceased)

Title: Executor

Mailing Address: 37 Dyer Avenue, Collinsville, CT 06019

Phone: (860) 558-9762

Email: dansis819@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:

- A. Effective date for most recent rates: July 8, 1994

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

Tariff ATTACHED hereto as EXHIBIT D. (page 20)

☐ No ☒ Yes Application or Docket Number: 30440C

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

☐ County

☐ Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)

Page 39

Certificate of Account Status and Formation Documents ATTACHED hereto as EXHIBIT E

☒ Other (please explain): Texas Limited Liability Company

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

Name:

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: Daniel Garza, Successor Trustee of the Garza Management Trust of 1994

Position: Sole member and manager

Ownership % (if applicable): 100%

Address: 37 Dyer Avenue, Collinsville, CT 06019

Phone: (860) 558-9762

Email: dansis819@gmail.com

Name:

Position:

Ownership % (if applicable):

Address:

Phone:

Email:

Name:

Position:

Ownership % (if applicable):

Address:

Phone:

Email:

Name:

Position:

Ownership % (if applicable):

Address:

Phone:

Email:

10. **Financial Information** SEE PUC ANNUAL REPORTS (2022 and 2023) ATTACHED hereto as EXHIBIT F. (page 44)

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.

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.

Part D: Proposed Transaction Details

11. A. Proposed Purchase Price: \$0.00

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*):

(Page 66)

☐ No ☒ Yes ☐ N/A

SEE EXHIBIT G for information responsive to question 11(B)

Total Original Cost of Plant in Service: \$

Accumulated Depreciation: \$

Net Book Value: \$

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: \$

Accumulated Amortization: \$

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: \$

Accumulated Amortization: \$

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 certified to the transferee Applicant? Attach supporting documentation and any necessary TCEQ approvals, if applicable.

☒ No ☐ Yes

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

n/a

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

This is a testamentary transfer of CCN and water facilities. This transfer allows the system to continue to be maintained and upgraded by the successor in interest to Transferor. By way of this Application and proposed transaction, Transferee also requests consideration to be treated as an EXEMPT UTILITY in accordance with 16 TAC 24.229(e) as the water system currently serves only eleven (11) connections. Please SEE EXHIBIT H for additional information. (page 72)

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: \$0 _____

Cash: \$ _____

Notes Payable: \$0 _____

Mortgage Payable: \$0 _____

(Proposed) Acquisition Adjustment*: \$0 _____

*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. Explain any proposed billing change. If the Transferee is an Investor Owned Utility (IOU) and is requesting authorized acquisition rates under 16 TAC § 24.240 and TWC § 13.3011, the Transferee must also provide all items requested in 16 TAC § 24.240(d)(1)-(6).

No change.

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:

The quality of retail public utility service in the requested area will only improve as a result of the proposed transaction. Since the death of Henry Garza, Daniel L. Garza, Successor Trustee, has hired a management company to handle water system operations, streamlined office operations, and improved compliance. He has upgraded all pipework at the main well head, the main pump/storage station and the secondary pump station. There have been new pumps installed and all new AMR meters for customers and the company. There are plans for future improvements to continue to upgrade and maintain the system.

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.

Since his father's death, Daniel L. Garza, Successor Trustee of The Garza Management Trust of 1994, has been managing operations of the water system in full compliance with TCEQ standards and regulations.

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:

There will be no changes to the land due to this transaction.

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

It will allow the water system, and supply of water, to continue to improve for customers of the system.

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:

Hays County, Comal County, Hays Trinity GCD, Barton Springs/Edwards Aquifer CD, Edwards Aquifer Authority

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): INSPECTION REPORT ATTACHED hereto as EXHIBIT I. (page 7)

TCEQ PWS Identification Number: 1050034 (7 digit ID)

Name of PWS: Cielo Azul Ranch Public Water System

Date of last TCEQ compliance inspection: January 19, 2023 (attach TCEQ letter)

Subdivisions served: n/a

- B. For Sewer service:**

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

Name of Wastewater Facility:

Name of Permittee: _____

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

Subdivisions served: _____

Date of application to transfer permit submitted to TCEQ: _____

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

Water				Sewer	
0	Non-metered	2	2"		Residential
3	5/8" or 3/4"	0	3"		Commercial
6	1"	0	4"		Industrial
0	1 1/2"	0	Other		Other
Total Water Connections:			11	Total Sewer Connections:	

- | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

☒ 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:

- | | |
|----|---|
| 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:		
Sewer:		

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:

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
PGMS Inc.	A,C,D	WC00002032	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:

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:

**General Location Map
ATTACHED hereto as
EXHIBIT J
(page 75)**

- 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. Detailed Location Map ATTACHED hereto as EXHIBIT K
(page 77)

- 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.

N/A

- 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 scaled 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: 44.75

Number of customer connections in the requested area: 11

Affected subdivision: N/A

The closest city or town: Wimberley, Texas

Approximate mileage to closest city or town center: 4

Direction to closest city or town: North

The requested area is generally bounded on the North by: Benito Lane

on the East by: Backbone Ridge

on the South by: FM32

on the West by: Dara Lane

31. A copy of the proposed map will be available at: SEE EXHIBIT H - Letter held at virtual office

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

33. A Transferee requesting approval to charge authorized acquisition rates under 16 TAC § 24.240 must also include the following information as part of the notice required by 16 TAC §24.239. *See* 16 TAC § 24.240(e).

1. An explanation of how intervention differs from protesting a rate increase.
2. A rate schedule showing the existing rates and the authorized acquisition rates.
3. A billing comparison for usage of 5,000 and 10,000 gallons at existing rates and authorized acquisition rates.

Oath for Transferor (Transferring Entity)

STATE OF _____

COUNTY OF _____

I, Bernard L. Garza being duly sworn, file this application for sale, transfer,

merger, consolidation, acquisition, lease, or rental, as

Trustee
(owner, member of partnership, officer or authorized representative, 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 provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Texas Water Code § 13.301(j) and copies of any outstanding enforcement Orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas, or Attorney General and have also complied with the notice requirements in Texas Water Code § 13.301(k).

Bernard L. Garza, Trustee

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 6 of May, 2024

SEAL

Valerie Marie Serrano
Notary Public-Connecticut
My Commission Expires
July 31, 2025

Valerie Serrano

NOTARY PUBLIC IN AND FOR THE
STATE OF ~~TEXAS~~ Connecticut

Valerie Serrano
PRINT OR TYPE NAME OF NOTARY

My commission expires: July 31 2025

Oath for Transferee (Acquiring Entity)

STATE OF _____

COUNTY OF _____

I, Daniel L. Gomez, being duly sworn, file this application for sale, transfer, merger, consolidation, acquisition, lease, or rental, as Traveler
(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.

Daniel L. Gomez, Trustee

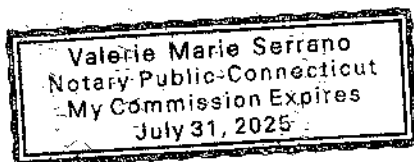
AFFIANT

(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 6 of May, 2024

SEAL



Valerie Serrano

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

Valerie Serrano
PRINT OR TYPE NAME OF NOTARY

My commission expires: July 31 2025

EXHIBIT A

DEPARTMENT OF STATE HEALTH SERVICES VITAL STATISTICS

TEXAS DEPARTMENT OF STATE HEALTH SERVICES - VITAL STATISTICS

Jun 01 2020

STATE OF TEXAS

CERTIFICATE OF DEATH

STATE FILE NUMBER

142-20-086362

TEXAS DEPARTMENT OF STATE HEALTH SERVICES - VITAL STATISTICS UNIT

WARNING: The penalty for knowingly making a false statement in this form can be 2-10 years in prison and a fine up to \$10,000. (Health and Safety Code, Sec. 195.188)

