



Control Number: 42960



Item Number: 33

Addendum StartPage: 0

DOCKET NO. 42960

RECEIVED

2015 DEC 9 AM 10:34

PUBLIC UTILITY COMMISSION  
OF TEXAS  
FILING CLERK

APPLICATION OF AQUA UTILITIES, §  
INC. AND AQUA TEXAS, INC. D/B/A §  
AQUA TEXAS FOR SALE, TRANSFER, §  
OR MERGER OF FACILITIES AND §  
TO AMEND CERTIFICATES OF §  
CONVENIENCE AND NECESSITY IN §  
CHAMBERS, JEFFERSON AND §  
LIBERTY COUNTIES (GRAY §  
UTILITY SERVICE SEWER SYSTEM; §  
37945-S) §

PUBLIC UTILITY COMMISSION

**COMMISSION STAFF'S RESPONSE TO ORDER NO. 11  
FINAL RECOMMENDATION**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest and files this Commission Staff's Response to Order No. 11, Final Recommendation. In support thereof, Staff shows the following:

**I. BACKGROUND**

On June 4, 2014, Aqua Texas, Inc. d/b/a Aqua Texas (Applicant) filed an application with the Texas Commission on Environmental Quality (TCEQ) regarding the sale, transfer, or merger (STM) and amendment of Certificate of Convenience and Necessity (CCN) No. 20453 held by Aqua Utilities, Inc. (Seller) in Chambers, Jefferson, and Liberty Counties, Texas pursuant to Tex. Water Code § 13.301 (TWC) and Title 16, Tex. Admin Code §§ 24.109 and 24.112 (TAC).

On October 13, 2015 the Administrative Law Judge (ALJ) issued Order No. 11 deeming the Applicant and Seller's closing documentation sufficient and establishing a procedural schedule. Order No. 11 directed Staff to file a final recommendation by December 9, 2015. Therefore, this pleading is timely filed.

**II. RECOMMENDATION**

Staff completed revision of the mapping in this docket, and as supported by the attached memorandum of Debbie Reyes Tamayo of the Water Utilities Division (Attachment A), Staff recommends approval of the application. Staff transmitted the final maps and certificates to the Applicant and Seller on November 11, 2015. After conferring with the Applicant and Seller,

33

Staff transmitted revised certificates on November 20, 2015. Applicant and Seller consented to the revised certificates and maps transmitted on November 20, 2015, and filed consent forms on November 23, 2015. Therefore, Staff recommends that this application be approved.

Attached to this filing is the final map (Attachment B), the revised certificates (Attachment C), and the revised tariff (Attachment D).

### III. CONCLUSION

Staff respectfully requests the entry of an order consistent with the above recommendation. Pursuant to Order No. 11, Staff will work with Applicant and Seller to file proposed findings of fact, conclusions of law, and ordering paragraphs by December 16, 2015.

Respectfully Submitted,

Margaret Uhlig Pemberton  
Division Director  
Legal Division

Karen S. Hubbard  
Managing Attorney  
Legal Division

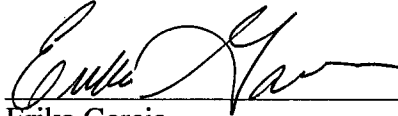


---

Erika Garcia  
Attorney-Legal Division  
State Bar No. 24092077  
(512) 936-7290  
(512) 936-7268 (facsimile)  
Public Utility Commission of Texas  
1701 N. Congress Avenue  
P. O. Box 13326  
Austin, Texas 78711-3326

**DOCKET NO. 42960**  
**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on December 9, 2015, in accordance with 16 Tex. Admin. Code § 22.74.

  
\_\_\_\_\_  
Erika Garcia

# **ATTACHMENT A**

## PUC Interoffice Memorandum

---

**To:** Erika Garcia, Attorney  
Legal Division

**Thru:** Tammy Benter, Director  
Lisa Fuentes, Work Leader  
Water Utilities Division

**From:** Debbie Reyes Tamayo, Program Specialist  
Water Utilities Division

**Date:** November 24, 2015

**Subject:** Docket No. 42960; Application of Aqua Utilities Inc. and Aqua Texas, Inc. d/b/a Aqua Texas for Sale, Transfer, or Merger of Facilities and to Amend Certificates of Convenience and Necessity in Chambers, Jefferson, and Liberty Counties (Gray Utility Service Sewer System; 37945-S)

On June 4, 2014, Aqua Texas, Inc. dba Aqua Texas (“Aqua Texas” or “Applicant”), CCN No. 21065, submitted an application with the Texas Commission on Environmental Quality (TCEQ) to transfer certain portions of the sewer facilities, customers and service area from CCN No. 20453 held by Aqua Utilities, Inc. (“Aqua Utilities” or “Seller”) in Chambers County to CCN No. 21065, held by Aqua Texas. As a result of the transaction, both the Applicant’s and Seller’s sewer CCNs will be amended to reflect the transfer. The application was filed pursuant to the criteria in Texas Water Code §§ 13.241, 13.246, and 13.301 (TWC). On September 1, 2014, the economic regulation of water and sewer utilities was transferred from the TCEQ to the Public Utility Commission (Commission). This application was part of the transfer and is now under the Commission’s purview. The application is now being reviewed under 16 Tex. Admin. Code §§24.102, 24.109 and 24.112 (TAC) and TWC §§13.241, 13.246 and 13.301.

The application was accepted for filing by the Commission on April 13, 2015. Proper public notice was provided on April 20, 2015 and April 23, 2015, to neighboring systems, landowners, cities and affected parties in Chambers County in accordance with 16 TAC § 24.112(c). The affidavit was received by the Commission on May 5, 2015. The comment period ended May 20, 2015, and no protests were received.

Pursuant to TWC §13.301 (e), before the expiration of the 120-day notification period, the Commission is required to notify all known parties to the transaction whether the Commission will hold a hearing to determine if transaction will serve the public interest. Staff believes this transaction will serve the public interest based on its review of the information in the application and the criteria listed below. Staff believes Aqua Texas demonstrates adequate financial, managerial and technical capability to provide service to the area subject to this application. Staff reviewed the requested amendment pursuant to TWC §13.246(c). Under this statute, the Commission shall consider the following nine criteria when amending a CCN:

- TWC §13.246(c)(1) requires the Commission to consider the adequacy of service currently provided to the requested area. The requested transaction includes the sewer utility service from the Veranda Wastewater Treatment Facility System WQ0011449001-

TX0066656, consisting of 523 acres and 860 current customer connections and facilities. Staff's review of TCEQ records indicate that the WQ system has no unresolved violations or complaints. The Applicant has experienced operators on staff with thorough knowledge of wastewater operations and the requirement for continuous and adequate service as required by the TCEQ's rules of operation for sewer utility systems. Therefore, Staff believes adequate service is currently provided in the requested area.

