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Item Number: 41

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83rd
Legislature, Regular Session, transferred the functions
relating to the economic regulation of water and sewer
utilities from the TCEQ to the PUC effective
September 1, 2014.

49860

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PUBLIC UTILITY COMMISSION
FILING CLERK

**RATE / TARIFF CHANGE APPLICATION OF
DOUGLAS UTILITY COMPANY**

EFFECTIVE DATE MAY 12, 2013

BEFORE THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

2014 09 16 3:40 PM

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Application for a Rate/Tariff Change

TCEQ-10423 (12/18/08)

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APPLICATION FOR A RATE/TARIFF CHANGE

SECTION IA - GENERAL INFORMATION

Applicant: Douglas Utility Company
(Individual, Corporation, or Other Legal Entity)

Utility Name:
(If different than above)

Legal form of Application:

<input type="checkbox"/>	Individual
<input type="checkbox"/>	Partnership
<input checked="" type="checkbox"/>	Corporation. Provide Charter Number 182612
<input type="checkbox"/>	Sub Chapter-S Corporation
<input type="checkbox"/>	Other:

Utility Address: 32 East Rivercrest Drive Houston TX 77042
Street Address or Location City State Zip Code

County(ies) where services are provided: Harris CCN Number(s): 11369, 20527

Contact Person: Mark Zeppa Telephone No: 512-346-4011

Position: Attorney Fax Number: 512-346-6847

Address: 4933 Spicewood Springs Rd., Suite 202 Austin TX 78759-8436
Street Address or Location City State Zip Code

If the applicant is a corporation, please provide a copy of the corporation's "Certificate of Account Status" (regarding the payment of franchise taxes) from the State Comptroller's Office. This "Certificate of Account Status" can be obtained from the website at:

Comptroller of Public Accounts, Office Management
P. O. Box 13528
Austin, Texas 78711
1-800-252-5555

**TEXAS COMPTROLLER OF PUBLIC ACCOUNTS**

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

February 27, 2013

CERTIFICATE OF ACCOUNT STATUSTHE STATE OF TEXAS
COUNTY OF TRAVISI, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO
HEREBY CERTIFY that according to the records of this office**DOUGLAS UTILITY COMPANY**is, as of this date, in good standing with this office having no franchise tax
reports or payments due at this time. This certificate is valid through the
date that the next franchise tax report will be due May 15, 2013.This certificate does not make a representation as to the status of the
entity's registration, if any, with the Texas Secretary of State.This certificate is valid for the purpose of conversion when the converted
entity is subject to franchise tax as required by law. This certificate is not
valid for any other filing with the Texas Secretary of State.GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the City of
Austin, this 27th day of
February 2013 A.D.

A handwritten signature in black ink that reads "Susan Combs".

Susan Combs
Texas ComptrollerTaxpayer number: 30000498805
File number: 0018261200

Form 05-304 (Rev. 12-07/17)

SECTION IB - MISCELLANEOUS INFORMATION

A. How often and on what dates are water meters typically read? Monthly on the 12th of the month

B. When are bills typically sent out? 22nd of month

C. Do you serve customers within the corporate limits of a municipality? If No, Go to D. Yes No

If yes, which municipalities? N/A

Have you filed a request to change rates with the municipality? Yes No. If no, please explain:

D. Are you currently collecting the Regulatory Assessment Fee from your customers?

Yes No

If yes, are you current in your payment of the Regulatory Assessment Fee to the Texas Commission on Environmental Quality or the predecessor agency, Texas Water Commission, for assessments payable beginning January 1, 1992?

Yes No

E. *Water Utilities:* Please indicate the Public Water System Identification numbers for each of your systems:

System Name	TCEQ PWS ID #	County	Rate Increase Applicable?
Fountainview	1010127	Harris	Yes

For each of the systems, please provide a copy of the most recent public water system annual inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies.

F. *Sewer Utilities:* Please indicate the discharge permit number for each Wastewater Treatment Plant you operate:

Wastewater Treatment Plant Name	TCEQ Discharge Permit Number	County	Rate Increase Applicable?
Fountainview	WQ 0011200-001	Harris	Yes

For each of the plants, please provide a copy of the most recent inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies.