VS-112 REV 1/2006

1. LEGAL NAME OF DECEASED (Include AKA's, if any) (First, Middle, Last)				2. DATE OF DEATH - ACTUAL OR PRESUMED (mm-dd-yyyy)	
HENRY M. GARZA				MAY 22, 2020	
3. SEX	4. DATE OF BIRTH (mm-dd-yyyy)	5. AGE-Last Birthday (Years)	6. IF UNDER 1 YR Mo Days	7. IF UNDER 1 DAY Hours Min	8. BIRTHPLACE (City & State or Foreign Country)
MALE	AUGUST 15, 1921	98			SAN MARCOS, TX
7. SOCIAL SECURITY NUMBER		8. MARITAL STATUS AT TIME OF DEATH		9. SURVIVING SPOUSE'S NAME (If spouse, give name prior to first marriage)	
465-01-1855		<input type="checkbox"/> Married <input type="checkbox"/> Divorced (but not remarried) <input checked="" type="checkbox"/> Widowed (but not remarried) <input type="checkbox"/> Never Married <input type="checkbox"/> Unknown			
10a. RESIDENCE STREET ADDRESS				10b. APT. NO.	10c. CITY OR TOWN
1312 FM 32 NUMBER 11					SAN MARCOS
10d. COUNTY		10e. STATE		10f. ZIP CODE	10g. INSIDE CITY LIMITS?
HAYS		TEXAS		78666	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
11. FATHER/PARENT 2 NAME PRIOR TO FIRST MARRIAGE			12. MOTHER/PARENT 1 NAME PRIOR TO FIRST MARRIAGE		
MARCOS GARZA			FIDELA MORALES		
13. PLACE OF DEATH (CHECK ONLY ONE)					
IF DEATH OCCURRED IN A HOSPITAL: <input checked="" type="checkbox"/> Inpatient <input type="checkbox"/> ER/Outpatient <input type="checkbox"/> DCA IF DEATH OCCURRED SOMEWHERE OTHER THAN A HOSPITAL: <input type="checkbox"/> Hospice Facility <input type="checkbox"/> Nursing Home <input type="checkbox"/> Decedent's Home <input type="checkbox"/> Other (Specify)					
14. COUNTY OF DEATH		15. CITY/TOWN, ZIP (If outside city limits, give precinct no.)		16. FACILITY NAME (If not institution, give street address)	
HAYS		SAN MARCOS, 78666		CTMC	
17. INFORMANT'S NAME & RELATIONSHIP TO DECEASED			18. MAILING ADDRESS OF INFORMANT (Street and Number, City, State, Zip Code)		
ROSALIE HAGGERTY - DAUGHTER			1312 FM 32 NUMBER 11, SAN MARCOS, TX 78666		
19. METHOD OF DISPOSITION		20. SIGNATURE AND LICENSE NUMBER OF FUNERAL DIRECTOR OR PERSON ACTING AS SUCH		21. <input type="checkbox"/> Unknown	
<input checked="" type="checkbox"/> Burial <input type="checkbox"/> Cremation <input type="checkbox"/> Donation <input type="checkbox"/> Entombment <input type="checkbox"/> Removal from state <input type="checkbox"/> Mausoleum <input type="checkbox"/> Other (Specify)		KENNETH VILLASENOR BY ELECTRONIC SIGNATURE - 11039		Section: WOODLAND ADDITION 8 Block: 105 Lot: Space: 1	
22. PLACE OF DISPOSITION (Name of cemetery, crematory, other place)			23. LOCATION (City/Town, and State)		
SAN MARCOS CITY CEMETERY			SAN MARCOS, TX		
24. NAME OF FUNERAL FACILITY			25. COMPLETE ADDRESS OF FUNERAL FACILITY (Street and Number, City, State, Zip Code)		
LOS ANGELES FUNERAL HOME			300 CHEATHAM STREET, SAN MARCOS, TX 78666		
26. CERTIFIER (Check only one)					
<input checked="" type="checkbox"/> Certifying physician-To the best of my knowledge, death occurred due to the cause(s) and manner stated. <input type="checkbox"/> Medical Examiner/Jurist of the Peace-On the basis of examination, and/or investigation, in my opinion, death occurred at the time, date and place, and due to the cause(s) and manner stated.					
27. SIGNATURE OF CERTIFIER		28. DATE CERTIFIED (mm-dd-yyyy)		29. LICENSE NUMBER	
JAMILA STONE, BY ELECTRONIC SIGNATURE		MAY 28, 2020		P6262	
31. PRINTED NAME, ADDRESS OF CERTIFIER (Street and Number, City, State, Zip Code)				32. TITLE OF CERTIFIER	
JAMILA STONE 1305 WONDER WORLD DRIVE, SAN MARCOS, TX 78666				MD	
33. PART 1. ENTER THE CHAIN OF EVENTS - DISEASES, INJURIES, OR COMPLICATIONS - THAT DIRECTLY CAUSED THE DEATH. DO NOT ENTER TERMINAL EVENTS SUCH AS CARDIAC ARREST, RESPIRATORY ARREST, OR VENTRICULAR FIBRILLATION WITHOUT SHOWING THE ETIOLOGY. DO NOT ABBREVIATE. ENTER ONLY ONE CAUSE ON EACH.					
IMMEDIATE CAUSE (Final disease or condition resulting in death) Sequentially list conditions, if any, leading to the cause listed on line a. Enter the UNDERLYING CAUSE (disease or injury that initiated the events resulting in death) LAST		a. CARDIAC ARREST		Approximate interval Onset to death	
		Due to (or as a consequence of)		MINUTES	
		b. HYPERKALEMIA		HOURS	
		Due to (or as a consequence of)		HOURS	
		c. SEPSIS		DAYS	
		Due to (or as a consequence of)			
		d. UNKNOWN INFECTIOUS SOURCE			
PART 2. ENTER OTHER CAUSE GIVEN IN PART 1					
CHRONIC KIDNEY DISEASE, DEMENTIA, HISTORY OF STROKE, CORONARY ARTERY DISEASE					
34. WAS AN AUTOPSY PERFORMED?		35. WERE AUTOPSY FINDINGS AVAILABLE TO COMPLETE THE CAUSE OF DEATH?			
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		<input type="checkbox"/> Yes <input type="checkbox"/> No			
36. MANNER OF DEATH		37. DID TOBACCO USE CONTRIBUTE TO DEATH?		38. IF FEMALE:	
<input checked="" type="checkbox"/> Natural <input type="checkbox"/> Accident <input type="checkbox"/> Suicide <input type="checkbox"/> Homicide <input type="checkbox"/> Pending investigation <input type="checkbox"/> Could not be determined		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Previously <input type="checkbox"/> Probably <input type="checkbox"/> Unknown		<input type="checkbox"/> Not pregnant within past year <input type="checkbox"/> Pregnant at time of death <input type="checkbox"/> Not pregnant, but pregnant within 42 days of death <input type="checkbox"/> Not pregnant, but pregnant 43 days to one year before death <input type="checkbox"/> Unknown if pregnant within the past year	
39. IF TRANSPORTATION INJURY, SPECIFY:					
<input type="checkbox"/> Driver/Operator <input type="checkbox"/> Passenger <input type="checkbox"/> Pedestrian <input type="checkbox"/> Other (Specify)					
40a. DATE OF INJURY (mm-dd-yyyy)		40b. TIME OF INJURY		40c. INJURY AT WORK?	
				<input type="checkbox"/> Yes <input type="checkbox"/> No	
40d. PLACE OF INJURY (e.g. Decedent's home, construction site, restaurant, wooded area)		40e. COUNTY OF INJURY			
41. DESCRIBE HOW INJURY OCCURRED					
42a. REGISTRAR FILE NO.		42b. DATE RECEIVED BY LOCAL REGISTRAR		42c. REGISTRAR	
				Tara Das	

EDR NUMBER 00094444731556

This is a true and correct copy of the record as registered in the State of Texas. Issued under the authority of Section 191.051, Health and Safety Code.

ISSUED Jun 02 2020

Page 15 of 78

WARNING: THIS DOCUMENT HAS A DARK BLUE BORDER AND A COLORED BACKGROUND

JON



EXHIBIT B

CERTIFICATE OF APPOINTMENT OF SUCCESSOR TRUSTEE

By this Certificate of Appointment of Successor Trustee dated this ____ day of February, 2021, the undersigned certifies to the existence of a Trust Agreement by and between **HENRY M. GARZA** and **JULIA S. GARZA**, Trustors, and **HENRY M. GARZA**, Trustee of **THE GARZA MANAGEMENT TRUST OF 1994**, dated March 21, 1994, and states as follows:

- A. **THE GARZA MANAGEMENT TRUST OF 1994** (the "Trust Agreement") was created on March 21, 1994;
- B. The Trustors of the Trust were **HENRY M. GARZA** and **JULIA S. GARZA**;
- C. **HENRY M. GARZA** was the original Trustee of said Trust Agreement;
- D. The original Trustee and any Successor Trustee have full power and authority to deal in and with trust assets including, but not limited to, the power and authority to establish and maintain bank and brokerage accounts and the power and authority to own, protect, conserve, sell, lease, mortgage, encumber, manage and dispose of any real property conveyed to or owned by the Trust;
- E. **JULIA S. GARZA** died on April 10, 1994;
- F. By Agreement Amending the Garza Management Trust of 1994 dated May 7, 2018, Section 19.1 of the Trust Agreement was amended to name Rosalie Haggerty as Successor Trustee of the Trust Agreement and upon her death, resignation, refusal or inability to act then Richard Haggerty shall serve as Successor Trustee of the Trust Agreement and upon his death, resignation, refusal or inability to act then the surviving children of the Trustors shall serve as Successor Co-Trustees of the Trust Agreement;
- G. **HENRY M. GARZA** died on May 22, 2020;
- H. **ROSALIE HAGGERTY** died on November 30, 2020 and **RICHARD HAGGERTY** had previously died on September 13, 2020 leaving the surviving children of the Trustors to serve as Successor Co-Trustees of the Trust Agreement;
- I. The surviving children of the Trustors are **DANIEL L. GARZA** and **LARRY R. GARZA**; and

EXHIBIT B

J. **LARRY R. GARZA** has declined to serve as a Successor Trustee of the Trust Agreement.

Pursuant to Article Nineteenth, Section 19.1, as amended, of **THE GARZA MANAGEMENT TRUST OF 1994**, **DANIEL L. GARZA** is named as Successor Trustee and shall be appointed as Successor Trustee, conditioned only upon said Successor Trustee's acceptance of said position.

NOW, THEREFORE, the undersigned, **DANIEL L. GARZA** does hereby state that he accepts said position of trust and has been duly appointed and has qualified as Successor Trustee in said Trust Agreement.

Dated at COLLINSVILLE, Connecticut, this 23 day of February, 2021.

Loren Marie Clarke
Loren Marie Clarke
Sharon Case
Sharon Case

Daniel L. Garza
DANIEL L. GARZA, Successor Trustee

STATE OF CONNECTICUT)

) ss: Collinsville

February 23rd, 2021

COUNTY OF HARTFORD)

On this, the 23rd day of February, 2021, before me, the undersigned, personally appeared **DANIEL L. GARZA**, Successor Trustee of The Garza Management Trust of 1994, being duly sworn, who acknowledged the signing of the foregoing instrument to be his free act and deed as Trustee.

Loren Marie Clarke
Notary Public

My commission expires:

LOREN MARIE CLARKE
NOTARY PUBLIC
MY COMMISSION EXPIRES SEPT. 30, 2021



EXHIBIT C

CALIFORNIA ACKNOWLEDGMENT

CIVIL CODE § 1189

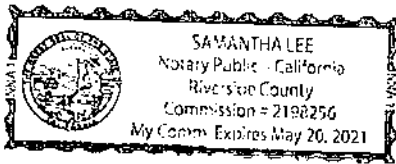
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Riverside

On 03-11-2021 before me, Samantha Lee, notary public
Date Here Insert Name and Title of the Officer
personally appeared Larry R Garza
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Place Notary Seal and/or Stamp Above

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: DECLARATION BY SUCCESSOR TRUSTEE

Document Date: 03-11-2021 Number of Pages: 1

Signer(s) Other Than Named Above: N/A

Capacity(ies) Claimed by Signer(s)

Signer's Name: LARRY R GARZA

☐ Corporate Officer - Title(s):

☐ Partner - ☐ Limited ☐ General

☒ Individual ☐ Attorney in Fact

☐ Trustee ☐ Guardian or Conservator

☐ Other:

Signer is Representing:

Signer's Name:

☐ Corporate Officer - Title(s):

☐ Partner - ☐ Limited ☐ General

☐ Individual

☐ Attorney in Fact

☐ Trustee

☐ Guardian or Conservator

☐ Other:

Signer is Representing:

EXHIBIT C

DECLINATION BY SUCCESSOR TRUSTEE

The subscriber, having been named a Successor Co-Trustee under **THE GARZA MANGEMENT TRUST OF 1994** dated March 21, 1994, hereby declines to accept said position as Successor Co-Trustee.

DATED at San Jacinto, California, this 11th day of March, 2021.

Antoinette Miller
Witness - ANTOINETTE MILLER

Larry R. Garza
LARRY R. GARZA

Jarvis N. Goodrich
Witness - Jarvis N. Goodrich

STATE OF CALIFORNIA)
) ss. _____ (Town where signed)
COUNTY OF RIVERSIDE)

On this the ____ day of March, 2021, before me, the undersigned, personally appeared **LARRY R. GARZA**, being duly sworn, who acknowledged the signing of the foregoing instrument to be his free act and deed.

See Attached
California All-Purpose
Acknowledgment Form

Notary Public
My commission expires:

EXHIBIT D



Filing Receipt

Received - 2022-02-01 04:35:45 PM
Control Number - 53075
ItemNumber - 107

EXHIBIT D

WATER UTILITY TARIFF FOR

Henry M. Garza dba Cielo Azul Ranch
(Utility Name)

220 Ellis Street
(Business Address)

San Marcos, Texas 78666
(City, State, Zip Code)

(512) 847-3743
(Area Code/Telephone)

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

12702

This tariff is effective in the following county:

Hays

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

None

This tariff is effective in the following subdivisions or systems:

Cielo Azul Ranch (PWS #1050034)

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>8</u>

APPENDIX A SERVICE AGREEMENTS
ATTACHMENT DROUGHT CONTINGENCY PLAN

ESTABLISHED BY THE PUBLIC UTILITY COMMISSION OF TEXAS

CCN 12702 JUL 26 '01

APPROVED TARIFF BY Sm/B

EXHIBIT D

Henry M. Garza dba Cielo Azul
Ranch

Water Tariff Page No. 2
Revision Date / /

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

Monthly Minimum Charge

Flat rate of \$25.00 per month per connection for fulltime use.