- TWC §13.246(c)(2) requires the Commission to consider the need for service in the requested area. The fact that there are existing customers in the requested area demonstrates the need for service.
- TWC §13.246(c)(3) requires the Commission to consider the effect of granting an amendment on the recipient and on any other retail sewer utility servicing the proximate area. Only the Applicants and the current customers will be affected by this transaction. The Applicant is attempting to consolidate all Aqua America, Inc.'s, subsidiary Texas assets under a single corporation, Aqua Texas, consistent with the boundaries of Aqua Texas' Southeast Region operations. In doing so, the Applicant has expressed its hope that this will provide greater clarity and efficiency for both the Commission and Aqua Texas from both a regulatory and operational standpoint.
- TWC §13.246(c)(4) requires the Commission to consider the ability of the applicant to provide adequate service. The Applicant is an existing sewer utility and will provide sewer service using the existing system, pending the closure and approval of this transaction.
- TWC §13.246(c)(5) requires the Commission to consider the feasibility of obtaining service from an adjacent retail public utility. In this case, the area is already receiving service from the Applicant and no additional service is needed. Therefore, it is not necessary to consider the feasibility of obtaining service from another entity since the area is already being served.
- TWC §13.246(c)(6) requires the Commission to consider the financial ability of the applicant to pay for facilities necessary to provide continuous and adequate service. The existing system does not have any outstanding violations and does not require major capital improvements or repairs. I recommend that that Applicant has the financial and managerial capability to provide continuous and adequate service to the proposed area. Aqua America, Inc. provides water and wastewater services to approximately 3 million people in 9 states. Both the Applicant and the Seller are subsidiaries of Aqua America, Inc., and do business under the name of Aqua Texas. This application is pursuant to Aqua Texas's efforts to consolidate its southeast region wastewater systems and service area into Aqua Texas, under CCN 21065 in Chambers County. Aqua America Inc. is a holding company for regulated utilities providing water or wastewater services to an estimated amount of almost 3 million people concentrated in Pennsylvania, Ohio, Texas, Illinois, North Carolina, New Jersey, Indiana, and Virginia. Aqua Texas provides water and wastewater services to approximately 177,000 people in more than 400 communities in 53 counties across Texas. Aqua America, Inc.'s audited financial statements were provided as of December 31, 2013. These statements received an unqualified opinion by Price Waterhouse Coopers LLP on March 03, 2013. As of December 31, 2013, total equity of Aqua America Inc. was \$1.54 billion. Aqua America Inc.'s debt to equity ratio at December 31, 2013 was \$1.47 to \$1.54 billion, or 0.95 to 1.00. A ratio of less than 1 to 1 is preferred for analysis of

financial/managerial capabilities. A ratio of 1 or 1:1 means that creditors and stockholders equally contribute to the assets of the business. A less than 1 ratio indicates that the portion of assets provided by stockholders is greater than the portion of assets provided by creditors and a greater than 1 ratio indicates that the portion of assets provided by creditors is greater than the portion of assets provided by stockholders. Creditors prefer a low debt to equity ratio because a low ratio (less than 1) indicates greater protection to their money. Aqua America Inc.'s Operating income was \$305 million and depreciation and amortization expense was 124.8 million. Cash flows from principle and interest payments on debt for Fiscal Year 2013 were \$300.3 million. Therefore, the debt service coverage ratio calculates to be \$429.8 million to \$300.3 million or 1.43 to 1.00. A ratio of at least 1.25:1 is preferred when reviewing financial capability to ensure that reserve funds for debt payment and repairs and maintenance are built up and maintained.

- TWC §§13.246(7) and (9) requires the Commission to consider the environmental integrity and the effect on the land to be included in the certificate. In this situation, there will no impact on the environment and the land as the system is already in place and does not need any repairs or improvements at this time.
- TWC § 13.246(8) requires the Commission to consider the probable improvement in service or lowering of cost to consumers. The customer's rates will not be affected by this transaction as they will remain the same. While the transaction will have no impact on the quality of service or lower cost to consumers, Staff believes it will add clarity to the customers regarding their service provider and its affiliates.

The terms of the agreement include exchanging all the facilities and service area associated with the application to the Applicant, in return for assuming all liabilities associated with the facilities and area transferred by the Seller. The transaction will serve the public interest by facilitating efficient operation and regulation of the hundreds of Aqua Texas systems currently operated in Texas by consolidating them under a single corporate entity, Aqua Texas, possessing regional sewer CCN numbers.

On October 2, 2015, the Applicant and Seller filed with the Commission the sales documents to complete the sale transaction. There were no outstanding customer deposits held by the Seller. Approving this application and transferring the requested service area, facilities and customers from Aqua Utilities to Aqua Texas and is necessary for the service, accommodation, convenience and safety of the public.

Attached are the map, certificates, and tariff form that, if adopted, would effectuate the requested transaction. Applicant consented to the attached map and certificate on November 23, 2015.

Based on the above information, Staff recommends the Commission do the following:

- Issue an order approving the transaction;
- Provide the attached sewer tariff to the Applicant; and
- Provide the attached map to the Applicant.

Staff further recommends that the Applicant file certified copies of the CCN maps along with a written description of the CCN service area in the county clerk's office of each county in which the CCN is located pursuant to TWC §§ 13.257 (r)-(s).