SECTION II: OPERATIONAL INFORMATION - WATER

Manager (or owner if services are routinely provided to the utility)

Name: Carol Zieben	Relationship to Owner: President
Short job description: Directs operations contractor, banking concerns, planning and general decision making for all aspects of the company.	
Approximate number of hours per week this person works for the company: 40	
Salary: \$30,840	() Hourly- () Weekly - () Monthly - (X) Annual

EMPLOYEES

Name: Olga Schnur	Relationship to owner: Employee
Short job description: general office duties including bookkeeping	
Approximate number of hours per week this person works for the company: 20	
Salary: \$15.00	(X) Hourly- () Weekly - () Monthly - () Annual

Name:	Relationship to owner:
Short job description:	
Approximate number of hours per week this person works for the company:	
Salary:	() Hourly- () Weekly - () Monthly - () Annual

Contract Services (attach additional sheets if necessary)	
Name: TNG Utility	Relationship to owner: Independent Contactors
Short job description: Operate and maintain water plant and delivery systems, monitor and maintain water quality according to regulatory compliance requirements, read meters and render bills to customers	
Approximate number of hours per week this person works for the company:	
Amount paid for services: \$27,730	() Hourly- () Weekly - () Monthly - (XX) Annual

Please provide the names and classification of the utility's certified operators:	
Certified Operator's Name/ Classification	Certified Operator's Name/Classification

-Attach additional sheet(s) if necessary-

SECTION III. PLANT & EQUIPMENT INFORMATION – WATER

A. CUSTOMER CONTRIBUTIONS

If any of the items included in your plant and equipment were 100% financed with customer contributions, assessments, surcharges, extension fees, etc., you may not include depreciation or return on those items in your cost of service. However, if those customer contributions did not cover the entire cost of the asset, you may include the amount that the utility paid for. Please list below all items that were funded either all or in part by customer contributions and indicate amount that the customers contributed for each item.

Table III. A.

Item [A]	Date of installation [B]	Total Cost [C]	Amount of Customer Contribution [D]	Difference [E] = [C] - [D]
None – taps are expensed	against other	revenues		€
				€
				€
				€
				€

- Attach additional sheet(s) if necessary -

€ If any amount in this column is greater than zero, enter that item in the appropriate category in **Table III. B.**

B. ORIGINAL COST & DEPRECIATION SCHEDULE – WATER

Please provide the following inventory of the water utility plant being used to provide water service at the end of the test year. You will be responsible for supporting this information with invoices or other documentation. Round your figures to the nearest dollar. **Amounts should be computed as of the end of the Attest year.**

Table III.B.

[A] Item	[B] Date of Installation	[C] Estimated Total Life (Years)	[D] Original Cost	[E] Annual Depreciation	[F] Accumulated Depreciation	[G] Net Book Value
Land	Various	N/A	16,267	N/A	N/A	16,267
Service Equipment	Various	Various				-
Office Equipment	Various	Various				-
Computer Equipment	Various	Various				-
Trucks & Automobiles	Various	Various				-
Miscellaneous Plant	Various	Various	943	94	157	786
Wells (with Pump)	Various	Various	56,000	1,114	35,840	20,160
Structures	Various	Various	16,159	451	6,862	9,297
Booster Pumps	Various	Various	5,350	141	2,468	2,882
Well Pumps (5 hp or less)	Various	Various				-
Well Pumps (over 5 hp)	Various	Various				-
Electrical	Various	Various	17,692	685	9,915	7,777
Fencing and Gates	Various	Various				-
Pressure Tanks	Various	Various	39,704	790	6,508	33,196
Chlorinators	Various	Various	9,838	908	2,157	7,681
Ground Storage Tanks	Various	Various	37,568	748	22,322	15,246
Distribution system (mains)	Various	Various	44,171	394	24,802	19,369
Services (line or tap)	Various	Various				
Meters	5/1/2002	Various	17,760	834	6,518	11,242
Fire Hydrants	Various	Various	6,347	700	3,697	2,650
Sub Total			267,799	6,859	121,246	146,553
Known & Measurable	Various	Various	128,808	3,313	-	128,808
Developer CAIC	Various	Various				
TOTAL ORIGINAL COST			396,607	10,172	121,246	275,361

C. DEVELOPER CONTRIBUTIONS - WATER

If any of the Items listed in the Depreciation Schedule were contributed by a developer, please list those items and the associated cost below.