Flat rate of \$10.00 per month per connection for parttime use.

REGULATORY ASSESSMENT 1.0%

A REGULATORY ASSESSMENT, EQUAL TO ONE PERCENT OF THE CHARGE FOR RETAIL
WATER SERVICE ONLY, SHALL BE COLLECTED FROM EACH RETAIL CUSTOMER.

Section 1.02 - Miscellaneous Fees

TAP FEE \$ none

THE TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS
AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" or 3/4" METER.

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) \$ 25.00

b) Customer's request \$ none

OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF

TRANSFER FEE \$ none

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT
THE SAME SERVICE LOCATION WHERE THE SERVICE IS NOT DISCONNECTED.

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 \$ none

CUSTOMER DEPOSIT (Maximum \$50) \$ none

METER TEST FEE (actual cost of testing the meter up to) . \$ 25.00

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A
TWO YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY.

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

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

30440 CCCN 12702 JUL 8'94

D.A. APPROVED TARIFF BY AM

SECTION 2.0 - SERVICE RULES AND REGULATIONS

Section 2.01 - Texas Natural Resource Conservation Commission Rules

The utility will have the most current Texas Natural Resource Conservation 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 Water 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 water service is provided by the utility. A separate application or contract will be made for each service location.

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, meter and 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, service will be reconnected 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 meter location to the place of consumption. Customers may be required to install a customer owned cut-off valve on the customer's side of the meter or connection.

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 TNRCC 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 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 may 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 TNRCC Rules.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.04 - Customer Deposits (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

All water sold by the utility will be billed based on meter measurements. The utility will provide, install, own and maintain meters to measure amounts of water consumed by its customers. One meter is required for each residential, commercial or industrial facility in accordance with the TNRCC Rules.

Service meters will be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period unless otherwise authorized by the Commission.

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible, the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

30440 CCCN 12702 JUL 8'94

D.A. APPROVED TARIFF BY AM

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.06 - Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of 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. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. 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 TNRCC Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill 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.

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 TNRCC Rules.

TERMINATION REQUIRED BY COMMISSION

304400CCN 12702 JUL 8'94

D.A. APPROVED TARIFF BY AM

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)Section 2.07 - Service Disconnection (cont.)

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

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 production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the TWC Rules or in the Texas Natural Resource Conservation Commission's "Rules and Regulations for Public Water Systems."

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

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

30440 CCON 12702 JUL 8'94

D.A. APPROVED TARIFF BY AM

EXHIBIT D

Henry M. Garza dba Cielo Azul
Ranch

Water Tariff Page No. 7

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.11 - Customer Complaints and Disputes (cont.)

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 Natural Resource Conservation 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.

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 TNRCC Rules to be effective.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

30440 000N 12702 JD 8'94

D.A. APPROVED TARIFF BY AM

EXHIBIT D

Henry M. Garza dba Cielo Azul
Ranch

Water 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 water mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional production, storage, or treatment facilities. Contributions in aid of construction may not be required of individual residential customers for production, storage, treatment or transmission 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 water main or distribution 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 Natural Resource Conservation Commission's "Rules and Regulations for Public Water Systems."

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

30440 EOCN 12702 JUL 8'94

D.A. APPROVED TARIFF BY PH

EXHIBIT D

Henry M. Garza dba Cielo Azul
Ranch

Water 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 TNRCC 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 transmission or distribution 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 transmission and storage facilities 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 Natural Resource Conservation Commission minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or Texas Natural Resource Conservation Commission minimum requirements. For purposes of this subsection, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

30440 CCON 12702 JUL 8'94

O.A. APPROVED TARIFF BY AA

Model Drought Contingency Plan

**DROUGHT CONTINGENCY PLAN
FOR THE
INVESTOR OWNED UTILITY**

GARZA Cielo Azul

(Name of utility)

220 Ellis St. San Marcos, Texas 78666

(Address, City, Zip Code)

(CCN#)

1050034

(PWS #s)

8-26-00

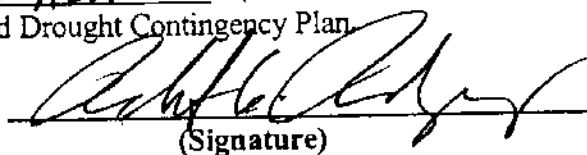
(Date)

Section 1 Declaration of Policy, Purpose, and Intent

In cases of extreme drought, periods of abnormally high usage, system contamination, or extended reduction in ability to supply water due to equipment failure, temporary restrictions may be instituted to limit non-essential water usage. The purpose of the Drought Contingency Plan is to encourage customer conservation in order to maintain supply, storage, or pressure or to comply with the requirements of a court, government agency or other authority.

Please note: Water restriction is not a legitimate alternative if water system does not meet the Texas Natural Resource Conservation Commission's (TNRCC) capacity requirements under normal conditions or if the utility fails to take all immediate and necessary steps to replace or repair malfunctioning equipment.

I Robert G. Rodriguez (Please print name), being the responsible official for GARZA Cielo Azul (Name of utility), request a minor tariff amendment to include the enclosed Drought Contingency Plan.


(Signature)

8-26-00
(Date)

Section 2 Public Involvement

Opportunity for the public to provide input into the preparation of the Plan was provided by:
(check at least one of the following)

☐ scheduling and providing public notice of a public meeting to accept input on the Plan.

The meeting took place at:

Date: _____ Time: _____ Location: _____

☐ mailed survey with summary of results. (attach survey and results)

☐ bill insert inviting comment. (attach bill insert)

☒ other method Will send out notices

Section 3 Public Education

The Garza Cielo Azul (name of utility) will periodically provide the public with information about the Plan, including information about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage.

Drought plan information will be provided by:
(check at least one of the following)

☐ public meeting

☐ press releases

☒ utility bill inserts

☐ other _____

Section 4 Coordination with Regional Water Planning Groups

The service area of the Garza Cielo Azul (name of your utility) is located within:

Regional Water Planning Group (RWPG) 1

Garza Cielo Azul (name of your utility) has mailed a copy of this Plan to the RWPG.

EXHIBIT D

Section 5 Notice Requirements

Written notice will be provided to each customer **prior to implementation or termination of each stage of the water restriction program**. Mailed notice must be given to each customer 72 hours prior to the start of water restriction. If notice is hand delivered, the utility cannot enforce the provisions of the plan for 24 hours after notice is provided. The written notice to customers will contain the following information:

1. the date restrictions will begin,
2. the circumstances that triggered the restrictions,
3. the stages of response and explanation of the restrictions to be implemented, and,
4. an explanation of the consequences for violations.

The utility must notify the TNRCC by telephone at (512) 239- 6020, or electronic mail at watermon@tnrcc.state.tx.us prior to implementing Stage III and must notify in writing the Public Drinking Water Section at MC - 155, P.O. Box 13087, Austin, Texas 78711-3087 within five (5) working days of implementation including a copy of the utility's restriction notice. The utility must file a status report of its restriction program with the TNRCC at the initiation and termination of mandatory water use restrictions (i.e. Stages III and IV).

Section 6 Violations

1. First violation - The customer will be notified by written notice of their specific violation.
2. Subsequent violations:
 - a. After written notice, the utility may install a flow restricting device in the line to limit the amount of water which will pass through the meter in a 24 hour period. The utility may charge the customer for the actual cost of installing and removing the flow restricting device, not to exceed \$50.00.
 - b. After written notice, the utility may discontinue service at the meter for a period of seven (7) days, or until the end of the calendar month, whichever is LESS. The normal reconnect fee of the utility will apply for restoration of service.

Section 7 Exemptions or Variances

The utility may grant any customer an exemption or variance from the drought contingency plan for good cause **upon written request**. A customer who is refused an exemption or variance may appeal such action of the utility in writing to the Texas Natural Resource Conservation Commission. The utility will treat all customers equally concerning exemptions and variances, and shall not discriminate in granting exemptions and variances. No exemption or variance shall be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of the variance.

Section 8 Response Stages

Unless there is an immediate and extreme reduction in water production, or other absolute necessity to declare an emergency or severe condition, the utility will initially declare Stage I restrictions. If, after a reasonable period of time, demand is not reduced enough to alleviate outages, reduce the risk of outages, or comply with restrictions required by a court, government agency or other authority, Stage II may be implemented with Stage III to follow if necessary.

STAGE I - CUSTOMER AWARENESS

Stage I will begin:

Every April 1st, the utility will mail a public announcement to its customers.
No notice to TNRCC required.

Stage I will end:

Every September 30th, the utility will mail a public announcement to its customers.
No notice to TNRCC required.

Utility Measures:

This announcement will be designed to increase customer awareness of water conservation and encourage the most efficient use of water. A copy of the current public announcement on water conservation awareness shall be kept on file available for inspection by the TNRCC.

Voluntary Water Use Restrictions:

Water customers are requested to voluntarily limit the use of water for non-essential purposes and to practice water conservation.

STAGE II - VOLUNTARY WATER CONSERVATION:

The water utility will implement Stage 2 when any one of the selected triggers is reached:

Supply-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Well level reaches _____ ft. mean sea level (m.s.l.)
- ☐ Overnight recovery rate reaches _____ ft.
- ☐ Reservoir elevation reaches _____ ft. (m.s.l.)
- ☐ Stream flow reaches _____ cfs at USGS gage # _____
- ☐ Wholesale supplier's drought Stage 2 _____
- ☒ Other Well pump well have trouble pumping water!

EXHIBIT D

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Drinking water treatment as % of capacity _____ %
- ☐ Total daily demand as % of pumping capacity _____ %
- ☐ Total daily demand as % of storage capacity _____ %
- ☐ Pump hours per day _____ hrs.
- ☒ Production or distribution limitations.
- ☐ Other _____

Upon initiation and termination of Stage 2, the utility will mail a public announcement to its customers. No notice to TNRCC required.

Requirements for termination

Stage 2 of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 2, Stage 1 becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on a daily basis. Monthly review of customer use records and follow-up on any that have unusually high usage.

Describe additional measures, if any, to be implemented directly by the utility to manage limited water supplies and/or reduce water demand. Examples include: reduced or discontinued flushing of water mains, activation and use of an alternative supply source(s); use of reclaimed water for non-potable purposes.

The second water source for GARZA Cielo Azul (name of utility) is:
(check one)

- ☐ Other well
- ☐ Inter-connection with other system
- ☒ Purchased water
- ☐ Other _____

Voluntary Water Use Restrictions:

1. Restricted Hours: Outside watering is allowed daily, but only during periods specifically described in the customer notice; between 10:00 PM and 5:00 AM for example; OR
2. Restricted Days/Hours: Water customers are requested to voluntarily limit the irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems. Customers are requested to limit outdoor water use to **Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays**

for water customers with a street address ending with the numbers 7, 8, 9, or 0. Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.