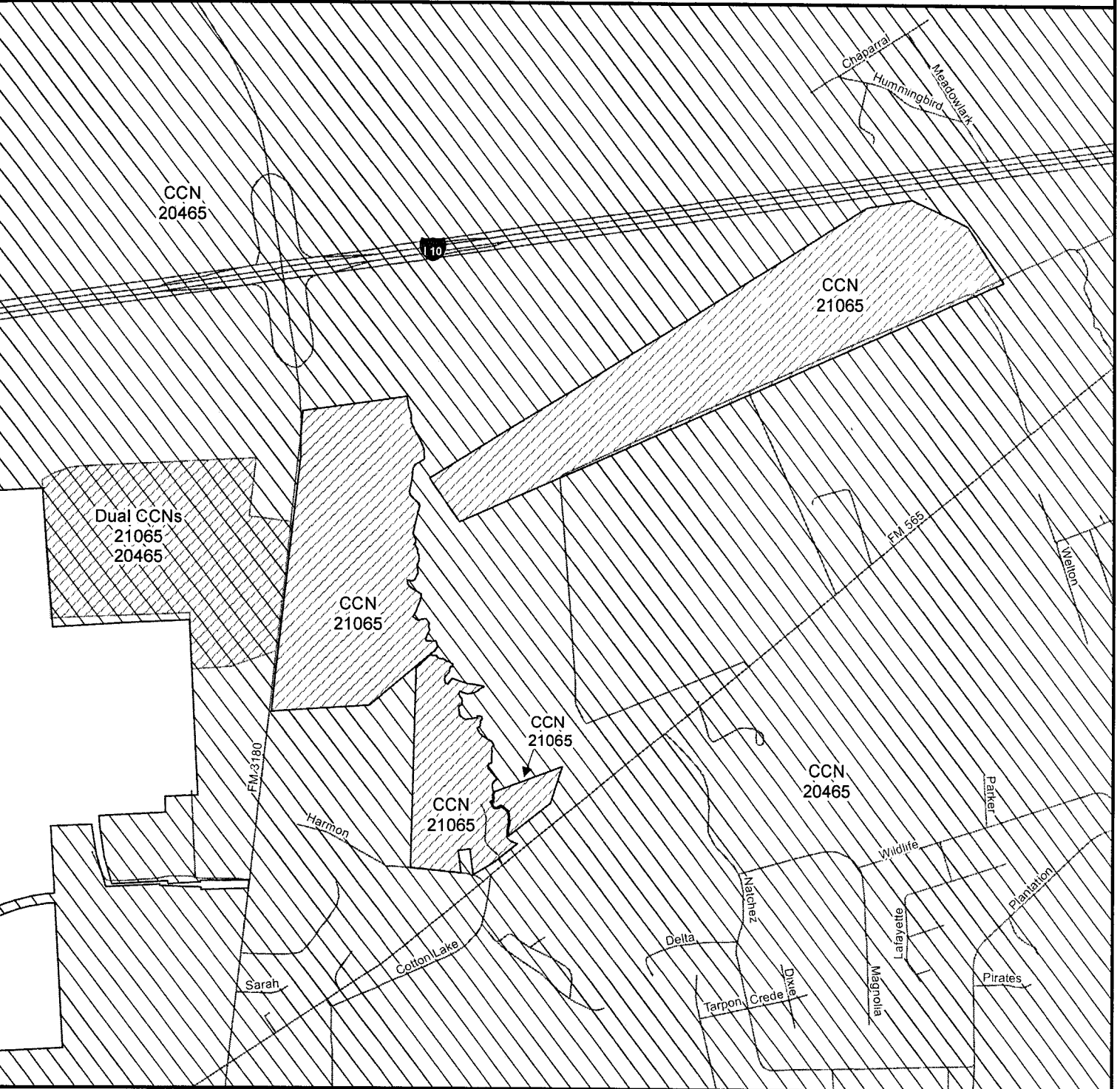
TB/DRT

Docket # 42960





# **ATTACHMENT B**

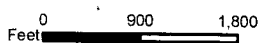
Aqua Texas Inc.  
 Sewer Service Area  
 CCN No. 21065  
 PUC Docket No. 42960  
 Transferred a Portion of Aqua Utilities Inc., CCN No. 20453 in Chambers County



Public Utility Commission of Texas  
 701 N. Congress Ave  
 Austin, TX 78701

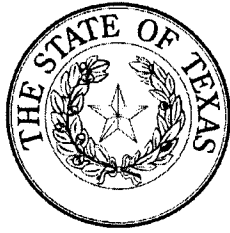
**Sewer CCN Service Areas**

-  21065 - Aqua Texas Inc.
-  20465 - Gulf Coast Waste Disposal Authority



Map by Komal Patel  
 Date created: November 2, 2015  
 Project Path: n:\finalmapping\42960AquaTexasInc.mxd

# **ATTACHMENT C**



# Public Utility Commission of Texas

**By These Presents Be It Known To All That**

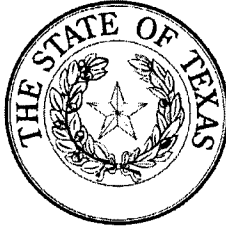
**Aqua Texas, Inc.**

having duly applied for certification to provide sewer utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

## **Certificate of Convenience and Necessity No. 21065**

to provide continuous and adequate sewer utility service to that service area in Brazoria, Chambers, Fort Bend, Harris, Jefferson, Montgomery, Polk, and Trinity Counties. As by final Order or Orders, duly entered by this Commission, which Order or Orders resulting from Docket No. 42960 are on file at the Commission offices in Austin, Texas; and are a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Aqua Texas, Inc., to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, the \_\_\_\_\_ day of \_\_\_\_\_ 2015



# Public Utility Commission of Texas

**By These Presents Be It Known To All That**

**Aqua Utilities, Inc.**

having duly applied for certification to provide sewer utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

## **Certificate of Convenience and Necessity No. 20453**

to provide continuous and adequate sewer utility service to that service area in Brazoria, Burnet, Harris, Hays, Travis, and Victoria Counties. As by final Order or Orders, duly entered by this Commission, which Order or Orders resulting from Docket No. 42960 are on file at the Commission offices in Austin, Texas; and are a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Aqua Utilities, Inc., to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, the \_\_\_\_\_ day of \_\_\_\_\_ 2015

# **ATTACHMENT D**



## SEWER UTILITY TARIFF

**Docket Number: 42960**

**Southeast Region - Gray**

Aqua Texas, Inc. and Aqua Utilities, Inc.

dba Aqua Texas

(Utility Name)

1106 Clayton Lane, Suite 400W

(Business Address)

Austin, Texas 78723

(City, State, Zip Code)

(512) 990-4400

(Area Code/Telephone)

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

21065

This tariff is effective in the following counties:

Chambers

This tariff is effective in the following subdivisions/service areas and for the following water quality permit numbers/wastewater systems:

See attached page.

### 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 .....	7
SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS .....	11
SECTION 3.0 - EXTENSION POLICY.....	16
SECTION 3.20 - SPECIFIC EXTENSION POLICY .....	17
APPENDIX A - APPLICATION FOR STANDARD RESIDENTIAL SERVICE/ SERVICE AGREEMENT	
APPENDIX B - CONDITIONS FOR NON-RESIDENTIAL SEWER SERVICE	

**Docket No. 42960**

WQ Permit #	TCEQ System Name	SUBDIVISION/ AREA SERVED	COUNTY	RATE REGION
11449-001	Veranda Wastewater Treatment Facility System	Cotton Creek Cove at Cotton Creek Creekside at Cotton Creek Lanai Legends Bay The Veranda Strip Center Commercial Development Travel Park	Chambers	SE/Gray

Docket No. 42960



SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Flat Rate</u>
5/8" x 3/4"	<u>\$63.80</u>
3/4"	<u>\$95.70</u>
1"	<u>\$159.49</u>
1 1/2"	<u>\$318.99</u>
2"	<u>\$510.38</u>
3"	<u>\$1,020.76</u>
4"	<u>\$1,594.93</u>
6"	<u>\$3,189.87</u>
8"	<u>\$5,103.79</u>
10"	<u>\$7,337.00</u>
12"	<u>\$15,950.00</u>

**Sewer Rates for Customers also Receiving Water Service from Aqua Texas:**

Monthly flat rates will be charged to sewer customers who also receive water service based on their water meter size. Charges based on any water meter size larger than 12" will be calculated using American Water Works Association ("AWWA") approved meter equivalency factors.

**Sewer Rates for Customers Not Receiving Water Service from Aqua Texas:**

Single family residential dwelling customers who purchase sewer service only will be charged the 5/8" x 3/4" meter monthly flat rate. Other sewer-only customers will be charged a monthly flat rate that corresponds with the water meter size the utility would typically require for a customer with similar water demands.

REGULATORY ASSESSMENT ..... 1.0%  
 PUC RULES REQUIRE THE UTILITY TO COLLECT AND REMIT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND TO REMIT THE FEE TO THE TCEQ.

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash X (If in person at designated locations), Check X, Money Order X, Credit Card X,

Other (specify) Electronic Billing & Payment (See Section 2.06 – Billing)

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.

