



Control Number: 42982



Item Number: 17

Addendum StartPage: 0

APPLICATION OF HMW SPECIAL §  
 UTILITY DISTRICT AND QUADVEST §  
 L.P. FOR SALE TRANSFER, OR §  
 MERGER OF FACILITIES AND TO §  
 AMEND A CERTIFICATE OF §  
 CONVENIENCE AND NECESSITY IN §  
 MONTGOMERY COUNTY (37656-S) §

2015 JUN 19 PM 1:39  
 PUBLIC UTILITY COMMISSION  
 OF TEXAS

### COMMISSION STAFF'S RECOMMENDATION

Commission Staff (Staff) of the Public Utility Commission of Texas (Commission) files its Recommendation. In support of its Recommendation, Staff states the following:

#### I. Background

On July 3, 2013, HMW Special Utility District (HMW) and Quadvest, L.P. (Quadvest) filed with the Texas Commission on Environmental Quality (TCEQ) an application for the sale, transfer, or merger of sewer facilities and a corresponding sewer certificate of convenience and necessity (CCN No. 20734) in Montgomery County, Texas. HMW is the seller, and Quadvest is the purchaser.

On April 17, 2014, TCEQ sent Quadvest a letter approving the application and notifying Quadvest that a hearing will not be requested. With regards to the transfer of sewer CCN No. 20734, the letter stated that the TCEQ must receive a copy of the signed contract or bill of sale and documents regarding the disposition of customer deposits. The letter also stated that HMW and Quadvest's application cannot be approved until the TCEQ receives these documents.

On September 1, 2014, economic regulation of water and sewer utilities was transferred from the TCEQ to the Commission. As a result of this transfer, the processing of HMW and Quadvest's application was transferred from the TCEQ to the Commission.

On May 6, 2015, Quadvest filed closing documents regarding its sale and transfer transaction with HMW.

On June 9, 2015, the Administrative Law Judge entered Order No. 6. Order No. 6 extended the deadline for Staff to file its recommendation on HMW and Quadvest's application and Quadvest's closing documents to June 19, 2015. Staff's Recommendation is timely filed.

## II. Applicable Legal Standards

The Texas Water Code details the requirements for the sale of a sewer system. The relevant portions of the Texas Water Code state:

(a) A utility or a water supply or sewer service corporation, on or before the 120th day before the effective date of a sale, acquisition, lease, or rental of a water or sewer system that is required by law to possess a certificate of public convenience and necessity or the effective date of a merger or consolidation with such a utility or water supply or sewer service corporation, shall:

- (1) file a written application with the utility commission; and
- (2) unless public notice is waived by the utility commission for good cause shown, give public notice of the action.

(b) The utility commission may require that the person purchasing or acquiring the water or sewer system demonstrate adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area and any areas currently certificated to the person.<sup>1</sup>

The Commission's substantive rules detail similar requirements for the sale of a sewer system.<sup>2</sup> The purchaser of a sewer system "must demonstrate adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area and any areas currently certificated to the person."<sup>3</sup>

With regards to the sale and transfer of a certificate of convenience and necessity, the Texas Water Code states that a certificate of convenience and necessity may not be sold "unless the utility commission has determined that the purchaser . . . is capable of rendering adequate and continuous service to every consumer within the certificated area, after considering the factors under Section 13.246(c) [of the Texas Water Code]."<sup>4</sup> The factors to be considered by the Commission are:

- (1) the adequacy of service currently provided to the requested area;

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<sup>1</sup> Tex. Water Code § 13.301(a)-(b).

<sup>2</sup> See generally 16 Tex. Admin. Code § 24.109.

<sup>3</sup> 16 Tex. Admin. Code § 24.109(b).

<sup>4</sup> Tex. Water Code § 13.251. See also 16 Tex. Admin. Code § 24.112(b).

- (2) the need for additional service in the requested area, including whether any landowners, prospective landowners, tenants, or residents have requested service;
- (3) the effect of the granting of a certificate or of an amendment on the recipient of the certificate or amendment, on the landowners in the area, and on any retail public utility of the same kind already serving the proximate area;
- (4) the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking into consideration the current and projected density and land use of the area;
- (5) the feasibility of obtaining service from an adjacent retail public utility;
- (6) the financial ability of the applicant to pay for the facilities necessary to provide continuous and adequate service and the financial stability of the applicant, including, if applicable, the adequacy of the applicant's debt-equity ratio;
- (7) environmental integrity;
- (8) the probable improvement of service or lowering of cost to consumers in that area resulting from the granting of the certificate or amendment; and
- (9) the effect on the land to be included in the certificated area.<sup>5</sup>

Approval of the sale and transfer of a certificate of convenience and necessity expires one year after the date of approval.<sup>6</sup>

### **III. Staff's Recommendation**

Staff recommends that the Commission approve HMW and Quadvest's application and approve the sale and transfer transaction between HMW and Quadvest. Quadvest has the financial, managerial, and technical capability to provide continuous and adequate service to the certificated area under sewer CCN No. 20734. Thus, HMW and Quadvest's application meets the requirements of 16 Tex. Admin. Code §§ 24.109 and 24.112. Staff has also determined that the closing documents submitted by Quadvest indicate that the sale and transfer transaction between HMW and Quadvest was consummated in December 2014, which is within one year of TCEQ's April 17, 2014 approval letter. Staff's recommendation on HMW and Quadvest's

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<sup>5</sup> Tex. Water Code § 13.246(c).

<sup>6</sup> 16 Tex. Admin. Code § 24.112(e).

application and Staff's determination on the closing documents filed by Quadvest are based on the attached memorandum of Lisa Fuentes in the Water Utility Division.

Also attached to Staff's Recommendation are: (1) Staff's proposed cancellation of HMW's sewer CCN No. 20734; (2) Staff's proposed amendment to Quadvest's sewer CCN No. 20952; (3) Staff's map regarding the service area; (4) Staff's proposed tariff regarding the service area; and (5) a signed consent form received from Quadvest. Staff recommends that Quadvest be required to file certified copies of the map and written description in the real property records of Montgomery County pursuant to Tex. Water Code § 13.257(r) and (s).

