



Control Number: 42982



Item Number: 22

Addendum StartPage: 0

DOCKET NO. 42982

**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)**

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§
§

**PUBLIC UTILITY COMMISSION
OF TEXAS**

2015 JUL 17 AM 11:03
FILING CLERK

PROPOSED NOTICE OF APPROVAL

Commission Staff of the Public Utility Commission of Texas files this Proposed Notice of Approval.

Date: July 17, 2015

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director
Legal Division

Shelah J. Cisneros
Managing Attorney
Legal Division



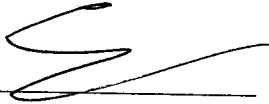
Sam Chang
State Bar No. 24078333
Attorney, Legal Division

Public Utility Commission of Texas
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(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 was served on all parties of record on July 17, 2015,
in accordance with 16 TAC § 22.74.



Sam Chang

DOCKET NO. 42982

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

PROPOSED NOTICE OF APPROVAL

This Notice of Approval addresses the application filed by HMW Special Utility District (HMW SUD) and Quadvest, L.P. regarding the sale and transfer of HMW's facilities in its certificated area in Montgomery County, Texas and corresponding sewer certificate of convenience and necessity (CCN No. 20734) to Quadvest. On June 19, 2015, Commission Staff (Staff) of the Public Utility Commission of Texas (Commission) recommended that the Commission approve HMW SUD and Quadvest's application and the sale and transfer of HMW SUD's facilities in Montgomery County, Texas and corresponding sewer CCN No. 20734 to Quadvest.

The Commission approves HMW SUD and Quadvest's application and the sale and transfer of HMW SUD's facilities in Montgomery County, Texas and corresponding sewer CCN No. 20734 to Quadvest. The Commission makes the following findings of fact and conclusions of law:

I. Findings of Fact

1. HMW SUD is the seller/transferor. HMW SUD owns certain facilities and holds corresponding sewer CCN No. 20734 for a certificated service area in Montgomery County, Texas.
2. Quadvest is the purchaser.
3. On July 3, 2013, HMW SUD and Quadvest filed with the Texas Commission on Environmental Quality (TCEQ) their sale/transfer/merger application requesting Commission approval of the sale and transfer of HMW SUD's facilities in Montgomery County, Texas and corresponding sewer CCN No. 20734 to Quadvest.
4. On September 5 and 27, 2013, Quadvest submitted to the TCEQ its affidavit regarding

nhudgins

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DOCKET NO. 42982

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

MOTION TO ADMIT EVIDENCE

Commission Staff of the Public Utility Commission of Texas files this Joint Motion to Admit Evidence. Staff requests that certain evidence be admitted into the record in support of its Proposed Notice of Approval. In support of its Motion to Admit Evidence, 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.

On June 19, 2015, Staff filed its Recommendation. Staff recommended that the Commission approve HMW SUD and Quadvest's application and the sale and transfer transaction between HMW SUD and Quadvest.

On July 17, 2015, Staff filed its Proposed Notice of Approval.

II. Motion to Admit Evidence

The parties request that the following attached evidence be admitted as evidence in the record:

- a. Exhibit 1: HMW SUD and Quadvest's application and accompanying documents (attached);
- b. Exhibit 2: April 17, 2014 approval letter from TCEQ to Quadvest (attached);
- c. Exhibit 3: Quadvest affidavits regarding notice to customers and affected parties (attached);

- d. Exhibit 4: Closing documents submitted by Quadvest (filed on May 6, 2015)
- e. Exhibit 5: HMW SUD's signed Consent Form (filed on June 25, 2015);
- f. Exhibit 6: Quadvest's signed Consent Form (filed on June 25, 2015); and
- g. Exhibit 7: Staff's Recommendation and accompanying attachments (filed on June 19, 2015).

III. Conclusion

The parties request that the evidence attached to this Joint Motion to Admit Evidence be admitted into the record. The parties further request any and all other relief to which they are justly entitled.

Date: July 17, 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

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Sam Chang

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APPLICATION OF HMW SPECIAL	§	PUBLIC UTILITY COMMISSION
UTILITY DISTRICT AND QUADVEST	§	
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AMEND A CERTIFICATE OF	§	
CONVENIENCE AND NECESSITY IN	§	
MONTGOMERY COUNTY (37656-S)	§	

EXHIBIT 1: APPLICATION AND ACCOMPANYING DOCUMENTS



APPLICATION FOR SALE, TRANSFER,
OR MERGER OF A RETAIL PUBLIC UTILITY

RECEIVED
2014 SEP 15 AM 11:32
PUBLIC UTILITY COMMISSION
FILING CLERK

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**APPLICATION FOR SALE, TRANSFER,
OR MERGER OF A RETAIL PUBLIC UTILITY**

*RN# *CN# *If known (See instructions)

1. Proposed action of application (check all the boxes that apply):

Sale of ☐ All ☐ Portion of the ☐ Water system(s) under CCN No.:
☒ Acquisition ☒ Sewer system(s) under CCN No.: **20734**
Lease/Rental

Transfer of ☒ All ☐ Portion of the ☐ Certificated water service area – CCN No.:
Certificated sewer service area – CCN No.: **20734**

If only a portion of a system or certificated service area is affected by this transaction, please specify the areas or subdivision involved:

HMW SUD Sewer CCN Area

and to:

Obtain a CCN for the transferee (purchaser) – indicate if purchaser will take the seller's CCN

Amend the transferee's CCN No.:

Merge or consolidate public utilities

Cancel CCN of the transferor (seller)

2. Proposed effective date of this transaction: **November 2013**

(Must be at least 120 days after proper notice is provided)

**QUESTIONS 3 THROUGH 5 APPLY TO THE TRANSFEROR
(CURRENT SERVICE PROVIDER OR SELLER)**

3. For the current CCN holder or service provider please indicate:

A. Name: **HMW SUD**

(Individual, Corporation or Other Legal Entity)

who is a(n): of ☐ Individual ☒ Corporation ☐ WSC ☐ HOA or POA ☐ Other

B. Utility Name (if different than above): **HMW SUD**

Address: **P.O. Box 837, Pinehurst, TX 77362** Telephone: (AC) **281-356-5060**

C. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name: **Jeff Goebel**

Title: **Business Development**

Address: **P.O. Box 409**

Telephone: (AC) **281-305-1112**

Fax: **281-356-5382**

Email: **jeff@quadvest.com**

4. About the last rate increase for the system or facilities being transferred:
A. What was the effective date of the last rate increase?