UNAFFILIATED THIRD PARTIES WHO ACCEPT AND PROCESS CASH, CREDIT CARD, OR ELECTRONIC PAYMENTS FOR UTILITY BILLS MAY REQUIRE PAYMENT OF AN ADDITIONAL CONVENIENCE CHARGE FOR THIS SERVICE.

Section 1.02 - Miscellaneous Fees

TAP FEE (Residential) ..... \$650.00  
 THE TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL SEWER CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

SECTION 1.0 -- RATE SCHEDULE (CONT.)

TAP FEE (Unique costs) .....Actual Cost  
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE A SUBDIVISION IS A UNIQUE COST.  
UNIQUE COSTS WILL BE DETERMINED ON A CASE-BY-CASE BASIS.

TAP FEE (Non-Residential).....Actual Cost  
THIS TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR NON-RESIDENTIAL SEWER CONNECTIONS. UNIQUE COSTS, SUCH AS ROAD BORES, WILL BE CHARGED IN ADDITION TO THIS TAP FEE AT THEIR ACTUAL COST OF INSTALLATION.

SERVICE RELOCATION FEE (Customer's Request) .....Actual Cost  
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING SERVICE CONNECTION BE RELOCATED.

RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Non-payment of bill (Maximum \$25.00) .....\$25.00
- b) Customer's request that service be disconnected.....\$45.00
- c) Non-residential customer failure to correct improper wastewater discharges  
(see Section 2.20 of this Tariff).....\$150.00

IF A NON-RESIDENTIAL CUSTOMER FAILS TO CORRECT IMPROPER GREASE TRAP CONDITIONS OR TO BRING SEWER DISCHARGES FROM ANY GREASE TRAP OR OTHER PRETREATMENT UNIT INTO COMPLIANCE WITH THE "CONDITIONS FOR NON-RESIDENTIAL SEWER SERVICE" INCLUDED IN APPENDIX B WITHIN 10 DAYS AFTER WRITTEN NOTICE IS PROVIDED, SERVICE WILL BE DISCONNECTED UNTIL THE IMPROPER CONDITIONS ARE CORRECTED. RECONNECTION OF SERVICE WILL REQUIRE PAYMENT OF THIS FEE AND AN ONSITE INSPECTION OF THE GREASE TRAP OR OTHER PRETREATMENT UNIT BY UTILITY PERSONNEL OR A UTILITY CONTRACTOR BEFORE SERVICE IS RESTORED. SEPARATE INSPECTION AND SAMPLING FEES MAY ALSO APPLY AS DESCRIBED ELSEWHERE IN THIS TARIFF.

TRANSFER FEE .....\$45.00  
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE ..... 10% OF BILL  
PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE .....\$25.00  
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT - RESIDENTIAL .....\$50.00

CUSTOMER DEPOSIT – COMMERCIAL AND NON-RESIDENTIAL .....1/6<sup>th</sup> of estimated annual bill

SECTION 1.0 -- RATE SCHEDULE (CONT.)

**ILLEGAL RECONNECTION OR SHUT-OFF EQUIPMENT DAMAGE FEE .....\$250.00**

IN ORDER TO REIMBURSE THE UTILITY WITHOUT BURDENING OTHER CUSTOMERS WITH HIGHER RATES FOR THE ADDITIONAL COST OF SERVICE TRIPS AND EQUIPMENT REQUIRED TO MORE FORCEFULLY DISCONNECT A CUSTOMER/ACCOUNT HOLDER PREVIOUSLY DISCONNECTED FOR NONPAYMENT, FAILURE TO CORRECT IMPROPER WASTEWATER DISCHARGES, OR OTHER LAWFUL REASONS WHO HAS ILLEGALLY RECONNECTED SERVICE OR BEGUN TO DISCHARGE WASTEWATER TO THE UTILITY'S SYSTEM AGAIN WITHOUT PAYING PAST DUE CHARGES, CORRECTING IMPROPER GREASE TRAP OPERATING CONDITIONS, OR OTHERWISE ACHIEVING COMPLIANCE WITH THE "CONDITIONS FOR NON-RESIDENTIAL SEWER SERVICE" INCLUDED IN APPENDIX B, AND TO PAY FOR THE COST OF DAMAGE TO EQUIPMENT NECESSARY TO KEEP A DELINQUENT CUSTOMER DISCONNECTED, THIS FEE SHALL BE ASSESSED TO THE ACCOUNT HOLDER OF ANY DELINQUENT ACCOUNT DISCONNECTED FOR NONPAYMENT BY ANY PHYSICAL MEANS, INCLUDING INSTALLING A PHYSICAL BLOCKING DEVICE IN THE SERVICE LINE, WHEN NON-UTILITY PERSONNEL RECONNECT SERVICE TO THE PREMISES BY CUTTING, DAMAGING OR REMOVING THE PHYSICAL BLOCKING DEVICE OR WHEN WASTEWATER IS OTHERWISE DISCHARGED THROUGH THE SERVICE CONNECTION WITHOUT AUTHORIZATION BY THE UTILITY. THIS FEE MAY BE CHARGED EACH TIME AN EVENT OCCURS AND SERVICE WILL NOT BE RECONNECTED UNTIL THIS FEE IS PAID IN ADDITION TO ANY OTHER BALANCES AND RECONNECT FEES. THIS FEE SHALL NOT BE CHARGED IF THE ACCOUNT HOLDER OR HIS/HER REPRESENTATIVE INFORMS THE UTILITY WITHIN 24 HOURS AFTER DISCOVERING THAT SERVICE HAS BEEN RESTORED WITHOUT AUTHORIZATION OF THE UTILITY: (1) THAT SERVICE WAS RECONNECTED WITHOUT THE ACCOUNT HOLDER'S PERMISSION; AND (2) THE ACCOUNT HOLDER AGREES TO PAY FOR ALL WASTEWATER SERVICE PROVIDED.

**DAMAGED SEWER CONNECTION FEE ..... Actual cost**

THIS FEE SHALL BE ASSESSED TO THE ACCOUNT HOLDER OF ANY DELINQUENT ACCOUNT THAT HAS BEEN DISCONNECTED FOR NON-PAYMENT, OR OF AN ACCOUNT DISCONNECTED FOR FAILURE TO CORRECT IMPROPER WASTEWATER DISCHARGES OR OTHER LAWFUL REASONS, BY VALVING OFF OR LOCKING THE SEWER CONNECTION WHEN THE SEWER CONNECTION AND/OR SEWER CONNECTION APPURTENANCES ARE DAMAGED IN ORDER TO RESTORE SEWER SERVICE TO THE ACCOUNT HOLDER'S ORIGINAL PLACE OF SERVICE REQUIRING THE UTILITY TO REPAIR OR REPLACE THEM. THE ACCOUNT HOLDER SHALL BE CHARGED THE FULL COST OF REPAIRING AND/OR REPLACING ALL DAMAGED PARTS AS THE UTILITY DEEMS NECESSARY, INCLUDING LABOR AND VEHICLE COSTS.