**A. Quadvest has adequate financial, managerial, and technical capability**

Staff has determined that Quadvest has adequate financial, managerial, and technical capability to provide continuous and adequate service to the certificated area under sewer CCN No. 20734 and its other certificated areas. With regards to financial capability, Quadvest has submitted financial statements that list current assets of \$4.2 million and a line of credit of \$1.5 million. Additionally, Quadvest has projected an average net income of \$1.2 million each year for the next five (5) years. With regards to managerial and technical capability, Quadvest serves multiple subdivisions near the area certificated under CCN No. 20734, as well as service areas in Aransas, Brazoria, Fort Bend, Harris, Jackson, Liberty, Montgomery and Waller Counties. Quadvest has experienced operators that are knowledgeable about water and sewer operations. For water services, Quadvest currently has: (1) five Class C licensed water operators; (2) one Class D licensed water operator; (3) four Class C maintenance operators; (4) one Class D maintenance operator; (5) one Class B operator; and (6) one Class A operator. For sewer services, Quadvest currently has: (1) three Class C licensed sewer operators; (2) one Class B licensed sewer operator; (3) one Class D licensed sewer operator; (4) two Class C maintenance operators; (5) one Class D maintenance operator; and (6) one Class B maintenance operator.

**B. Quadvest is capable of providing adequate and continuous service**

Staff has determined that Quadvest is capable to provide continuous and adequate service to the certificated area under sewer CCN No. 20734. Staff's determination is based on the following factors listed in Tex. Water Code § 13.246(c):

- (1) Adequacy of service currently provided to the certificated area under sewer CCN No. 20734. Based on its review of TCEQ records, Staff has determined that adequate service is currently being provided to the service area. Staff's review of TCEQ records indicates that there are currently no unaddressed violations.
- (2) Need for service in the certificated area under sewer CCN No. 20734. There is a need for service due to current customers in the service area.
- (3) The effect of granting an amendment to sewer CCN No. 20734. Only HMW, Quadvest, and HMW's current customers in the service area will be affected. Quadvest's sewer CCN No. 20952 will be amended to include the service area and HMW sewer CCN No. 20734 will be canceled.
- (4) The ability of Quadvest to provide adequate service. Quadvest is a sewer utility, and it will provide sewer service using the pre-existing sewer system.
- (5) The feasibility of obtaining sewer service from an adjacent retail public utility. It is not necessary to consider alternative sewer service providers because the area certificated under sewer CCN No. 20734 is already receiving sewer service and no additional sewer service is needed.
- (6) The financial ability for Quadvest to pay for facilities necessary to provide continuous and adequate service. The pre-existing sewer system does not have any outstanding violations and does not require major capital improvements or repairs.
- (7) Impact on environmental integrity. There will be no impact on environmental integrity because there is a pre-existing sewer system in place, and this pre-existing sewer system does not currently need any repairs or improvements.
- (8) Improvement of service or lower of cost to customers. Customers' rates will not be affected by HMW and Quadvest's sale and transfer transaction because the rates will remain the same. The sale and transfer transaction will not affect the quality of service because customers will continue to be served by the pre-existing sewer system.
- (9) Effect on land. There will be no effect on the land in the certificated area under sewer CCN No. 20734 because there is a pre-existing sewer system in place, and this pre-existing sewer system does not currently need any repairs or improvements.

**C. HMW and Quadvest have timely consummated their sale and transfer transaction**

Staff has reviewed the closing documents filed by Quadvest. Among the filed documents were a closing statement, a bill of sale, a purchase contract, warranty deeds, and assignments, many of which executed in December 2014. Based on Staff's review of the closing documents, Staff has determined that HMW and Quadvest consummated their sale and transfer transaction in December 2014, which is within one year of TCEQ's April 17, 2014 approval letter to Quadvest.

**IV. Proposed Procedural Schedule**

To assist in processing of this proceeding, Staff requests that the Commission adopt the following proposed procedural schedule:

<b>Event</b>	<b>Date</b>
Deadline for parties to file a response to Staff's Recommendation	July 3, 2015
If no party has filed a response to Staff's Recommendation, deadline for parties to file a joint proposed notice of approval with findings of fact, conclusions of law, and ordering paragraphs	July 17, 2015

**V. Conclusion**

Staff recommends that the Commission approve HMW and Quadvest's application and the sale and transfer transaction between HMW and Quadvest. Additionally, Staff requests that the Commission adopt the proposed procedural schedule.

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Date: June 19, 2015

Respectfully Submitted,

Margaret Uhlig Pemberton  
Division Director  
Legal Division

Shelah J. Cisneros  
Managing Attorney  
Legal Division




Sam Chang  
State Bar No. 24078333  
Attorney, Legal Division

Public Utility Commission of Texas  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7261  
(512) 936-7268 (facsimile)  
sam.chang@puc.texas.gov

**DOCKET NO. 42982**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on June 19, 2015, in accordance with 16 Tex. Admin. § 22.74.

  
Sam Chang

**DOCKET NO. 42982**

<b>APPLICATION OF HMW SPECIAL</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>UTILITY DISTRICT AND QUADVEST</b>	<b>§</b>	
<b>L.P. FOR SALE TRANSFER, OR</b>	<b>§</b>	<b>OF TEXAS</b>
<b>MERGER OF FACILITIES AND TO</b>	<b>§</b>	
<b>AMEND A CERTIFICATE OF</b>	<b>§</b>	
<b>CONVENIENCE AND NECESSITY IN</b>	<b>§</b>	
<b>MONTGOMERY COUNTY (37656-S)</b>	<b>§</b>	

**MEMORANDUM OF LISA FUENTES**

## PUC Interoffice Memorandum

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**To:** Sam Chang  
Legal Division

**Thru:** Tammy Benter, Director  
Water Utilities Division

**From:** Lisa Fuentes, Work Leader  
Water Utility Division

**Date:** June 18, 2015

**Subject:** Docket No. 42982; Application of HMW Special Utility District and Quadvest, L.P., for Sale, Transfer, or Merger of Facilities and to Amend Certificate of Convenience and Necessity in Montgomery County (37656-S)

On July 3, 2013, Quadvest, L.P. (Quadvest) and HMW Special Utility District (HMW SUD) (collectively called "Applicants") applied to purchase facilities and transfer all of the service area from sewer CCN No. 20734 held by HMW SUD in Montgomery County, Texas. As a result of the proposed transaction, Quadvest's CCN No. 20952 will be amended to include the sewer service transferred by HMW SUD and HMW SUD's CCN No. 20734 will be canceled. This application was filed pursuant to the criteria in the Texas Water Code (TWC) §§13.241, 13.246 and 13.301, and the TCEQ's rules outlined in 30 Tex. Admin. Code §§291.102, 291.109 and 291.112 (TAC). On September 1, 2014, the rates and CCN programs were transferred from the Texas Commission on Environmental Quality (TCEQ) to the Public Utility Commission (PUC). This application was part of the transfer and is now under the PUC's purview. The application is now being reviewed under 16 TAC §§24.102, 24.109 and 24.112 and TWC §§13.241, 13.246 and 13.301.

