

Bayer Water Systems, Inc.
(Water Utility Name)

Water Tariff Page No. _____

SECTION 3.0--EXTENSION POLICY

Section 3.01--Standard Extension Requirements

Contributions in aid of construction shall not be required of individual residential customers for production, storage, treatment or transmission facilities.

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

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

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

If specifically stated in Section 3.20 of this tariff, developers may be required to provide contributions in aid of construction in amounts to furnish the system with facilities compliant with Texas Department of Health minimum design criteria for facilities used in the production, transmission, pumping, storage or treatment of water.

TEXAS WATER COMMISSION

7994 - C CCH 12281 MAY 30 '80

D.A. APPROVED TARIFF BY *LM*

Bayer Water Systems, Inc.
(Water Utility Name)

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Revision No. ____

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY

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

TEXAS WATER COMMISSION
7994 - C CON 12281 MAY 30 '80
D.A. APPROVED TARIFF BY JWA ML

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

Key to Codes

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

SECTION 4.0 -- DROUGHT CONTINGENCY PLAN
(Utility must attach copy of TCEQ approved Drought Contingency Plan)

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CCN 12281 JUL 20 '05

APPROVED TARIFF BY SP/SP

Drought Contingency Plan for an Investor Owned Utility

Texas Commission on Environmental Quality

BAYER WATER SYSTEM RECEIVED

P.O. Box 127
SPRING, TX 77383
281-353-2215
PWS #: 1010212
CCN #: 12281

JUL 20 2005
WATER RIGHTS PERMITTING

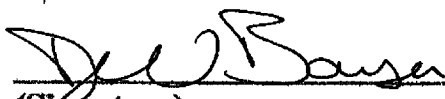
DATE OF DROUGHT CONTINGENCY PLAN: MAY 1, 2005

Section 1 Declaration of Policy, Purpose, and Intent

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

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

I, D.W. Bayer, being the responsible official for Bayer Water System, request a minor tariff amendment to include the enclosed Drought Contingency Plan.


(Signature)

7-18-05
(Date)

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Section 2 Public Involvement

Opportunity for the public to provide input into the preparation of the Plan was provided by direct communication with system customers

Section 3 Public Education

The Bayer Water System will periodically provide the public with information about the Plan, including information about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage.

Drought plan information will be provided by utility bill insert.

Section 4 Coordination with Regional Water Planning Groups

The service area of the Bayer Water System is located within Regional Water Planning Group (RWPG), North Harris County Regional Water Authority.
Bayer Water System has mailed a copy of this Plan to the RWPG.

Section 5 Notice Requirements

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

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

The utility must notify the TCEQ by telephone at (512) 239-4691, or electronic mail at watermon@tceq.state.tx.us prior to implementing Stage III and must notify in writing the Public Drinking Water Section at MC - 155, P.O. Box 13087, Austin, Texas 78711-3087 within five (5) working days of implementation including a copy of the utility's restriction notice. The utility must file a status report of its restriction program with the TCEQ at the initiation and termination of mandatory water use restrictions (i.e., Stages III and IV).

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Section 6 Violations

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

Section 7 Exemptions or Variances

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

Section 8 Response Stages

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

STAGE I - CUSTOMER AWARENESS

Stage I will begin:

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

Stage I will end:

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

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Utility Measures:

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

Voluntary Water Use Restrictions:

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

STAGE II - VOLUNTARY WATER CONSERVATION:

Target: Achieve a 33% percent reduction in total water use.

The Water Utility will implement Stage 2 when the following trigger is reached:

Demand- or Capacity-Based Triggers:

Total daily demand of 48% of pumping capacity.

