



Control Number: 42982



Item Number: 6

Addendum StartPage: 0

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



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

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

## TABLE OF CONTENTS

Application For Sale, Transfer Or Merger Of A Retail Public Utility .....	2
Information That Apply To The Transferor (Current Service Provider Or Seller) .....	2
Information That Apply To The Transferee Or Purchaser .....	3
Texas Comptroller Of Public Accounts .....	4
Information That Apply To More Than Two Parties Involved In This Transaction .....	5
Historical Balance Sheets .....	8
Historical Income Statement .....	9
Historical Expenses Statement .....	10
Projected Balance Sheets .....	11
Projected Income Statement .....	12
Projected Income Statement Concerning General/Administrative Expenses .....	13
Projected Sources And Uses Of Cash Statements .....	14
Information That Apply To The Physically Distinct System Being Transferred Or Acquired .....	15
Information That Apply To The Franchise Agreement Or Consent Letter From The City Or District. ....	15
Oath For Seller Or Former Service Provider .....	17
Oath For Purchaser Or Acquiring Entity .....	18
Notice To Current Customers, Neighboring Systems And Cities .....	19
Notice To Current Customers, Neighboring Systems, Landowner And Cities .....	21

2013 JUL 3 PM 2 18  
WATER SUPPLY DIV.  
TCEQ  
RECEIVED

6

**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:  **Quadvest, L.P.**  
(Individual, Corporation, or Other Legal Entity)

Utility Name:  **Quadvest, L.P.**  
(If different than above)

Utility Address:  **P.O. Box 409, Tomball, TX 77377**

Fax:  **281-356-5382** Email:  **jeff@quadvest.com** Telephone (AC):  **281-356-5347**

CCN Numbers held prior to the filing of this application:  **11612, 20952**

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):  **Limited Partnership**

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: SR Date: 7-1-15

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

## HISTORICAL INCOME STATEMENT

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

## HISTORICAL EXPENSES STATEMENT

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

### PROJECTED BALANCE SHEETS

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

### PROJECTED INCOME STATEMENT

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

## PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
<b>Total</b>						
<b>% Increase Per Year</b>						
<b>OPERATIONAL EXPENSES</b>						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
<b>Total</b>						
<b>% Increase Per Year</b>						
<b>ASSUMPTIONS</b>						
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
<b>SOURCES OF CASH</b>						
Net Income						
Depreciation (If Funded)						
Loan Proceeds						
Other						
<b>Total Sources</b>						
<b>USES OF CASH</b>						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
<b>Total Uses</b>						
<b>NET CASH FLOW</b>						
<b>DEBT SERVICE COVERAGE</b>						
Cash Available for Debt						
<b>SERVICE (CADS)</b>						
Net Income (Loss)						
Depreciation, or Reserve Interest						
<b>Total</b>						
<b>REQUIRED DEBT SERVICE (RDS)</b>						
Principle Plus Interest						
<b>DEBT SERVICE COVERAGE RATIO</b>						
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 

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	
	-5/8" or 3/4" meter		-3" meter	
	-1 " meter		-4" meter	
	-1 1/2" meter		-Other	
Total Water Connections:			Total Sewer Connections	

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 15<sup>th</sup> 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

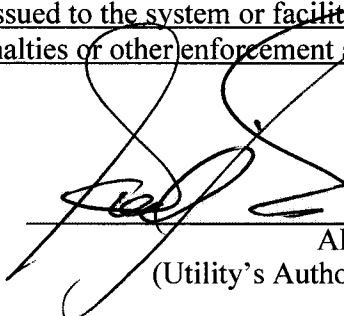
STATE OF Texas

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.

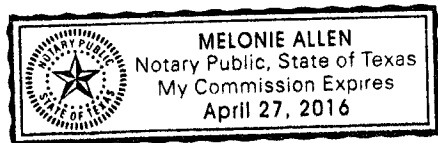
  
\_\_\_\_\_  
AFFIANT  
(Utility's Authorized Representative)


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 11 of July, 20 13.

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.

(Purchaser's or Transferee's Name)  
IN Montgomery 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 145 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

**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

<u>HMW SUD</u>	<u>P.O. Box 837</u>	<u>Pinehurst, TX 77362</u>
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:

<u>Quadvest, L.P.</u>	<u>P.O. Box 409</u>	<u>Tomball, TX 77377</u>
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 of Susan Combs in black ink, written in a cursive style.