The application was accepted for filing by the TCEQ on August 20, 2013.

Proper public notice was provided to neighboring systems and affected parties on September 9 and 23, 2013. The affidavit was received by the TCEQ during November, 2015. The comment period ended October 23, 2013, and no protests were received.

On April 17, 2014, TCEQ sent Quadvest a letter approving the application and notifying Quadvest that a hearing will not be requested regarding HMW and Quadvest's application. With respect to the transfer of CCN No. 20734, the letter stated that the TCEQ must receive a copy of the signed contract or bill of sale and documents regarding the disposition of customer deposits. The letter also stated that HMW and Quadvest's application cannot be approved until the TCEQ receives these documents.

On September 1, 2014, the processing of HMW and Quadvest's application was transferred to the Commission.

On September 22, 2014, the Administrative Law Judge entered Order No. 2, which requires Staff to file a status update or recommend a need for a hearing by October 6, 2014.

On October 6, 2014, Staff filed a status report in response to Order No. 2 stating given TCEQ's April 17, 2014, letter approving the application, HMW and Quadvest need only to finalize the sale transaction and submit the necessary documents to the Commission.

Pursuant to Commission Orders Nos. 3 and 4, the Applicants were required to file closing documents regarding the proposed transaction by April 15, 2015. On May 6, 2015, the Applicants filed closing indicating that the sale transaction was finalized in December 2014. In Order No. 4, Staff was ordered to review the closing documents and file a recommendation addressing whether the Applicants have met the requirements in 16 TAC §24.112.

Staff has reviewed the closing documents and finds that they meet the requirements of 16 TAC §24.112. Specifically, the closing documents demonstrate that closing occurred within one year of the Commission's written approval of the sale and that the customer deposits previously held by HMW SUD were transferred to Quadvest.

Quadvest, L.P. Articles of Incorporation are in good standing with the Office of the Secretary of State.

I believe the Applicant demonstrates adequate financial, managerial and technical capability to provide service to the area subject to this application. TWC §13.246(c) requires the Commission to consider nine criteria when granting or amending a CCN. As a result of this application, the Applicant will amend its CCN No. 20952 in Montgomery County. Therefore, the following criteria were considered:

- TWC §13.246(c)(1) adequacy of service currently provided to the requested area. The requested transaction includes the sewer utility service from the Victoria Station: WQ0014266001 to 145 current customer connections. Reviews of TCEQ records indicate that the WQ system permit is pending renewal and there are no unaddressed violations. Therefore, I believe adequate service is currently provided in the requested area.
- TWC §13.246(c)(2) 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) 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. Quadvest's CCN No. 20952 will be amended to include the proposed area and HMW SUD's CCN No. 20734 will be canceled.
- TWC §13.246(c)(4) 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 the transaction.
- TWC §13.246(c)(5) the feasibility of obtaining service from an adjacent retail public utility. In this case, the area is already receiving service 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) 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.
- TWC §§13.246(7) and (9) 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) the probable improvement in service or lowering of cost to consumers. The customers' rates will not be affected by this transaction as they will remain the same. Also, the transaction will have no impact on the quality of service as they will continue to be served by existing facilities.

With respect to the Quadvest's financial and managerial capability, The reported cost to purchase the facilities and area is \$142,040. Quadvest, L.P. is proposing to finance the purchase via a combination of both operating cash and a line of Credit from Cobank. An annual renewal letter from Cobank was provided as well as compiled financial statements for FY 2014. Quadvest, L.P. reported current assets of \$4.2 million and a line of credit of 1.5 million. Quadvest L.P. is projecting to report an average annual net income over the next 5 years of \$1.2 million for a total net income amount of \$5.9 million.

With respect to the Quadvest's technical capability, Quadvest has experienced operators that are knowledgeable about water and sewer operations, as well as the requirements for continuous and adequate service for the operation of their utility systems. Quadvest L.P. currently has (5) Class C licensed water operators, and (1) Class D licensed water operator. They also have (4) Class C Maintenance operators, (1) Class D Maintenance operator, (1) Class B and (1) Class A operators. For the sewer Quadvest L.P. currently has (3) Class C licensed sewer operators, (1) Class B licensed sewer operator and (1) Class D licensed sewer operator. They also have (2) Class C Maintenance sewer operators, (1) Class D Maintenance sewer operator, and (1) Class B sewer Maintenance operator. Quadvest has been in the water and sewer utility business for over 30 years and serves multiple subdivisions near the proposed area as well as in Aransas, Brazoria, Fort Bend, Harris, Jackson, Liberty, Montgomery and Waller Counties.

The Quadvest meets all of the statutory requirements of Texas Water Code Chapter 13 and the Commission's Chapter 24 rules and regulations. Approving this application to amend CCN No. 20952 and cancel CCN No. 20734 is necessary for the service, accommodation, convenience and safety of the public.

The applicant is capable of providing continuous and adequate service. Staff recommends approval of the application. Quadvest consented to the attached maps, certificates, and tariffs on June 10, 2015. Staff also recommends that the Quadvest file certified copies of the CCN maps along with a written description of the CCN service area in the county clerk's office pursuant to Texas Water Code Section 13.257 (r) and (s).

## CONSENT FORM

Applicant's Name: Quadvest, L.P.  
Docket No.: 42982 (Application No. 37656-S)

Please mark the appropriate line:

☒ *I concur* with the maps, certificates, and tariffs transmitted by e-mail on June 10, 2015.

☐ *I do not concur* with the maps, certificates, and tariffs transmitted by e-mail on June 10, 2015. I understand that I have 14 days from the date of this email to provide my response.

I am authorized by Quadvest, L.P., to sign this form.

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

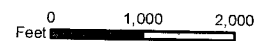
Relationship to Applicant: \_\_\_\_\_

Date signed: \_\_\_\_\_


Please mail the original and 9 copies to:

Mailing Address:  
Public Utility Commission of Texas  
Central Records  
1701 N Congress PO Box 13326  
Austin, Texas 78711-3326

Shipping / Overnight Delivery Address:  
Public Utility Commission of Texas  
Central Records  
1701 N Congress, Suite 8-100  
Austin, Texas 78701

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## Sewer CCN Service Areas

 20952 - Quadvest LP



## **CANCELATION OF CERTIFICATE OF CONVENIENCE AND NECESSITY**

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

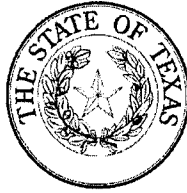
### **Certificate No. 20734**

Certificate No. 20734 was canceled by Order of the Commission in Docket No. 42982. H-M-W Special Utility District's facilities were transferred to Quadvest, L.P., CCN No. 20952, in Montgomery County.