**GREASE TRAP, PRETREATMENT UNIT, SAMPLING WELL INSPECTION, REINSPECTION AND TESTING:**

IN ORDER TO ENSURE THAT DISCHARGES FROM NON-RESIDENTIAL WASTEWATER CUSTOMERS UTILIZING GREASE TRAP OR PRETREATMENT UNIT FACILITIES/EQUIPMENT CAN BE PROPERLY TREATED AND DISCHARGED ACCORDING TO PUC PERMIT REQUIREMENTS, INSPECTIONS OF SUCH FACILITIES/EQUIPMENT AND DISCHARGE TESTING ARE REQUIRED. THE FOLLOWING FEES WILL BE CHARGED RELATED TO THESE ACTIVITIES:

**BEFORE INITIAL SERVICE**

**(INITIAL INSPECTION AND, IF NEEDED, RE-INSPECTION).....\$75.00**

TO ENSURE PROPOSED DISCHARGES CAN MEET THE "CONDITIONS FOR NON-RESIDENTIAL SEWER SERVICE" INCLUDED IN APPENDIX B, AN ONSITE INSPECTION OF ALL GREASE TRAPS, PRETREATMENT UNITS AND SAMPLING WELLS FOR THOSE CUSTOMERS REQUIRED TO HAVE ONE WILL BE CONDUCTED BY UTILITY PERSONNEL OR A UTILITY CONTRACTOR BEFORE SERVICE IS INITIATED. IF THE INSPECTION IDENTIFIES DEFICIENCIES THAT NEED TO BE CORRECTED, THE SAME FEE WILL BE CHARGED FOR EACH RE-INSPECTION BEFORE SERVICE BEGINS. THE INITIAL INSPECTION FEE WILL BE CHARGED WHEN THE TAP FEE IS ASSESSED AND IS TO BE PAID SIMULTANEOUSLY. ALL REINSPECTION FEES, IF REQUIRED, MUST BE PAID BEFORE SERVICE IS INITIATED.

SECTION 1.0 -- RATE SCHEDULE (CONT.)

**PERIODIC GREASE TRAP INSPECTION FEE**

**AFTER SERVICE COMMENCES .....\$75.00**

TO ENSURE EFFECTIVENESS AND PROPER MAINTENANCE OF GREASE TRAPS, PERIODIC INSPECTIONS OF ALL GREASE TRAPS WILL BE CONDUCTED BY UTILITY PERSONNEL OR A UTILITY CONTRACTOR AFTER SERVICE COMMENCES AND THIS FEE WILL BE ASSESSED EACH TIME SUCH AN INSPECTION OCCURS. INSPECTIONS WILL TYPICALLY BE CONDUCTED QUARTERLY, BUT IF AN INSPECTION IDENTIFIES PERFORMANCE ISSUES, REVEALS IMPROPER MAINTENANCE, OR FINDS EXCESSIVE OIL/GREASE IN A MANHOLE(S) DOWNSTREAM FROM A CUSTOMER INDICATING GREASE TRAP PROBLEMS EXIST, INSPECTIONS MAY BE CONDUCTED MONTHLY FOR THE NEXT QUARTER. IF AN INSPECTION IDENTIFIES PERFORMANCE ISSUES, DEFICIENCIES, OR IMPROPER MAINTENANCE, A WRITTEN NOTICE OF SUCH DEFICIENCIES WILL BE PROVIDED TO THE CUSTOMER. A RE-INSPECTION WILL BE REQUIRED AFTER THE CUSTOMER INFORMS THE UTILITY THAT ISSUES IDENTIFIED IN THE NOTICE ARE CORRECTED. IF A RE-INSPECTION REVEALS CORRECTIONS ARE NOT SATISFACTORY, ANOTHER RE-INSPECTION WILL BE REQUIRED. RE-INSPECTIONS SHALL BE REQUIRED UNTIL ALL IDENTIFIED DEFICIENCIES ARE ADDRESSED TO THE UTILITY'S SATISFACTION. THIS FEE WILL BE ASSESSED EACH TIME A RE-INSPECTION IS PERFORMED.

**PERIODIC SAMPLING OF GREASE TRAPS OR PRETREATMENT UNITS .....\$50.00**

SAMPLES FOR OIL, GREASE OR OTHER CONSTITUENTS DETERMINED TO BE A COMPONENT OF A NON-RESIDENTIAL CUSTOMER'S DISCHARGE FROM EITHER THE CUSTOMER'S INITIAL APPLICATION FOR SERVICE OR BY LATER INVESTIGATION MAY BE COLLECTED BY UTILITY PERSONNEL OR A UTILITY CONTRACTOR DURING INSPECTIONS IF IT APPEARS A GREASE TRAP OR PRETREATMENT UNIT IS NOT FUNCTIONING PROPERLY. THIS FEE WILL BE ASSESSED IF SUCH SAMPLES ARE TAKEN. SAMPLES WILL BE ANALYZED TO DETERMINE IF THE DISCHARGE MEETS LIMITS SET FORTH IN THE "CONDITIONS FOR NON-RESIDENTIAL SEWER SERVICE" INCLUDED IN APPENDIX B. IF IT DOES NOT, THE GREASE TRAP OR PRETREATMENT UNIT MUST BE CLEANED, SERVICED, OR REPAIRED AS NEEDED WITHIN 7 DAYS. UTILITY PERSONNEL OR A UTILITY CONTRACTOR WILL COLLECT SAMPLES AFTER CORRECTIONS ARE MADE TO ENSURE PROPER FUNCTIONALITY. THIS FEE WILL BE ASSESSED EACH TIME SAMPLES ARE COLLECTED AND ANALYZED.

**GOVERNMENTAL TESTING, INSPECTION, AND COSTS SURCHARGE:**

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND TESTING.  
[16 TAC 24.21(k)(2)]

**LINE EXTENSION AND CONSTRUCTION CHARGES:**

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

**REGIONAL WASTEWATER PASS-THROUGH PROVISION:**

INCREASES OR DECREASES IN WASTEWATER COSTS, FEES, RATES AND CHARGES IMPOSED BY ANY NON-AFFILIATED THIRD PARTY WASTEWATER TREATMENT SERVICE PROVIDER OR GOVERNMENTAL ENTITY SHALL BE PASSED THROUGH TO SEWER CUSTOMERS ON A REGIONAL BASIS BY CALCULATING AN ADJUSTED MONTHLY FLAT RATE FOR EACH METER SIZE USING THE FOLLOWING FORMULA:

SECTION 1.0 -- RATE SCHEDULE (CONT.)

AMR	=	MR + (((CAC-PAC)/(TSCE * 12)) * SCE for customer), where:
AMR	=	Adjusted Monthly Rate – The adjusted monthly flat rate rounded to the nearest one cent;
MR	=	Monthly Rate – The approved monthly flat rate with or without prior pass-through adjustment;
CAPTC	=	Current Annual Pass-Through Costs – Total regional pass-through costs, fees, rates, and charges to Aqua Texas over a 12 month period;
PAPTC	=	Previous Annual Pass-Through Costs – Total regional pass-through costs, fees, rates, and charges to Aqua Texas over 12 month period last used to set MR;
SCE	=	Sewer Customer Equivalent – The AWWA meter equivalency factor that corresponds to the meter size rate being calculated for AMR (for a standard residential 5/8” x 3/4” meter this number is 1; for sewer only customers without a meter, the meter equivalency factor used will be based on meter size needed to meet estimated customer demand); and
TSCE	=	Total Sewer Customer Equivalents – Total number of sewer connections multiplied by corresponding SCEs for region at end of 12 month period used for CAC.