B. Was notice of this increase provided to the Texas Commission on Environmental Quality or its predecessors?

☐ No ☐ Yes- Application/Docket Number: Date

5. Please provide a list of all customers affected by this transaction who have deposits held by the transferor or seller utility, if any, and include the following information (attach additional sheets if necessary):

Name and Address of Utility Customer	Date of Deposit	Amount of Deposit	Amount of Unpaid Interest on Deposit

Attachment F

Within 30 days of the actual transaction date, and prior to the transfer of the certificate by the TCEQ, the seller must provide proof to the Commission that these customer deposits were returned to the customers or transferred to the purchasing utility. Proof should include a sworn affidavit.

**QUESTIONS 6 THROUGH 16 REFER TO
THE TRANSFeree OR PURCHASER**

6. For the person or entity acquiring the facilities and/or CCN:

Applicant: (Individual, Corporation, or Other Legal Entity)

Utility Name: (If different than above)

Utility Address:

Fax: Email: Telephone (AC):

CCN Numbers held prior to the filing of this application:

7. Check the appropriate box and provide information regarding the legal status of the transferee applicant:

☐ Individual

☐ Home or Property Owners Association

☐ Partnership; attach copy of partnership agreement

☐ Corporation; provide charter number as recorded with the Office of the Secretary of State for Texas:

☐ Non-profit, member-owned, member-controlled Cooperative Corporation (Article 1434(a) Water Supply or Sewer Service Corporation); provide charter number:

☐ Municipally-owned utility

☐ District (MUD, SUD, WCID, etc.)

☐ County

☒ Other (please explain):

8. If the applicant is an *Individual* or sole proprietorship, provide the following information. If not, skip to the next question.

Name:		Email:	
Address:			
Telephone (AC):		Fax (AC):	

9. If the applicant is other than an *Individual* provide the following information regarding the officers or partners of the legal entity applying for the transfer. You must complete either question 8 or question 9, whichever applies to the transferee applicant.

Attachment A

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

- Attach additional sheet(s) if necessary -

- ☛ **Important:**
- If the applicant is a for-profit corporation, please provide a copy of the corporation's "Certification of Account Status" from the State Comptroller Office. This "Certification of Account Status" can be obtained from:

Texas Comptroller of Public Accounts

P. O. Box 13528, Capitol Station
Austin, Texas 78711
1-800-252-5555

- If the applicant is an Article 1434a water supply or sewer service corporation or other non-profit corporation, please provide a copy of the Articles of Incorporation and By-Laws.

10. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name:	Jeff Goebel	Title:	Business Development
Address:	P.O. Box 409, Tomball, TX 77377	Telephone (AC):	281-305-1112
Fax #	281-356-5382	Email	jeff@quadvest.com
Relationship to the applicant:	Business Development		

IF THERE ARE MORE THAN TWO PARTIES INVOLVED IN THIS TRANSACTION, PLEASE ATTACH SHEETS PROVIDING THE INFORMATION REQUIRED IN QUESTION 6 THROUGH QUESTION 10 FOR EACH PARTY

11. Please respond to each of the following questions. Attach additional sheets if necessary.

A. Describe the experience and qualifications of the applicant to provide adequate utility service to the requested area

Quadvest has been in the IOU industry for over 30 years. Quadvest serves multiple subdivisions near this service area.

B. Has the applicant acquiring the CCN or facilities or an affiliated interest of the applicant been under enforcement action by the TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG) or the Environmental Protection Agency (EPA) in the past for noncompliance with rules, orders or State Statutes? ☐ Yes ☒ No

If yes, please attach copies of any correspondence with these regulatory agencies concerning these enforcement actions and describe any actions and efforts to comply with those requirements. Attach additional sheets if needed.

C. Describe the source and availability of funds required to make the planned or required improvements, if any, to meet minimum requirements of the TCEQ and ensure continuous and adequate service.

Co Bank

D. Describe the anticipated impact of this transaction on the quality of utility service and explain any anticipated changes in the quality of service.

HMW's current facility has reached its flow capacity. Quadvest intends to divert the flow to a nearby Quadvest facility and retire the HMW facility.

E. How will the transaction serve the public interest?

Improve sewer service and eliminate a permitted wastewater treatment plant.

12. Please describe the nature of the proposed transaction:

Sale of assets to Quadvest

13. If the transferee applicant is an Investor Owned Utility (IOU) and will be under the rate jurisdiction of the TCEQ, please provide the following information. Water supply or sewer service corporations and political subdivisions of the state should mark this section N/A:

A.

• Total Purchase Price: 142,040

• Total Original Cost (as recorded on books of seller or merging entity): 533,410

• Accumulated Depreciation as of the proposed effective date of the transaction: 162,429

• Contributions in Aid of Construction:

- Specific surcharges approved by TCEQ:

- Revenues from explicit customer agreements:

- Developer Contributions (please explain):

- Other Contributions (please explain):

Total Contributions in Aid of Construction

• Net Book Value: 370,981

☛ If the Original Cost or any of the above items has been established in a rate case proceeding by the PUC, the TWC or the TCEQ, please provide the Application/Docket Number and date:

Application/Docket Number:

Date:

☛ If the applicant is not under the rate jurisdiction of the TCEQ, only the purchase price and information related to Contributions in Aid of Construction is required.