Please reference Certificate No. 20952 for the location of maps and other information related to the service area transferred.

Certificate of Convenience and Necessity No. 20734 is hereby CANCELED by Order of the Public Utility Commission of Texas.

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



# **Public Utility Commission Of Texas**

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

**Quadvest, L.P.**

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. 20952**

to provide continuous and adequate sewer utility service to that service area or those service areas in Harris, Montgomery and Liberty Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 42982 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Quadvest, L.P., 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, this \_\_\_\_\_ day of \_\_\_\_\_ 2015



## SEWER UTILITY TARIFF

Docket Number: 42982

Quadvest, L.P.  
(Utility Name)

P.O. Box 409  
(Business Address)

Tomball, Texas 77377  
(City, State, Zip Code)

281/356-5347  
(Area Code/Telephone)

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

20952

This tariff is effective in the following county:

Harris, Montgomery and Liberty

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

None

This tariff is effective in the following subdivisions and water quality permit numbers:

Bauer Road: Permit No. 14675-001

Bella Vista: Permit No. 15061-001

Benders Landing: Permit No. 14755-001

Lonestar Ranch Section III, Lonestar Ranch Section IV and Somerset: Permit No. 14029-001

Creekside Village: Permit No. 14531-001

Magnolia Lakes: Permit No. 1452-001

Magnolia ISD, Mostyn Manor: Permit No. 14711-001

Decker Oaks Subdivision: WQ0013863-001

Grand San Jacinto: WQ0015192-001

Victoria Station: WQ0014266-001

### 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 .....	4
SECTION 3.0 -- EXTENSION POLICY .....	9

APPENDIX A -- SAMPLE SERVICE AGREEMENT

## SECTION 1.0 - RATE SCHEDULE

Rates Effective April 8, 2013

<u>Meter Size</u>	<u>Monthly Flat Rate</u> (Includes 0 gallons)
5/8" x 3/4"	<u>\$67.50</u>
3/4"	<u>\$67.50</u>
1"	<u>\$67.50</u>
1 1/2"	<u>\$337.50</u>
2"	<u>\$540.00</u>
3"	<u>\$1,012.50</u>
4"	<u>\$1,687.50</u>
6"	<u>\$3,375.00</u>
8"	<u>\$5,400.00</u>
10"	<u>\$7,762.50</u>

Residential sewer service will be billed the monthly flat rate only.

Non-residential service connections will be billed the monthly flat rate plus \$3.33 per 1,000 gallons of actual water meter usage as supplied by the water utility.

Rates Effective January 8, 2014

<u>Meter Size</u>	<u>Monthly Flat Rate</u> (Includes 0 gallons)
5/8" x 3/4"	<u>\$76.00</u>
3/4"	<u>\$76.00</u>
1"	<u>\$76.00</u>
1 1/2"	<u>\$380.00</u>
2"	<u>\$608.00</u>
3"	<u>\$1,140.00</u>
4"	<u>\$1,900.00</u>
6"	<u>\$3,800.00</u>
8"	<u>\$6,080.00</u>
10"	<u>\$8,740.00</u>

Residential sewer service will be billed the monthly flat rate only.

Non-residential service connections will be billed the monthly flat rate plus \$3.33 per 1,000 gallons of actual water meter usage as supplied by the water utility.

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

Cash X, Check X, Money Order X, Credit Card X, Other (specify) Bank Draft

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

SECTION 1.0 - RATE SCHEDULE CONT.

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

Section 1.02 - Miscellaneous Fees

TAP FEE (Gravity Sewer) for 5/8 x 3/4-inch water meter.....\$790.00  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE.....\$870.00  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD 3/4" and 1" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Large Meter) ..... Actual Cost  
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR TAP SIZE INSTALLED.

TAP FEE (Unique costs) ..... Actual Cost  
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

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.....\$50.00

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 (EITHER \$5.00 OR 10% OF THE BILL) .....10%  
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.

**SECTION 1.0 - RATE SCHEDULE CONT.**

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

**COMMERCIAL & NON-RESIDENTIAL DEPOSIT.....1/6TH OF ESTIMATED ANNUAL BILL**

**SERVICE RELOCATION FEE .....Actual Cost to relocate that service connection**  
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING SERVICE CONNECTION

**SEASONAL RECONNECTION FEE:**

BASE RATE TIMES NUMBER OF MONTHS OFF THE SYSTEM NOT TO EXCEED SIX MONTHS WHEN LEAVE AND RETURN WITHIN A TWELVE MONTH PERIOD.

**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 WATER TESTING. [PUC Subst. R. 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.

SECTION 1.0 - RATE SCHEDULE

<u>Meter Size</u>	<u>Monthly Flat Rate</u>
5/8" x 3/4"	<u>\$33.00</u>
1"	<u>\$55.00</u>
1 1/2"	<u>\$110.00</u>
2"	<u>\$176.00</u>
2 1/2"	<u>\$264.00</u>
3"	<u>\$330.00</u>
4"	<u>\$550.00</u>

Residential sewer service will be billed the monthly flat rate plus \$7.00 per 1,000 gallons of actual water meter usage.

For sewer rate purposes, residential water usage is based on the average water consumption for December, January and February and is reset annually. Users without usage experience for those months shall be billed \$63.00 per month, based on a 5/8" meter. Non-residential customers are billed on each month's metered water consumption.

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

Cash X, Check X, Money Order X, Credit Card X, Other (specify) Bank Draft

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.

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

Section 1.02 - Miscellaneous Fees

TAP FEE (Standard) for 5/8 x 3/4-inch water meter.....\$750.00  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Non-Standard).....Actual Cost  
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR TAP SIZE INSTALLED.

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

TRANSFER FEE .....\$25.00  
THE TRANSFER FEE WILL BE CHARGED FOR AN APPLICANT FOR SERVICE WHO IS A TRANSFEREE FROM AN EXISTING UTILITY CUSTOMER.

SECTION 1.0 - RATE SCHEDULE CONT.