Susan Combs  
Texas Comptroller

Taxpayer number: 17421243712  
File number: 0800539284

## **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:

7/2/13

To:

Jeff Goeld/Quadrant

From:

PFT

Fax /Email:

jeff@quadrant.com

MESSAGE/COMMENTS:

Jeff:

Most recent to Jeff enclosed.

DM

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**

## Contents

SECTION A. GENERAL PROVISIONS .....	6
1. Organization .....	6
2. Non-Discrimination .....	6
3. Rules Application .....	6
4. District Bylaws and Policies .....	6
5. District Ordinances .....	6
6. Damage Liability.....	6
7. Information Disclosure .....	7
8. Customer Notice Provisions.....	7
9. Fire Protection - Reserved.....	7
10. Grievance Procedures .....	7
SECTION B. DEFINITIONS.....	8
SECTION C. RATES AND SERVICE FEES .....	11
DISTRICT WATER RATES .....	11
1. Base Rates.....	11
2. Additional Rates .....	12
NHCRWA Well Pumpage Fee .....	12
LSGCD GROUNDWATER CONSERVATION FEE.....	12
MONTGOMERY COUNTY GROUNDWATER REDUCTION FEE.....	13
GENERATOR POWER ASSESSMENT.....	13
DISTRICT SEWER RATES .....	13
1. Base and Volume Rates .....	13
2. Rate Based on Wastewater Content.....	14
ADDITIONAL FEES .....	14
1. Service Investigation Fee .....	14
2. Deposits.....	15
3. Easement and Access Cost.....	16
4. Service Installation and Tap Fees.....	16
TAPS.....	16
5. Reserved Service Charges .....	17
6. Assessment Required by Statute .....	17
7. Late Payment Fee .....	17
8. Returned Check Fee .....	17
9. Reconnection Fee .....	17
10. Service Trip Fee .....	18
11. Equipment Damage and Service Restoration Fees.....	18
12. Customer History Report Fee.....	18
13. Meter Test Fee.....	18
14. Transfer Fee.....	18
15. Non-Disclosure Fee .....	19
16. Information Disclosure Fee .....	19

17.	Customer Service Inspection Fee .....	19
18.	Fees for Wastewater Disconnection Agreements.....	19
19.	Other Fees.....	19
SECTION D. SERVICE RULES AND REGULATIONS.....		19
1.	Service Entitlement.....	19
2.	Service Classifications.....	19
3.	Standard Service .....	20
4.	Non-Standard Service .....	21
5.	Changes in Service Classification.....	22
6.	Utility Customers .....	22
7.	Termination of Service.....	23
8.	Disconnection or Denial of Utility Service .....	24
9.	Recourse by Applicant or Utility Customer.....	25
10.	Impermissible Bases for Refusal of Service .....	25
11.	Billing, Payment and Deferred Payment Agreements .....	26
12.	Due Dates, Delinquent Bills, and Service Disconnection Date .....	27
13.	Rules for Cancellation or Disconnection of Existing Service.....	27
14.	Reconnection of Service .....	32
15.	Billing Cycle Changes .....	33
16.	Re-billing for Errors.....	33
17.	Disputed Bills.....	33
18.	Inoperative Meters .....	33
19.	Billing Adjustments .....	33
20.	Prohibited Activities .....	35
21.	Utility Customer Responsibilities.....	38
22.	Testing of Wastewater and Additional Remedies, Including Rates Assessable on the Basis of Wastewater Content.....	41
23.	Meter Relocation.....	42
24.	Multiple Accounts.....	42
25.	Responsibility for Equipment .....	42
26.	Customer Cut-Off Valves .....	42
27.	Inspections .....	43
SECTION E. SUPPLEMENTAL REQUIREMENTS FOR NON-STANDARD SERVICE .....		43
1.	Purpose and Application.....	43
2.	Non-Standard Service Applications .....	43
3.	Action and Application.....	44
4.	Proposed Service for Areas Not Subject to the District's Certificate.....	44
5.	Design of Facilities .....	44
6.	Non-Standard Service Contract .....	45
7.	Property and Right-of-Way Acquisition .....	46
8.	Sanitary Control Easements.....	47
9.	Bids for Approved Construction .....	47
10.	Additional Construction Matters.....	48
SECTION F. ORDINANCE AUTHORITY .....		48

1.	Establishment of Ordinances .....	48
2.	Authority .....	48
3.	Effective Dates .....	48
4.	Exercise of Ordinance Authority .....	49
5.	Enforcement .....	49
6.	Penalties and Other Relief.....	49
7.	Ordinance Book .....	49
8.	Relation to Other Law.....	50




## 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 20<sup>th</sup>, 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 15<sup>th</sup> 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 of 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 77<sup>th</sup> 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 76<sup>th</sup> 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:

<b><u>Usage in Gallons</u></b>	<b><u>Rate</u></b>
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.

