

DEBT & EQUITY

List the following formation concerning debt and equity of the utility and attach copies of notes payable:

Round all percentages to two (2) decimal places.

Table IV. D. – SEWER

[A] Name of Bank Lender	[B] Date of Issue	[C] Date of Maturity	[D] Original Amount of Loan	[E] Outstanding or Unpaid Balance End of Test Year	[F] Interest Rate	[G] Weighted Average
Part 1 - Debt						
			-	-		0.00%
			-	-		0.00%
			-	-		0.00%
			-	-		0.00%
			-	-		0.00%
			-	-		0.00%
Total			-	-		0.00%
Part 2 - Investment /Equity						
				469,837	8.57%	8.57%
Total Debt & Equity				469,837		
					Rate of Return	8.57%

Table IV. E.

Net Book Value - From Table III.B.	[A]	156,762
Working Cash Allowance		
Amount from Table VI. A., Line [L] divided by 8	[B]	27,670
Materials and supplies	[C]	
Subtotal - Sum of [A] thru [C]	[D]	184,432
Developer Contributions - From table III. C.	[E]	0
Total Invested Capital [D] - [E]	[F]	184,432
Rate of Return - From Table IV. D.	[G]	8.57%
Return / Interest - If [F] is greater than -0-, then enter [F] * [G]. If [F] is less than -0-, enter -0-. Enter this amount in Table V., Line [A] and Table VI. A., Line [Q].	[H]	15,806

SECTION V - INCOME TAX CALCULATION - SEWER

Use the following table to determine the amount of income tax that can be included in your revenue requirement.

Table V.

Return - From Table IV. E., Line [H]	[A]	15,806
Interest Calculation		
Total Invested Capital - From Table IV. E., Line [F]	[B]	184,432
Weighted Cost of Debt Capital - Percentage from Table IV. D.	[C]	0
Interest [B] * [C]	[D]	0
Taxable Income [A] - [D]	[E]	15,806
Enter Income Tax (see income tax worksheet)	[F]	3,282

€ To Table VI. A., Line [P], Column €

SECTION VI - UTILITY INCOME & EXPENSE INFORMATION - SEWER
A. REVENUE REQUIREMENT

Please provide the following information regarding the cost to the utility of providing sewer utility service over your selected twelve month "test year." **Note 1** - Instead of using the percentages listed, you may take the Total Cost and multiply it by 67% to determine the fixed portion and 33% for the variable portion.

TABLE VI. A.

Test Year 7/1/2011 to 6/30/2012

	Line	12 Month "test year" per books	Known and Measurable Changes	Revenue Requirement for next year	Fixed		Variable	
					Pct.	Amount	Pct.	Amount
Salaries and wages	[A]	36,778		36,778	50%	18,389	50%	18,389
Contract labor	[B]	30,230	-	30,230	90%	27,207	10%	3,023
Sludge Hauling	[C]	45,281		45,281	0%	-	100%	45,281
Chemicals and treatment of water	[D]	4,846		4,846	0%	-	100%	4,846
Utilities (electricity)	[E]	19,299		19,299	0%	-	100%	19,299
Repairs and maintenance	[F]	60,910	-	60,910	0%	-	100%	60,910
Office expenses	[G]	2,130		2,130	100%	2,130	0%	-
Accounting and legal fees	[H]	1,425		1,425	100%	1,425	0%	-
Insurance	[I]	856		856	100%	856	0%	-
Regulatory expense	[J]	-	3,425	3,425	100%	3,425	0%	-
Miscellaneous expenses	[K]	16,179		16,179	100%	16,179	0%	-
Subtotal - Sum of Line [A] thru Line [K]	[L]	217,933	3,425	221,358		69,610		151,748
Payroll Taxes	[M]	374		374	50%	187	50%	187
Property & Other Taxes	[N]	3,019		3,019	100%	3,019	0%	-
Annual Depreciation and Amortization From Table III	[O]	2,834		2,834	100%	2,834	0%	-
Income Taxes - From Table V, Line [F]	[P]	-	3,282	3,282	0%	-	100%	3,282
Return - From Table IV.E., Line [H]	[Q]		15,806	15,806	0%	-	100%	15,806
Subtotal - Sum of Line [M] thru [Q]	[R]	6,226	19,088	25,314		6,039		19,275
Other Revenues	[S]	7,160		7,160	100%	7,160		-
Total Cost = Line [L] + Line [R] - Line [S]	[T]	216,999	22,513	239,512	29%	68,489	71%	171,023
Alternative Allocation between Fixed and Variable Cost	[U]	216,999	22,513	239,512	67%	160,473	33%	79,039

B. KNOWN & MEASURABLE

If you listed anything in **TABLE VI. A.** above as an increase/decrease expected in the next 12 months, please provide a short explanation by item why there will be a change and how you projected the cost. Changes in cost must be known and measurable and supported by invoices or other documentation.

KNOWN & MEASURABLE CHANGES

	<u>Water</u>	<u>Sewer</u>
	<u>51%</u>	<u>49%</u>
RATE CASE EXPENSE (REGULATORY)		
Ronald L Payne, LLC.	7,500	
Mark H. Zeppa	4,000	
GDS & Associates	1,500	
Copy Cost	500	
2 Notices to customers-\$1.45/ notice	580	
Total Non-Contested Cost	<u>14,080</u>	
	<u>X 50%</u>	
Two year amortization To Table VI.A, Line J	<u>7,040</u>	<u>3,425</u>

	<u>Cost</u>	<u>Annual Depreciation</u>	
		<u>Water</u>	<u>Sewer</u>
Installed new lift Pumps - 02/23/2012	16,054	0	535
Installed Lift Station Floats - 7/13/12	\$2,164	0	216
Total Sewer - to sewer rate base	<u>18,218</u>	<u>-</u>	<u>752</u>
Installed 2" Backflow Devises - 2/9/12	1,758	88	0
Haverstock Metering Project - 9/7/12	104,262	2,085	0
Air Compressor installed on Hydro Tank	6,142	307	0
Replace Well Pump & Motor - 09/28/12	16,646	832	-
Total Water - to water rate base	<u>128,808</u>	<u>3,313</u>	<u>-</u>

Note: these items to be described later

SECTION VII - CUSTOMER INFORMATION – SEWER

NUMBER OF CUSTOMERS

How many customers (active connections) did you have at the beginning and at the end of the twelve month test year?

TABLE VII

Connection Type	Line	Beginning of period	End of period	Equivalency Factor	Meter Equivalents
Non-Metered Connections					
Residential	[A]			1	-
Commercial	[B]			1	-
Standby	[C]			1	-
Metered Connections					
e" x 3/4"	[D]	181	182	1	182
3/4"	[E]			1.5	-
1"	[F]			2.5	-
1 1/2"	[G]			5	-
2"	[H]	1	15	8	120
3"	[I]			15	-
4"	[J]			25	-
6"	[K]	1	1	50	50
8"		1	1	80	80
Other	[L]	-	-		-
Total	[M]	184	199		432

® To Table IX. B., Line [B] AND Table X. A., Line [F]

SECTION VIII - TREATMENT INFORMATION - SEWER

Please provide the following information regarding sewer utility operations over your selected twelve month "test year".

Table VIII

Total number of gallons treated (total customer usage billed)	[A]	54,780,000	gallons
Total number of gallons treated by another source for sale to customers (if any)	[B]	-	gallons
Total number of gallons treated [C] = [A] + [B]	[C]	54,780,000	gallons
Source of Purchased Treatment	N/A		

To Table IX.A., Line [B] and Table X.A., Line [B]

Note: The sewer treatment plant records show the amount of wastewater treated as 54,567,000gal. This equates to a 10,530 gal average per customer per month. We have used the average customer winter average of 10,570 gal in our rate calculations.

SECTION IX - RATE DESIGN - SEWER

VARIABLE RATE CALCULATIONS

Table IX. A.

	Line		Instructions
Total Variable Cost	[A]	171,023	From Table VI.A., Line [T], or Line [U]
Total # of Gallons Billed to Customers	[B]	54,780,000	From Table VIII, Line [D]
Total # 1,000 Gallons billed	[C]	54,780	Divide Line [B] by 1,000
Variable Cost per 1,000 gallons	[D]	\$3.12	Divide Line [A] by Line [C]. Transfer to Table IX.B., Lines [E] through [J]

BASE RATE CALCULATIONS

Table IX. B.