To implement a new Adjusted Monthly Flat Rate, Aqua Texas shall take the following actions:

1. Prior to the beginning of the billing period in which the revision takes place, submit written notice to the PUC Executive Director with documentation supporting the adjustment; and
2. Mail notice to affected customers separately at the beginning of the billing period or include written notice to affected customers with the billing sent out at the beginning of the billing period in which the new Adjusted Monthly Flat Rate becomes effective. The notice must contain: (a) the effective date of the change, (b) the then-present calculation of pass-through costs included in the Monthly Flat Rate, (c) the calculation of the new Adjusted Monthly Flat Rate, and (d) the change in costs, fees, rates or charges to Aqua Texas prompting the adjustment to the Monthly Flat Rate.
3. The notice will include the following language:  
“This tariff change is being implemented in accordance with Aqua Texas’ approved Regional Wastewater Pass-Through Provision to recognize (increases)(decreases) in the wastewater (costs), (fees), (rates) and (charges) imposed by (non-affiliated third-party wastewater treatment service providers) (selling wastewater treatment services) to Aqua Texas or by (governmental entities). The cost of these charges to customers will not exceed the (increased) (decreased) cost of the (costs), (fees), (rates) and (charges) to Aqua Texas.”

The process of implementing the Regional Wastewater Pass-Through Provision and the Commission’s review of a proposed Adjusted Monthly Flat Rate is an informal proceeding and not a contested case hearing. Only the Commission or Aqua Texas may request a hearing on the proposed revision. It shall not be considered a rate case under the Texas Water Code or PUC rules, and Texas Water Code § 13.187 shall not apply.

## SECTION 2.0 - SERVICE RULES AND REGULATIONS

### Section 2.01 – Public Utility Commission Rules

The utility will have the most current Public Utility Commission of Texas (Commission or PUC) Rules, Chapter 24, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

### Section 2.02--Application for and Provision of Sewer Service

All applications for standard residential service will be made on the utility's standard application (attached in the Appendix to this tariff) and will be signed by the applicant before sewer service is provided by the utility. A separate application or contract will be made for each service at each separate location. The application process for non-standard or non-residential sewer service will require completion of other forms and agreements to be provided by the utility.

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

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

The customer/applicant will be responsible for furnishing and laying the necessary sewer service pipe from the utility's connection location to the place of use.

### Section 2.03 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the Commission 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 Commission Rules.

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.

Non-residential 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.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

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

Section 2.05 - Meter Requirements, Readings, and Testing

It is not a requirement that the utility use meters to measure the quantity of sewage disposed of by individual customers. One connection is required for each residential, commercial, industrial, or other non-residential facility.

Section 2.06 - Billing

Bills from the Utility will be mailed monthly unless otherwise authorized by the Commission or the customer voluntarily elects to be billed through a paperless electronic billing system which uses the standard forms, protocols and conformation processes established and maintained by the Utility or unaffiliated third parties providing online billing and payment services that are approved by the Utility. The due date of bills for utility service will be at least 21 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 or electronic mailing by the Utility or the Utility's billing service will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the Utility or the Utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next work day after the due date.

A late penalty of 10% will be charged on bills received after the due date. Customer payments post marked by the due date will not incur a late penalty. 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 Commission 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.

Cash Payments at Non-utility Payment Locations or Credit Card Payments – The Utility may use unaffiliated third parties to accept and process utility bill cash payments at non-utility payment locations or to accept and process utility bill credit card payments. Any charges required by the third party to accept and process such utility bill payments are the responsibility of the customer and are in addition to utility bill amounts.

Electronic Billing and Payment – A customer may voluntarily elect to be billed through a paperless electronic billing system which uses standard forms, protocols and conformation processes established and maintained by the Utility or unaffiliated third parties providing online billing and payment services that are approved by the Utility. Any charges required by the third party to process the electronic bill or payment are the responsibility of the customer and are in addition to utility bill amounts. In administering this electronic billing option, the Utility does not send the customer paper bills. Customers may sign up for electronic billing at [www.aquaamerica.com](http://www.aquaamerica.com).

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Required information that otherwise accompanies a paper bill is transmitted to the customer electronically, or via an Internet link access to such information is transmitted electronically to the customer. Any applicable disconnection notice continues to be sent to the customer via United States mail. The Utility may utilize unaffiliated third parties to electronically transmit bills to the customer. The Utility is not responsible for any loss resulting from the customer's election to receive bills electronically, including but not limited to, any loss associated with damage to the customer's computer equipment or facilities and any loss associated with a third party's unauthorized use of the customer's information. Either the Utility or customer may, upon thirty (30) days' notice to the other party, terminate electronic transmission of bills without any liability to the terminating party resulting from such termination, and without affecting the customer's obligation to pay all amounts due to the Utility. In such event, the Utility will begin to issue paper bills via United States mail to the customer as soon as reasonably practical. The Utility reserves the right to determine whether or not a customer is eligible to be billed through its paperless electronic billing system. A customer that elects electronic billing, who is a combination water and sewer service customer of the Utility, will receive electronic billing for both services.

Third Party Charges for Processing Utility Bill Payments – Any charges required by a third party to accept or process a cash utility bill payment at a non-utility payment location, a credit card utility bill payment, or an electronic utility bill or payment are the responsibility of the customer and are in addition to utility bill amounts.

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.

Each bill will provide all information required by the Commission 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, for reasons set forth in Section 2.20 of this Tariff, or for any other reason authorized by Commission Rules. The termination date must be at least 10 days after the notice is mailed or hand delivered.

The utility may, but is not required, 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 31 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 Commission Rules.

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



SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

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

Section 2.08 - Reconnection of Service

Service will be reconnected within 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, except by an act of God, 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, maintain and operate treatment and collection facilities of sufficient size and capacity to provide continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge the effluent at the quality required by its discharge permits issued by the TCEQ. Unless otherwise authorized by the TCEQ, the utility will maintain facilities as described in the TCEQ Rules.

Section 2.11 - Customer Complaints and Disputes

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

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

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

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

The utility adopts the administrative rules of the PUC, 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 PUC'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 PUC rule in question to the degree that the utility may conduct its lawful business in conformance with all requirements of said rule.

All payments for utility service shall be delivered or mailed to the remittance address on the utility bill received or paid using any method described on the utility bill received. Cash payments are only accepted in person at designated payment locations as described in the utility bill received. If the utility or its authorized agent fails to receive payment prior to 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.