Table III. C.

Item	Date of installation or Contribution	Total Cost	Amount of Developer Contribution	Net Book Value (from Table III. B.)
Total				€

€ Insert this amount in **Table IV. E., Line [E]**

- Attach additional sheet(s) if necessary -

SECTION IV - LONG TERM DEBT & EQUITY INFORMATION – WATER

A. EQUITY

How much equity or total capital does the company have in the utility? \$469,837
Enter also in **Table IV. D., Box ∠** below

B. RATE OF RETURN

What rate of return (profit) on investment in plant (equity) is expected? 8.57 %
Enter also in **Table IV. D., Box ∇** below

NOTE: You may choose

- ! an average equity return established by the staff each year and included with the Annual Report Instructions **OR**
- ! an interest rate that you think is fair that is less than the rate established by the staff **OR**
- ! to use the Rate of Return Worksheet which is attached to the Instructions.

C. BANKRUPTCY

Has the utility or utility owner filed bankruptcy within the last seven years? YES X NO

If YES, explain status of applicant at this time. _____

E. INVESTED CAPITAL & RETURN - WATER

Net Book Value - From Table III.B.	[A]	275,361
Working Cash Allowance		
Amount from Table VI. A., Line [L] divided by 8	[B]	33,353
Materials and supplies	[C]	
Subtotal - Sum of [A] thru [C]	[D]	308,714
Developer Contributions - From table III. C.	[E]	0
Total Invested Capital [D] - [E]	[F]	308,714
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]	26,457

SECTION V - INCOME TAX CALCULATION - WATER

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]	26,457
Interest Calculation		
Total Invested Capital - From Table IV. E., Line [F]	[B]	308,714
Weighted Cost of Debt Capital - Percentage from Table IV. D.	[C]	0
Interest [B] * [C]	[D]	0
Taxable Income [A] - [D]	[E]	26,457
Enter Income Tax (see income tax worksheet)	[F]	5,942

€ To Table VI. A., Line [P], Column €

SECTION VI - UTILITY INCOME & EXPENSE INFORMATION - WATER
A REVENUE REQUIREMENT

Please provide the following information regarding the cost to the utility of providing water 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	
			Amount	Pct.	Amount	Pct.	Amount	Pct.
Salaries and wages	38,822		38,822	80%	31,057	20%	7,764	
Contract labor	31,909		31,909	90%	28,718	10%	3,191	
Purchased water				0%				
Chemicals and treatment of water	2,362		2,362	0%				
Utilities (electricity)	27,649		27,649	9%	2,488	91%	25,161	
Repairs and maintenance	84,935		84,935	0%				
Office expenses	2,248		2,248	100%	2,248	0%		
Accounting and legal fees	1,504		1,504	100%	1,504	0%		
Insurance	904		904	100%	904	0%		
Regulatory expense		3,615	3,615	100%	3,615	0%		
Miscellaneous expenses	72,878		72,878	100%	72,878	0%		
Subtotal - Sum of Line [A] thru Line [K]	263,210	3,615	266,825	100%	143,413	0%	123,412	
Payroll Taxes	394		394	50%	197	50%	197	
Property & Other Taxes	3,186		3,186	100%	3,186	0%		
Annual Depreciation and Amortization From Table III	10,172		10,172	100%	10,172	0%		
Income Taxes - From Table V, Line [F]		5,942	5,942	0%			5,942	
Return - From Table IV.E., Line [H]		26,457	26,457	0%			26,457	
Subtotal - Sum of Line [M] thru [Q]	13,752	32,399	46,151		13,555	100%	32,596	
Other Revenues	12,151		12,151	100%	12,151			
Total Cost = Line [L] + Line [R] - Line [S]	264,812	36,014	300,825	48%	144,817	52%	156,008	
Alternative Allocation between Fixed and Variable Cost								
	264,812	36,014	300,825	67%	201,553	33%	99,272	