© From Table IX. A., Line [D]

		Line		# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost to be added to base rate	Total base rate per meter size
Total fixed cost - From Table VI.A., Line [T] or Line [U]		[A]	68,489				
Total member equivalents at end of test year - From Table		[B]	432				
Base charge per meter equivalent or for each unmetered		[C]	13.21				
Base charge per meter size							
3/4" x 3/4" or unmetered	Multiply [C] by 1	[D]	13.21	-	3.12	-	13.21
3/4"	Multiply [C] by 1.5	[E]	19.82	-	3.12	-	19.82
1"	Multiply [C] by 2.5	[F]	33.03	-	3.12	-	33.03
1 1/2"	Multiply [C] by 5.0	[G]	66.06	-	3.12	-	66.06
2"	Multiply [C] by 8.0	[H]	105.69	-	3.12	-	105.69
3"	Multiply [C] by 15.0	[I]	198.17	-	3.12	-	198.17
4"	Multiply [C] by 25	[J]	330.29	-	3.12	-	330.29
6"	Multiply [C] by 50	[K]	660.58	-	3.12	-	660.58
8"	Multiply [C] by 80	[K]	1,056.93	-	3.12	-	1,056.93

SECTION X - ALTERNATE METHOD OF RATE DESIGN - SEWER

After you have performed the calculations in **SECTION IX**, you may find that the cost per 1,000 gallons is not what you think your customers will approve. If that is the case, then the following will allow you to calculate a rate structure that still recovers your revenue requirement, but with rates that you think may be more appropriate for your customers.

Table X. A.

	Line		
Cost per 1,000 gallons	[A]	53.00	This is the rate that you think is appropriate. Enter in Table X.B., Lines [B] through [H]
Total # of 1,000 Gallons Billed	[B]	54,780	From Table IX. A., Line [C]
Total Cost to be recovered through gallonage charge	[C]	164,340	Multiply Line [A] time Line [B]
Total Revenue Requirement	[D]	239,512	From Table VI. A., Line [T]
Revenues not Requested		4	
Total to be recovered through base rate	[E]	75,168	Subtract Line [C] from Line [D]
Total number of meter equivalents	[F]	432	From Table VII, Line [K]
Base rate per meter equivalent	[G]	14.50	Divide Line [E] by Line [F] & then divide by 12 months. Enter this in Table X. B, Line [A]

Table X. B.

		Line		# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost to be added to base rate	Total base rate per meter size
Base charge per meter equivalent or for each		[A]	14.50				
Base rate per meter size							
e" x 3/4 or unmetered	Multiply [C] by 1	[B]	14.50	-	3.00	-	14.50
3/4"	Multiply [A] by 1.5	[C]	21.75	-	3.00	-	21.75
1"	Multiply [A] by 2.5	[D]	36.25	-	3.00	-	36.25
1 1/2"	Multiply [A] by 5.0	[E]	72.50	-	3.00	-	72.50
2"	Multiply [A] by 8.0	[F]	116.00	-	3.00	-	116.00
3"	Multiply [A] by 15.0	[G]	217.50	-	3.00	-	217.50
4"	Multiply [A] by 25	[H]	362.50	-	3.00	-	362.50
6"	Multiply [A] by 50	[I]	725.00	-	3.00	-	725.00
8"	Multiply [A] by 80	[J]	1,160.00	-	3.00	-	1,160.00

© From Table X. A., Line [A]

**AFFIDAVIT
WATER &/OR SEWER
RATE/TARIFF CHANGE**

AFFIDAVIT

STATE OF TEXAS

COUNTY OF Harris

I, Carol Zieben being duly sworn, file this NOTICE OF PROPOSED RATE CHANGE as Owner / President (indicate relationship to Utility, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and authorized to file and verify such NOTICE; and that all statements made and matters set forth herein are true and correct.

I further represent that a copy of the attached notice was provided by Mail to

each customer or other affected party on or about March 10th (mail or hand delivery), 2013.

Carol Zieben

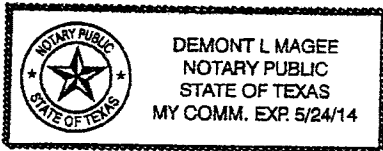
Affiant (Utility's Authorized Representative)

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

Subscribed and sworn to before me this the 6th day of March, 2013, to certify which witness my hand and seal of office.

AND FOR THE
TEXAS

SEAL



NOTARY PUBLIC IN

STATE OF

Demont Magee

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 05/24/14

**NOTICE OF RATE/TARIFF CHANGE
TO BE PROVIDED TO CUSTOMERS**

NOTICE OF PROPOSED RATE CHANGE

Douglas Utility Company

11369 and 20527

Company Name

CCN Numbers

has submitted a rate change application to the Texas Commission on Environmental Quality (Commission). The proposed rates listed on the next page will apply to service received after the effective date provided below. If the Commission receives protests to the proposed increase from 10 percent of the ratepayers or from any affected municipality before the 91st day after the proposed effective date, a public hearing will be scheduled to determine if the proposed rates are reasonable. Protests should be mailed to:

**Texas Commission on Environmental Quality
Water Supply Division
Utilities & Districts Section, MC 153
P. O. Box 13087
Austin, Texas 78711-3087**

Unless protests are received from 10 percent of the ratepayers or the Commission staff requests a hearing, no hearing will be held and rates will be effective as proposed. Please read the following information carefully:

Fountainview

Subdivisions or Systems Affected by Rate Change

32 E Rivercrest Drive	Houston	Texas	77042	(713) 783-4553
Company Address	City	State	Zip	Telephone
\$(141,199) (31.9%) Water				
\$ 127,066 113.0% Sewer				
\$(14,133) (2.5)% Combined				

On or before March 10, 2013

Annual Revenue Increase

Date Customer Notice Mailed

July 1, 2008

12th day of the month

Date of Last Rate Change

Date Meters Typically Read

EFFECTIVE DATE OF PROPOSED INCREASE: May 12, 2013

BILLING COMPARISON

Water						
Existing - 5/8" x 1/2"	10,000 gallons:	\$ 56.20/mo	Existing	30,000 gallons:	\$ 148.60/mo	
Proposed - 5/8" x 1/2"	10,000 gallons:	\$ 42.85/mo	Proposed	30,000 gallons:	\$ 107.85/mo	
Existing - 3/4"	10,000 gallons:	\$ 56.20/mo	Existing	30,000 gallons:	\$ 148.60/mo	
Proposed - 3/4"	10,000 gallons:	\$ 48.03/mo	Proposed	30,000 gallons:	\$ 113.03/mo	
Existing - 1"	10,000 gallons:	\$ 59.20/mo	Existing	30,000 gallons:	\$ 151.60/mo	
Proposed - 1"	10,000 gallons:	\$ 58.38/mo	Proposed	30,000 gallons:	\$ 123.38/mo	
Existing - 1-1/2"	10,000 gallons:	\$ 68.20/mo	Existing	30,000 gallons:	\$ 160.60/mo	
Proposed - 1-1/2"	10,000 gallons:	\$ 84.25/mo	Proposed	30,000 gallons:	\$ 149.25/mo	
Existing - 2" Commercial	10,000 gallons:	\$ 79.20/mo	Existing	30,000 gallons:	\$ 171.60/mo	
Proposed - 2" Commercial	10,000 gallons:	\$ 115.30 00/mo	Proposed	30,000 gallons:	\$ 180.30/mo	
Existing - 3" Commercial	10,000 gallons:	\$ 104.20/mo	Existing	30,000 gallons:	\$ 196.60/mo	
Proposed - 3" Commercial	10,000 gallons:	\$ 187.75/mo	Proposed	30,000 gallons:	\$ 252.75/mo	
Existing - 4" Commercial	10,000 gallons:	\$ 140.20/mo	Existing	30,000 gallons:	\$ 232.60/mo	
Proposed - 4" Commercial	10,000 gallons:	\$ 291.25/mo	Proposed	30,000 gallons:	\$ 356.25/mo	
Existing - 6" Commercial	10,000 gallons:	\$ 140.20/mo	Existing	30,000 gallons:	\$ 232.60/mo	

Proposed – 6" Commercial	10,000 gallons:	\$ 550.00/mo	Proposed	30,000 gallons	\$ 615.00/mo
Existing – 8" Commercial	10,000 gallons:	\$ 140.20/mo	Existing	30,000 gallons:	\$ 232.60/mo
Proposed – 8" Commercial	10,000 gallons:	\$ 860.50/mo	Proposed	30,000 gallons	\$ 925.50/mo
Sewer					
Existing – 5/8" x 3/4" Or unmetered	10,000 gallons:	\$ 65.00/mo	Existing	30,000 gallons:	\$ 165.00/mo
Proposed – 5/8" x 3/4" Or unmetered	10,000 gallons:	\$ 44.50/mo	Proposed	30,000 gallons:	\$ 104.50/mo
Existing – 3/4"	10,000 gallons:	\$ 65.00/mo	Existing	30,000 gallons:	\$ 165.00/mo
Proposed – 3/4"	10,000 gallons:	\$ 51.75/mo	Proposed	30,000 gallons:	\$ 111.75/mo
Existing – 1"	10,000 gallons:	\$ 65.00/mo	Existing	30,000 gallons:	\$ 165.00/mo
Proposed – 1"	10,000 gallons:	\$ 66.25/mo	Proposed	30,000 gallons:	\$ 126.25/mo
Existing – 1-1/2"	10,000 gallons:	\$ 65.00/mo	Existing	30,000 gallons:	\$ 165.00/mo
Proposed – 1-1/2"	10,000 gallons:	\$ 102.50/mo	Proposed	30,000 gallons:	\$ 162.50/mo
Existing – 2" Commercial	10,000 gallons:	\$ 65.00/mo	Existing	30,000 gallons:	\$ 165.00/mo
Proposed – 2" Commercial	10,000 gallons:	\$ 146.00/mo	Proposed	30,000 gallons:	\$ 206.00/mo
Existing – 3" Commercial	10,000 gallons:	\$ 65.00/mo	Existing	30,000 gallons:	\$ 165.00/mo
Proposed – 3" Commercial	10,000 gallons:	\$ 247.50/mo	Proposed	30,000 gallons:	\$ 307.50/mo
Existing – 4" Commercial	10,000 gallons:	\$ 65.00/mo	Existing	30,000 gallons:	\$ 165.00/mo
Proposed – 4" Commercial	10,000 gallons:	\$ 392.50/mo	Proposed	30,000 gallons:	\$ 452.50/mo
Existing – 6" Commercial	10,000 gallons:	\$ 65.00/mo	Existing	30,000 gallons:	\$ 165.00/mo
Proposed – 6" Commercial	10,000 gallons:	\$ 755.00/mo	Proposed	30,000 gallons:	\$ 815.00/mo
Existing – 8" Commercial	10,000 gallons:	\$ 65.00/mo	Existing	30,000 gallons:	\$ 165.00/mo
Proposed – 8" Commercial	10,000 gallons:	\$ 1,190.00 /mo	Proposed	30,000 gallons:	\$ 1,250.00/mo