B. Please provide any other information concerning the nature of the transaction you believe should be given consideration if not explained elsewhere in the application.

[attach additional sheet(s) if necessary]:

The applicant plans to replace aged collection lines and rehab existing lift stations.

- C. Complete the following proposed entries listed below as shown in books of purchasing (or surviving) company. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations.

Utility Plant in Service:	533,410
Plant Acquisition Adjustment:	228,941
Extraordinary Loss on Purchase:	
Accumulated Depreciation of Plant:	162,429
Cash:	32,600
Notes Payable:	109,440
Mortgage Payable:	
Others (please list):	

As the purchaser, I understand that it is my responsibility in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service.

Purchaser's Initials: CS Date: 7-1-13

14. Please indicate the proposed effect of this transaction on the rates to be charged to the affected customers:
- ☒ All the customers will be charged the same rates as they were charged before the transaction. Attachment B
- ☐ Some All customers will be charged different rates than they were charged before the transaction.

If rates are changing, please explain:

--

Applicant is an IOU and intends to file with the Commission or municipal regulatory authority an application to change rates of some/all of its customers as a result of this transaction. If so, please explain:

--

Other. Please explain:

--

15. List all neighboring water and /or sewer utilities, cities, and political subdivisions providing the same service within two (2) miles of area affected by this proposed transaction. This information should be available from the water utility database (WUD) or Applicant's licensed water operator.

Quadvest, South Central Water Company, Aqua Texas, Harris Co MUD 480, Hardin Store Road MUD 1, Woodtrace MUD 1, Woodtrace MUD 2, Woodtrace MUD 3, Harris County, Montgomery County, Lone Star GCD, HGSD, City of Tomball, City of Magnolia
--

16. Financial, Managerial and Technical information for the acquiring entity.

Attachment C

HISTORICAL BALANCE SHEETS

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
TOTAL ASSETS						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
TOTAL						
LONGTERM LIABILITIES						
Notes Payable, Long-term						
Other						
TOTAL LIABILITIES						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES AND EQUITY						
WORKING CAPITAL						
CURRENT RATIO						
DEBT TO EQUITY RATIO EQUITY TO TOTAL ASSETS						

HISTORICAL INCOME STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
METER NUMBER						
Existing Number of Taps						
New Taps Per Year						
Total Meters at Year End						
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

HISTORICAL EXPENSES STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year						
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year						
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
TOTAL ASSETS						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
Total						
LONGTERM LIABILITIES						
Notes Payable, Long-term						
Other						
TOTAL LIABILITIES						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES AND EQUITY						
WORKING CAPITAL						
CURRENT RATIO						
DEBT TO EQUITY RATIO						
EQUITY TO TOTAL ASSETS						

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps						
New Taps Per Year						
Total Meters at Year End						
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year						
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year						
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income						
Depreciation (If Funded)						
Loan Proceeds						
Other						
Total Sources						
USES OF CASH						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
Total Uses						
NET CASH FLOW						
DEBT SERVICE COVERAGE						
Cash Available for Debt						
SERVICE (CADS)						
Net Income (Loss)						
Depreciation, or Reserve Interest						
Total						
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest						
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS						

**PLEASE ANSWER QUESTIONS 17 THROUGH 22 ON A DIFFERENT SHEET
FOR EACH PHYSICALLY DISTINCT SYSTEM BEING
TRANSFERRED OR ACQUIRED**

17. A. For Water Systems. TCEQ Public Water System Identification Number:

Date of last inspection:

B. For Wastewater Systems:

-TCEQ Discharge Permit Number: W Q -

-Name of Permittee: **HMW Special Utility District**

-Date of application to transfer Discharge Permit submitted:

-Date of application to transfer Discharge Permit approved by TCEQ:

18. A. Are any improvements required to meet TCEQ standards? ☐ Yes ☒ No. If yes, please explain:

Not at this time. However, the applicant plans on replacing aged collection lines and upgrading lift stations as needed.

B. Is there a moratorium on new connections? ☐ Yes ☒ No. If yes, please explain:

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ standards (attach additional sheets if necessary):

Description of the Required Improvement	Schedule to Complete	Estimated Cost
Divert wastewater flow to existing Quadvest facility	11/2014	150,000

19. Does the system being transferred operate within the city limits of a municipality or within district boundaries? ☐ Yes ☒ No

If yes, indicate the number of customers within the city limits or district boundaries:

Water Sewer

Attach copy of franchise agreement or consent letter from the city or district.

20. Do you currently purchase water or sewer treatment capacity from another source? ☐ Yes ☒ No
Water Sewer Purchased on a Regular Seasonal Emergency Basis

• Source: % of total supply:

**PLEASE ANSWER QUESTIONS 17 THROUGH 22 ON A DIFFERENT SHEET
FOR EACH PHYSICALLY DISTINCT SYSTEM BEING
TRANSFERRED OR ACQUIRED**

17. A. For Water Systems. TCEQ Public Water System Identification Number:

--	--	--	--	--	--	--	--

Date of last inspection:

--

B. For Wastewater Systems:

-TCEQ Discharge Permit Number:

W	Q	1	4	2	6	6	-	0	0	1
---	---	---	---	---	---	---	---	---	---	---

-Name of Permittee: **HMW Special Utility District**

-Date of application to transfer Discharge Permit submitted:

--

-Date of application to transfer Discharge Permit approved by TCEQ:

--

18. A. Are any improvements required to meet TCEQ standards? ☐ Yes ☒ No. If yes, please explain:

Not at this time. However, the applicant plans on replacing aged collection lines and upgrading lift stations as needed.