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>3,615</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	52,164	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

-Attach additional sheet(s) or a separate listing for sewer service if necessary-

SECTION VII - CUSTOMER INFORMATION - WATER

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]	14	18	8	144
3"	[I]	-	-	15	-
4"		-	-	25	-
6"		1	1	50	50
8"		1	1	80	80
Other	[J]				-
Total	[K]	197	202		456

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

SECTION VIII - PRODUCTION & CONSUMPTION INFORMATION - WATER

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

Table VIII

Total number of gallons pumped (total master meter reading for the year)	[A]	80,063,960	gallons
Total number of gallons purchased from another source for sale to customers (if any)	[B]		gallons
Total number of gallons provided to customers [C]=[A]+[B]	[C]	80,063,960	gallons
Total number of gallons billed to your customers	[D]	75,118,887	gallons
System Losses: [C]-[D] x 100% = [E]	[E]	4,945,073	6%

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

SECTION IX - RATE DESIGN - WATER

VARIABLE RATE CALCULATIONS

Table IX. A.

	Line		Instructions
Total Variable Cost	[A]	156,008	From Table VI.A., Line [T], or Line [U]
Total # of Gallons Billed to Customers	[B]	75,118,887	From Table VIII, Line [D]
Total # 1,000 Gallons billed	[C]	75,119	Divide Line [B] by 1,000
Variable Cost per 1,000 gallons	[D]	\$2.08	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	[A]	144,817				
Total member equivalents at end of test year -	[B]	456				
Base charge per meter equivalent or for each	[C]	26.47				
Base charge per meter size						
e" x 3/4 or unmetered	[D]	26.47	0.00	2.08	0.00	26.47
3/4"	[E]	39.70	0.00	2.08	0.00	39.70
1"	[F]	66.16	0.00	2.08	0.00	66.16
1 1/2"	[G]	132.33	0.00	2.08	0.00	132.33
2"	[H]	211.72	0.00	2.08	0.00	211.72
3"	[I]	396.98	0.00	2.08	0.00	396.98
4"	[J]	661.63	0.00	2.08	0.00	661.63
6"	[K]	1,323.26	0.00	2.08	0.00	1,323.26
8"	[L]	2,117.21	0.00	2.08	0.00	2,117.21

SECTION X - ALTERNATE METHOD OF RATE DESIGN - WATER

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]	\$3.25	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]	75,119	From Table IX. A., Line [C]
Total Cost to be recovered through gallonage charge	[C]	244,136	Multiply Line [A] time Line [B]
Total Revenue Requirement	[D]	300,825	From Table VI. A., Line [T]
Revenue not Requested		54	
Total to be recovered through base rate	[E]	56,635	Subtract Line [C] from Line [D]
Total number of meter equivalents	[F]	456	From Table VII, Line [K]
Base rate per meter equivalent	[G]	10.35	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 unmetered		[A]	10.35				
Base rate per meter size							
e" x 3/4 or unmetered	Multiply [C] by 1	[B]	10.35	-	3.25	-	10.35
3/4"	Multiply [A] by 1.5	[C]	15.53	-	3.25	-	15.53
1"	Multiply [A] by 2.5	[D]	25.88	-	3.25	-	25.88
1 1/2"	Multiply [A] by 5.0	[E]	51.75	-	3.25	-	51.75
2"	Multiply [A] by 8.0	[F]	82.80	-	3.25	-	82.80
3"	Multiply [A] by 15.0	[G]	155.25	-	3.25	-	155.25
4"	Multiply [A] by 25	[H]	258.75	-	3.25	-	258.75
6"	Multiply [A] by 50	[I]	517.50	-	3.25	-	517.50
8"	Multiply [A] by 80	[J]	828.00	-	3.25	-	828.00

© From Table X. A., Line [A]