The proposed rates will apply to all service rendered after the effective date and will be reflected on the bill you receive approximately 30 to 45 days after the effective date.

In the event that the application is set for hearing, the specific rates requested by the utility may be decreased or increased by order of the Commission. If the Commission orders a lower rate to be set, the utility may be ordered to refund or credit against future bills all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest. You may inspect a copy of the rate change application at your utility's office or at the Commission's office at Park 35 - Building F, 12015 Park 35 Circle, Suite 3101, Austin, Texas, west side of IH-35, south of Yager Lane. Additional information about the application can be obtained by contacting the Utilities and Districts Section at 512/239-4691. Information about how you can participate in the rate setting process can be obtained by contacting the Public Interest Counsel at 512/239-6363.

Si desea informacion en Espanol, puede llamar al 512-239-0200.

NOTICE OF PROPOSED RATE CHANGE -WATER (Cont.)

CURRENT RATES		PROPOSED RATES	
Monthly base rate including <u> 0 </u> gallons		Monthly base rate including <u> 0 </u> gallons	
Meter Size:		Meter Size:	
5/8 X 3/4 "	\$ 10 00	5/8 X 3/4 "	\$ 10 35
3/4 "	\$ 10 00	3/4 "	\$ 15.53
1"	\$13 00	1 "	\$ 25 88
1 1/2 "	\$22 00	1 1/2 "	\$ 51 75
2 " (commercial)	\$ 33 00	2 " (commercial)	\$ 82.80
3 " (commercial)	\$ 58 00	3 " (commercial)	\$ 155.25
4 " (commercial)	\$ 94 00	4 " (commercial)	\$ 258.75
6 " (commercial)	\$ 94 00	6 " (commercial)	\$ 517 50
8 " (commercial)	\$ 94 00	8 " (commercial)	\$ 828 00
Gallorage Charge		Gallorage Charge	
\$ <u> 4.62 </u> for each additional 1000 gallons over the minimum		\$ <u> 3.25 </u> for each additional 1000 gallons over the minimum	
<u>Miscellaneous Fees</u>		<u>Miscellaneous Fees</u>	
Tap fee 5/8" or 3/4"	\$ 350 00	Tap fee 5/8" or 3/4"	\$ 875 00
Tap fee – larger than 5/8" or 3/4"	\$ 350.00	Tap fee – larger than 5/8" or 3/4"	Actual Cost
Reconnect fee: Non-payment (Maximum - \$25 00)	\$ 25 00	Reconnect fee" Non-payment (Maximum - \$25.00)	\$ 25 00
Customer=s request	\$ 40.00	Customer=s request	\$ 50 00
Transfer fee	\$ 25.00	Transfer fee	\$ 25 00
Late charge	\$ 5 00	Late charge (Indicate either \$5.00 or 10%)	\$ 5 00
Returned check charge	\$ 25 00	Returned check charge	\$ 25.00
Deposit	\$50.00	Deposit (Maximum \$50 00)	\$50.00
Commercial & non-residential deposit	1/6 th of estimated annual bill	Commercial & non-residential deposit	1/6 th of estimated annual bill
Meter test fee	\$25 00	Meter test fee	\$ 25 00

Regulatory Assessment of 1% is added to base rate and gallorage charges

TEMPORARY WATER RATE

Unless otherwise superseded by TCEQ order or rule, if the Utility is ordered by a court or governmental body of competent jurisdiction to reduce its pumpage, production or water sales, the Utility shall be authorized to increase its approved gallorage charge according to the formula:

$$TGC = cgc + \frac{pr}{(1-r)}(cgc) \quad (1.0-r)$$

Where.

TGC = temporary gallorage charge

cgc = current gallorage charge

r = water use reduction expressed as a decimal fraction (the pumping restriction)

pr = percentage of revenues to be recovered expressed as a decimal fraction, for this tariff pr shall equal 0.5

35

GROUNDWATER REDUCTION PLAN FEE

The Houston Groundwater Reduction Plan Fee is calculated as follows:

$$(\text{GRP Fee per 1000 gallons}) \times (\text{Total Usage in month in 1000 gallon units})$$

For period before treated surface water is actually used, the GRP Fee, based on Monthly Pumpage at the Wells, will be passed through as follows:

$$\text{GRP Fee Per 1000 gallons usage by customers} = (Q \times R \times P) / \text{GS}$$

Q = Quantity of groundwater pumped in billing period in 1000 gallons

R = Groundwater Reduction Plan Fee per 1000 gallons

P = Percentage of total required by contract

GS = Total gallons sold during billing period in 1000 gallons

NOTICE OF PROPOSED RATE CHANGE - SEWER (Cont.)

CURRENT RATES		PROPOSED RATES	
Monthly base rate including <u> 0 </u> gallons		Monthly base rate including <u> 0 </u> gallons	
Meter Size:		Meter Size:	
Residential		Residential	
5/8 X 3/4 "	\$ 15.00	5/8 X 3/4 "	\$14.50
3/4 "	\$ 15.00	3/4 "	\$ 21.75
1 "	\$ 15.00	1 "	\$ 36.25
1 1/2 "	\$ 15.00	1 1/2 "	\$ 72.50
2 " (commercial)	\$ 15.00	2 " (commercial)	\$ 116.00
3 " (commercial)	\$ 15.00	3 " (commercial)	\$ 217.50
4 " (commercial)	\$ 15.00	4 " (commercial)	\$ 362.50
6 " (commercial)	\$ 15.00	6 " (commercial)	\$ 725.00
8 " (commercial)	\$ 15.00	8 " (commercial)	\$ 1,160.00
Gallonage Charge:		Gallonage Charge:	
\$ <u> 5.00 </u> for each additional 1000 gallons over the minimum		\$ <u> 3.00 </u> for each additional 1000 gallons over the minimum	
<p>Gallonage charges are determined based on average consumption for winter period which includes the following months: December, January & February. Residential customers who do not have a winter consumption history shall be imputed the winter consumption average for the system in which they reside until they establish their own history. Commercial customers shall not be subject to winter averaging. Their bills shall be calculated on their actual water consumption each month year round.</p>			

Current

proposed

Miscellaneous Fees		Miscellaneous Fees	
Tap fee - Residential	\$ 650 00	Tap fee - Residential	\$ 650.00
Tap fee - Commercial	Actual Cost	Tap fee - Commercial	Actual Cost
Sewer Connection Inspection Fee - Residential	\$ 0 00	Sewer Connection Inspection Fee - Residential	\$ 50 00
Sewer Connection Inspection Fee - Commercial	\$ 0 00	Sewer Connection Inspection Fee - Commercial	Actual Cost
Plan Review Fee - Non Residential	\$ 0 00	Plan Review Fee - Non Residential	\$ 200.00
Reconnect fee: Non-payment (Maximum - \$25 00)	\$ 25.00	Reconnection fee: Non-payment (Maximum - \$25.00)	\$ 25 00
Customer's request	\$ 40.00	Customer's request	\$ 50 00
Transfer fee	\$ 25 00	Transfer fee	\$ 25 00
Late charge	\$ 5.00	Late charge (Indicate either \$5.00 or 10%)	\$ 5 00
Returned check charge	\$25 00	Returned check charge	\$ 30 00
Deposit	\$ 50 00	Deposit (Maximum \$50 00)	\$ 50 00
Commercial & non-residential deposit	1/6 th of estimated annual bill	Commercial & non-residential deposit	1/6 th of estimated annual bill
SERVICE RELOCATION	N/A	SERVICE RELOCATION	Actual cost to relocate that service connection
REPAIRS OR MAINTENANCE OF CUSTOMER PLUMBING	N/A	REPAIRS OR MAINTENANCE OF CUSTOMER PLUMBING	INCURRED COST
Regulatory Assessment of 1% is added to base rate and gallonage charges			

RATE NOTICE ADDENDUM

The final rates to any customer or class of customers approved in this application may be greater or less than these noticed rates, but they will not recover a larger total revenue requirement. The utility may amend the rate change application where permitted by law. There may be monthly customer surcharges for rate case expenses, capital improvements, collection of lost revenues during the pendency of the case or other purpose approved in the final order. The utility may propose and have approved pass through clauses permitted by the Water Code and/or TCEQ rules. The utility may propose or receive changes to its tariff that may affect terms and conditions under which any present or future customer receives service. *The utility may seek or receive invested capital findings and a rate base bench mark for future rate cases.* The utility may propose or receive changes to its extension policies. The utility may propose or receive changes to its Drought Management and Water Conservation Plan that may affect present or future customers. For these reasons, all affected current or future customers are encouraged to review the rate change application and tariff(s) and take such action as that customer deems appropriate.