B. Is there a moratorium on new connections? ☐ Yes ☒ No. If yes, please explain:

--

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ standards (attach additional sheets if necessary):

Description of the Required Improvement	Schedule to Complete	Estimated Cost
Divert wastewater flow to existing Quadvest facility	11/2014	150,000

19. Does the system being transferred operate within the city limits of a municipality or within district boundaries? ☐ Yes ☒ No

If yes, indicate the number of customers within the city limits or district boundaries:

Water Sewer

Attach copy of franchise agreement or consent letter from the city or district.

20. Do you currently purchase water or sewer treatment capacity from another source? ☐ Yes ☒ No
Water Sewer Purchased on a Regular Seasonal Emergency Basis

• Source: % of total supply:

21. List the number of existing connections to be effected by this transaction. Attachment F

Water				Sewer	
	-Non Metered		-2" meter	-Residential Connection	109
	-5/8" or 3/4" meter		-3" meter	-Commercial Connection	36
	-1" meter		-4" meter	-Industrial Connection	0
	-1 1/2" meter		-Other	-Other	0
Total Water Connections:				Total Sewer Connections	145

20. Has the system reached 85% of its capacity based on TCEQ's minimum requirements? ☐ Yes ☒ No
If yes, please explain what steps are being taken to address the capacity issues:

23. List the name, class, and license number of the operator(s) that will be responsible for the system:

Name	Class	License#
Quadvest, L.P.		
The operator is yet to be determined		

24. Attach the following maps with each copy of the application: Attachment D

- a. One small scale map clearly showing affected service area with enough detail to accurately locate the area if the application is for the transfer of all or a portion of a CCN.
- b. One large scale map showing the proposed service area boundaries being sold, transferred, or merged and, if available, the existing and proposed facilities. Color coding should be used to differentiate existing from proposed facilities. Facilities and service area boundaries should be shown with such exactness that they can be located on the ground. If transferring area not currently in a CCN or a portion of an existing CCN area please attach the following hard copy maps with each copy of the application:
 1. A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
 2. A map showing only the proposed area by:
 - i. metes and bounds survey certified by a licensed state or registered professional land surveyor; or
 - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled, data disk should be included); or
 - iii. following verifiable natural and man-made landmarks, or
 - iv. a copy of recorded plat map with metes and bounds.
 3. A written description of the proposed service area.

OATH FOR SELLER OR FORMER SERVICE PROVIDER

STATE OF Texas

COUNTY OF Montgomery

I, Mark Pinter, being duly sworn, file this application for sale, lease, rental or merger or consolidation as Applicant (indicate relationship to applicant) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant; that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that I have provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Section 13.301(j) and copies of any outstanding Orders of the Commission or Attorney General and have also complied with the notice requirements in Section 13.301(k) of the Water Code.

Mark Pinter

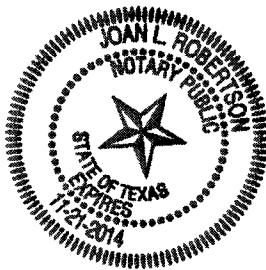
AFFIANT

(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, day 1st of July, 20 13.

SEAL



Joan L. Robertson
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Joan L. Robertson
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 11-21-2014

One copy of this page must be submitted for each utility involved in this transaction.

OATH FOR PURCHASER OR ACQUIRING ENTITY

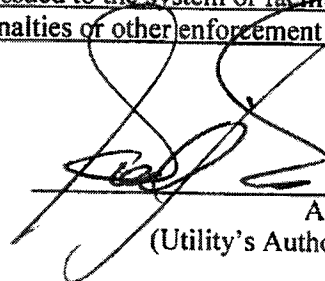
STATE OF Texas

COUNTY OF Montgomery

I, Simon Sequeira, being duly sworn, file this application for

sale, lease, rental or merger or consolidation as President
(*indicate relationship to applicant*) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant; that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I am also authorized and do agree to be bound by and comply with any outstanding orders of the Commission or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.



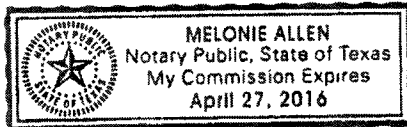
AFFIANT
(Utility's Authorized Representative)


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

Applicant represents that all other parties to this transaction have been furnished copies of this completed application.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,
day 1 of July, 20 11.

SEAL





NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

melonie allen

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 4/27/16

One copy of this page must be submitted for each utility involved in this transaction.

FORM A

Application No. _____

Notice to Current Customers, Neighboring Systems and Cities

HMW SUD _____ 'S
(Seller's or Transferor's Name)

NOTICE OF INTENT TO SELL FACILITIES AND TRANSFER CERTIFICATE OF CONVENIENCE AND
NECESSITY (CCN) NO 20734 TO Quadvest, L.P.

IN Montgomery _____ (Purchaser's or Transferee's Name)
COUNTY, TEXAS

To: Quadvest, L.P. Date Notice Mailed _____, 20 ____
(Name of Customer, Neighboring System or City)

P.O. Box 409

(Address)

Tomball _____ TX _____ 77377
City State Zip

HMW SUD	P.O. Box 837	Pinehurst, TX 77362
Sellers or Transferors' Name	Address	City/State/Zip Code

has submitted an application with the Texas Commission on Environmental Quality to sell facilities and transfer
water or sewer (please select) CCN No. 20734 in Montgomery [County Name]

County to:

Quadvest, L.P.	P.O. Box 409	Tomball, TX 77377
Purchasers or Transferee's Name	Address	City/State/Zip Code

The sale is scheduled to take place as approved by the Executive Director (V.T.C.A., Water Code §13.301). The
transaction and the transfer of the CCN include the following subdivision(s) and zip codes:

77362

The area subject to this transaction is located approximately 3 miles Northwest [direction] of
downtown Tomball _____, [City or Town] Texas, and is **generally** bounded on the north by
Decker Prairie Road _____; on the east by Vallie Road _____
; on the south by Spring Creek _____; and on the west by Baker Cemetery Road _____

The total area being requested includes approximately 1439 acres and serves 146 current customers.
This transaction will have the following effect on the current customer's rates and services:
rates will stay the same

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

- (1) state your name, mailing address and daytime telephone number;
- (2) state the applicant's name, application number or another recognizable reference to this application;
- (3) include the statement "I/we request a public hearing";
- (4) write a brief description of how you, the persons you represent, or the public interest would be adversely affected by the proposed transaction and transfer of the CCN; and
- (5) state your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The Executive Director will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no protests or requests for hearing are filed during the comment period, the Executive Director may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

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

Se desea informacion on Espanol, puede llamar al 512-239-0200.