3. Other uses that waste water such as water running down the gutter.

STAGE III - MANDATORY WATER USE RESTRICTIONS:

The water utility will implement Stage 3 when any one of the selected triggers is reached:

Supply-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Well level reaches _____ ft. (m.s.l.)
- ☐ Overnight recovery rate reaches _____ ft.
- ☐ Reservoir elevation reaches _____ ft. (m.s.l.)
- ☐ Stream flow reaches _____ cfs at USGS gage # _____
- ☐ Wholesale supplier's drought Stage 3 _____
- ☒ Other _____

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Drinking water treatment as % of capacity _____ %
- ☐ Total daily demand as % of pumping capacity _____ %
- ☐ Total daily demand as % of storage capacity _____ %
- ☐ Pump hours per day _____ hrs.
- ☒ Production or distribution limitations.
- ☐ Other _____

Upon initiation and termination of Stage 3, the utility will mail a public announcement to its customers. Notice to TNRCC required.

Requirements for termination

Stage 3 of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 3, Stage 2 becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on a regular basis. Flushing is prohibited except for dead end mains.

EXHIBIT D

Describe additional measures, if any, to be implemented directly by the utility to manage limited water supplies and/or reduce water demand. Examples include: activation and use of an alternative supply source(s); use of reclaimed water for non-potable purposes; offering low-flow fixtures and water restrictors.

Mandatory Water Use Restrictions: The following water use restrictions shall apply to all customers.

1. Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited to Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0. Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.
2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rinses. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.
3. Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or "jacuzzi" type pools is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight.
4. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
5. Use of water from hydrants or flush valves shall be limited to maintaining public health, safety, and welfare.
6. Use of water for the irrigation of golf courses, parks, and green belt areas is prohibited except by hand held hose and only on designated watering days between the hours 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight.
7. The following uses of water are defined as non-essential and are prohibited:

EXHIBIT D

- a. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
- b. use of water to wash down buildings or structures for purposes other than immediate fire protection;
- c. use of water for dust control;
- d. flushing gutters or permitting water to run or accumulate in any gutter or street;
- e. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
- f. Any waste of water.

STAGE IV - CRITICAL WATER USE RESTRICTIONS:

The water utility will implement Stage 4 when any one of the selected triggers is reached:

Supply-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Well level reaches _____ ft. (m.s.l.)
- ☐ Overnight recovery rate reaches _____ ft.
- ☐ Reservoir elevation reaches _____ ft. (m.s.l.)
- ☐ Stream flow reaches _____ cfs at USGS gage # _____
- ☐ Wholesale supplier's drought Stage 4 _____
- ☒ Supply contamination.
- ☐ Other _____

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Drinking water treatment as % of capacity _____ %
- ☐ Total daily demand as % of pumping capacity _____ %
- ☐ Total daily demand as % of storage capacity _____ %
- ☐ Pump hours per day _____ hrs.
- ☒ Production or distribution limitations.
- ☐ System outage.
- ☐ Other _____

Upon initiation and termination of Stage 4, the utility will mail a public announcement to its customers. Notice to TNRCC required.

Requirements for termination :

Stage 4 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 4, Stage 3 becomes operative.

EXHIBIT D

Operational Measures:

The utility shall visually inspect lines and repair leaks on a daily basis. Flushing is prohibited except for dead end mains and only between the hours of 9:00 p.m. and 3:00 a.m.. Emergency interconnects or alternative supply arrangements shall be initiated. All meters shall be read as often as necessary to insure compliance with this program for the benefit of all the customers. *Describe additional measures, if any, to be implemented directly to manage limited water supplies and/or reduce water demand.*

Mandatory Water Use Restrictions: All outdoor use of water is prohibited.

1. Irrigation of landscaped areas is absolutely prohibited.
2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited.

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

Jane Nelson
Secretary of State



Office of the Secretary of State

March 26, 2024

Attn: Jo-Ann Cearley

Origin Production Company Gonzales Properties LLC
P O Box 1225
Luling, TX 78648 USA

RE: Cielo Azul Agua LLC
File Number: 805477743

It has been our pleasure to file the certificate of formation and issue the enclosed certificate of filing evidencing the existence of the newly created domestic limited liability company (llc).

Unless exempted, the entity formed is subject to state tax laws, including franchise tax laws. Shortly, the Comptroller of Public Accounts will be contacting the entity at its registered office for information that will assist the Comptroller in setting up the franchise tax account for the entity. Information about franchise tax, and contact information for the Comptroller's office, is available on their web site at <https://window.state.tx.us/taxinfo/franchise/index.html>.

The entity formed does not file annual reports with the Secretary of State. Documents will be filed with the Secretary of State if the entity needs to amend one of the provisions in its certificate of formation. It is important for the entity to continuously maintain a registered agent and office in Texas. Failure to maintain an agent or office or file a change to the information in Texas may result in the involuntary termination of the entity.

If we can be of further service at any time, please let us know.

Sincerely,

Corporations Section
Business & Public Filings Division
(512) 463-5555

Enclosure

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

Phone: (512) 463-5555
Prepared by: Linda Galaviz

Fax: (512) 463-5709
TID: 10285
Page 39 of 78

Dial: 7-1-1 for Relay Services
Document: 1347470580003

Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
FAX: 512/463-5709



Certificate of Formation Limited Liability Company

Filed in the Office of the
Secretary of State of Texas
Filing #: 805477743 03/25/2024
Document #: 1347470580003
Image Generated Electronically
for Web Filing

Filing Fee: \$300

Article 1 - Entity Name and Type

The filing entity being formed is a limited liability company. The name of the entity is:

Cielo Azul Aqua LLC

Article 2 - Registered Agent and Registered Office

☒ A. The initial registered agent is an organization (cannot be company named above) by the name of:

The Garza Management of 1994 trustee Daniel Garza

OR

☐ B. The initial registered agent is an individual resident of the state whose name is set forth below:

C. The business address of the registered agent and the registered office address is:

Street Address:

6600 Huber Rd Seguin TX 78155-0254

Consent of Registered Agent

☐ A. A copy of the consent of registered agent is attached.

OR

☒ B. The consent of the registered agent is maintained by the entity.

Article 3 - Governing Authority

☐ A. The limited liability company is to be managed by managers.

OR

☒ B. The limited liability company will not have managers. Management of the company is reserved to the members.

The names and addresses of the governing persons are set forth below:

Managing Member 1: (Business Name) **The Garza Management of 1994 trustee Daniel Garza**

Address: **P O Box 1898 San Marcos TX, USA 78667-1898**

Article 4 - Purpose

The purpose for which the company is organized is for the transaction of any and all lawful business for which limited liability companies may be organized under the Texas Business Organizations Code.

Supplemental Provisions / Information

EXHIBIT E

[The attached addendum, if any, is incorporated herein by reference.]

Initial Mailing Address

Address to be used by the Comptroller of Public Accounts for purposes of sending tax information.

The initial mailing address of the filing entity is:

**P O Box 1898
San Marcos, TX 78667-1897
USA**

Organizer

The name and address of the organizer are set forth below.

Jo-Ann L Cearley 6600 Huber Rd Sequin TX 78155-0254

Effectiveness of Filing

☐ A. This document becomes effective when the document is filed by the secretary of state.

OR

☒ B. This document becomes effective at a later date, which is not more than ninety (90) days from the date of its signing. The delayed effective date is: **June 1, 2024**

Execution

The undersigned affirms that the person designated as registered agent has consented to the appointment. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized under the provisions of law governing the entity to execute the filing instrument.

Jo-Ann L Cearley

Signature of Organizer

FILING OFFICE COPY



Office of the Secretary of State

**CERTIFICATE OF FILING
OF**

Cielo Azul Agua LLC
File Number: 805477743

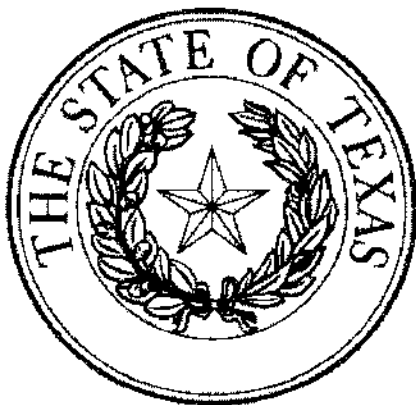
The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Limited Liability Company (LLC) has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 03/25/2024

Effective: 06/01/2024



A handwritten signature of Jane Nelson in black ink.

Jane Nelson
Secretary of State



Franchise Tax Account Status

As of : 04/12/2024 10:10:20

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

CIELO AZUL AGUA LLC	
Texas Taxpayer Number	32094362103
Mailing Address	PO BOX 1898 SAN MARCOS, TX 78667-1898
Right to Transact Business in Texas	ACTIVE
State of Formation	TX
Effective SOS Registration Date	06/01/2024
Texas SOS File Number	0805477743
Registered Agent Name	THE GARZA MANAGEMENT OF 1994 TRUSTEE DANIEL GARZA
Registered Office Street Address	6600 HUBER RD SEGUIN, TX 78155

EXHIBIT F (2022 ANNUAL REPORT)



WATER AND SEWER INVESTOR-OWNED UTILITIES

CLASS D ANNUAL FINANCIAL REPORT

OF

Cielo Azul Ranch

TO THE

PUBLIC UTILITY COMMISSION OF TEXAS

FOR THE

12 Months Ending December 31, 2022

Check one:

This is an original submission ☒ [X]

This is a revised submission ☐ []

Date of submission: 5/22/2023

EXHIBIT F (2022 ANNUAL REPORT)

PUBLIC UTILITY COMMISSION OF TEXAS
1701 N. CONGRESS AVE., PO BOX 13326, AUSTIN, TX 78711-3326

Annual Report for Class D Water and Sewer Utilities

Under the provisions of TWC § 13.136 and 16 Texas Administrative Code §§ 24.127 and 24.129

UTILITY INFORMATION

(Attach additional pages as necessary)

A. Utility Name:

Cielo Azul Ranch

List all assumed names or dba names:

Henry M. Garza

B. Street Address, City or Town & Zip code:

P.O. Box 1898

San Marcos, TX 78667-1898

County: Hays

CCN #s: 12702

C. List All PWS System names and numbers:

(attach a separate list if necessary)

PWS #1050034

D. List All WQ Permitted system names and numbers:

(attach a separate list if necessary)

None

E. Type of Ownership:

Corporation:

Partnership:

Individual: X

Other:

F. Name of entity and type of form filed for federal tax purposes (1120, 1065, etc).

Henry M. Garza - 1040

G. If a corporation, list names of the officers. If an individual or partnership, list the name of the individual or each partner.

H. If the controlling ownership of this utility changed during the last twelve (12) months, state the date of ownership change and the name and address of the prior owner.

I. Date the utility was formed or incorporated: 7/5/1994

J. Is the utility commonly owned or controlled by another corporation? No

If yes, by whom?

EXHIBIT F (2022 ANNUAL REPORT)

General Questions (cont.)