**WATER & SEWER
Tariff Pages**

**WATER & SEWER
Tariff Pages**

**WATER UTILITY TARIFF
FOR**

Douglas Utility Company

32 E Rivercrest Drive, Houston, Texas 77042 (713) 783-4553

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

11369

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

Harris

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

none

This tariff is effective in the following subdivisions or systems:

Fountainview

This tariff is effective for the following public water system number(s):

1010127

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 1.0 -- RATE SCHEDULE	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	5
SECTION 3.0 -- EXTENSION POLICY	14
SECTION 4.0 -- WATER RATIONING/DROUGHT MANAGEMENT PLAN INCLUDING UTILITY-SPECIFIC PLUMBING CODE	21
APPENDIX A -- APPLICATION FOR SERVICE TEMPORARY NON-POTABLE SERVICE APPLICATION	

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Rate</u> (Includes -0- Gallons)	<u>Gallonage Charge</u>
5/8" x 3/4"	\$ <u>10.35</u>	\$ <u>3.25</u> per 1000 gallons
3/4"	\$ <u>15.53</u>	
1"	\$ <u>25.88</u>	
1 1/2"	\$ <u>51.75</u>	
2"	\$ <u>82.80</u>	
3"	\$ <u>155.25</u>	
4"	\$ <u>258.75</u>	
6"	\$ <u>517.50</u>	
8"	\$ <u>828.00</u>	

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

FORM OF PAYMENT: THE UTILITY WILL ACCEPT THE FOLLOWING FORM(S) OF PAYMENT :
 Cash x, Check x, Money Order x, Discover , MasterCard x, Visa x
 (THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.)

Section 1.02 - Miscellaneous Fees

TAP FEE – 5/8" or 3/4" Residential \$875.00
 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 plus unique costs, including all road bores where required by TEXDoT or county.

LARGE METER TAP FEE Actual Cost
 TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" or 3/4" METERS.

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	\$50.00

OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF

TRANSFER FEE \$25.00
 THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE \$5.00
 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 \$30.00
 RATES LISTED ARE EFFECTIVE ONLY IF THIS PAGE HAS TCEQ APPROVAL STAMP
 SECTION 1.0 - RATE SCHEDULE

Section 1.02 - Miscellaneous Fees (Continued)

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) \$50.00

COMMERCIAL AND NON-RESIDENTIAL DEPOSIT 1/6TH EST. ANNUAL BILL

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.

TEMPORARY WATER RATE:

Unless otherwise superseded by TCEQ order or rule, if the Utility is ordered by a court or governmental body of competent jurisdiction to reduce its pumpage, production or water sales, the Utility shall be authorized to increase its approved gallonage charge according to the formula:

$$TGC = cgc + \frac{(pr)(cgc)(r)}{(1.0-r)}$$

Where:

TGC = temporary gallonage charge

cgc = current gallonage charge

r = water use reduction expressed as a decimal fraction (the pumping restriction)

pr = percentage of revenues to be recovered expressed as a decimal fraction, for this tariff pr shall equal 0.5.

To implement the Temporary Water Rate, the utility must comply with all notice and other requirements of 30 T.A.C. 291.21(l).

GROUNDWATER REDUCTION PLAN FEE

The Houston Groundwater Reduction Plan Fee is calculated as follows:

$$(\text{GRP Fee per 1000 gallons}) \times (\text{Total Usage in month in 1000 gallon units})$$

For period before treated surface water is actually used, the GRP Fee, based on Monthly Pumpage at the Wells, will be passed through as follows:

$$\text{GRP Fee Per 1000 gallons usage by customers} = (Q \times R \times P) / GS$$

Q = Quantity of groundwater pumped in billing period in 1000 gallons

R = Groundwater Reduction Plan Fee per 1000 gallons

P = Percentage of total required by contract

GS = Total gallons sold during billing period in 1000 gallons

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS

The utility will have the most current Texas Commission on Environmental Quality 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 TCEQ 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 TCEQ Rules.

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 before 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 TCEQ 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.

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 workday after the due date.

A late penalty of five dollars (\$5.00) 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 TCEQ 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 30 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 TCEQ Rules.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.08 - Reconnection of Service

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

Service will be reconnected within 36 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 Texas Commission on Environmental Quality 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 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 Commission on Environmental Quality complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

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 TCEQ Rules to be effective.

The utility adopts the administrative rules of the Texas Commission on Environmental Quality, as the same may be amended from time to time, as its company specific service rules and regulations. These rules will be kept on file at the company's offices for customer inspection during regular business hours. In the event of a conflict between the TCEQ's amended rules and the provisions of this tariff, the amended rules shall prevail. Where necessary, any conflicting provision of this tariff shall be deemed to have been superseded by the TCEQ rule in question to the degree that the Utility may conduct its lawful business in conformance with all requirements of said rule.

All references in Utility's tariff, service contracts or TCEQ rule shall mean the utility's offices at 2815 Spring Cypress Rd., Spring, TX 77388. Customers may make payments, apply for service and report service problems at this office. Utility reserves the right to designate the business offices of its contractor operations company as its local office after notice to affected customers. Use of the term "business office" shall refer to any of these offices.

All payments for utility service shall be delivered or mailed to the utility's business office. If the business office fails to receive payment before the time of noticed disconnection for non-payment of a delinquent account, service will be terminated as scheduled. Utility service crews shall not be allowed to collect payments on customer accounts in the field.

Payment of an account by any means that has been dishonored and returned by the payor or payee's bank shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid money order. If a customer has two returned payments within a twelve-month period, the customer shall be required to pay a deposit if one has not already been paid.

Customers shall not be allowed to use the utility's cutoff valve on the utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers must install customer-owned and -maintained cutoff valves on their side of the meter.

No water connection from any public drinking water supply system shall be made to any establishment where an actual or potential contamination or system hazard exists without an air gap separation between the drinking water supply and the source of potential

contamination. The containment air gap is sometimes impractical and, instead, reliance must be placed on individual "internal" air gaps or mechanical backflow prevention devices.

Under these conditions, additional protection shall be required at the meter in the form of a backflow prevention device (in accordance with AWWA Standards C510 and C511, and AWWA Manual M14) on those establishments handling substances deleterious or hazardous to the public health. The water purveyor need not require backflow protection at the water service entrance if an adequate cross-connection control program is in effect that includes an annual inspection and testing by a certified backflow prevention device tester. It will be the responsibility of the water purveyor to ensure that these requirements are met.

Customer shall be liable for any damage or injury to utility-owned property or personnel shown to be caused by the customer, his invitees, his agents, his employees, or others directly under his control.

Limitation on Product/Service Liability - Public water utilities are required to deliver water to the customer's side of the meter or service connection that meets the potability and pressure standards of the Texas Commission on Environmental Quality. The utility will not accept liability for any injury or damage to individuals or their property occurring on the customer's side of the meter when the water delivered meets these state standards. The utility makes no representations or warranties (expressed or implied) that customer's appliances will not be damaged by disruptions of or fluctuations in water service whatever the cause. The utility will not accept liability for injuries or damages to persons or property due to disruption of water service caused by: (1) acts of God, (2) acts of third parties not subject to the control of the utility if the utility has undertaken such preventive measures as are required by TCEQ rules, (3) electrical power failures in water systems not required by TCEQ rule to have auxiliary power supplies, or (4) termination of water service pursuant to the utility's tariff and the TCEQ's rules. The utility is not required by law and does not provide fire prevention or fire fighting services. The utility therefore does not accept liability for fire-related injuries or damages to persons or property caused or aggravated by the availability (or lack thereof) of water or water pressure (or lack thereof) during fire emergencies. The utility will accept liability for any injury or damage to individuals or their property directly caused by defective utility plant (leaking water lines or meters) or the repairs to or construction of the utility's facilities.

If the services of a registered professional engineer are required as a result of an application for service received by the Utility for service to that applicant's service extension only, the Utility and the applicant will select such engineer, and the applicant shall bear all expenses incurred therein.