**INFORMATION REQUIRED
FOR A
SEWER RATE/TARIFF CHANGE**

SECTION II: OPERATIONAL INFORMATION - SEWER

Manager (or owner if services are routinely provided to the utility)

Name: Carol Zieben	Relationship to Owner: President
Short job description: Directs operations contractor, banking concerns, planning and general decision making for all aspects of the company	
Approximate number of hours per week this person works for the company: 40	
Salary: \$29,160	() Hourly- () Weekly - () Monthly - (X) Annual

EMPLOYEES

Name: Olga Schnur	Relationship to owner: Employee
Short job description: General office duties including bookkeeping	
Approximate number of hours per week this person works for the company: 20	
Salary: \$15.00	(X) Hourly- () Weekly - () Monthly - () Annual

Name:	Relationship to owner:
Short job description:	
Approximate number of hours per week this person works for the company:	
Salary:	() Hourly- () Weekly - () Monthly - () Annual

Contract Services (attach additional sheets if necessary)

Name: TNG Utility	Relationship to owner: Independent Contractor
Short job description: Maintain and operate sewer plant and collection system; sewage collection; monitor systems for regulatory compliance; render bills to customers	
Approximate number of hours per week this person works for the company:	
Amount paid for services: \$26,270	() Hourly- () Weekly - () Monthly - (X) Annual

Please provide the names and classification of the utility's certified operators:

Certified Operator's Name/ Classification	Certified Operator's Name/Classification
TNG Utility has numerous qualified operators	

**SECTION III. PLANT & EQUIPMENT INFORMATION - SEWER
CUSTOMER CONTRIBUTIONS**

If any of the items included in your plant and equipment were 100% financed with customer contributions, assessments, surcharges, extension fees, etc., you may not include depreciation or return on those items in your cost of service. However, if those customer contributions did not cover the entire cost of the asset, you may include the amount that the utility paid for. Please list below all items that were funded either all or in part by customer contributions and indicate amount that the customers contributed for each item.

Table III. A.

Item [A]	Date of installation [B]	Total Cost [C]	Amount of Customer Contribution [D]	Difference [E] = [C] - [D]
				€
				€
				€
				€
				€

- Attach additional sheet(s) if necessary -

€ If any amount in this column is greater than zero, enter that item in the appropriate category in **Table III. B.**

ORIGINAL COST & DEPRECIATION SCHEDULE – SEWER

Please provide the following inventory of the water utility plant being used to provide water service at the end of the test year (for sewer attach a similar list). You will be responsible for supporting this information with invoices or other documentation. Round your figures to the nearest dollar.

Figures should be computed as of the end of the test year.

Table III. B.

[A] Item	[B] Date of Installation	[C] Estimated Total Life (Years)	[D] Original Cost	[E] Annual Depreciation	[F] Accumulated Depreciation	[G] Net Book Value
Land	Various	N/A	99,142	N/A	N/A	99,142
Service Equipment	Various	Various				-
Office Equipment	Various	Various				-
Computer Equipment	Various	Various				-
Trucks & Automobiles	Various	Various				-
Miscellaneous Plant	Various	Various	8,975	298	2,095	6,880
Wells (with Pump)	Various	Various				-
Structures	Various	Various	5,760	191	2,496	3,264
Booster Pumps	Various	Various				-
Well Pumps (5 hp or less)	Various	Various				-
Well Pumps (over 5 hp)	Various	Various				-
Electrical	Various	Various	3,055	178	180	2,875
Fencing and Gates	Various	Various	952	31	190	762
Sewer Treatment Plant	Various	Various	1,121,525	612	1,104,765	16,760
Chlorinators	Various	Various	9,741	670	1,597	8,144
Sewer Flow Measuring Devices	Various	Various	2,050	102	1,333	717
Collection system (mains)	Various	Various	55,349	0	55,349	-
Services (line or tap)	Various	Various				-
Lift Stations	Various	Various				-
	Various	Various				-
Sub Total			<u>1,306,549</u>	<u>2,082</u>	<u>1,168,005</u>	<u>138,544</u>
Known & Measurable	Various	Various	18,218	752	0	18,218
Developer CIAC	Various	Various				
TOTAL ORIGINAL COST			<u>1,324,767</u>	<u>2,834</u>	<u>1,168,005</u>	<u>156,762</u>

€ Enter this number in Table VI. A., Line [O], Column € If [F] is greater than [D], enter the total for [D] /
 Enter this number in Table IV. E., Line [A]

-Attach additional sheet(s) if necessary-

DEVELOPER CONTRIBUTIONS - SEWER

If any of the Items listed in the Depreciation Schedule were contributed by a developer, please list those items and the associated cost below.