Jeff Goebel

Utility Representative

Quadvest, L.P.

Utility Name

FORM B

Application No. _____

Notice to Current Customers, Neighboring Systems, Landowner and Cities

HMW SUD _____ 'S NOTICE OF INTENT TO SELL FACILITIES TO
 (Seller's or Transferor's Name)

Quadvest, L.P. _____ AND FOR Quadvest, L.P.,
 (Purchaser's or Transferee's Name) Purchaser's or Transferee's Name)

TO OBTAIN OR AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) IN
 Montgomery _____ COUNTY, TEXAS

To: South Central Water Company _____ Date Notice Mailed _____, 20 _____
 (Name of Customer, Neighboring System, Landowner or City)

P.O. Box 570177

 (Address)
 Houston TX 77257
 City State Zip

HMW SUD	P.O. Box 837	Pinehurst, TX 77362
Sellers or Transferors' Name	Address	City/State/Zip Code

has submitted an application with the Texas Commission on Environmental Quality to sell water or sewer (please select) Facilities in Montgomery _____ [County Name] County to:

Quadvest, L.P.	P.O. Box 409	Tomball, TX 77377
Purchasers or Transferee's Name	Address	City/State/Zip Code

The transferee has also requested to obtain/amend a CCN in this application. The sale is scheduled to take place as approved by the Executive Director (V.T.C.A., Water Code §13.301). The transaction and the proposed service area include the following subdivision(s) and zip codes:

77362

The area subject to this transaction is located approximately 3 miles Northwest [direction] of downtown Tomball _____, [City or Town] Texas, and is **generally** bounded on the north by Decker Prairie Road _____; on the east by Vallie Road _____; on the south by Spring Creek _____; and on the west by Baker Cemetery Road _____

The total area being requested includes approximately 1439 acres and serves 145 current customers. This transaction will have the following effect on the current customer's rates and services:
 Rates will not change

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

- (1) state your name, mailing address and daytime telephone number;
- (2) state the applicant's name, application number or another recognizable reference to this application;
- (3) include the statement "I/we request a public hearing";
- (4) write a brief description of how you, the persons you represent, or the public interest would be adversely affected by the proposed transaction and transfer of the CCN; and
- (5) state your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The Executive Director will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no protests or requests for hearing are filed during the comment period, the Executive Director may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

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

Se desea informacion on Espanol, puede llamar al 512-239-0200.

Jeff Goebel

Utility Representative

Quadvest, L.P.

Utility Name

Attachment A

Quadvest, L.P. Ownership

Yvette Castro	14.28%	Secretary
Bartlett Sequeira	14.28%	Vice President
Gary Sequeira	14.29%	
Simon Sequeira	14.29%	President
Tamara Sequeira	14.29%	
Mandi Brown	14.28%	
Sharon Sequeira	14.29%	



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

January 31, 2013

CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO
HEREBY CERTIFY that according to the records of this office

QUADVEST, L.P.

is, as of this date, in good standing with this office having no franchise
tax reports or payments due at this time. This certificate is valid through
the date that the next franchise tax report will be due May 15, 2013.

This certificate does not make a representation as to the status of the
entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the converted
entity is subject to franchise tax as required by law. This certificate is
not valid for any other filing with the Texas Secretary of State.

GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the City of
Austin, this 31st day of
January 2013 A.D.

A handwritten signature in cursive script that reads "Susan Combs".

Susan Combs
Texas Comptroller

Taxpayer number: 17421243712
File number: 0800539284

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

Attachment B

PATRICK F. TIMMONS, JR.
ATTORNEY AT LAW

8556 KATY FREEWAY, SUITE 120
HOUSTON, TX 77024-1806

MEMBER
COLLEGE OF THE STATE BAR OF TEXAS

TELEPHONE (713)465-7638
FACSIMILE (713)465-9527

(PFT) p_timmons@earthlink.net
(Asst) pft_admin@earthlink.net

FAX TRANSMITTAL COVER

Date: 7/24/03

To: Jeff Goeld/Quadrant

From: PFT

Fax /Email: jeff@quadrant.com

MESSAGE/COMMENTS:

Jeff:
Most recent fax enclosed.
Jim

TOTAL PAGES (INCLUDING TRANSMITTAL SHEET): 5/

ORIGINAL/COPY: ☒ WILL ☐ WILL NOT - FOLLOW BY MAIL

CONFIDENTIALITY NOTICE

THIS FAX TRANSMISSION MAY CONTAIN CONFIDENTIAL INFORMATION THAT IS LEGALLY PRIVILEGED, AND IT IS INTENDED
SOLELY FOR THE NAMED ADDRESSEE. IF YOU RECEIVE THIS FAX IN ERROR, PLEASE CALL US IMMEDIATELY TO ARRANGE FOR THE
RETURN OF THE FAXED PAGES AT OUR COST. PERMISSION TO DISCLOSE THE INFORMATION IN THIS FAX TO ANYONE OTHER
THAN THE ADDRESSEE IS EXPRESSLY DENIED, AND ANY UNAUTHORIZED DISCLOSURE MAY RESULT IN LIABILITY FOR DAMAGES.