- K. List all entities under common control or ownership with this utility by entity name, CCN number, Public Water System (PWS) numbers and names of water systems owned, Water Quality (WQ) Discharge Permit numbers and names of wastewater systems owned and contact information.
None

- L. If the utility owner has multiple CCNs, please list all CCN numbers owned:
None

PERSON TO CONTACT REGARDING THE INFORMATION SUPPLIED ON THESE FORMS

- A. Name and Title:

Patrick King - Director
Professional General Management Services

- B. Street Address, city, zip code

1600 Stagecoach Ranch Road
Dripping Springs, TX 78620

- C. Telephone Number with Area Code:

512-894-3322

Cell Phone Number with Area Code:

Fax Number with Area Code:

Email address:

custsvcl@pgms.net

- D. If not an officer, owner or employee, give name of firm employed by:

Professional General Management Services

EXHIBIT F (2022 ANNUAL REPORT)

Cielo Azul Ranch
12 Months Ending December 31, 2022

Schedule I
05/10/23

SUMMARY OF REVENUES AND EXPENSES

(Except for blue cells, the values in this table will populate)

Line	Reference	(a) Total Company	(b) Water Operations	(c) Sewer Operations
1	TOTAL REVENUES:			
2	Base rates (fixed and gallonage charges)	\$17,600	\$17,600	\$0
3	Pass-through revenues	0	0	0
4	Other	0	0	0
5				
6	Total Revenues Lines 2 through 5)	\$17,600	\$17,600	\$0
7				
8	EXPENSES:			
9	Operations and Maintenance Expense (Note 1)	\$71,515	\$71,515	\$0
10	Amortization Expense - Other	0	0	0
11	Depreciation Expense	0	0	0
12	Interest on Customer Deposits	0	0	0
13	Taxes Other Than Income Taxes	0	0	0
14	Federal Income Taxes	0	0	0
15		0	0	0
16				
17	TOTAL EXPENSES (Lines 9 through 15)	\$71,515	\$71,515	\$0
18	Return (Line 6 minus Line 17)	(\$53,915)	(\$53,915)	\$0
19				
20	Non-Operating Income	0	0	0

Note 1: This amount will be carried automatically from Schedule II, line 43.

EXHIBIT F (2022 ANNUAL REPORT)

Cielo Azul Ranch
12 Months Ending December 31, 2022

Schedule II
05/10/23

GENERAL & ADMINISTRATIVE and OPERATIONS AND MAINTENANCE EXPENSE

(Except for blue cells, the values in this table will populate)

Line		(a) Total Company (b)+(c)	(b) Water Operations	(c) Sewer Operations
21	Office Salaries	\$0	\$0	\$0
22	Office Rent	0	\$0	\$0
23	Office Supplies	0	\$0	\$0
24	Contract Accounting	0	\$0	\$0
25	Insurance	2,901	\$2,901	\$0
26	Legal	10,300	\$10,300	\$0
27	Management Salaries	12,000	\$12,000	\$0
28	Miscellaneous	165	\$165	\$0
29	Other-add description	0	\$0	\$0
30	TOTAL GENERAL AND ADMINISTRATIVE EXPENSE	25,366	25,366	0
31				
32				
33	Operations and Maintenance Salaries	\$0	\$0	\$0
34	Employee Benefits	0	\$0	\$0
35	Operations and Maintenance Contract Labor	39,009	\$39,009	\$0
36	Supplies	420	\$420	\$0
37	Purchased Power	3,484	\$3,484	\$0
38	Testing	0	\$0	\$0
39	Chemicals	0	\$0	\$0
40	Miscellaneous Operations and Maintenance	3,236	\$3,236	\$0
41	TOTAL OPERATIONS AND MAINTENANCE EXPENSES	46,149	46,149	0
42				
43	TOTAL GEN & ADM and OP & MAINTENANCE EXPENSES	\$71,515	\$71,515	\$0

EXHIBIT F (2022 ANNUAL REPORT)

Cielo Azul Ranch
12 Months Ending December 31, 2022

Schedule III
05/10/23

INVESTED CAPITAL AT END OF REPORTING PERIOD

(Except for blue cells, the values in this table will populate)

Line	Reference	(a) Total Company (b)+(c)	(b) Water Operations	(c) Sewer Operations
44	Utility Plant In Service	\$300,721	\$300,721	\$0
45	Accumulated Depreciation (Note 1)	(143,491)	(143,491)	0
46				
47	Net Plant In Service (Lines 44 through 45)	157,230	157,230	0
48	Working Cash Allowance	8,939	8,939	0
49	Materials and Supplies Inventory	0	0	0
50	Prepayments	0	0	0
51	Customer Deposits (Note 1)	0	0	0
52	Customer Contributions in Aid of Construction (Note1)	0	0	0
53	Other (attach schedule or itemize)	0	0	0
54	Other (attach schedule or itemize)	0	0	0
55				
56	TOTAL INVESTED CAPITAL (Lines 47 through 54)	\$166,169	\$166,169	\$0
57	Return (Schedule I, Line 18)	(\$53,915)	(\$53,915)	\$0
58	Rate of Return (Line 57 / Line 56)	-32.45%	-32.45%	0.00%

Note 1: These items are typically deductions from invested capital and thus should normally be entered as negative amounts.

EXHIBIT F (2022 ANNUAL REPORT)

Cielo Azul Ranch
12 Months Ending December 31, 2022

Schedule IIIa
05/10/23

NET INVESTED CAPITAL SUPPLEMENTAL

(Except for blue cells, the values in this table will populate)

(Report the original cost values of utility plant in service by prescribed accounts.)

<u>Line</u>	<u>Water Plant in Service</u>	<u>Reference</u>	<u>Year end Balance</u>
1	101.1 Intangible Plant		\$0
2	101.2 Source of Supply and Pumping		64,036
3	101.3 Water Treatment Equipment		68,079
4	101.4 Transmission and Distribution		162,667
5	101.1 General Plant		5,939
6			0
7	Total Water Plant In Service		<u>\$300,721</u>
8			
9	Sewer Plant in Service		0
10			0
11	101.2 Intangible Plant		0
12	101.2 Collection System		0
13	101.4 Treatment and Disposal Facilities		0
14	101.6 Reclaimed Water Distribution Plant		0
15	101.7 General Plant		0
16			0
17	Total Sewer Plant in Service		<u>\$0</u>
18			
19	TOTAL PLANT IN SERVICE Lines 7 plus 17)		<u>\$300,721</u>

EXHIBIT F (2022 ANNUAL REPORT)

Cielo Azul Ranch
12 Months Ending December 31, 2022

Schedule IV
05/10/23

EXTRAORDINARY AND NONRECURRING ITEMS

(Except for blue cells, the values in this table will populate)

Ref. Schedule	Column	Line Number	Description	Total Water	Total Sewer
		1			
		2		\$0	\$0
		3		0	0
		4		0	0
		5		0	0
		6		0	0
		7		0	0
		8		0	0
		9	OTHER INFORMATION	0	0
		10		0	0
		11	Number of Active Connections at End of Reporting Period	34	0
		12	5/8" Meters	0	0
		13	3/4" Meters	0	0
		14	1" Meters	0	0
		15	1 1/2" Meters	0	0
		16	2" Meters	0	0
		17	List all Additional Meter Sizes:	0	0
		18		0	0
		19		0	0
		20		0	0
		21	Number of Inactive Connections	0	0
		22	5/8" Meters	0	0
		23	3/4" Meters	0	0
		24	1" Meters	0	0
		25	1 1/2" meters	0	0
		26	2" Meters	0	0
		27	List all Additional Meter Sizes:	0	0
		28		0	0
		29		0	0
		30		0	0
		31	Total Gallons Pumped	2,948,203	--
		32	Total Gallons Purchased	0	--
		33	Total Water Produced	2,948,203	--
		34	Total Gallons Sold	0	--
		35	Line Loss or Unaccounted-for Water	2,948,203	--
		36	% Line Loss or Unaccounted-for Water	100.00%	--
		37	Total amount of sewer treated (gallons)		0

EXHIBIT F (2022 ANNUAL REPORT)

Cielo Azul Ranch
12 Months Ending December 31, 2022

Schedule V

SYSTEM IMPROVEMENT CHARGE--WATER

Did the reporting entity collect a System Improvement Charge (SIC) in the monitoring period? No

(a) provide the amount of the Commission-approved SIC, Docket No., and date of implementation.

(b) provide the amount of annual revenues collected through the SIC for the reporting period.

(c) provide the amount of the annual revenues stated in the most recent annual report that was filed in the docket approving the SIC.

(d) provide the amount of the revenues collected through the SIC during the current monitoring period stated as a percentage of the annual revenues referenced in (c) above.

(e) provide the cumulative amount of revenues collected through the SIC since implementation as a percentage of the annual revenues referenced in (c) above.

SYSTEM IMPROVEMENT CHARGE--SEWER

Did the reporting entity collect a System Improvement Charge (SIC) in the monitoring period? N/A

(a) provide the amount of the Commission-approved SIC, Docket No., and date of implementation.

(b) provide the amount of revenues collected through the SIC for the reporting period.

(c) provide the amount of the annual revenues stated in the most recent annual report that was filed in the docket approving the SIC.

(d) provide the amount of the revenues collected through the SIC during the current monitoring period stated as a percentage of the annual revenues referenced in (c) above.

(e) provide the cumulative amount of revenues collected through the SIC since implementation as a percentage of the annual revenues referenced in (c) above.

EXHIBIT F (2022 ANNUAL REPORT)

Cielo Azul Ranch
12 Months Ending December 31, 2022

Supplemental Schedule I-1
05/10/23

OTHER EXPENSES

(Except for blue cells, the values in this table will populate)

Line	Description	Total Company	Total Water	Total Sewer
1		\$0	\$0	\$0
2		0	0	0
3		0	0	0
4		0	0	0
5		0	0	0
6		0	0	0
7		0	0	0
8		0	0	0
9		0	0	0
10		0	0	0
11		0	0	0
12		0	0	0
13		0	0	0
14		0	0	0
15		0	0	0
16		0	0	0
17		0	0	0
18		0	0	0
19		0	0	0
20		0	0	0
21				
22	Total Other Expenses	\$0	\$0	\$0

EXHIBIT F (2022 ANNUAL REPORT)

Cielo Azul Ranch

12 Months Ending December 31, 2022

SIGNATURE PAGE--PUC CLASS D ANNUAL REPORT

I certify that I am the responsible official of the above-named company and that I have examined the foregoing report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and correct and the said report is a correct statement of the business and affairs of the above-named company with respect to each and every matter set forth therein for the 12 Months Ending December 31, 2022 .