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection. Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction (as may be allowed by TCEQ rule) for the actual costs

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (CONT.)

of, any additional facilities required to maintain compliance with the Texas Commission on Environmental Quality minimum design criteria for water production, treatment, pumping storage and transmission.

Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs before payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall have the right to appeal such costs to the TCEQ or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

Tap fees may be increased by unique costs not normally incurred as may be permitted by 30 T. A. C. 291.86(a)(1)(C).

The Utility adopts the Uniform Plumbing Code pursuant to TCEQ Rule 290.46(i). The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the TCEQ, the Uniform Plumbing Code and with the service rules and regulations of the Utility. The customer will bring out his service line to his property line at the point on the customer's property mutually acceptable to the customer and the Utility subject to such requirements as may exist by TCEQ rule. No water service smaller than 5/8" will be connected. No pipe or pipe fitting which contains more than 8.0% lead can be used for the installation or repair of plumbing at any connection, which provides water for human use. No solder or flux, which contains more than 0.2% lead, can be used at any connection that provides water for human use.

The utility will have the right of access to the customer's premises at all times reasonable for the purpose of installing, testing, inspecting or repairing water mains or other equipment used in connection with its provision of water service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the utility and its personnel access to the customer's property to conduct any water quality tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

Threats to or assaults upon utility personnel shall result in criminal prosecution.

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (CONT.)

Except in cases where the customer has a contract with the utility for reserve or auxiliary service, no other water service will be used by the customer on the same installation in conjunction with the utility's service, either by means of a crossover valve or any other connection. Customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises. Two places shall not be permitted to be supplied with one service pipe where there is a water main abutting the premises.

No connection shall be allowed which allows water to be returned to the public drinking water supply. No backflow prevention device shall be permitted to be installed in the customer's plumbing without notice to and written permission from the utility. Any backflow prevention devices so installed shall be inspected annually by a licensed backflow prevention device inspector or appropriately licensed plumber and a written report of such inspection delivered to the utility.

No application, agreement or contract for service may be assigned or transferred without the written consent of the utility.

It is agreed and understood that any and all meters, water lines and other equipment furnished by the utility (excepting the customer's individual service lines from the point of connection to customer's structures on customer's premises) are and shall remain the sole property of the utility, and nothing contained herein or in a contract/application for service shall be construed to reflect a sale or transfer of any such meters, lines or equipment to any customer. All tap and extension charges shall be for the privilege of connecting to said water lines and for installation, not purchase, of said meters and lines.

Applicants for service at new consuming facilities or facilities which have undergone extensive plumbing modifications are required to deliver to the Utility a certificate that their facilities have been inspected by a state-licensed inspector and that they are in compliance with all applicable plumbing codes and are free of potential hazards to public health and safety. Service may be denied until the certificate is received or any identified violations or hazards are remedied. The Utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer to locate and obtain the services of a licensed inspector in a timely manner. When potential sources of contamination are identified which, in the opinion of the inspector or the Utility, require the installation of a state-approved backflow prevention device, such back flow prevention device shall be installed on the customer's service line or other necessary plumbing facilities by an appropriately licensed plumber/back flow prevention device specialist at the customer's expense. The backflow prevention device shall be maintained by the customer at his expense and inspected annually by a licensed inspector. Copies of the annual inspection report must be provided to the Utility. Failure to comply with this requirement may constitute grounds

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (CONT.)

for termination of water service with notice.

All customers or service applicants shall provide access to meters and utility cutoff valves at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply. Access to meters and cutoff valves shall be controlled by the provisions of 30 TAC 291.89(c).

Where necessary to serve an applicant's property, the Utility may require the applicant to provide it a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant.

Service applicants may be required to comply with any pre-condition to receiving service not printed herein as may exist under TCEQ rule (customer service, health and safety, water conservation, or environmental), USEPA rule, TWDB rule, local water or conservation district rule or health department rule. Existing customers shall be required to comply with such rules, including modification of their plumbing and/or consumption patterns, after notice.

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 before 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 Commission on Environmental Quality's Rules.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY

This section contains the utility's specific extension policy that complies with the requirements already stated under Section 3.01. It must be reviewed and approved by the Commission and in compliance with TCEQ 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 may be required to provide contributions in aid of construction in amounts

sufficient to furnish the development with all facilities necessary to provide for reasonable

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

local demand requirements and to comply with Texas Commission on Environmental Quality minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or Texas Commission on Environmental Quality 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.

The utility adopts the administrative rules of the Texas Commission on Environmental Quality, as amended from time to time, as its company specific extension policy. These rules will be kept on file at the company's business office for customer inspection during normal business hours. In the event of a conflict between the TCEQ's amended rules and the provisions of this tariff, the amended rules shall prevail. Where necessary, any conflicting provision of this tariff shall be deemed to have been superseded by the TCEQ rule in question to the degree that the Utility may conduct its lawful business in conformance with all requirements of said rule.

When an individual residential applicant requires an extension of a main line beyond 200 feet, the charge to that applicant shall be the actual cost of such extension in excess of 200 feet, plus the applicable tap fee plus such other approved costs as may be provided in this tariff and/or TCEQ rules.

Residential tap fees may be increased by other unique costs not normally incurred as permitted by TCEQ rule. Larger meter taps shall be made at actual cost associated with that tap which shall include such extraordinary expenses.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 30 TAC 291.86(d) and this tariff. When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge based upon the capacities of production, transmission, storage, pumping and treatment facilities, compliant with the Texas Commission on Environmental Quality minimum design criteria, which must be committed to such extension. As provided by 30 T.A.C. 291.86(d)(4), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction for the actual costs of any additional facilities required to maintain compliance with the Texas Commission on Environmental Quality minimum design criteria for water production, treatment, pumping, storage and transmission.

Unless expressly exempted by TCEQ rule or order, each point of use (as defined by 30 TAC 291.3) must be individually metered.

The imposition of additional extension costs or charges as provided by Sections 2.20 and 3.20 of this tariff shall be subject to appeal as provided in this tariff, TCEQ rules, or the rules

of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

schedule pages of this tariff shall be entitled to a written explanation of such costs before payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall have the right to appeal such costs to the TCEQ or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located. Unless the TCEQ or other regulatory authority enters interlocutory orders to the contrary, service to the applicant may be delayed until such appeal is resolved.

The Utility will provide a written service application form to the applicant for each request for service received by the Utility's business offices. A separate application shall be required for each potential service location if more than any individual applicant desires one service connection. Service applications forms will be available for applicant pick up at the Utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions that might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

The Utility shall serve each qualified service applicant within its certificated service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by TCEQ rules once the applicant has met all conditions precedent to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The TCEQ service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a "qualified service applicant" as defined herein or by TCEQ rules.

The Utility is not required to extend service to any applicant outside of its certificated service area and will only do so, at the Utility's sole option, under terms and conditions mutually agreeable to the Utility and the applicant and upon extension of the Utility's certificated service area boundaries by the TCEQ. Service applicants may be required to bear the cost of the service area amendment.

A **"qualified service applicant"** is an applicant who has: (1) met all of the Utility's requirements of service contained in this tariff, TCEQ rules and/or TCEQ order, (2) has made all payments for tap fees and extension charges, (3) has provided all necessary easements and rights-of-way necessary to provide service to the requested location, including staking said easements or rights-of-way where necessary, (4) delivered an executed customer service inspection certificate to the Utility and (5) has executed a customer service application for each location to which service is being requested.

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap is made. The tap request must be accompanied with a plat, map, diagram or written metes and bounds description of precisely

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line. The actual point of connection and meter installation must be readily accessible to Utility personnel for inspection, servicing and meter reading while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's near service main with adequate capacity to service the applicant's full potential service demand. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, applicant may refer the matter to the TCEQ for resolution. Unless otherwise ordered by the TCEQ, the tap or service connection will not be made until the location dispute is resolved.

The Utility shall require a developer (as defined by TCEQ rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property. The Developer shall be required to obtain all necessary easements and rights-of-way required to extend the Utility's existing service facilities from their nearest point with adequate service capacity (as prescribed by TCEQ rules and local service conditions) to and throughout the Developer's property. The easements shall be sufficient to allow the construction, installation, repair, maintenance, testing, and replacement of any and all utility plant necessary to provide continuous and adequate service to each and every potential service location within the property at full occupancy. Unless otherwise restricted by law, well plant sites shall convey with unrestricted rights to produce water for public drinking water supply. Developers shall be required to provide sanitary control easements acceptable to the TCEQ for each water well site to be located within their property or otherwise being obtained to serve their property. Unless otherwise agreed to by the Utility, pipe line right-of-way easements must be at least 15 feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and meters. Easements must be provided for all production, storage, treatment, pressurization and disposal sites that are sufficient to construct and maintain all weather roads as prescribed by TCEQ rules. All easements shall be evidenced, at Developer's expense, by recorded county-approved subdivision plat or by specific assignment supported by metes and bounds survey from a surveyor licensed by the State of Texas.