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. - The utility will not accept liability for any injury or damage to individuals or their property occurring on the customer's premises. The utility makes no representations or warranties (expressed or implied) that customer's appliances will not be damaged by disruptions of or fluctuations in sewer service whatever the cause. The utility will not accept liability for injuries or damages to persons or property due to disruption of sewer 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 PUC rules, (3) electrical power failures in sewer systems not required by PUC rule to have auxiliary power supplies, or (4) termination of sewer service pursuant to the utility's tariff and the PUC's rules. The utility will accept liability for any injury or damage to individuals or their property directly caused by defective utility plant facilities 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, such engineer will be selected by the utility and the applicant, 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 PUC rule) for the actual costs of any additional facilities required to maintain compliance with the TCEQ minimum design criteria for the collection, transmission, treatment, or discharge of wastewater.

**Docket No. 42960**

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

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 prior to 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 Commission 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 TAC 24.86(b)(1)(C).

The utility adopts the Uniform Plumbing Code pursuant to PUC 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 Commission, the Uniform Plumbing Code and with the service rules and regulations of the utility. The customer will bring out his sewer 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 Commission rule.

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 the utility's equipment or piping and for inspecting or testing the customer's facilities, grease traps or pretreatment units used in connection with the utility's provision of sewer service, or for the purpose of removing the utility's 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 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 or utility contractors shall result in criminal prosecution.

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

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 sewer 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 lines or equipment to any customer. All tap and extension charges shall be for the privilege of connecting to said sewer lines and for installation, not purchase, of said lines.

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

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

The disposal into the utility's sewer collection system of bulk quantities of food or food scraps not previously processed by a grinder or similar garbage disposal unit and grease and oils, except as incidental waste in process or wash water, used in or resulting from food preparation by sewer utility customers engaged in the preparation and/or processing of food for other than domestic consumption for sale to the public shall be prohibited. Specifically included in this prohibition are grease and oils from grease traps to other grease and/or oil storage containers. These substances are defined as "garbage" under Section 361.003 (12) of the Solid Waste Disposal Act, Texas Health and Safety Code, and are not "sewage" as defined by Section 26.001 (7) of the Texas Water Code. The utility only provides "sewage" collection and disposal service to the public. This service is limited to the collection, treatment and disposal of waterborne human waste and waste from domestic activities such as washing, bathing, and food preparation. This service does not include the collection, treatment or disposal of waste of such high BOD or TSS characteristics that it cannot reasonably be processed by the utility's state-approved wastewater treatment plant within the parameters of the utility's state and federal wastewater discharge permits. **THIS SERVICE DOES NOT INCLUDE THE COLLECTION AND DISPOSAL OF STORM WATERS OR RUN OFF WATERS, WHICH MAY NOT BE DIVERTED INTO OR DRAINED INTO THE UTILITY'S COLLECTION SYSTEM.**

Pursuant to PUC Rule 24.87(o), the utility may charge for all labor, material, equipment, and other costs necessary to repair or replace all equipment damaged due to service diversion or the discharge of wastes which the system cannot properly treat. This shall include all repair and cleanup costs associated with discharges of grease and oils, except as incidental waste in process or wash water, used in or resulting from food preparation by sewer utility customers engaged in the preparation and/or processing of food for other than domestic consumption or for sale to the public discharged from grease traps or other grease and/or oil storage containers. The utility may charge for all costs necessary to correct service diversion or unauthorized taps where there is no equipment damage, including incidents where service is reconnected without authority.

The utility may not charge any additional penalty or charge other than actual costs unless such penalty has been expressly approved by the regulatory authority having rate/tariff jurisdiction and filed in the utility's tariff.

Pursuant to TCEQ Rule 24.86(b)(3)(A) and (B), the customer's service line and appurtenances shall be constructed in accordance with the laws and regulations of the State of Texas, local plumbing codes, or, in the absence of such local codes, the Uniform Plumbing Code. It shall be the customer's responsibility to maintain the service line and appurtenances in good operating condition, *i.e.*, clear of obstruction, defects, or blockage.

If the utility can provide evidence of excessive infiltration or inflow or failure to provide proper pretreatment, the utility may, with the written approval of the Commission, require the customer to repair the line or eliminate the infiltration or inflow or take such actions necessary to correct the problem. If the customer fails to correct the problem within a reasonable time, the utility may disconnect service after proper notice.

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

In accordance with the requirements of utility's Wastewater discharge Permit, any and all repairs and maintenance of utility's lines, tanks, pumps and equipment located on Customer's premises shall be performed exclusively by the utility.

Copies of the utility's state and federal wastewater discharge permits shall be available for public inspection and copying in the utility's business office during normal business hours.

Non-residential customers electing the pretreatment option for sewage with non-standard characteristics may be charged those costs set forth in the utility's extension policy if such pretreatment fails or otherwise causes the utility's facilities to violate their wastewater discharge permits.

ADDITIONAL REASONS FOR DISCONNECTION OF SEWER SERVICE

Sewer service can be disconnected 10 days after notice is mailed or hand delivered for the following reasons: (1) failure to prevent improper discharges of wastewater that does not meet the requirements of the "Conditions for Non-residential Sewer Service" included in Appendix B; (2) failure to correct improper grease trap conditions after written notice from the utility; (3) failure by a customer required to have a grease trap to correct improper grease trap conditions identified in an inspection by utility personnel or a contractor, such as excessive grit, excessive floating solids, or any condition that does not allow the grease trap to function properly and discharge wastewater that meets the limits set forth in the "Conditions for Non-residential Sewer Service" included in Appendix B; (4) failure to ensure that all wastewater discharges and pre-treatment actions comply with the "Conditions for Non-residential Sewer Service" included in Appendix B; or (5) allowing disposal of wastes that are not generated on the customer's property, whether generated by the customer or another party, through the customer's connection to the utility's wastewater system.

Service will not be reconnected until the customer demonstrates that the improper wastewater discharge conditions are corrected. If service is disconnected due to a sample analysis demonstrating that the wastewater does not meet the limits set forth in the "Conditions for Non-residential Sewer Service" included in Appendix B, service will not be reconnected until the customer submits and pays for analysis of a sample, collected in the presence of utility personnel or utility contractor, that meets the limits in the "Conditions for Non-residential Sewer Service" included in Appendix B.

RESIDENTIAL SINGLE FAMILY GRINDER STATIONS, LIFT STATIONS, RECEIVING TANKS, OR SEWAGE STATIONS

Prior to the installation of a residential single family grinder station, lift station, receiving tank, or sewage station, the utility must be given a complete listing of all materials and equipment that will be used.

In order to prevent inflow and infiltration, the materials must comply with standard specifications, approved by the Commission and the utility.

After the utility has approved the installation, construction may begin. Once the work is complete, the utility will perform an inspection of the installation and equipment to ensure the installation is completed as specified.

The customer will retain ownership of installed equipment on the customer's property, including grinder pumps, lift pumps, and appurtenances, and all maintenance, repairs and replacement for such equipment, and payment for electricity needed to operate such equipment, are the customer's responsibility and not the utility's.

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

Repairs of grinder stations, lift stations, receiving tanks, or sewage stations installed on the customer's property may be performed by anyone selected by the customer who is competent to perform such repairs. The utility requires that parts and equipment meet the minimum standards approved by the TCEQ and the utility to insure proper and efficient operation of the utility's sewer system receiving wastewater from such equipment.