5/18/2023
Date

Daniel L. Gana
Signature

EXECUTOR
Title

EXHIBIT F (2023 ANNUAL REPORT)



WATER AND SEWER INVESTOR-OWNED UTILITIES

CLASS D ANNUAL FINANCIAL REPORT

OF

Cielo Azul Ranch

TO THE

PUBLIC UTILITY COMMISSION OF TEXAS

FOR THE

12 Months Ending December 31, 2023

Check one:

This is an original submission ☒ [X]

This is a revised submission ☐ []

Date of submission: 4/1/2024

EXHIBIT F (2023 ANNUAL REPORT)

PUBLIC UTILITY COMMISSION OF TEXAS
1701 N. CONGRESS AVE., PO BOX 13326, AUSTIN, TX 78711-3326

Annual Report for Class D Water and Sewer Utilities

Under the provisions of TWC § 13.136 and 16 Texas Administrative Code §§ 24.127 and 24.129

UTILITY INFORMATION

(Attach additional pages as necessary)

A. Utility Name:

Cielo Azul Ranch

List all assumed names or dba names:

Henry M. Garza

B. Street Address, City or Town & Zip code:

P.O. Box 1898

San Marcos, TX 78667-1898

County: Hays

CCN #s: 12702

C. List All PWS System names and numbers:

(attach a separate list if necessary)

PWS #1050034

D. List All WQ Permitted system names and numbers:

(attach a separate list if necessary)

None

E. Type of Ownership:

Corporation:

Partnership:

Individual: X

Other:

F. Name of entity and type of form filed for federal tax purposes (1120, 1065, etc).

Henry M. Garza - 1040

G. If a corporation, list names of the officers. If an individual or partnership, list the name of the individual or each partner.

H. If the controlling ownership of this utility changed during the last twelve (12) months, state the date of ownership change and the name and address of the prior owner.

I. Date the utility was formed or incorporated: 7/5/1994

J. Is the utility commonly owned or controlled by another corporation? No

If yes, by whom?

EXHIBIT F (2023 ANNUAL REPORT)

General Questions (cont.)

- K. List all entities under common control or ownership with this utility by entity name, CCN number, Public Water System (PWS) numbers and names of water systems owned, Water Quality (WQ) Discharge Permit numbers and names of wastewater systems owned and contact information.
None

- L. If the utility owner has multiple CCNs, please list all CCN numbers owned:
None

PERSON TO CONTACT REGARDING THE INFORMATION SUPPLIED ON THESE FORMS

- A. Name and Title:
Patrick King - Director
Professional General Management Services
- B. Street Address, city, zip code
1600 Stagecoach Ranch Road
Dripping Springs, TX 78620
- C. Telephone Number with Area Code:
512-894-3322
- Cell Phone Number with Area Code:
- Fax Number with Area Code:
- Email address:
custsvcl@pgms.net
- D. If not an officer, owner or employee, give name of firm employed by:
Professional General Management Services

EXHIBIT F (2023 ANNUAL REPORT)

Cielo Azul Ranch
12 Months Ending December 31, 2023

Schedule I
04/01/24

SUMMARY OF REVENUES AND EXPENSES

(Except for blue cells, the values in this table will populate)

Line	Reference	(a) Total Company	(b) Water Operations	(c) Sewer Operations
1	TOTAL REVENUES:			
2	Base rates (fixed and gallonage charges)	\$17,600	\$17,120	\$0
3	Pass-through revenues	0	0	0
4	Other	0	0	0
5				
6	Total Revenues Lines 2 through 5)	\$17,600	\$17,120	\$0
7				
8	EXPENSES:			
9	Operations and Maintenance Expense (Note 1)	\$59,996	\$59,996	\$0
10	Amortization Expense - Other	0	0	0
11	Depreciation Expense	0	0	0
12	Interest on Customer Deposits	0	0	0
13	Taxes Other Than Income Taxes	0	0	0
14	Federal Income Taxes	0	0	0
15		0	0	0
16				
17	TOTAL EXPENSES (Lines 9 through 15)	\$59,996	\$59,996	\$0
18	Return (Line 6 minus Line 17)	(\$42,396)	(\$42,876)	\$0
19				
20	Non-Operating Income	0	0	0

Note 1: This amount will be carried automatically from Schedule II, line 43.

EXHIBIT F (2023 ANNUAL REPORT)

Cielo Azul Ranch
12 Months Ending December 31, 2023

Schedule II
04/01/24

GENERAL & ADMINISTRATIVE and OPERATIONS AND MAINTENANCE EXPENSE

(Except for blue cells, the values in this table will populate)

Line		(a) Total Company (b)+(c)	(b) Water Operations	(c) Sewer Operations
21	Office Salaries	\$0	\$0	\$0
22	Office Rent	0	\$0	\$0
23	Office Supplies	0	\$0	\$0
24	Contract Accounting	500	\$500	\$0
25	Insurance	2,531	\$2,531	\$0
26	Legal	6,882	\$6,882	\$0
27	Management Salaries	0	\$0	\$0
28	Miscellaneous	0	\$0	\$0
29	Other-add description	0	\$0	\$0
30	TOTAL GENERAL AND ADMINISTRATIVE EXPENSE	9,913	9,913	0
31				
32				
33	Operations and Maintenance Salaries	\$0	\$0	\$0
34	Employee Benefits	0	\$0	\$0
35	Operations and Maintenance Contract Labor	23,093	\$23,093	\$0
36	Capital Improvements	22,203	\$22,203	\$0
37	Purchased Power	3,777	\$3,777	\$0
38	Testing	234	\$234	\$0
39	Chemicals	0	\$0	\$0
40	Miscellaneous Operations and Maintenance	776	\$776	\$0
41	TOTAL OPERATIONS AND MAINTENANCE EXPENSES	50,083	50,083	0
42				
43	TOTAL GEN & ADM and OP & MAINTENANCE EXPENSES	\$59,996	\$59,996	\$0

EXHIBIT F (2023 ANNUAL REPORT)

Cielo Azul Ranch
12 Months Ending December 31, 2023

Schedule III
04/01/24

INVESTED CAPITAL AT END OF REPORTING PERIOD

(Except for blue cells, the values in this table will populate)

Line	Reference	(a) Total Company (b)+(c)	(b) Water Operations	(c) Sewer Operations
44	Utility Plant In Service	\$322,924	\$322,924	\$0
45	Accumulated Depreciation (Note 1)	(148,371)	(148,371)	0
46				
47	Net Plant In Service (Lines 44 through 45)	174,553	174,553	0
48	Working Cash Allowance	7,500	7,500	0
49	Materials and Supplies Inventory	0	0	0
50	Prepayments	0	0	0
51	Customer Deposits (Note 1)	0	0	0
52	Customer Contributions in Aid of Construction (Note1)	0	0	0
53	Other (attach schedule or itemize)	0	0	0
54	Other (attach schedule or itemize)	0	0	0
55				
56	TOTAL INVESTED CAPITAL (Lines 47 through 54)	\$182,053	\$182,053	\$0
57	Return (Schedule I, Line 18)	(\$42,396)	(\$42,876)	\$0
58	Rate of Return (Line 57 / Line 56)	-23.29%	-23.55%	0.00%

Note 1: These items are typically deductions from invested capital and thus should normally be entered as negative amounts.

EXHIBIT F (2023 ANNUAL REPORT)

Cielo Azul Ranch
12 Months Ending December 31, 2023

Schedule IIIa
04/01/24

NET INVESTED CAPITAL SUPPLEMENTAL

(Except for blue cells, the values in this table will populate)

(Report the original cost values of utility plant in service by prescribed accounts.)

<u>Line</u>	<u>Water Plant in Service</u>	<u>Reference</u>	<u>Year end Balance</u>
1	101.1 Intangible Plant		\$0
2	101.2 Source of Supply and Pumping		64,036
3	101.3 Water Treatment Equipment		90,282
4	101.4 Transmission and Distribution		162,667
5	101.1 General Plant		5,939
6			0
7	Total Water Plant In Service		\$322,924
8			
9	Sewer Plant in Service		0
10			0
11	101.2 Intangible Plant		0
12	101.2 Collection System		0
13	101.4 Treatment and Disposal Facilities		0
14	101.6 Reclaimed Water Distribution Plant		0
15	101.7 General Plant		0
16			0
17	Total Sewer Plant in Service		\$0
18			
19	TOTAL PLANT IN SERVICE Lines 7 plus 17)		\$322,924

EXHIBIT F (2023 ANNUAL REPORT)

Cielo Azul Ranch
12 Months Ending December 31, 2023

Schedule IV
04/01/24

EXTRAORDINARY AND NONRECURRING ITEMS

(Except for blue cells, the values in this table will populate)

Ref. Schedule	Column	Line Number	Description	Total Water	Total Sewer
		1			
		2		\$0	\$0
		3		0	0
		4		0	0
		5		0	0
		6		0	0
		7		0	0
		8		0	0
		9	OTHER INFORMATION	0	0
		10		0	0
		11	Number of Active Connections at End of Reporting Period	34	0
		12	5/8" Meters	0	0
		13	3/4" Meters	0	0
		14	1" Meters	0	0
		15	1 1/2" Meters	0	0
		16	2" Meters	0	0
		17	List all Additional Meter Sizes:	0	0
		18		0	0
		19		0	0
		20		0	0
		21	Number of Inactive Connections	0	0
		22	5/8" Meters	0	0
		23	3/4" Meters	0	0
		24	1" Meters	0	0
		25	1 1/2" meters	0	0
		26	2" Meters	0	0
		27	List all Additional Meter Sizes:	0	0
		28		0	0
		29		0	0
		30		0	0
		31	Total Gallons Pumped	29,998,785	--
		32	Total Gallons Purchased	0	--
		33	Total Water Produced	<u>29,998,785</u>	--
		34	Total Gallons Sold	0	--
		35	Line Loss or Unaccounted-for Water	29,998,785	--
		36	% Line Loss or Unaccounted-for Water	100.00%	--
		37	Total amount of sewer treated (gallons)		0

EXHIBIT F (2023 ANNUAL REPORT)

Cielo Azul Ranch
12 Months Ending December 31, 2023

Schedule V

SYSTEM IMPROVEMENT CHARGE--WATER

Did the reporting entity collect a System Improvement Charge (SIC) in the monitoring period? No

(a) provide the amount of the Commission-approved SIC, Docket No., and date of implementation.

(b) provide the amount of annual revenues collected through the SIC for the reporting period.

(c) provide the amount of the annual revenues stated in the most recent annual report that was filed in the docket approving the SIC.

(d) provide the amount of the revenues collected through the SIC during the current monitoring period stated as a percentage of the annual revenues referenced in (c) above.

(e) provide the cumulative amount of revenues collected through the SIC since implementation as a percentage of the annual revenues referenced in (c) above.

SYSTEM IMPROVEMENT CHARGE--SEWER

Did the reporting entity collect a System Improvement Charge (SIC) in the monitoring period? N/A

(a) provide the amount of the Commission-approved SIC, Docket No., and date of implementation.

(b) provide the amount of revenues collected through the SIC for the reporting period.

(c) provide the amount of the annual revenues stated in the most recent annual report that was filed in the docket approving the SIC.

(d) provide the amount of the revenues collected through the SIC during the current monitoring period stated as a percentage of the annual revenues referenced in (c) above.

(e) provide the cumulative amount of revenues collected through the SIC since implementation as a percentage of the annual revenues referenced in (c) above.