## **2. Rate Based on Wastewater Content:**

The following formula establishes a Charge Factor to be applied by multiplication of the combined base and volume rates charged to a wastewater utility customer, for the purpose of calculating a higher rate for wastewater applicable to certain utility customers, upon the District's determination of one or more of the factors set forth in Subsection D. 22. of this Order. The formula is as follows:

$$(((\text{BOD} \div 200) - 1) + ((\text{TSS} \div 200) - 1) + ((\text{Ammonia} \div 25) - 1)) + 1$$

in which BOD means Biochemical Oxygen Demand, and TSS means Total Suspended Solids, as defined in Section B. of this Order. No quotient in the formula shall ever be less than zero.

### ***ADDITIONAL FEES:***

The following additional fees shall apply to water and sewer utility service provided by the District:

- 1. Service Investigation Fee.** The District shall investigate the required level of service for each service application by a prospective Utility Customer. An initial determination shall be made, without charge, as to whether the service request is for Standard or Non-Standard Service. Following such initial determination, the following shall apply:
  - a. For Standard Service applications, all applicable costs for providing service shall be quoted in writing to the Applicant within ten (10) working days of receipt of the application;
  - b. For all Non-Standard Service applications, the District shall charge an investigation fee, to be determined by the District on a project basis as a part of its initial service. Such fee shall be sufficient to pay all administrative, legal and engineering fees and costs required by the District's determination of its ability to deliver the requested service and the necessity for additional facilities, if any, that may be required, review plans and specifications proposed by the service applicant, advertise and accept bids for the project, negotiate a service contract with the Applicant and provide any other services required by the District for such investigation; and
  - c. For the purposes of this Section 1., Standard Service is defined as set forth in Paragraph D.2. a. of this Order. Service of a character other than Standard Service, as defined above, is Non-Standard Service.

2. **Deposits.** The District requires the payment of deposits by Utility Customers to secure the District from nonpayment of Utility Customer billings and the possibility of damage to its meters and other equipment. Therefore, at the time the initial or any subsequent application for service is approved, the following deposits shall be paid to the District before service shall be provided, restored to or reserved for the Applicant:

- a. For residential Utility Customers, the deposit for water service is \$100.00 for each service unit;
- b. For residential Utility Customers, the deposit for water and wastewater service is \$200.00 for each wastewater service customer; and
- c. For commercial Utility Customers, the minimum deposits referred to in Paragraphs a. and b. above are \$200.00 for each service unit or wastewater service customer, as applicable. For meters larger than the standard Service Unit, the deposits are as follows:

2" or less	\$ 300.00
3"	\$ 600.00
4"	\$1,000.00
6"	\$2,000.00
8"	\$3,500.00
10"	\$5,000.00

- d. If service to a Utility Customer has resulted in (1) a billing balance of 125.0% of the Utility Customer's deposit that exists for thirty (30) days or more, or (2) a disconnection of service under Subsections D.8. and D.13. of this Order, the District's General Manager may, in his discretion, require the Utility Customer, upon such determination by the District, or as a condition to reconnection, to pay or increase the deposit of up to three times the amounts provided by Paragraphs a., b. and c. of this subsection. In so acting, the General Manager may consider the Utility Customer's prior payment history with the District, prior unpaid balances payable to the District, prior actual and future projected water usage and prior compliance with other customer responsibilities as set forth in this Order.

3. **Easement and Access Cost.** Notwithstanding the level of service required by any application, as defined by Subsection C.1. of this Order, if the District determines that private right-of-way easements and/or access to one or more facility sites are necessary to provide service to the Applicant, the Applicant shall secure and/or provide right-of-way easements to such facility sites, or provide access to such sites in a manner satisfactory to the District, or pay all costs incurred by the District to validate, obtain, clear, and retain such right-of-way, easements or access to such sites.