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) ..... \$5.00  
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 (Maximum \$50)..... \$50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT..... 1/6TH OF ESTIMATED ANNUAL BILL

EQUIPMENT DAMAGE FEE: ..... Actual Costs  
IF FACILITIES OR EQUIPMENT HAVE BEEN DAMAGED DUE TO TAMPERING, NEGLIGENCE, OR UNAUTHORIZED USE OF EQUIPMENT, RIGHT-OF-WAY, OR DUE TO OTHER ACTS FOR WHICH THE UTILITY INCURS LOSSES OR DAMAGES SHOWN TO BE CAUSED BY THE CUSTOMER, THE CUSTOMER SHALL BE LIABLE FOR THE ACTUAL COSTS FOR ALL LABOR, MATERIAL, AND EQUIPMENT USE FEES NECESSARY FOR REPAIR, REPLACEMENT, OR OTHER CORRECTIVE ACTIONS TAKEN BY THE UTILITY. THE UTILITY SHALL PROVIDE AN ITEMIZED BILL OF SUCH CHARGES TO THE CUSTOMER. EXCEPT IN CASES OF METER TAMPERING OR SERVICE DIVERSION, THE UTILITY MAY NOT DISCONNECT SERVICE, OR REFUSE RECONNECTION, OF A CUSTOMER REFUSING TO PAY DAMAGE CHARGES.

CUSTOMER SERVICE INSPECTION FEE ..... \$75.00  
SERVICE APPLICANTS MAY CHOOSE TO HAVE CUSTOMER SERVICE INSPECTIONS REQUIRED BY TCEQ RULE 290.46(j) PERFORMED BY ANY STATE LICENSED INSPECTOR OF THEIR CHOICE. UNLESS THE SERVICE APPLICANT CHOOSES TO ARRANGE FOR AND PAY FOR THE INSPECTION INDEPENDENTLY, THE UTILITY MAY CHARGE SERVICE APPLICANTS THE CUSTOMER SERVICE INSPECTION FEE AT THE TIME THEY APPLY FOR SERVICE.

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 WATER TESTING. [PUC Subst. R. 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.

## SECTION 2.0 – SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission of Texas (PUC or Commission) Rules, Chapter 24, Water Utility Regulation, 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 2.01 – Application for Sewer Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

### Section 2.02 – 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 PUC Rules. In the event that the utility refused 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 that a complaint may be filed with the Commission.

### Section 2.03 – Fees and Charges & Easements Required Before Service Can Be Connected

#### (A) 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 – Miscellaneous Fees of this tariff. The utility will keep records of the deposit and credit interest in accordance with PUC 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.

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

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

## SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

**(B) Tap or Reconnect Fees**

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. 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 given a written explanation of such costs prior to request for 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 be informed of their right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rate in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

Fees in addition to the regulate tap fee may be charged to cover unique costs not normally incurred as permitted by 30 TAC 24.86(a)(1)(C) if they are listed on this approved tariff. For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

**(C) Easement Requirement**

Where recorded public utility easements on the service applicant's property do not exist or public road right-of-way easements are not available to access the applicant's property, the Utility may require the applicant to provide it with a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant. Such easement(s) shall not be used for the construction of production, storage, transmission or pressure facilities unless they are needed for adequate service to that applicant.

**Section 2.04 - Utility Response to Applications for Service**

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap and utility cut-off 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.

Except for good cause where service has previously been provided, service will be reconnected within one working day after the applicant has met the requirements for reconnection.

**Section 2.05 - Customer Responsibility**

The customer will be responsible for furnishing and laying the necessary customer service pipe from the tap location to the place of consumption. Customers will not be allowed to use the utility's cutoff.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

2.06 - Access to Customer's Premises

All customers or service applicants shall provide access to utility cutoffs at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply.

Section 2.07 - Back Flow Prevention Devices

No water connection shall be made to any establishment where an actual or potential contamination or system hazard exists without an approved air gap or mechanical backflow prevention assembly. The air gap or backflow prevention assembly shall be installed in accordance with the American Water Works Association (AWWA) standards C510, C511 and AWWA Manual M14 or the University of Southern California Manual of Cross-Connection Control, current edition. The backflow assembly installation by a licensed plumber shall occur at the customer's expense.

The back flow assembly shall be tested upon installation by a recognized prevention assembly tester and certified to be operating within specifications. Back flow prevention assemblies which are installed to provide protection against high health hazards must be tested and certified to be operating within specifications at least annually by a recognized back flow prevention device tester. The maintenance and testing of the back flow assembly shall occur at the customer's expense.

Section 2.10 - Billing

(A) Regular Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

(B) Late Fees

A late penalty of either \$5.00 or 10% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

(C) Information on Bill

Each bill will provide all information required by the PUC Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a local or toll-free telephone number (or numbers) to which customers can direct questions about their utility service.

(D) Prorated Bills

If service is interrupted or seriously impaired for 24 consecutive hours or more, the utility will prorate the monthly base bill in proportion to the time service was not available to reflect this loss of service.

Section 2.11- Payments

All payments for utility service shall be delivered or mailed to the utility's business office. If the business office 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.

Section 2.12 - Service Disconnection

(A) With Notice

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered. The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

Notice of termination must be a separate mailing or hand delivery in accordance with the PUC Rules.

(B) Without Notice

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

## SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

### Section 2.13 - Reconnection of Service

Utility personnel must be available during normal business hours to accept payments on the day service is disconnected and the following day unless service was disconnected at the customer's request or due to a hazardous condition. Service will be reconnected within 24 hours after the past due bill, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are corrected.

### Section 2.14 - 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.

### Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain and operate production, treatment, storage, transmission, 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 effluent of the quality required by its discharge permit issued by the Commission. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the TCEQ Rules.

### Section 2.16 - 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 TCEQ 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.

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 2.17 - Customer Liability

Customer shall be liable for any damage or injury to utility-owned property shown to be caused by the customer.

## 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 Utility is not required to extend service to any applicant outside of its certified service area and will only do so under terms and conditions mutually agreeable to the Utility and the applicant, in compliance with PUC rules and policies, and upon extension of the Utility's certified service area boundaries by the PUC.

The applicant for service 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.

### Section 3.02 - Costs Utilities and Service Applicants Shall Bear

Within its certified area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision.

However, if the residential customer requesting service purchased the property after the developer was notified in writing 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.

Residential customers 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 additional cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

Unless an exception is granted by the PUC, the residential service applicant shall not be required to pay for costs of main extensions greater than 6" in diameter for gravity wastewater lines.

## SECTION 3.0 -- EXTENSION POLICY (Continued)

Exceptions may be granted by the PUC if:

- 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 larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

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

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

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 beyond 200 feet and throughout his property including the cost of all necessary transmission facilities.