**HMW SPECIAL UTILITY DISTRICT
OF
HARRIS AND MONTGOMERY
COUNTIES**

RATE TARIFF AND ORDER

May 15, 2013

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RATE TARIFF AND ORDER

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE H-M-W SPECIAL UTILITY DISTRICT OF HARRIS AND MONTGOMERY COUNTIES THAT:

1. This Tariff and Rate Order of the H-M-W Special Utility District of Harris and Montgomery Counties (the "District"), which serves portions of Harris and Montgomery Counties, consisting of this resolution and the attached Sections A. through F., with Exhibits, is hereby adopted and enacted. This Tariff and Rate Order (the "Order") supersedes all water and sewer rates and policies related to the delivery of water and sewer services that were adopted prior to July 20th, 2011.
2. From its inception, the District adopted the operating policies and procedures of H-M-W Water Supply Corporation by resolution adopted on May 26, 1998. From and after June 24, 1998, the District assumed the existing obligations of the corporation, pursuant to an additional resolution adopted on May 26, 1998.
3. The adoption of the provisions of this Order shall not affect any offense or act committed or done, or any penalty or forfeiture incurred, or any contract or vested right established or accruing before the effective date of this Order.
4. An official copy of this Order shall be available to members of the public during the regular office hours of the District. Requests for copies shall be subject to reproduction charges. The Secretary of the District shall maintain the original hereof as adopted, and clearly identify any amendments thereto.
5. The provisions of this Order shall take effect immediately according to their terms and date of adoption, however, applicable law and the regulations of state and federal agencies with applicable jurisdiction shall override the terms of this Order in the event they are in conflict. If any portion of this Order is declared unconstitutional or invalid for any purpose, the remainder shall continue in full force and effect and shall not be affected thereby.

APPROVED this 15th day of May, 2013.

H-M-W Special Utility District of
Harris and Montgomery Counties

By: 

Mark Pinter, President

SECTION A. GENERAL PROVISIONS

1. **Organization.** The District is a Texas water district and special utility district under Chapters 49 and 65, Texas Water Code. Its purpose is to provide water and wastewater utility services as permitted by applicable law. Its operating policies, bylaws, rates, tariffs, and regulations are formulated and effected by a Board of Directors elected by the voters of the District.
2. **Non-Discrimination.** The District provides services to all resident customers eligible therefor, under applicable law who comply with the provisions of this order, regardless of race, creed, color, national origin, sex or marital status.
3. **Rules Application.** The rules and regulations specified herein apply to the water and wastewater services furnished by the District. The failure of a consumer of such services to observe the District's rules and regulations, after due notice of such failure, permits the District to deny or to discontinue service as provided herein and by applicable law.
4. **District Bylaws and Policies.** The District has adopted bylaws which, among other matters, provide for the election of the Board of Directors, establish District policies, provide for annual and regular meetings of the Board of Directors and establish other regulations for the governance of the District. Such bylaws are incorporated by reference herein, as amended from time to time, and are on file for inspection in the District's office. In addition, the District has adopted certain policies by resolution, from time to time, on various subjects including its Water Conservation Plan, Election Order, Substance Abuse Policy and other matters. Such policies are incorporated by reference herein, as amended from time to time, and are on file for inspection in the District's office.
5. **District Ordinances.** The District has adopted certain of its rules and policies as ordinances in accordance with Sections 65.205 - 65.208, Texas Water Code, in order to provide for their enforcement as the penal ordinances of a city under applicable law.
6. **Damage Liability.** The District is not liable for damages caused by service interruptions, events beyond its control, normal system failures and otherwise as provided by law.

7. **Information Disclosure.** The records of the District are maintained in the District's office in Magnolia, Texas, and other locations as provided by the Board of Directors. All information collected, assembled and maintained shall be disclosed to the public in accordance with the Texas Open Records Act, Chapter 552, Texas Government Code. An individual customer who seeks the disclosure of such records may request in writing that their name, address, telephone number, or social security number be kept confidential. Such confidentiality does not prohibit the utility from disclosing this information to an official or employee of the state or a political subdivision of the state acting in an official capacity or an employee of a utility acting in connection with the employee's duties. The District shall give its customers notice of rights to confidentiality under this policy and all prevailing associated fees for such request.
8. **Customer Notice Provisions.** The District shall give written notice of the consideration by the Board of Directors of proposed rate changes, as required by Chapter 551, Texas Government Code, at least three (3) days prior to the effective date of the proposed rate or rates. Following adoption, notice thereof shall be given by mail or hand delivery. Such notice shall contain the former and newly adopted rates, effective date of the newly adopted rates, and the name and phone number of the District's contact person for inquiries about the rate change.
9. **Fire Protection - Reserved.**
10. **Grievance Procedures.** Any resident of the District shall have an opportunity to voice concerns or grievances to the District by the following means and procedures:
- a. By presentation of concerns to the General Manager or authorized staff member for discussion and resolution;
 - b. If not previously resolved, by presenting a request to be heard by the Board of Directors;
 - c. If presented to the Board of Directors, a designated officer or committee thereof, and/or legal counsel shall hear the complaint as directed by the Board;
 - d. Action by officers, committees or staff shall be reported to the Board of Directors for review;
 - e. The Board of Directors shall act upon the complaint based on all information available as quickly as possible, and direct the President or representative to respond in writing; and

- f. Any charges or fees contested as a part of the complaint to the District under this policy shall be suspended until a final decision is made by the Board of Directors.

SECTION B. DEFINITIONS

ACCESS: In this order, "access" means (1) legal access satisfactory to the District, and (2) physical access to the meter, lines and equipment on the Utility Customer's property, or to the property itself, as required by District personnel, without the risk of injury or danger occasioned by the acts or omissions of the owner or occupant of the property, including but not limited to the existence of a hazardous condition on the property.

ACTIVE SERVICE: The service status in which the Utility Customer is receiving authorized water service under the provisions of this Order.