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

Requirements for Termination:

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

Utility Measures:

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

The second water source for Bayer Water System:
Other well

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Voluntary Water Use Restrictions:

1. **Restricted Hours:** Outside watering is allowed daily, but only during periods specifically described in the customer notice; between 10:00 p.m. and 5:00 a.m. for example; or
2. **Restricted Days/Hours:** Water customers are requested to voluntarily limit the irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems. Customers are requested to limit outdoor water use to **Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0.**

3. Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet-filled bucket or watering can of five (5) gallons or less, or drip irrigation system; or
4. Other uses that waste water such as water running down the gutter.

STAGE III - MANDATORY WATER USE RESTRICTIONS:

Target: Achieve a 44% percent reduction in total water use.

The Water Utility will implement Stage 3 when the following trigger is reached:

Demand- or Capacity-Based Triggers:

Total daily demand of 58% of pumping capacity.

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

Requirements for Termination:

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

Utility Measures:

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

Mandatory Water Use Restrictions:

The following water use restrictions shall apply to all customers.

1. Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited to Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0. Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet-filled bucket or watering can of five (5) gallons or less, or drip irrigation system.

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2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rinses. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public are contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.
3. Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or "jacuzzi" type pool are prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight.
4. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
5. Use of water from hydrants or flush valves shall be limited to maintaining public health, safety, and welfare.
6. Use of water for the irrigation of golf courses, parks, and green belt areas are prohibited except by hand-held hose and only on designated watering days between the hours 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight.
7. The following uses of water are defined as non-essential and are prohibited:
 - a. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
 - b. use of water to wash down buildings or structures for purposes other than immediate fire protection;
 - c. use of water for dust control;
 - d. flushing gutters or permitting water to run or accumulate in any gutter or street;
 - e. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
 - f. any waste of water.

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STAGE IV - CRITICAL WATER USE RESTRICTIONS:

Target: Achieve a 55% percent reduction in total water use.

The water utility will implement Stage IV when any one of the selected triggers is reached: Supply source contamination (e.g. well contamination) or System outage due to the failure or damage of a major water system component (e.g. booster or well pump).

Demand- or Capacity-Based Triggers:

Total daily demand of 68% of pumping capacity.

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

Requirements for Termination:

Stage IV 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 IV, Stage III becomes operative.

Operational Measures:

The utility shall visually inspect lines and repair leaks on a daily basis. Flushing is prohibited except for dead end mains and only between the hours of 9:00 p.m. and 3:00 a.m. Emergency interconnects or alternative supply arrangements shall be initiated. All meters shall be read as often as necessary to insure compliance with this program for the benefit of all the customers.

Mandatory Water Use Restrictions: (all outdoor use of water is prohibited)

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

SYSTEM OUTAGE or SUPPLY CONTAMINATION

Notify TCEQ Regional Office immediately.

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APPROVED TARIFF BY SP/SP

I hereby certify that this is a true and correct copy of a Texas Water Commission document, the original of which is filed in the permanent records of the Commission.

Given under my hand and the seal of the office on SEP 27 1989



Brenda W. Foster
Brenda W. Foster, Chief Clerk
Texas Water Commission

CERTIFICATE OF CONVENIENCE AND NECESSITY

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

Certificate No. 12281

I. Certificate Holder:

Name: Bayer Water System, Inc.

Address: P. O. Box 127
Spring, Texas 77383-0127

II. General Description and Location of Service Area:

The area covered by this certificate is located approximately 23 miles north of downtown Houston, Texas and 1 mile east of Interstate Highway 45 on Hardy Road. The service area is generally bounded on the east by Spring Creek and on the south by Lexington Woods Drive in Harris County, Texas.

III. Certificate Maps:

The certificate holder is authorized to provide water service in the area identified on the Commission's official water service area map, WRS-102, maintained in the offices of the Texas Water Commission, 1700 North Congress, Austin, Texas with all attendant privileges and obligations.

This certificate is issued subject to the rules and orders of the Commission, the laws of the State of Texas, conditions contained herein and may be revoked for violations thereof. The certificate is valid until amended or revoked by the Commission.

ISSUED this 27th day of September, 1989.

ATTEST: *Brenda W. Foster* *BWY*
For the Commission