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

Section 3.03 - Contributions in Aid of Construction

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 the production, collection, transmission, pumping, or treatment of sewage or TCEQ minimum requirements. For purposes of this subsection, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

### SECTION 3.0 -- EXTENSION POLICY (Continued)

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

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 30 TAC 24.86(d). 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 for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by 30 TAC 24.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

A utility may only charge a developer standby fees for unrecovered costs of facilities committed to a developer's property under the following circumstances:

- Under a contract and only in accordance with the terms of the contract; or
- if service is not being provided to a lot or lots within two years after installation of facilities necessary to provide service to the lots has been completed and if the standby fees are included on the utility's approved tariff after a rate change application has been filed. The fees cannot be billed to the developer or collected until the standby fees have been approved by the commission or executive director.
- for purposes of this section, a manufactured housing rental community can only be charged standby fees under a contract or if the utility installs the facilities necessary to provide individually metered service to each of the rental lots or spaces in the community.

#### Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy of this tariff shall be subject to appeal as provided in this tariff, PUC 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 given 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 be informed of the right to appeal such costs to the PUC 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.

#### Section 3.05 - Applying for Service

The Utility will provide a written service application form to the applicant for each request for service received by the Utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant.

**SECTION 3.0 -- EXTENSION POLICY (Continued)**

Service application forms will be available at the Utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

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. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to Utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. 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, the applicant may refer the matter to the PUC for resolution.

**Section 3.06 - Qualified Service Applicant**

A "qualified service applicant" is an applicant who has: (1) met all of the Utility's requirements for service contained in this tariff, PUC rules and/or PUC order, (2) has made payment or made arrangement for payment of tap fees, (3) has provided all easements and rights-of-way required to provide service to the requested location, (4) delivered an executed customer service inspection certificate to the Utility, if applicable, and (5) has executed a customer service application for each location to which service is being requested.

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

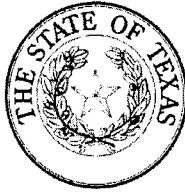
**Section 3.07 - Developer Requirements**

As a condition of service to a new subdivision, the Utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property.

**DOCKET NO. 42982**

<b>APPLICATION OF HMW SPECIAL</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>UTILITY DISTRICT AND QUADVEST</b>	<b>§</b>	
<b>L.P. FOR SALE TRANSFER, OR</b>	<b>§</b>	<b>OF TEXAS</b>
<b>MERGER OF FACILITIES AND TO</b>	<b>§</b>	
<b>AMEND A CERTIFICATE OF</b>	<b>§</b>	
<b>CONVENIENCE AND NECESSITY IN</b>	<b>§</b>	
<b>MONTGOMERY COUNTY (37656-S)</b>	<b>§</b>	

**PROPOSED CANCELLATION OF HMW'S SEWER CCN NO. 20734**



## **CANCELATION OF CERTIFICATE OF CONVENIENCE AND NECESSITY**

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

### **Certificate No. 20734**

Certificate No. 20734 was canceled by Order of the Commission in Docket No. 42982. H-M-W Special Utility District's facilities were transferred to Quadvest, L.P., CCN No. 20952, in Montgomery County.

Please reference Certificate No. 20952 for the location of maps and other information related to the service area transferred.

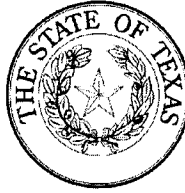
Certificate of Convenience and Necessity No. 20734 is hereby CANCELED by Order of the Public Utility Commission of Texas.

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

**DOCKET NO. 42982**

<b>APPLICATION OF HMW SPECIAL</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>UTILITY DISTRICT AND QUADVEST</b>	<b>§</b>	
<b>L.P. FOR SALE TRANSFER, OR</b>	<b>§</b>	<b>OF TEXAS</b>
<b>MERGER OF FACILITIES AND TO</b>	<b>§</b>	
<b>AMEND A CERTIFICATE OF</b>	<b>§</b>	
<b>CONVENIENCE AND NECESSITY IN</b>	<b>§</b>	
<b>MONTGOMERY COUNTY (37656-S)</b>	<b>§</b>	

**PROPOSED AMENDMENT TO QUADVEST'S SEWER CCN NO. 20952**



# **Public Utility Commission Of Texas**

**By These Presents Be It Known To All That  
Quadvest, L.P.**

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. 20952**

to provide continuous and adequate sewer utility service to that service area or those service areas in Harris, Montgomery and Liberty Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 42982 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Quadvest, L.P., 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, this \_\_\_\_\_ day of \_\_\_\_\_ 2015

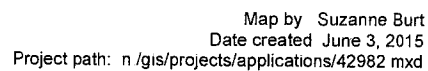
**DOCKET NO. 42982**

<b>APPLICATION OF HMW SPECIAL</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>UTILITY DISTRICT AND QUADVEST</b>	<b>§</b>	
<b>L.P. FOR SALE TRANSFER, OR</b>	<b>§</b>	<b>OF TEXAS</b>
<b>MERGER OF FACILITIES AND TO</b>	<b>§</b>	
<b>AMEND A CERTIFICATE OF</b>	<b>§</b>	
<b>CONVENIENCE AND NECESSITY IN</b>	<b>§</b>	
<b>MONTGOMERY COUNTY (37656-S)</b>	<b>§</b>	

**PROPOSED MAP REGARDING THE SERVICE AREA**

The map displays the CCN 20952 (transferred area) in a hatched pattern. Key features include:

- Neighborhoods:** Noack, Turkey Shoot, Wright, Pinecrest, Cripple Creek, CCN 20952, Lois, Elizabeth, Bunbury, Belle, Morris, Ruby, Richard Kaye, Summer, Autumn, Sheppard, Cates, Valli, Red Fox, Foxwood, Decker Prairie, Rosehl, Christiana, Shannon, Industrial Park, Wiggins, Peden, Kathy, Memory, Memory, Coe County, Jopike, Westbrook, Coco, Sentinel Oaks, Cheryl, Denise, Hollyford, Broadford, Rock Elm, Kingbird, Cactus Wren, Pine Warbler, Park Place, Keen, Brown, Forest Hills Estates, Tomball Hills, Wickford, Limerick, Cameewood, Buckingham, Turnervine, Hirsch, Letz, Heidi, Alice, and Karen.
- Landmarks:** Cemetery, Decker Prairie Cemetery, Baker Cemetery, Virgie Community, and Montgomery County Harris County.
- Streets:** State Hwy 249, Shields, Fish, Decker Prairie Rosehl, and various local streets like Noack, Wright, Pinecrest, Cripple Creek, Lois, Elizabeth, Bunbury, Belle, Morris, Ruby, Richard Kaye, Summer, Autumn, Sheppard, Cates, Valli, Red Fox, Foxwood, Decker Prairie, Rosehl, Christiana, Shannon, Industrial Park, Wiggins, Peden, Kathy, Memory, Memory, Coe County, Jopike, Westbrook, Coco, Sentinel Oaks, Cheryl, Denise, Hollyford, Broadford, Rock Elm, Kingbird, Cactus Wren, Pine Warbler, Park Place, Keen, Brown, Forest Hills Estates, Tomball Hills, Wickford, Limerick, Cameewood, Buckingham, Turnervine, Hirsch, Letz, Heidi, Alice, and Karen.