Before the extension of utility service to developers (as defined by TCEQ rules) or new subdivisions, the Developer shall comply with the following:

- (a) The Developer shall make a written request for service to property that is to be subdivided and developed. The Developer shall submit to the Utility a proposed plat on a scale of one inch (1") to two hundred feet (200') for review and determination of required easements, utility plant, and plant location. If sewer service is requested, the plat must contain elevation data. A reconcilable deposit in an amount set by the Utility may be required to cover preliminary engineering, legal and copy cost to be incurred by the Utility in reviewing and planning to meet this service request. The plat and/or accompanying information shall identify the type,

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

location and number of houses and other planned structures that will be requiring utility service. If other than residential structures are to be located on the property, all other types of anticipated businesses and their service demands shall be identified with specificity. All areas requiring special irrigation and/or other unique water demands must be identified. To the extent reasonably possible, this information must be precise so that adequate facilities can be designed and constructed to meet all future service demands without hazard to the public, other utility customers and/or the environment.

(b) After the requirements of easements and rights-of-way have been determined, a red line copy will be returned by the Utility to the Developer for final plat preparation.

(c) Copies of all proposed plats and plans must be submitted to the Utility before their submission to the county for approval to insure that they are compatible with the adequate long-term utility needs of potential service customers. Copies will be returned after review by the Utility so that necessary changes may be incorporated into the Developer's final submitted plat(s) and plans.

(d) The Utility shall be provided with three (3) certified copies of the final plat(s) approved by the County Commissioners Court. At this time, the Utility will begin engineering the facilities necessary to serve the property. Plans and specifications will be prepared and submitted to the TCEQ by the Utility if required by law. If further plat or plans changes are necessary to accommodate the specific service needs of the property and the anticipated customer demands, the Developer will be so notified. Plat amendments must be obtained by the Developer. The Developer shall be notified when all required TCEQ or other governmental approvals or permits have been received. No construction of utility plant that requires prior TCEQ plans approval shall be commenced until that approval has been received by the Utility and any conditions imposed by the TCEQ in association with its approvals have been satisfied.

(e) The Developer shall be required to post bond or escrow the funds necessary to construct all required utility plant, except individual taps, meters and sewer connections, required to serve the property. Construction shall not commence until funds are available. If the construction is to be done in coordination with the phased development of the property, funds must be provided in advance which are sufficient to complete each phase. No phase or facilities for any phase shall be constructed before the bonding or escrowing of all funds associated with that phase.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

(f) At the sole option of the Utility, the Developer may be required to execute a Developer Extension Contract setting forth all terms and conditions of extending service to their property including all contributions-in-aid of construction and developer reimbursements, if any.

(g) The Utility may require the Developer to commence construction of subdivision improvements within three (3) months of utility plans approval or the Utility may abate its construction activities until full development construction begins. If the Developer stops construction of subdivision improvements for any purpose, the Utility may abate its construction for a similar period.

(h) As soon as the roads are rough cut and before paving, extension lines will need to be constructed at each road crossing. The Developer must notify the Utility sufficiently in advance of this development stage to allow for the necessary utility construction without disruption to other service operations of the Utility. Failure to provide adequate advance notice and cooperation in the construction of necessary utility plant may result in additional delays in obtaining service to the property. The Developer shall be required to pay for all additional costs of road boring or other remedial construction necessary to install adequate utility plant throughout the affected property.

(i) The Developer, not the Utility, shall insure that Developer's employees, agents, contractors and others under its control coordinate their work or construction throughout the property with the Utility to insure the orderly and timely construction of all utility plant necessary to serve the public.

Within its certificated area, the Utility shall bear the cost of the first 200 feet of any water main or sewer collection line necessary to extend service to an individual residential service applicant within a platted subdivision unless the Utility can document:

(a) 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; or,

(b) that the Developer defaulted on the terms and conditions of a written agreement or contract existing between the utility and the developer or the terms of this tariff regarding payment for services, extensions, or other requirements; or in the event the Developer declared

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

(c) that the residential service applicant purchased the property from the Developer after the Developer was notified of the need to provide facilities to the utility. A residential service applicant may be charged the remaining costs of extending service to his property; provided, however, that the residential service applicant may only be required to pay the cost equivalent to the cost of extending the nearest water main, whether or not that line has adequate capacity to serve that residential service applicant. The following criteria shall be considered to determine the residential service applicant's cost for extending service:

(a) the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution.

(b) Exceptions may be granted by the TCEQ Executive Director if:

(1) adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;

(2) larger minimum line sizes are required under subdivision platting requirements or applicable building codes.

(c) If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certificated area, industrial, and wholesale customers shall be treated as developers.

A service applicant requesting a one-inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

**DROUGHT CONTINGENCY
AND
WATER CONSERVATION PLAN**

Douglas Utility Company

PREPARED BY

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March 12,2013

TABLE OF CONTENTS

Section 1	Declaration of Policy, Purpose and Intent	1
Section II	Public Involvement	1
Section III	Public Education	1
Section IV	Coordination with Regional Water Planning Groups	1
Section V	Authorization	1
Section VI	Notice Requirements	2
Section VII	Definitions	2
Section VIII	Triggering Criteria for Initiation and Termination of Drought Response Stages	3
Section IX	Drought Response Stages	6
Section X	Water Rationing	9
Section XI	Enforcement	11
Section XII	Variances	12
Section XIII	Severability	13
	Plumbing Code	14

DROUGHT CONTINGENCY
AND
WATER CONSERVATION PLAN

Section I. Declaration of Policy, Purpose and Intent

In order to conserve the available water supply and/or to protect the integrity of water supply facilities, with particular regard for domestic water use, sanitation and fire protection, and to protect and preserve public health, welfare and safety and minimize the adverse impacts of water supply shortage or other water supply emergency conditions, DOUGLAS UTILITY COMPANY hereby adopts the following regulations and restrictions on the delivery and consumption of water.

Water uses regulated or prohibited under this Drought Contingency Plan (the "Plan") are considered to be non-essential and continuation of such uses during times of water shortage or other emergency water supply conditions are deemed to constitute a waste of water which subjects the offender(s) to penalties as defined in Section XI of this Plan.

Section II. Public Involvement

Opportunity for the public to provide input into the preparation of the Plan will be provided by DOUGLAS UTILITY COMPANY by means of newspaper or customer mail out.

Section III. Public Education

DOUGLAS UTILITY COMPANY 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. This information will be provided by means of press releases or utility bill inserts.

Section IV. Coordination with Regional Water Planning Groups

Copies of this Plan have been provided to the respective Regional Water Planning Groups shown on the listing of systems located at the beginning of this document, labeled as Attachment A.

Section V. Authorization

The Utility is hereby authorized and directed to implement the applicable provisions of this Plan upon determination that such implementation is necessary to protect public health, safety and welfare. The Utility shall have the authority to initiate or terminate drought or other water supply emergency response measures as described in this Plan.

Section VI. Notice Requirements

Written notice will be provided to each customer **before implementation or termination of each stage of the water restriction program**. Mailed notice must be given to each customer 72 hours before 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

61

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 TCEQ by telephone at 512/239-6020 or electronic mail at watermon@TCEQ.state.tx.us before 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 TCEQ at the initiation and termination of mandatory water use restrictions (i.e., Stages III and IV).

Section VII. Definitions

For the purposes of this Plan, the following definitions shall apply:

Aesthetic water use: water use for ornamental or decorative purposes such as fountains, reflecting pools and water gardens.

Application: The provisions of this Plan shall apply to all persons, customers and property utilizing water provided by DOUGLAS UTILITY COMPANY. The terms "person" and "customer," as used in the Plan, include individuals, corporations, partnerships, associations and all other legal entities.

Business Office or Office: The term "business office" or "office" shall refer to DOUGLAS UTILITY COMPANY's offices at 3000 Town Center, Suite 450, Southfield, Michigan 48075-1173. An equally referred alternate local business office shall be the business office of the Douglas Utility Company Hills Mobile Home Park.

Commercial and institutional water use: water use that is integral to the operations of commercial and non-profit establishments and governmental entities such as retail establishments, hotels and motels, restaurants and office buildings.

Conservation: those practices, techniques and technologies that reduce the consumption of water, reduce the loss or waste of water, improve the efficiency in the use of water or increase the recycling and reuse of water so that a supply is conserved and made available for future or alternative uses.

Customer: any person, company or organization using water supplied by DOUGLAS UTILITY COMPANY.

Domestic water use: water use for personal needs or for household or sanitary purposes such as drinking, bathing, heating, cooking, sanitation or for cleaning a residence, business, industry or institution.

Even number address: street addresses, box numbers or rural postal route numbers ending in 0, 2, 4, 6 or 8 and locations without addresses.

Industrial water use: the use of water in processes designed to convert materials of lower value into forms having greater usability and value.

Landscape irrigation use: water used for irrigation and maintenance of landscaped areas, whether publicly or privately owned, including residential and commercial lawns, gardens, golf courses, parks and rights-of-way and medians.