EXHIBIT F (2023 ANNUAL REPORT)

Cielo Azul Ranch
12 Months Ending December 31, 2023

Supplemental Schedule I-1
04/01/24

OTHER EXPENSES

(Except for blue cells, the values in this table will populate)

Line	Description	Total Company	Total Water	Total Sewer
1		\$0	\$0	\$0
2		0	0	0
3		0	0	0
4		0	0	0
5		0	0	0
6		0	0	0
7		0	0	0
8		0	0	0
9		0	0	0
10		0	0	0
11		0	0	0
12		0	0	0
13		0	0	0
14		0	0	0
15		0	0	0
16		0	0	0
17		0	0	0
18		0	0	0
19		0	0	0
20		0	0	0
21				
22	Total Other Expenses	\$0	\$0	\$0

EXHIBIT F (2023 ANNUAL REPORT)

Cielo Azul Ranch

12 Months Ending December 31, 2023

SIGNATURE PAGE--PUC CLASS D ANNUAL REPORT

I certify that I am the responsible official of the above-named company and that I have examined the foregoing report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and correct and the said report is a correct statement of the business and affairs of the above-named company with respect to each and every matter set forth therein for the 12 Months Ending December 31, 2023 .

3/30/2024
Date

Daniel L. Ganga
Signature

Successor Trustee
Title

B & D ENVIRONMENTAL, INC.
200 HARBOR CIRCLE
GEORGETOWN, TEXAS 78633
PHONE NO: (512) 917-7541
FAX NO: (512) 692-1967

EMAIL: bretfenner@yahoo.com

Cielo Azul Ranch Water System

Fair Market Value Appraisal of Water Assets

April 2, 2021

EXHIBIT G

Fair Market Value Appraisal of the Water Assets of Cielo Azul Ranch Water System

Introduction

Cielo Azul Ranch Water System (Cielo Azul) retained B & D Environmental, Inc. to conduct a fair market value appraisal of its current water facilities and utility operations to determine a value the water system. This evaluation is based on the two factors. One being a value for the invested capital in water facilities and distribution system assets. Secondly, is a value from the lost income the utility could have received from future revenues. A total value for the utility's assets will be determined based on the replacement value less age & condition method. A value of lost income for the utility will be calculated by establishing a net present value of loss income from revenues less expenses over a future period.

Background

A review was conducted of utility's limited records and the systems records available from the Texas Commission on Environmental Quality (TCEQ) central records files for Cielo Azul Ranch (PWS #1050034). A site inspection of the facilities of the utility was conducted on March 11th, 2021. From this review and field inspection, the size and quantity of the utility's water assets in the Cielo Azul system were determine. Records were available for the system back to 2000. Using the presumption that half the system assets were installed during the second half of this period; an installation date of 2010 was used in determining a value for the utility's assets. For those assets that were determined to be newer than this period, a five-year life was used in the calculation of their individual value.

For this appraisal, the cost of any improvements that may be needed to the water facilities of Cielo Azul system was not considered. A review of the intangible assets of the utility was conducted for this appraisal to determine if it was appropriate to include value for any of these assets. No value of any non-tangible assets of the utility was determined to be included in this appraisal.

Given that two of the three location of the utility's facilities are locate in one large parcel of land, it would be practical to determine a value for the actual land these facilities are located. Thus, no value was determined for the actual land the water facilities are located.

Determination of Value for Utility Assets

The value of utility's assets was calculated by determining the current replacement cost of each assets less age and condition. This method is used mainly when assets are purchased by public owned utilities such as Water Supply Corporation, Municipal Utility Districts, or municipalities. This method reflects the cost of replacing water facilities and or distribution system if the acquiring entity had to install these assets and was not just acquiring them through a purchase.

EXHIBIT G

Fair Market Value Appraisal of the Water Assets of Cielo Azul Ranch Water System

For calculating a replacement cost for each asset of the water plant using this method, the following perimeters were used. After conducting an inspection of the facilities, the condition of each item was understood to be in acceptable operating condition. Thus, no adjustment was performed for the condition of any asset. The depreciation rate is usually used to determine age unless an asset can be shown to age differently. Depreciation was calculated using a straight-line manner over the useful life of each asset. The useful lives recommended by the Public Utility Commission of Texas (PUC) were used to calculate a depreciation rate.¹ For those facilities that have reached their depreciated life but are still used and useful, adjustments were made to their useful life.

Table 1 - Replacement Cost Less Age & Condition							
Replacement Date:	31-Dec-20						
Item Description	Installation Date	Replacement Cost	Service Life	Remain Life	Annual Age/ Cond. Value	Age & Condition Value	Replacement less Age & Cond.
<u>Well Site</u>							
Well	1-Jul-10	\$89,500	30	19	\$2,983	\$31,440	\$58,060
Master Meter	1-Jul-15	\$3,100	10	4	\$310	\$1,712	\$1,388
Electrical	1-Jul-10	\$13,950	15	4	\$930	\$9,801	\$4,149
Fencing	1-Jul-10	<u>\$1,475</u>	15	4	<u>\$98</u>	<u>\$1,036</u>	<u>\$439</u>
Well Site Total:		\$108,025			\$4,322	\$43,989	\$64,036
<u>Tank Site</u>							
Fiberglass Storage Tank - 3000 Gal.	1-Jul-10	\$22,100	50	39	\$442	\$4,658	\$17,442
Fiberglass Storage Tank - 3000 Gal.	1-Jul-10	\$22,100	50	39	\$442	\$4,658	\$17,442
Pressure Storage Tank - 500 Gal.	1-Jul-10	\$11,000	30	19	\$367	\$3,864	\$7,136
Booster Pump - 5 Hp	1-Jul-16	\$2,031	10	5	\$203	\$917	\$1,114
Booster Pump - 5 Hp	1-Jul-16	\$2,031	10	5	\$203	\$917	\$1,114
Wood Building	1-Jul-10	\$3,900	20	9	\$195	\$2,055	\$1,845
Electrical	1-Jul-10	\$13,950	15	4	\$930	\$9,801	\$4,149
Fencing	1-Jul-10	<u>\$3,540</u>	15	4	<u>\$236</u>	<u>\$2,487</u>	<u>\$1,053</u>
Tank Site Total:		\$80,652			\$3,018	\$29,358	\$51,294
<u>Pump Station</u>							
Fiberglass Storage Tank - 500 Gal.	1-Jul-10	\$3,683	50	39	\$74	\$776	\$2,907
Booster Pump - 5 Hp	1-Jul-16	\$2,031	10	5	\$203	\$917	\$1,114
Booster Pump - 5 Hp	1-Jul-16	\$2,031	10	5	\$203	\$917	\$1,114
Electrical	1-Jul-10	\$13,950	15	4	\$930	\$9,801	\$4,149
Fencing	1-Jul-10	<u>\$3,450</u>	15	4	<u>\$230</u>	<u>\$2,424</u>	<u>\$1,026</u>
Pump Station Total:		\$25,145			\$1,640	\$14,835	\$10,310
<u>Distribution System</u>							
Water Mains 3" PVC	1-Jul-10	\$204,525	50	39	\$4,091	\$43,108	\$161,417
Customer Meters	1-Jul-10	<u>\$4,200</u>	15	4	<u>\$280</u>	<u>\$2,951</u>	<u>\$1,249</u>
Distribution System Total:		\$208,725			\$4,371	\$46,058	\$162,667

Table 1 presents the calculations performed for each of the Cielo Azul's asset to derive a replacement cost less age and condition. The replacement cost of each asset was determined

¹ Publication of the Public Utility Commission of Texas "System of Accounts for Water and Wastewater Utilities - with 200 or More Connections"

EXHIBIT G

Fair Market Value Appraisal of the Water Assets of Cielo Azul Ranch Water System

using the following sources: building cost reference guide² and cost information provided in recent Public Utility Commission of Texas Rate/Tariff Change Applications^{3,4}. The current replacement cost determine for each of the utility's assets was then used to calculate a replacement cost less age and condition for the utility's water assets. Since the condition of all the facilities was presumed to be in working order, the only adjustment made was for age. The adjustment for age was done by calculating the accumulated depreciation for each item over its expired useful service life. For those items that reached their normal useful lives, an adjustment was made to extend their useful service life for used to determine an age component. From removing the total accumulated depreciation as the age component from the current replacement cost a finally cost less age and condition was determined.

An additional amount was added to the total value previously determined by adding 5 percent for the miscellaneous equipment items included at the water plant. This includes such items as air compressors, bladder pressure tanks, metal roof covers, etc. These items are usually not considered capital assets. However, they still have worth when considering a purchase value. Calculation 1 shows the calculation of a miscellaneous equipment factor for the water plant.

Calculation 1: Addition for Miscellaneous Equipment Factor

Total replacement cost less age and condition x 5 percent = Total miscellaneous equipment factor

$$\$288,307 \times 0.05 = 14,415$$

$$\text{Total Miscellaneous Equipment Factor} = 14,415$$

Finally, since all replacement cost adjustment data available was as of the end of 2019, an inflation adjustment⁵ of 1.3 percent was added to derive a current price adjusted for inflation for 2020 to the total value of the utility's capital assets. After these adjustments, a current replacement cost for the utility's water assets can be determined.

Calculation 2: Inflation Factor Adjustment

Total replacement cost less age and condition x .013 percent = Total inflation factor adjustment

$$\$288,307 \times 0.013 = 3,748$$

$$\text{Total Inflation Factor Adjustment} = 3,748$$

Table 2 is a calculation of the total value for all the utility's assets based on their replacement value less age and condition. Additional adjustments were made for miscellaneous items in the utility's facilities and an inflation factor to account for the yearly variation.

² Building Construction Costs with RS means data, 77th annual edition, 2019.

³ Public Utility Commission of Texas, Docket No. 48902, Application of Nerro Supply, LLC for authority to change rates, 12/7/2018.

⁴ Public Utility Commission of Texas, Docket No. 51389, Application of Clear Water Estates water system, LLC and SJWTX, Inc. for sale, Transfer or merger of Facilities and Certificate Rights in Comal County, 10/5/2020

⁵ Us Inflation Calculator · Copyright © 2008-2020 Coin News Media Group LLC (Coin News) 10/8/2020.

EXHIBIT G

Fair Market Value Appraisal of the Water Assets of Cielo Azul Ranch Water System

Table 2: Replacement Cost Less Age & Condition Totals

Well Site Total	\$	64,036
Tank Site Total	\$	51,294
Pump Station Total	\$	10,310
Distribution System Total	\$	<u>162,667</u>
Replacement Cost Less Age & Condition	\$	288,307
Miscellaneous Equipment Factor (5%)	\$	14,415
Inflation Factor Adjustment (1.3%)	\$	<u>3,748</u>
Total Replacement Cost Less Age & Condition	\$	306,470

Based on the total value derived by calculation1, the total value determined by this evaluation Cielo Azul's water utility assets should be **\$306,470**.

Determination of Lost Income From Revenues to Owner

A second factor in determining the value of Cielo Azul's value is future lost income generated from the revenue stream from providing water service to its customers. From a review of the financial and historical records of the utility, an estimate of any future income stream of the utility can be determined. An assumption is made that increased expenditures would be recouped by increased rates and that the net income of the utility would remain approximately constant due to additional investment in plant and equipment and regular retirements.