**DOCKET NO. 42982**

<b>APPLICATION OF HMW SPECIAL</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>UTILITY DISTRICT AND QUADVEST</b>	<b>§</b>	
<b>L.P. FOR SALE TRANSFER, OR</b>	<b>§</b>	<b>OF TEXAS</b>
<b>MERGER OF FACILITIES AND TO</b>	<b>§</b>	
<b>AMEND A CERTIFICATE OF</b>	<b>§</b>	
<b>CONVENIENCE AND NECESSITY IN</b>	<b>§</b>	
<b>MONTGOMERY COUNTY (37656-S)</b>	<b>§</b>	

**PROPOSED TARIFF REGARDING THE SERVICE AREA**



## SEWER UTILITY TARIFF

Docket Number: 42982

Quadvest, L.P.  
(Utility Name)

P.O. Box 409  
(Business Address)

Tomball, Texas 77377  
(City, State, Zip Code)

281/356-5347  
(Area Code/Telephone)

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

20952

This tariff is effective in the following county:

Harris, Montgomery and Liberty

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

None

This tariff is effective in the following subdivisions and water quality permit numbers:

Bauer Road: Permit No. 14675-001

Bella Vista: Permit No. 15061-001

Benders Landing: Permit No. 14755-001

Lonestar Ranch Section III, Lonestar Ranch Section IV and Somerset: Permit No. 14029-001

Creeside Village: Permit No. 14531-001

Magnolia Lakes: Permit No. 1452-001

Magnolia ISD, Mostyn Manor: Permit No. 14711-001

Decker Oaks Subdivision: WQ0013863-001

Grand San Jacinto: WQ0015192-001

Victoria Station: WQ0014266-001

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

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SECTION 2.0 -- SERVICE RULES AND POLICIES .....	4
SECTION 3.0 -- EXTENSION POLICY .....	9

APPENDIX A -- SAMPLE SERVICE AGREEMENT

## SECTION 1.0 - RATE SCHEDULE

Rates Effective April 8, 2013

<u>Meter Size</u>	<u>Monthly Flat Rate</u> (Includes 0 gallons)
5/8" x 3/4"	<u>\$67.50</u>
3/4"	<u>\$67.50</u>
1"	<u>\$67.50</u>
1 1/2"	<u>\$337.50</u>
2"	<u>\$540.00</u>
3"	<u>\$1,012.50</u>
4"	<u>\$1,687.50</u>
6"	<u>\$3,375.00</u>
8"	<u>\$5,400.00</u>
10"	<u>\$7,762.50</u>

Residential sewer service will be billed the monthly flat rate only.

Non-residential service connections will be billed the monthly flat rate plus \$3.33 per 1,000 gallons of actual water meter usage as supplied by the water utility.

Rates Effective January 8, 2014

<u>Meter Size</u>	<u>Monthly Flat Rate</u> (Includes 0 gallons)
5/8" x 3/4"	<u>\$76.00</u>
3/4"	<u>\$76.00</u>
1"	<u>\$76.00</u>
1 1/2"	<u>\$380.00</u>
2"	<u>\$608.00</u>
3"	<u>\$1,140.00</u>
4"	<u>\$1,900.00</u>
6"	<u>\$3,800.00</u>
8"	<u>\$6,080.00</u>
10"	<u>\$8,740.00</u>

Residential sewer service will be billed the monthly flat rate only.

Non-residential service connections will be billed the monthly flat rate plus \$3.33 per 1,000 gallons of actual water meter usage as supplied by the water utility.

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

Cash X, Check X, Money Order X, Credit Card X, Other (specify) Bank Draft

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

## SECTION 1.0 - RATE SCHEDULE CONT.

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

Section 1.02 - Miscellaneous Fees

TAP FEE (Gravity Sewer) for 5/8 x 3/4-inch water meter.....\$790.00  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE.....\$870.00  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD 3/4" and 1" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Large Meter) .....Actual Cost  
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR TAP SIZE INSTALLED.

TAP FEE (Unique costs) .....Actual Cost  
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

## 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.....\$50.00

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 (EITHER \$5.00 OR 10% OF THE BILL) .....10%  
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.

SECTION 1.0 - RATE SCHEDULE CONT.

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

COMMERCIAL & NON-RESIDENTIAL DEPOSIT.....1/6TH OF ESTIMATED ANNUAL BILL

SERVICE RELOCATION FEE ..... Actual Cost to relocate that service connection  
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING SERVICE  
CONNECTION

SEASONAL RECONNECTION FEE:

BASE RATE TIMES NUMBER OF MONTHS OFF THE SYSTEM NOT TO EXCEED SIX MONTHS WHEN  
LEAVE AND RETURN WITHIN A TWELVE MONTH PERIOD.

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 WATER TESTING. [PUC  
Subst. R. 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.

SECTION 1.0 - RATE SCHEDULE

<u>Meter Size</u>	<u>Monthly Flat Rate</u>
5/8" x 3/4"	<u>\$33.00</u>
1"	<u>\$55.00</u>
1 1/2"	<u>\$110.00</u>
2"	<u>\$176.00</u>
2 1/2"	<u>\$264.00</u>
3"	<u>\$330.00</u>
4"	<u>\$550.00</u>

Residential sewer service will be billed the monthly flat rate plus \$7.00 per 1,000 gallons of actual water meter usage.

For sewer rate purposes, residential water usage is based on the average water consumption for December, January and February and is reset annually. Users without usage experience for those months shall be billed \$63.00 per month, based on a 5/8" meter. Non-residential customers are billed on each month's metered water consumption.

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

Cash X, Check X, Money Order X, Credit Card X, Other (specify) Bank Draft

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.

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

Section 1.02 - Miscellaneous Fees

TAP FEE (Standard) for 5/8 x 3/4-inch water meter.....\$750.00  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Non-Standard).....Actual Cost  
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR TAP SIZE INSTALLED.

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

TRANSFER FEE .....\$25.00  
THE TRANSFER FEE WILL BE CHARGED FOR AN APPLICANT FOR SERVICE WHO IS A TRANSFEREE FROM AN EXISTING UTILITY CUSTOMER.