Table III. C.

Item	Date of installation or Contribution	Total Cost	Amount of Developer Contribution	Net Book Value (from Table III. B.)
Total				€

€ Insert this amount in **Table IV. E., Line [E]**

- Attach additional sheet(s) if necessary -

SECTION IV - LONG TERM DEBT & EQUITY INFORMATION - SEWER

EQUITY

How much equity or total capital does the company have in the utility? \$469,837
 Enter also in **Table IV. D., Box ∟** below

RATE OF RETURN

What rate of return (profit) on investment in plant (equity) is expected? 8.57 %
 Enter also in **Table IV. D., Box ▽** below

NOTE: You may choose
 ! an average equity return established by the staff each year and included with the Annual Report Instructions **OR**
 ! an interest rate that you think is fair that is less than the rate established by the staff **OR**
 ! to use the Rate of Return Worksheet which is attached to the Instructions.

BANKRUPTCY

Has the utility or utility owner filed bankruptcy within the last seven years? YES X NO

If YES, explain status of applicant at this time.

INVESTED CAPITAL & RETURN - SEWER

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

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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> 51%	<u>Sewer</u> 49%
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>		
	X 50%		
Two year amortization To Table VI.A, Line J	<u>7,040</u>	<u>3,615</u>	<u>3,425</u>

	Cost	Annual Depreciation	
		Water	Sewer
Installed new lift Pumps - 02/23/2012	16,054	0	535
Installed Lift Station Floats - 7/13/12	<u>2,164</u>	<u>0</u>	<u>216</u>
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	<u>16,646</u>	<u>832</u>	<u>-</u>
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
1/4"	Multiply [C] by 1.5	[E]	19.82	-	3.12	-	19.82
	Multiply [C] by 2.5	[F]	33.03	-	3.12	-	33.03
1/2"	Multiply [C] by 5.0	[G]	66.06	-	3.12	-	66.06
	Multiply [C] by 8.0	[H]	105.69	-	3.12	-	105.69
	Multiply [C] by 15.0	[I]	198.17	-	3.12	-	198.17
	Multiply [C] by 25	[J]	330.29	-	3.12	-	330.29
	Multiply [C] by 50	[K]	660.58	-	3.12	-	660.58
	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]	\$3.00	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 _____ (mail or hand delivery) each customer or other affected party on or about March 10th, 2013.

Carol Zieben
Affiant (Utility's Authorized Representative)

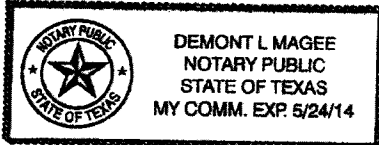
If the Affiant to this form is any person other than the sole owner, partner, officer of the Utility, or its attorney, a properly verified Power of Attorney must be enclosed.

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

NOTARY PUBLIC IN
STATE OF

SEAL



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 3/4"	10,000 gallons:	\$ 56.20/mo	Existing	30,000 gallons:	\$ 148.60/mo	
Proposed - 5/8" x 3/4"	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
Gallonge Charge		Gallonge 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	
Miscellaneous Fees		Miscellaneous Fees	
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 gallonge 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 gallonge charge according to the formula:

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

Where.
 TGC = temporary gallonge charge
 cgc = current gallonge 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

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GROUNDWATER REDUCTION PLAN FEE

The Houston Groundwater Reduction Plan Fee is calculated as follows:

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

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:

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

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

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

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

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SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Rate</u> (Includes -0- Gallons)	<u>Gallonge 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)

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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.

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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