The utility provided limited billing and expenses records for this evaluation. Most of the utility's customers are charged for water service as a part of their monthly rental fee. But a few customers are charged directly for service. Based on the rates charge to these customers, it was determined that the utility generates about \$1500 in revenues per month. The utility provided invoicing showing its operating charges are also approximately \$1500 per month. As stated earlier, this appraisal is based only on the current condition of the utility and not based on any future adjustments in financial situation of the utility. Using current financial parameters of the utility, no value would be derived for lost future income generated from the revenue stream from providing water service. Based its current circumstances, the revenues of Cielo Azul barely cover utility expenses and does not generate any addition revenues that could be a lost income of the utility. Thus, for this evaluation no value will be added for loss of any future income from the revenue stream.

EXHIBIT G

Fair Market Value Appraisal of the Water Assets of Cielo Azul Ranch Water System

Conclusions and Recommendations

A couple of issues were noted from the review and inspection of the Cielo Azul water system. The first is that the current approved certificated service area does not included all the areas served by the utility. The utility can serve customer within a quarter mile of its service without being in its service area. However, by including all customers in its service area the utility is protected from these customers being served by another utility. Secondly, the utility should charge all customers the same water rates separately from monthly rental fees for water service. All customers should be charge monthly rates based on the utility's approved water tariff. Either the current operator of the water utility or any future operator may want to address these two issues.

The value of Cielo Azul Ranch water system for this appraisal was determined using two components. These components being the determination of the value of utility's water assets and the loss of income from future revenues. The value of the utility's water assets was calculated by using the replacement cost less age and condition method. Using this method, the value of the system was calculated to be \$306,470. It was determined that there would be no lost income from future revenues based on the utility's current financial situation. No value was included in this appraisal for the lost future income component. Therefore, the recommended total value of the Cielo Azul Ranch Water System should be **\$ 306,470**.

Should you have any questions regarding this appraisal or require additional information please contact us.



Bret W. Fenner, P.E.
B & D Environmental, Inc.
200 Harbor Circle
Georgetown, TX 78633
(512) 917-7541

EXHIBIT H

Dear Commission,

This letter is written with intent to summarize the transaction described in the attached Sales, Transfer, and Merger Application for the transfer of the Cielo Azul Ranch Public Water System and corresponding Certificate of Convenience and Necessity (CCN No. 12702) from Henry M. Garza(deceased) to his successor in interest (described below).

The water facilities and CCN service area for the Cielo Azul Ranch Public Water System (1050034) are currently held in the name of Henry M. Garza (Transferor), who passed away in 2020. By way of his Last Will and Testament, the water system is to transfer to his successor in interest, the Successor Trustee of The Garza Management Trust of 1994. Since his passing, The Garza Management Trust of 1994 has contracted with a third-party operator to manage the water system while other matters of Mr. Garza's estate were addressed but now desires to facilitate the transfer of the water system and CCN out of Mr. Garza's name into Cielo Azul Agua LLC, (Transferee) a Texas limited liability company, created and solely owned by The Garza Management Trust of 1994 for the purposes of assuming responsibilities for the provision of retail water service to customers of the Cielo Azul Ranch Public Water System.

This water system and the land it was established on were owned and operated by Henry until his death in 2020 when it transferred to his Successor Trustee. Since his death, the Trust has upgraded all plumbing at the well head, main pump, and backup pump station. A management company was hired for compliance and maintenance. New meters were installed for all customer accounts and the company.

There are currently only 11 metered connections and 6 customers served by the water system. All customers pay through the mail and have been paying that way for years. All necessary records are kept on-site in the pump house and in a storage facility in the county for which the system resides, but, with this letter and STM application we are also requesting to have a virtual office and an exempt utility status based on the number of metered connections and minimal customer count.

The Trust would like to continue to maintain and upgrade the system to further improve the system through ownership of the LLC but desires approval of a virtual office, exempt utility status and a transfer of ownership so it may apply for grants and assistance.

Respectfully,

Allison Ackerman

Office Manager

EXHIBIT I

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Kelly Keel, *Interim Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 7, 2023

Daniel Garza, Owner
37 Dyer Ave
Collinsville, CT 06019-3026

Re: Notice of Compliance with Notice of Violation (NOV) dated February 15, 2023:
Silver Creek Village WSC Public Water System- Burnet County
RN: 101217792; PWS ID No. 1050034; Investigation No. 1909453

Dear Mr. Garza:

This letter is to inform you that the Texas Commission on Environmental Quality (TCEQ) Austin Regional Office has received adequate compliance documentation on March 15, 2023 that was sufficient to resolve the alleged violations documented during the investigation of the above-referenced regulated entity conducted on January 19, 2023. TCEQ records indicate that compliance with the above-referenced NOV has been achieved.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions, please feel free to contact Charlotte Pope at the Austin Regional Office at 512-239-6673.

Sincerely,

Chad Ahlgren
Water Work Leader
Austin Region Office

CA/cp

Enclosure: Summary of Resolved Investigation Findings

cc: Tim Young, Operator, 26550 Ranch Road 12 Unit 1, Dripping Springs, Tx 78620-4973

EXHIBIT I

Summary of Investigation Findings

CIELO AZUL RANCH

, HAYS COUNTY,

Additional ID(s): 1050034

Investigation #

1909453

Investigation Date: 06/15/2023

ALLEGED VIOLATION(S) NOTED AND RESOLVED

Track No: 834865

30 TAC Chapter 290.46(i)

Alleged Violation:

Investigation: 1874612

Comment Date: 02/06/2023

Failure to adopt an adequate plumbing ordinance, regulations, or service agreement.

Investigation: 1909453

Comment Date: 07/05/2023

Failure to adopt an adequate plumbing ordinance, regulations, or service agreement.

Recommended Corrective Action: Provide compliance documentation to the TCEQ Austin Region Office on or before the compliance due date demonstrating that the system has adopted an adequate plumbing ordinance and/or service agreement.

Resolution: On March 15, 2023, a copy of the system's service agreement was provided to the investigator and was sufficient to resolve the violation.

Track No: 834867

30 TAC Chapter 290.46(s)(1)

Alleged Violation:

Investigation: 1874612

Comment Date: 02/06/2023

Failure to calibrate the well meter once every 3 years.

Investigation: 1909453

Comment Date: 07/05/2023

Failure to calibrate the well meter once every 3 years.

Recommended Corrective Action: Provide documentation showing the well meter has been calibrated on or before the compliance due date to the TCEQ Austin Region Office.

Resolution: On March 15, 2023, a copy of the well calibration report conducted on March 13, 2023 was provided to the investigator and was sufficient to resolve the violation.

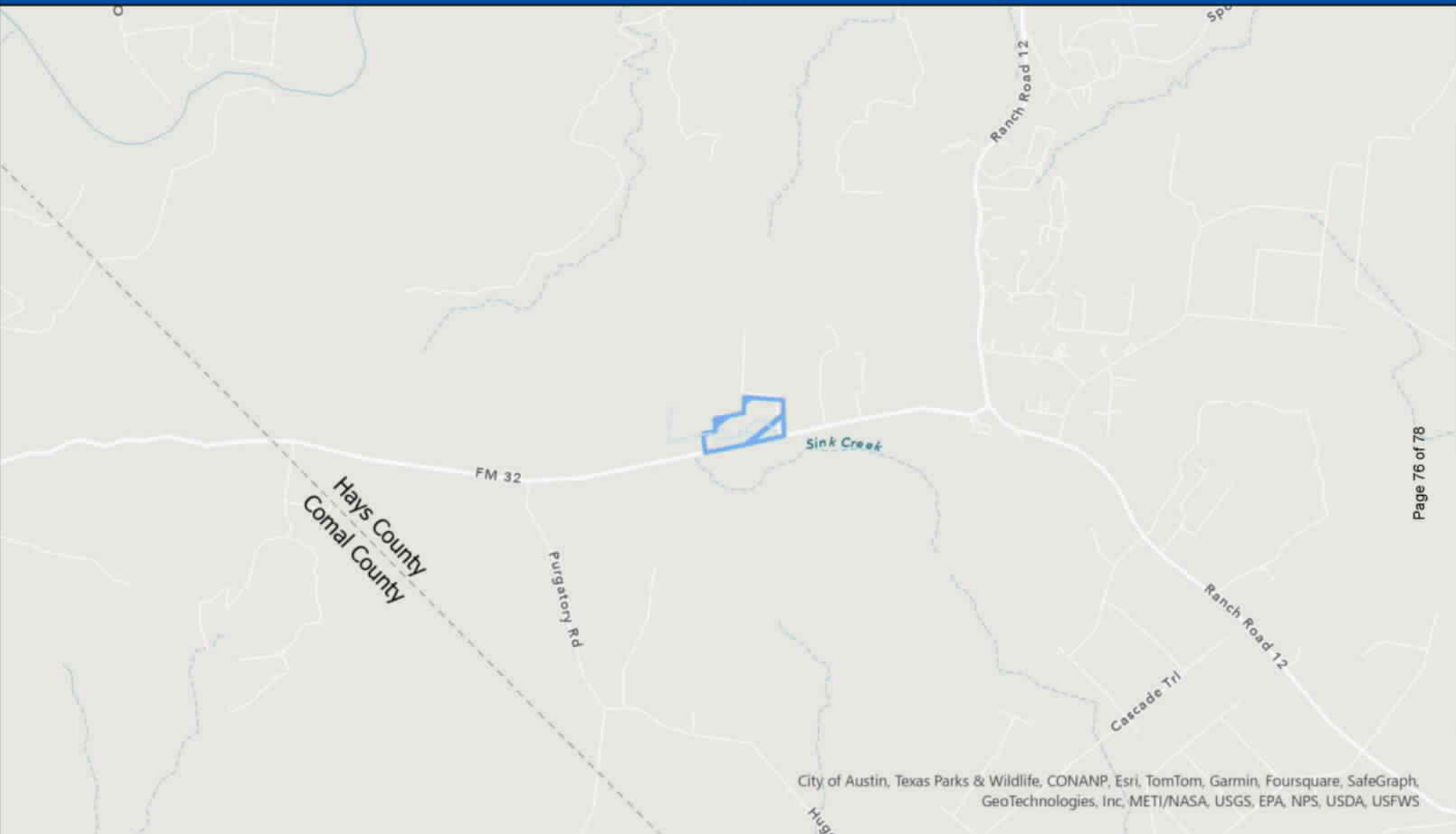
EXHIBIT J

GENERAL LOCATION MAP

ATTACHED ON FOLLOWING PAGE

Cielo Azul Ranch (CCN No. 12702)

Page 76 of 78



0 4,000 8,000 12,000 Feet

— Distribution Line
Bounded Service Area



EXHIBIT K

DETAILED LOCATION MAP

ATTACHED ON FOLLOWING PAGE

Cielo Azul Ranch (CCN No. 12702)



Page 78 of 78

Esri Community Maps Contributors, City of Austin, Comal County, Texas Parks & Wildlife, © OpenStreetMap, Microsoft, CONANP, Esri, TomTom, Garmin, Foursquare, SafeGraph, GeoTechnologies, Inc., METI/NASA, USGS, EPA, NPS, US Census Bureau, USDA, USFWS



0 410 820 1,230 Feet

— Distribution Line
▨ Bounded Service Area