AMMONIA: The form of inorganic dissolved nitrogen found in wastewater that results from the degradation of organic nitrogen compounds with the formula $\text{NH}_3\text{-N}$, measured in milligrams per liter ("mg/l").

APPLICANT: A person, partnership, cooperative corporation, corporation, federal, state or local government agency, or other public or private organization of any character that (1) applies for water or sewer utility service, or (2) is deemed by the District to be an Applicant as provided in the definition of Utility Customer as set forth below.

BIOCHEMICAL OXYGEN DEMAND: The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure, five (5) days at twenty degrees Centigrade (20° C./68° F.) expressed in mg/l(hereinafter called "BOD").

BOARD OF DIRECTORS: The Board of Directors elected by the voters of the District, as provided by Chapters 49 and 65, Subchapter C, Texas Water Code, applicable provisions of the Texas Election Code, its Election Order dated March 18, 1998, and subsequent Election Orders.

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY: The authority held by the District under Chapter 13, Subchapter G of the Texas Water Code to provide retail water utility service.

COMMERCIAL: Regarding utility service and Utility Customers as defined in this Order, service to the owner, operators, employees, customers and other invitees of a business or other water or wastewater user that is not residential, as defined in this Order, as specified in the Utility Customer's Service Application and Agreement.

DISCONNECTION OF SERVICE: In accordance with this Order, the locking or removal of a water meter or other action to prevent the use of water by a Utility Customer.

DISTRICT BYLAWS AND POLICIES: The bylaws and policies referred to in Section A., Paragraph 4. of this Order, including any new or amended bylaws and policies as enacted from time to time.

GROUNDWATER CONSERVATION FEE: The fee charged by the District to its Montgomery County customers to recover the fees charged to the District by the Lone Star Groundwater Conservation District of Montgomery County ("LSGCD"), as provided by Subsection C.2. of this Order.

HAZARDOUS CONDITION: A condition that jeopardizes the health or safety of a Utility Customer, other user of water or wastewater service provided by the District, District employee or agent acting in the course of their duties or member of the public, or that prevents or will prevent the safe and lawful delivery of water or wastewater service, as determined by the District or a federal, state or local regulatory authority with jurisdiction.

LONE STAR GROUNDWATER CONSERVATION DISTRICT: The groundwater conservation district for Montgomery County, created by the 77th Texas Legislature, with powers under Chapter 36, Texas Water Code, as provided by House Bill No. 2362.

METERING PERIOD: The time period of approximately thirty (30) days for which water usage is calculated monthly for each Utility Customer by reading the customer's water meter.

NON-STANDARD SERVICE: Service by the District as defined in Section D.2. of this Order.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY: The regional water authority for portions of northern Harris County, created by the 76th Texas Legislature, as provided by House Bill No. 2965, as thereafter amended (herein, the "NHCRWA").

NOTICE: For the purpose of disconnection with notice under Paragraph D.13.a. of this Order, and except as otherwise provided in such paragraph, other provisions of this Order, and the District's Water Conservation Plan, notice shall be in writing and further action by the District shall occur no earlier than seventy two (72) hours after notice is delivered. Notice by mail is deemed delivered upon the District's tender of notice to the United States Postal Service, with postage prepaid, to the Utility Customer at the address provided thereby to the District. At the option of the Utility Customer, authorized in writing, notice may be delivered by email.

ORDINANCE: A policy or regulation of the District enacted as a penal ordinance of a Texas municipality under Sections 65.205 through 65.208, Texas Water Code, and enforceable as provided by Chapter 54, Texas Local Government Code.

PERSON: A natural person, partnership, cooperative, corporation, association, federal, state or local agency or other public or private organization of any character.

PH: The measurement of acidity and alkalinity of liquids, expressed as the logarithm (base 10) of the reciprocal of the concentration of hydrogen ions, expressed in grams per liter.

PRETREATMENT OF WASTEWATER: The treatment of a Utility Customer's wastewater by the Utility Customer, prior to its introduction into the District's wastewater facilities and equipment, as defined and required by Subparagraphs D.21.c.(1), (3) and (4).

PROHIBITED SUBSTANCES: The substances defined in Paragraph D.20.b. and Exhibit A to this Order.

PUMPAGE FEE: A fee based on the pumpage of water from individual water wells, authorized to be imposed and enacted by the NHCRWA and the LSGCD.

RENTER: A consumer of the District's services who rents property from a Utility Customer that may otherwise be termed a lessee or tenant.

RESIDENTIAL: Regarding utility service and Utility Customers as defined in this Order, service to the permanent occupants of the home, apartment unit, trailer home or other residential structure, and their temporary invitees and guests who obtain service within such structure, as specified in the Utility Customer's Service Application and Agreement.

RIGHT-OF-WAY EASEMENT: As used in this Order, a private dedicated right-of-way for the installation, maintenance and use of water and wastewater facilities which allows access to property for the operation, maintenance, replacement, installation or inspection of such facilities.

SANITARY CONTROL EASEMENT: As used in this Order, a restrictive easement described by specific distances from a water well, as prescribed by 30 Texas Administrative Code, Section 290.41, for the purpose of protecting the public water supply from contamination.

SERVICE APPLICATION AND AGREEMENT: A written agreement, also referred to as the Service Agreement, between the Utility Customer and the District outlining the responsibilities of each party regarding the provision of water and wastewater service by the District to the Utility Customer.

SERVICE UNIT: The base unit of service used in facilities design. Unless otherwise provided by this Order, a service unit is the 5/8" X 3/4" water meter.

STANDARD SERVICE: Service by the District as defined in Section D.2. of this Order.

SURFACE WATER FEE: The fee charged by the District to its Harris County customers to recover the fees charged to the District by the North Harris County Regional Water Authority ("NHCRWA"), as provided by Section C.2. of this Order.