SECTION 1.0 - RATE SCHEDULE CONT.

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) ..... \$5.00  
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 (Maximum \$50)..... \$50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT..... 1/6TH OF ESTIMATED ANNUAL BILL

EQUIPMENT DAMAGE FEE: ..... Actual Costs  
IF FACILITIES OR EQUIPMENT HAVE BEEN DAMAGED DUE TO TAMPERING, NEGLIGENCE, OR UNAUTHORIZED USE OF EQUIPMENT, RIGHT-OF-WAY, OR DUE TO OTHER ACTS FOR WHICH THE UTILITY INCURS LOSSES OR DAMAGES SHOWN TO BE CAUSED BY THE CUSTOMER, THE CUSTOMER SHALL BE LIABLE FOR THE ACTUAL COSTS FOR ALL LABOR, MATERIAL, AND EQUIPMENT USE FEES NECESSARY FOR REPAIR, REPLACEMENT, OR OTHER CORRECTIVE ACTIONS TAKEN BY THE UTILITY. THE UTILITY SHALL PROVIDE AN ITEMIZED BILL OF SUCH CHARGES TO THE CUSTOMER. EXCEPT IN CASES OF METER TAMPERING OR SERVICE DIVERSION, THE UTILITY MAY NOT DISCONNECT SERVICE, OR REFUSE RECONNECTION, OF A CUSTOMER REFUSING TO PAY DAMAGE CHARGES.

CUSTOMER SERVICE INSPECTION FEE ..... \$75.00  
SERVICE APPLICANTS MAY CHOOSE TO HAVE CUSTOMER SERVICE INSPECTIONS REQUIRED BY TCEQ RULE 290.46(j) PERFORMED BY ANY STATE LICENSED INSPECTOR OF THEIR CHOICE. UNLESS THE SERVICE APPLICANT CHOOSES TO ARRANGE FOR AND PAY FOR THE INSPECTION INDEPENDENTLY, THE UTILITY MAY CHARGE SERVICE APPLICANTS THE CUSTOMER SERVICE INSPECTION FEE AT THE TIME THEY APPLY FOR SERVICE.

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 WATER TESTING. [PUC Subst. R. 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.

**SECTION 2.0 – SERVICE RULES AND POLICIES**

The utility will have the most current Public Utility Commission of Texas (PUC or Commission) Rules, Chapter 24, Water Utility Regulation, 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 2.01 – Application for Sewer Service**

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

**Section 2.02 – 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 PUC Rules. In the event that the utility refused 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 that a complaint may be filed with the Commission.

**Section 2.03 – Fees and Charges & Easements Required Before Service Can Be Connected****(A) 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 – Miscellaneous Fees of this tariff. The utility will keep records of the deposit and credit interest in accordance with PUC 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.

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

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

**SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)****(B) Tap or Reconnect Fees**

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. 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 given a written explanation of such costs prior to request for 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 be informed of their right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rate in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

Fees in addition to the regulate tap fee may be charged to cover unique costs not normally incurred as permitted by 30 TAC 24.86(a)(1)(C) if they are listed on this approved tariff. For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

**(C) Easement Requirement**

Where recorded public utility easements on the service applicant's property do not exist or public road right-of-way easements are not available to access the applicant's property, the Utility may require the applicant to provide it with a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant. Such easement(s) shall not be used for the construction of production, storage, transmission or pressure facilities unless they are needed for adequate service to that applicant.

**Section 2.04 - Utility Response to Applications for Service**

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap and utility cut-off 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.

Except for good cause where service has previously been provided, service will be reconnected within one working day after the applicant has met the requirements for reconnection.

**Section 2.05 - Customer Responsibility**

The customer will be responsible for furnishing and laying the necessary customer service pipe from the tap location to the place of consumption. Customers will not be allowed to use the utility's cutoff.

**SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)****2.06 - Access to Customer's Premises**

All customers or service applicants shall provide access to utility cutoffs at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply.

**Section 2.07 - Back Flow Prevention Devices**

No water connection shall be made to any establishment where an actual or potential contamination or system hazard exists without an approved air gap or mechanical backflow prevention assembly. The air gap or backflow prevention assembly shall be installed in accordance with the American Water Works Association (AWWA) standards C510, C511 and AWWA Manual M14 or the University of Southern California Manual of Cross-Connection Control, current edition. The backflow assembly installation by a licensed plumber shall occur at the customer's expense.

The back flow assembly shall be tested upon installation by a recognized prevention assembly tester and certified to be operating within specifications. Back flow prevention assemblies which are installed to provide protection against high health hazards must be tested and certified to be operating within specifications at least annually by a recognized back flow prevention device tester. The maintenance and testing of the back flow assembly shall occur at the customer's expense.

**Section 2.10 - Billing****(A) Regular Billing**

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

**(B) Late Fees**

A late penalty of either \$5.00 or 10% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

(C) Information on Bill

Each bill will provide all information required by the PUC Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a local or toll-free telephone number (or numbers) to which customers can direct questions about their utility service.

(D) Prorated Bills

If service is interrupted or seriously impaired for 24 consecutive hours or more, the utility will prorate the monthly base bill in proportion to the time service was not available to reflect this loss of service.

Section 2.11- Payments

All payments for utility service shall be delivered or mailed to the utility's business office. If the business office 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.

Section 2.12 - Service Disconnection

(A) With Notice

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered. The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

Notice of termination must be a separate mailing or hand delivery in accordance with the PUC Rules.

(B) Without Notice

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.13 - Reconnection of Service

Utility personnel must be available during normal business hours to accept payments on the day service is disconnected and the following day unless service was disconnected at the customer's request or due to a hazardous condition. Service will be reconnected within 24 hours after the past due bill, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are corrected.

Section 2.14 - 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.

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain and operate production, treatment, storage, transmission, 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 effluent of the quality required by its discharge permit issued by the Commission. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the TCEQ Rules.

Section 2.16 - 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 TCEQ 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.

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 2.17 - Customer Liability

Customer shall be liable for any damage or injury to utility-owned property shown to be caused by the customer.

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 Utility is not required to extend service to any applicant outside of its certified service area and will only do so under terms and conditions mutually agreeable to the Utility and the applicant, in compliance with PUC rules and policies, and upon extension of the Utility's certified service area boundaries by the PUC.

The applicant for service 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.

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

Within its certified area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision.

However, if the residential customer requesting service purchased the property after the developer was notified in writing 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.

Residential customers 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 additional cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

Unless an exception is granted by the PUC, the residential service applicant shall not be required to pay for costs of main extensions greater than 6" in diameter for gravity wastewater lines.