**MULTI-FAMILY OR NON-RESIDENTIAL GRINDER STATIONS, LIFT STATIONS, RECEIVING TANKS, OR SEWAGE STATIONS**

Prior to the installation of a multi-family or non-residential grinder station, lift station, receiving tank, or sewage station, the utility must be given a complete listing of all materials and equipment that will be used, along with a description of any associated storage needs and equipment that will be used.

In order to minimize inflow and infiltration into the collection system, the installation and materials must comply with standard specifications approved by the TCEQ.

After the utility has approved the installation, construction may begin. Once the work is complete, the utility will perform an inspection of the installation and equipment to ensure the installation is completed as specified.

Prior to acceptance of an existing grinder station, lift station, receiving tank, or sewage station that is being used as an interceptor tank for primary treatment, wastewater storage, or pump tank prior to discharge into an alternative or conventional sewage system, such facilities must be cleaned, inspected, repaired, modified, or replaced if necessary to minimize inflow and infiltration into the collection system.

Existing pumps and tanks must be of adequate size to insure proper pumpage in the event of high flow or when one pump is out of service. If the existing pumps and receiving tanks or lift stations are of inadequate size, the utility will not accept liability for backups due to events including, but not limited to: high flows, one pump out of service, rainfall causing inflow or infiltration, power outages, lack of proper storage capacity, etc.

If the collection system that discharges into the grinder station, lift station, receiving tank, or sewage station has an inflow or infiltration problem and collects rainfall discharge, the owner or P.O.A. will correct it within 90 days of written notice from the utility. If no action is taken to correct the problem within 90 days, the utility may discontinue service. The grinder station, lift station, receiving tank, or sewage station and the collection system that discharges into one of these units shall at all times remain the owner's / P.O.A.'s responsibility and not the utility's. All maintenance, repairs and replacement for such equipment, and payment for electricity needed to operate such equipment, are the owner / P.O.A.'s responsibility and not the utility's.

An adequate easement must encompass the grinder station, lift station, receiving tank, or sewage station by a 15 foot radius and also a 15 foot access easement to any of these units to facilitate proper maintenance and repairs. If this easement does not exist, one must be created and filed of record.

SECTION 3.0 - EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

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

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

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

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

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

Residential customers not covered under Section 3.01 will be charged the equivalent of the costs of extending service to their property from the nearest collection line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the full cost of extending service to and throughout their property, including the cost of all necessary collection, transmission, and treatment facilities with necessary capacity 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 local demand requirements and to comply with TCEQ minimum design criteria for facilities used in collecting, treating, transmitting, and discharging wastewater effluent. For purposes of this subsection, a developer is one who subdivides or requests more than two sewer connections on a piece of property. Commercial, industrial, other non-residential, and wholesale customers will be treated as developers.

The utility adopts the administrative rules of the Commission, 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 Commission'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 Commission rule in question to the degree that the utility may conduct its lawful business in conformance with all requirements of said rule.

Non-residential customers generating sewage creating unique or non-standard treatment demands which might reasonably be expected to cause the utility's treatment facilities to operate outside their current wastewater discharge permit parameters may be charged the cost of all studies, engineering plans, permit costs, and collection treatment or discharge facilities construction or modification costs necessary to enable the utility to treat said sewage within permit limits acceptable to the TCEQ, EPA and other regulatory agencies. In the alternative, the customer may have the option of pre-treating said sewage in such a manner so that it may not reasonably be expected to cause the utility's facilities to operate outside their permit parameters. In such case, the customer shall be required to pay the utility's costs of evaluating such pretreatment processes and cost of obtaining regulatory approval of such pretreatment processes. In the event the pretreatment facilities of a customer making this election fail and cause the utility's facilities to operate outside their permit parameters, the customer shall indemnify the utility for all costs incurred for clean ups or environmental remediation and all fines, penalties, and costs imposed by regulatory or judicial enforcement actions relating to such permit violations.

Non-residential sewer customers producing water borne waste significantly different from waste generated by residential customers may be required to provide a suitable sampling point at the property line for testing the customer's waste for chemicals or substances, *e.g.*, grease, oils, solvents, pesticides, etc., which can reasonably be believed to have an injurious effect on the utility's plant and/or its ability to treat and dispose of such wastes within the parameters of the utility's permit. Utility shall have reasonable access to the sampling point at all times.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 30 TAC 24.86(d) and this tariff.

**Docket No. 42960**



SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

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 collection, transmission, storage, treatment and discharge facilities, compliant with the TCEQ minimum design criteria, which must be committed to such extension. As provided by 30 TAC 24.86(d)(4), for purposes of this section, commercial, industrial, other non-residential, and wholesale customers shall be treated as developers.

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, Commission 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 schedule pages of this tariff shall be entitled to a written explanation of such costs prior to 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 Commission 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 standard service received by the utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant. The application process for non-standard or non-residential sewer service will require completion of other forms and agreements to be provided by the utility in addition to the standard service application form. Standard service application forms will be available for applicant pick up at the utility's business office during normal weekday business hours or for download from the utility's web site. Forms and agreements for non-standard or non-residential sewer service will be provided by the utility upon request. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications may be submitted by hand delivery or by mail to one of the utility's business offices.

The utility shall serve each qualified service applicant within its CCN service area as soon as practical after receiving a completed service application and all required agreements. All service requests will be fulfilled within the time limits prescribed by Commission rules once the applicant has met all conditions precedent to achieving a 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 Commission 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 Commission rules.

The utility is not required to extend service to any applicant outside of its CCN 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 Commission. 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, Commission rules and/or Commission 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, and (4) has executed a customer service application for each location to which service is being requested.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

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 be made. The tap request must be accompanied with a plat, map, diagram or written metes and bounds description of precisely where the applicant desires each tap or service connection to be made and, if necessary, where the service connection is to be installed, along the applicant's property line. The actual point of connection must be readily accessible to utility personnel for inspection, servicing and testing while being reasonably secure from damage by vehicles and mowers. If the utility has more than one collection line adjacent to the service applicant's property, the tap or service connection will be made to the utility's nearest service line 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 Commission for resolution. Unless otherwise ordered by the Commission, the tap or service connection will not be made until the location dispute is resolved.

The utility shall require a developer (as defined by Commission 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 Commission 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, sewage treatment facilities, holding tank sites, lift stations, and disposal sites shall convey with all permanent easements and buffers required by TCEQ rules. Unless otherwise agreed to by the utility, pipeline right-of-way easements must be at least 15 feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and required service facilities/equipment. Easements must be provided for all sewage treatment facilities, holding tanks, lift stations, and disposal sites which 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.

Prior to the extension of utility service to developers (as defined by Commission 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, 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.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

(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 prior to 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 which 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 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 prior to the bonding or escrowing of all funds associated with that phase.

(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 prior to 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.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

Within its CCN service area, the utility shall bear the cost of the first 200 feet of any 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 bankruptcy and was therefore unable to meet obligations; and

(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 wastewater collection line, 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" diameter for pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.

(b) Exceptions may be granted by the Commission 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; or

(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 over-sizing 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 CCN area, industrial, other non-residential and wholesale customers shall be treated as developers.

Any applicant for non-residential service is considered a request for nonstandard service.