Non-essential water use: water uses that are not essential nor required for the protection of public, health, safety and welfare, including:

- (a) irrigation of landscape areas, including parks, athletic fields and golf courses,

except otherwise provided under this Plan;

- (b) use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle;
- (c) use of water to wash down any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
- (d) use of water to wash down buildings or structures for purposes other than immediate fire protection;
- (e) flushing gutters or permitting water to run or accumulate in any gutter or street;
- (f) use of water to fill, refill or add to any indoor or outdoor swimming pools or Jacuzzi-type pools;
- (g) use of water in a fountain or pond for aesthetic or scenic purposes except where necessary to support aquatic life;
- (h) failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
- (i) use of water from hydrants for construction purposes or any other purposes other than firefighting.

Odd-numbered address: street addresses, box numbers or rural route numbers ending in 1, 3, 5, 7 or 9.

Section VIII. Triggering Criteria for Initiation and Termination of Drought Response Stages

The Utility shall monitor water supply and/or demand conditions on a weekly basis and shall determine when conditions warrant initiation or termination of each stage of the Plan. Public notification of the initiation or termination of drought response stages shall be by means of publication in a newspaper of general circulation, direct mail to each customer, signs posted in public places, etc.

The triggering criteria described below are based on a statistical analysis of the vulnerability of the water source under drought of record conditions.

(a) **Stage 1 - Mild Water Shortage Conditions:**

Requirements for initiation - Customers shall be requested to voluntarily conserve water and adhere to the prescribed restrictions on certain water uses, defined in Section VII-Definitions, when one or more of the following examples occur:

(Below are examples of the types of triggering criteria that might be used in a drought contingency plan. One or a combination of such criteria may be defined for each drought response stage.)

Example 1: Annually beginning on May 1 through September 30.

Example 2: When the water supply available to DOUGLAS UTILITY COMPANY is equal or to or less than 60% of storage.

Example 3: When notification is received from the Public Water

Regulatory Authority or the wholesale water supplier (shown on Attachment A) requesting initiation of Stage 1 of the Drought Contingency Plan.

Example 4: When the static water level in the DOUGLAS UTILITY COMPANY well(s) is equal to or less than 40 feet below normal.

Example 5: When the specific capacity of the DOUGLAS UTILITY COMPANY well(s) is equal to or less than 70% of the well's original specific capacity.

Example 6: When total daily water demand equals or exceeds three (3) consecutive days of "safe" operating capacity of water supply facilities.

Example 7: Continually falling treated water reservoir levels which do not refill above 50% overnight (e.g., based on an evaluation of minimum treated water storage required to avoid system outage)

Requirements for termination - Stage 1 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.

(b) **Stage 2 - Moderate Water Shortage Conditions:**

Requirements for initiation - Customers shall be required to comply with the requirements and restrictions on certain non-essential water used provided in Section VII of this Plan when Examples 1 through 4, above, are exceeded.

Requirements for termination - Stage 2 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 2, Stage 1 becomes operative.

(c) **Stage 3 - Severe Water Shortage Conditions:**

Requirements for initiation - Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses for Stage 3 of this Plan when Examples 1 through 7, above, are exceeded.

Requirements for termination - Stage 3 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 3, Stage 2 becomes operative.

(d) **Stage 4 - Critical Water Shortage Conditions:**

Requirements for initiation - Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses for Stage 4 of this Plan when Examples 1 through 7, above, are exceeded.

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.

(e) **Stage 5 - Emergency Water Shortage Conditions:**

Requirements for initiation - Customers shall be required to comply with the requirements and restrictions for Stage 5 of this Plan when the Utility determines that a water supply emergency exists based on:

- 1. Major water line breaks, or pump or system failures occur, which cause unprecedented loss of capability to provide water services;

or

- 2. Natural or man-made contamination of the water supply source(s).

Requirements for termination - Stage 5 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.

(f) **Water Rationing:**

Requirements for initiation - Customers shall be required to comply with the water allocation plan prescribed in Section X of this Plan and comply with the requirements and restrictions for Stage 5 of this Plan when Examples 1 through 7, above, are exceeded.

Requirements for termination - Water rationing may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days.

Section IX Drought Response Stages

The Utility shall monitor water supply and/or demand conditions on a daily basis and, in accordance with the triggering criteria set forth in Section VIII of the Plan, shall determine that mild, moderate, severe, critical or emergency condition exists. DOUGLAS UTILITY COMPANY shall implement the following actions upon publication of notice in a newspaper of general circulation:

Stage 1 - Mild Water Shortage Conditions:

Goal: achieve a voluntary 10% reduction in daily water demand.

Supply Management Measures: DOUGLAS UTILITY COMPANY is 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).

Voluntary Water Use Restrictions:

- (a) Water customers are requested to voluntarily limit the irrigation of landscaped areas to Sundays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8) and Saturdays and Wednesdays for water customers with a street address ending in an odd number (1, 3, 5, 7 or 9) and to irrigate landscapes only between the hours of midnight and 6:00 AM on designated watering days.
- (b) All operations of DOUGLAS UTILITY COMPANY shall adhere to water use restrictions prescribed for Stage 2 of the Plan.

65

- (c) Water customers are requested to practice water conservation and to minimize or discontinue water use for non-essential purposes.

Stage 2 - Moderate Water Shortage Conditions:

Goal: achieve a voluntary 15% reduction in daily water demand.

Supply Management Measures: DOUGLAS UTILITY COMPANY is to manage limited water supplies and/or reduce water demand. Examples include reduced or discontinued flushing of water mains, reduced or discontinued irrigation of public landscaped areas; use of an alternative supply source(s).

Voluntary Water Use Restrictions: Under threat of penalty for violation, the following water use restrictions shall apply to all persons:

- (a) Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited to Sundays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8) and Saturdays and Wednesdays for water customers with a street address ending in an odd number (1, 3, 5, 7 or 9), and irrigation of landscaped areas is further limited to the hours of midnight until 6:00 AM on designated watering days. However, irrigation of landscaped areas is permitted at any time 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.
- (b) 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 8:00 PM and midnight. Such washing, when allowed, shall be done with hand-held buckets or hand-held hoses equipped with a positive shutoff nozzle for quick rises. 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.
- (c) 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 8:00 PM and midnight.
- (d) 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.
- (e) Use of water from hydrants shall be limited to firefighting, related activities or other activities necessary to maintain public health, safety and welfare, except that use of water from designated fire hydrants for construction purposes may be allowed under special permit from DOUGLAS UTILITY COMPANY.
- (f) All restaurants are prohibited from serving water to its patrons except when requested.
- (g) The following uses of water are defined as non-essential and are prohibited:
1. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts or other hard-surfaced areas;
 2. use of water to wash down buildings or structures for purposes

- other than immediate fire protection;
- 3 use of water for dust control;
- 4. flushing gutters or permitting water to run or accumulate in any gutter or street; or
- 5. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s).

Stage 3 - Severe Water Shortage Conditions:

Goal: achieve a 20% reduction in daily water demand.

Supply Management Measures: DOUGLAS UTILITY COMPANY is to manage limited water supplies and/or reduce water demand. Examples include reduced or discontinued flushing of water mains, reduced or discontinued irrigation of public landscaped areas; use of an alternative supply source(s).

Water Use Restrictions: All requirements of Stage 2 shall remain in effect during Stage 3 except:

- (a) Irrigation of landscaped areas shall be limited to designated watering days between the hours of midnight and 6:00 AM and shall be by means of hand hand-held hoses, hand-held buckets, drip irrigation or permanently installed automatic sprinkler system only. The use of hose-end sprinklers is prohibited at all times.
- (b) The use of water for construction purposes from designated fire hydrants under special permit is to be discontinued.

Stage 4 - Critical Water Shortage Conditions:

Goal: achieve a 40% reduction in daily water demand.

Supply Management Measures: DOUGLAS UTILITY COMPANY is to manage limited water supplies and/or reduce water demand. Examples include reduced or discontinued flushing of water mains, reduced or discontinued irrigation of public landscaped areas; use of an alternative supply source(s).

Water Use Restrictions: All requirements of Stages 2 and 3 shall remain in effect during Stage 4 except:

- (a) Irrigation of landscaped areas shall be limited to designated watering days between the hours of 9:00 AM and 11:00 AM and shall be by means of hand-held hoses, hand-held buckets or drip irrigation only. The use of hose-end sprinklers or permanently installed automatic sprinkler systems are prohibited at all times.
- (b) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle not occurring on the premises of a commercial car wash and commercial service stations and not in the immediate interest of public health, safety and welfare is prohibited. Further, such vehicle washing at commercial car washes and commercial service stations shall occur only between the hours of 9:00 AM and 3:00 PM.

- (c) The filling, refilling or adding of water to swimming pools, wading pools and Jacuzzi-type pools is prohibited.
- (d) 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.
- (e) No applications for new, additional, expanded or increased-in-size water service connections, meters, service lines, pipeline extensions, mains or water service facilities of any kind shall be allowed or approved.

Stage 5 - Emergency Water Shortage Conditions:

Goal: achieve an 80% reduction in daily water demand.