TERMINATION OF SERVICE: The termination of a person's status as a Utility Customer of the District at the instance of the Utility Customer or the District as further provided by this Order.

TOTAL SUSPENDED SOLIDS: The solids found in water, wastewater and other liquids, measured in mg/l, that are removable by laboratory filtering (hereinafter called "TSS").

UTILITY CUSTOMER: A person or entity and their lawful successors who are lawfully receiving or have lawfully received water and/or wastewater utility service from the District, and for whom the District maintains a customer account for the purpose of billing and collection of rates, fees and other charges for utility service, provided, that the lawful successor to a named Utility Customer, and/or the actual recipient of water or wastewater service, if other than the named Utility Customer, as determined by the District, may be deemed by the District to be an Applicant for the purposes of this Order. Utility Customers may be either residential or commercial, as further defined in this Order.

WASTEWATER: The non-potable water and other substances introduced into the District's wastewater lines, collection and treatment facilities by any Applicant, Utility Customer or other person or entity.

WASTEWATER CHARGE FACTOR: The numeric fraction or decimal created by application of the formula set forth in Section C., District Sewer Rates, Paragraph 2. of this Order, to be applied to the base and volume sewer rates payable by certain wastewater utility customers.

SECTION C. RATES AND SERVICE FEES

Unless otherwise specified in this Order, all fees, rates and charges as herein stated shall be non-refundable.

The following water and sewer utility rates are enacted for use from and after the reading of meters at the conclusion of the metering periods in mid-September, 2009:

DISTRICT WATER RATES:

1. Base Rates:

The following monthly base water rates shall apply:

<u>Meter Size</u>	<u>Usage in Gallons</u>	<u>Rate</u>
5/8" X 3/4"	Zero	\$ 43.70
1"	Zero	\$ 56.35

1 ½"	Zero	\$112.70
2"	Zero	\$193.20

2. Additional Rates:

The following additional monthly water rates shall apply for meters of every size:

<u>Usage in Gallons</u>	<u>Rate</u>
Zero to 5,000	\$2.00/1,000 gallons
5,000 to 10,000	\$2.50/1,000 gallons
10,000 to 20,000	\$3.00/1,000 gallons
20,000 to 30,000	\$3.50/1,000 gallons
30,000 to 40,000	\$5.25/1,000 gallons
40,000 to 60,000	\$7.50/1,000 gallons
Over 60,000	\$10.00/1,000 gallons

NHCRWA Well Pumpage Fee:

For all Utility Customers within Harris County, an additional fee shall apply to provide reimbursement to the District for the pumpage fees, i.e. fees based on the water pumped from the District's wells, payable by the District to the NHCRWA under applicable law. Beginning with the District's billing to its Utility Customers from and after the conclusion of the metering periods in mid-January, 2010, and continuing thereafter, this additional fee, which includes an allowance for normal water losses that occur after pumpage from wells, shall be \$ 1.93 per 1,000 gallons of water used by and billed to the customer, or any fraction thereof. This additional fee shall be set forth on the District's monthly billings to its Harris County customers as the NHCRWA Surface Water Fee.

LSGCD GROUNDWATER CONSERVATION FEE:

For all Utility Customers within Montgomery County, an additional fee shall apply to provide reimbursement to the District for the pumpage fees payable by the District to the LSGCD under applicable law. Beginning with the District's billing to its Utility Customers from and after the conclusion of the metering periods in mid-December, 2006, and continuing thereafter, this additional fee, which includes an allowance for normal water losses that occur after pumpage from wells, shall be \$.08 per 1,000 gallons of water used by and billed to the customer, or any fraction thereof. This additional fee shall be set forth on the District's monthly billings to its Montgomery County customers as the LSGCD Groundwater Conservation Fee.

MONTGOMERY COUNTY GROUNDWATER REDUCTION FEE:

For all Utility Customers within Montgomery County, an additional fee shall apply to provide reimbursement to the District for the pumpage fees payable by the District to the San Jacinto River Authority ("SJRA"), to be assessed by SJRA for the funding of the construction required by SJRA's Groundwater Reduction Plan for Montgomery County, which the District joined by contract pursuant to the regulatory mandate of LSGCD. Beginning with the District's billings to its Montgomery County customers from and after September 1, 2011, and continuing thereafter, this additional fee, which includes an allowance for normal water losses that occur after pumpage from wells, shall be \$.83/1,000 gallons of water used by and billed to the customer, or any fraction thereof. This additional fee shall be set forth on the District's monthly billings to its Montgomery County customers as the GRP Fee.

GENERATOR POWER ASSESSMENT:

For all utility customers, an additional amount is assessed to provide reimbursement to the district for its costs to finance the purchase and installation of emergency power generators at its Harris and Montgomery county water systems, as provided by Sections 13.1395 and 13.1396, Texas Water Code, for five years beginning in May, 2010. Beginning with the District's billing to its utility customers that follows the metering period that ends in mid-May, 2010, through and including the metering period that ends in mid-April, 2015, such assessment shall be \$3.50 per month for each utility customer. This assessment shall be set forth on the District's monthly billings as the generator power assessment.

DISTRICT SEWER RATES:

1. Base and Volume Rates:

5/8" X 3/4" water meter	\$ 33.00 + \$7.00/1000 gallons of water used
1" water meter	\$ 55.00 + \$7.00/1000 gallons of water used
1 1/2" water meter	\$ 110.00 + \$7.00/1000 gallons of water used
2" water meter	\$ 176.00 + \$7.00/1000 gallons of water used
2 1/2" water meter	\$ 264.00 + \$7.00/1000 gallons of water used
3" water meter	\$ 330.00 + \$7.00/1000 gallons of water used
4" water meter	\$ 550.00 + \$7.00/1000 gallons of water used

For sewer rate purposes, residential water usage is based on the average water consumption for December through 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.