Supply Management Measures: DOUGLAS UTILITY COMPANY is to manage limited water supplies and/or reduce water demand. Examples include reduced or discontinued flushing of water mains, reduced or discontinued irrigation of public landscaped areas; use of an alternative supply source(s).

Water Use Restrictions: All requirements of Stages 2, 3 and 4 shall remain in effect during Stage 5 except:

- (a) Irrigation of landscaped areas is absolutely prohibited.
- (b) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited.

Section X. Water Rationing

In the event that water shortage conditions threaten public health, safety and welfare, the Utility in consultation with the Utility is hereby authorized to ration water according to the following water allocation plan:

Single-Family Residential Customers

The allocation to residential water customers residing in a single-family dwelling shall be as follows:

<u>Persons Per Household</u>	<u>Gallons Per Month Allocation</u>
1 or 2	6,000
3 or 4	7,000
5 or 6	8,000
7 or 8	9,000
9 or 10	10,000
11 or more	12,000

"Household" means the residential premises served by the customer's meter. "Persons Per Household" includes only those persons currently physically residing at the premises and expected to reside there for the entire billing period. It shall be assumed that a particular customer's household is comprised of two (2) persons unless the customer notifies DOUGLAS UTILITY COMPANY of a greater number of persons per household on a form prescribed by the Utility. The Utility shall give its best effort to see that such forms are mailed, otherwise provided or made available to every residential customer. If, however, a customer does not receive such a form, it shall be the customer's responsibility to go to DOUGLAS

UTILITY COMPANY's offices to complete and sign the form claiming more than two (2) persons per household. New customers may claim more persons per household at the time of applying for water service on the form prescribed by the Utility. When the number of persons per household increases so as to place the customer in a different allocation category, the customer may notify DOUGLAS UTILITY COMPANY on such form and the change will be implemented in the next practicable billing period. If the number of persons in a household is reduced, the customer shall notify the Utility in writing within two (2) days. In prescribing the method for claiming more than two (2) persons per household, the Utility shall adopt methods to insure the accuracy of the claim.

Master-Metered Multi-Family Residential Customers

The allocation to a customer billed from a master meter that jointly measures water to multiple permanent residential dwelling units (e.g., apartments, mobile homes) shall be allocated 6,000 gallons per month for each dwelling unit. It shall be assumed that such a customer's meter serves two dwelling units unless the customer notifies DOUGLAS UTILITY COMPANY of a greater number on a form prescribed by DOUGLAS UTILITY COMPANY. The Utility shall give its best effort to see that such forms are mailed, otherwise provided, or made available to every such customer. If, however, a customer does not receive such a form, it shall be the customer's responsibility to go to DOUGLAS UTILITY COMPANY's offices, including the mobile home park offices, to complete and sign the form claiming more than two (2) dwellings. A dwelling unit may be claimed under this provision whether it is occupied or not. New customers may claim more dwelling units at the time of applying for water service on the form prescribed by the Utility. If the number of dwelling units served by a master meter is reduced, the customer shall notify DOUGLAS UTILITY COMPANY in writing within two (2) days. In prescribing the method for claiming more than two (2) dwelling units, the Utility shall adopt methods to insure the accuracy of the claim.

Commercial Customers

A monthly water usage allocation shall be established by the Utility in consultation with the Utility for each non-residential commercial customer other than an industrial customer who uses water for processing purposes. The non-residential customer's allocation shall be approximately 75% of the customer's usage for corresponding month's billing period for the previous 12 months. IF the customer's billing history is shorter than 12 months, the monthly average for the period for which there is a record shall be used for any monthly period for which no history exists. Provided, however, a customer, 70% of whose monthly usage is less than 1,000 gallons, shall be allocated 1,000 gallons. The Utility shall give its best effort to see that notice to each non-residential customer's allocation is mailed to such customer. If, however, a customer does not receive such notice, it shall be the customer's responsibility to contact DOUGLAS UTILITY COMPANY to determine the allocation. Upon request of the customer or at the initiative of the Utility, the allocation may be reduced or increased if: (1) the designated period does not accurately reflect the customer's normal water usage, (2) one non-residential customer agrees to transfer part of its allocation to another non-residential customer, or (3) other objective evidence demonstrates that the designated allocation is inaccurate under present conditions. A customer may appeal an allocation established hereunder to the Utility.

Industrial Customers

A monthly water usage allocation shall be established by the Utility for each industrial customer who uses water for processing purposes. The industrial customer's allocation shall be approximately 90% of the customer's water usage baseline. Ninety (90) days after the initial imposition of the allocation for industrial customers, the industrial customer's allocation shall be further reduced to 85% of the customer's water usage baseline. The industrial customer's water usage baseline will be computed on the average water usage for the previous month period ending before the date of implementation of Stage 2 of the Plan. If the industrial water customer's billing history is shorter than 12 months, the monthly average for the period for which there is a record shall be used for any monthly period for which no billing history exists. The Utility shall give his best effort to see that notice of each industrial customer's allocation is

mailed to such customer. If, however, a customer does not receive such notice, it shall be the customer's responsibility to contact DOUGLAS UTILITY COMPANY to determine the allocation, and the allocation shall be fully effective notwithstanding the lack of receipt of written notice. Upon request of the customer or at the initiative of the Utility, the allocation may be reduced or increased if: (1) the designated period does not accurately reflect the customer's normal water usage because the customer had shut down a major processing unit for repair or overhaul during the period, (2) the customer has added or is in the process of adding significant additional processing capacity, (3) the customer has shut down or significantly reduced the production of a major processing unit, (4) the customer has previously implemented significant permanent water conservation measures such that the ability to further reduce usage is limited, (5) the customer agrees to transfer part of its allocation to another industrial customer or (6) other objective evidence demonstrates that the designated allocation is inaccurate under present conditions. A customer may appeal an allocation established hereunder to the Utility.

Section XI. Enforcement

- (a) No person shall knowingly or intentionally allow the use of water from DOUGLAS UTILITY COMPANY for residential, commercial, industrial, agricultural, governmental or any other purpose in a manner contrary to any provision of this Plan, or in an amount in excess of that permitted by the drought response stage in effect at the time pursuant to action taken by the Utility in accordance with provisions of this Plan.
- (b) Any person, including a person classified as a water customer of DOUGLAS UTILITY COMPANY in apparent control of the property where a violation occurs or originates shall be presumed to be the violator and proof that the violation occurred on the person's property shall constitute a rebuttable presumption that the person in apparent control of the property committed the violation, but any such person shall have the right to show that he did not commit the violation. Parents shall be presumed to be responsible for violations of their minor children and proof that a violation, committed by a child, occurred on property within the parents' control shall constitute a rebuttable presumption that the parent committed the violation, but any such parent may be excused if he proves that he had previously directed the child not to use the water as it was used in violation of this Plan and that the parent could not have reasonably known of the violation.
- (c) Enforcement for violations will be as follows:
 - 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 restriction device in the line to limit the amount of water that 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 XII. Variances

The Utility, or his designee, may, in writing, grant temporary variance for existing water uses otherwise prohibited under this Plan if it is determined that failure to grant such variance would cause an emergency

condition adversely affecting the health, sanitation or fire protection for the public or the person requesting such variance and if one or more of the following conditions are met:

- (a) Compliance with this Plan cannot be technically accomplished during the duration of the water supply shortage or other condition for which the Plan is in effect.
- (b) Alternative methods can be implemented which will achieve the same level of reduction in water use.

Persons requesting an exemption from the provisions of this Plan shall file a petition for variance with DOUGLAS UTILITY COMPANY within five (5) days after the Plan or a particular drought response stage has been invoked. All petitions for variances shall be reviewed by the Utility of DOUGLAS UTILITY COMPANY and shall include the following:

- (a) Name and address of the petitioner(s).
- (b) Purpose of water use.
- (c) Specific provision(s) of the Plan from which the petitioner is requesting relief.
- (d) Detailed statement as to how the specific provision of the Plan adversely affects the petitioner or what damage or harm will occur to the petitioner or others if petitioner complies with this Ordinance.
- (e) Description of the relief requested.
- (f) Period of time for which the variance is sought.
- (g) Alternative water use restrictions or other measures the petitioner is taking or proposes to take to meet the intent of this Plan and the compliance date.
- (h) Other pertinent information.

Variances granted by DOUGLAS UTILITY COMPANY shall be subject to the following conditions, unless waived or modified by the Utility:

- (a) Variances granted shall include a timetable for compliance.
- (b) Variances granted shall expire when the Plan is no longer in effect, unless the petitioner has failed to meet specified requirements.

No variance shall be retroactive or otherwise justify any violation of this Plan occurring before the issuance of the variance.

Section XIII. Severability

It is hereby declared to be the intention of the Directors that the sections, paragraphs, sentences, clauses and phrases of this Plan are severable and if any phrase, clause, sentence, paragraph or section of this Plan shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Plan, since the same would not have been enacted by the Directors without the incorporation into this Plan of any such unconstitutional phrase, clause, sentence, paragraph or section.