In addition, and regardless of the required level of service, the Applicant shall secure and/or provide any necessary sanitary control easements to the District with regard to facility sites required to provide service to the Applicant.

4. **Service Installation and Tap Fees.** The District charges the following installation and tap fees:

**Service Connection:** The following fees shall apply to the connection of water and wastewater service:

**Residential:**

\$25.00 for water service  
\$50.00 for wastewater service

**Commercial:**

\$ 50.00 for water service  
\$100.00 for wastewater service

**TAPS:**

- a. For Standard Service, the charge shall be \$750.00 per tap for 3/4" X 5/8" meters to provide individual metered water or wastewater service. For meters of other specifications, the charge per tap shall be the greater of \$750.00 or three times the actual cost for labor and materials of the tap and meter used. Such charges shall be computed immediately prior to the request for service.
- b. For Non-Standard Service, the District shall charge the appropriate tap fees and the construction labor and materials, inspection, administrative, legal and engineering fees, and all other costs required to obtain or build the facilities required to provide such service, as determined by the District following its review of the application for Non-Standard Service as provided by Paragraph C.1.b. above, Section E. and other applicable provisions of this Order.

5. **Reserved Service Charges.** The District may collect a monthly charge for each active account at a specific location for which a meter has not been installed but for which the District and the Applicant have entered into an agreement for reserved service. Such charge shall be based on the District's monthly operating costs to service the facilities dedicated to such Applicant on a per service unit basis. Such charge reserves service to the Applicant's service area and shall be determined on a case by case basis, provided, that such fee shall never exceed the minimum monthly charge for metered service on a per service unit basis.
6. **Assessment Required by Statute.** As required by Section 5.701(n)(1)(C), Texas Water Code, the District shall collect from each retail customer a regulatory assessment equal to one-half of one percent of the charge for retail water or sewer service. Such charge shall be collected in addition to any other charges for utility service, and shall be calculated on all monthly charges set forth in this Order.
7. **Late Payment Fee.** At the conclusion of each billing period, a penalty of \$5.00 or 5.0%, whichever is greater, shall be applied to any unpaid amount on the billing for the previous billing period. Such penalty shall not be applied to any balance to which the penalty was applied in any previous billing.
8. **Returned Check Fee.** In the event a check, draft or other payment instrument is given by a person, firm, corporation, or partnership to the District for payment of services provided for in this Order, and the instrument is returned by the bank or other institution as insufficient or non-negotiable for any reason, the account for which the instrument was issued shall be assessed a return check charge of \$25.00.

At the option of the District's Controller or General Manager, and notwithstanding any other provision of this Order, any District customer that presents two or more checks, drafts or other payment instruments that are returned by the bank or other institution based on insufficient funds, or are not negotiable for any other reason, within a twenty four (24) month period, may be barred from payment to the District by the use of a check or such other payment instrument for a period of one (1) year.

9. **Reconnection Fee.** In addition to any costs that are otherwise chargeable under this Order, the District shall charge the following fees for reconnecting service after the District has previously disconnected service as set forth in this Order. Such fees shall be \$75.00 for residential customers, and \$100.00 for all other customers. At the discretion of the General Manager of the District, the reconnection fee may be increased by 50.0% of the referenced amounts for each reconnection that occurs within one year of a previous reconnection, for a single utility customer.

- 10. Service Trip Fee.** The District shall charge a trip fee for any service call or trip to the customer's tap as a result of a request by the customer or resident (unless such service call is in response to damage of the District's or another customer's facilities), or for the purpose of disconnecting or reconnecting service as set forth in this Order, or for the purpose of testing, inspecting, installing, repairing or replacing District equipment in connection with activities set forth in this Order which, if performed, are chargeable to a customer or other service user. This fee shall not apply in cases in which the meter test fee is not imposed, as provided by Paragraph D.19.a. If imposed, such fee shall be calculated by the General Manager of the District, based on the District's actual cost for labor, material and equipment used to perform the service call.
- 11. Equipment Damage and Service Restoration Fees.** In addition to any other remedies authorized by this order, if the District's facilities or equipment have been damaged by the act or omission of any Applicant or Utility Customer in violation of any federal, state or local statute or ordinance, District Ordinance, or this Order, or if unauthorized service has been established by tampering, bypassing, unauthorized taps, reconnection without authority, other service diversion or the introduction of prohibited substances into the District's lines or equipment, as defined in Paragraph D.20. b. below, a fee shall be charged equal to the actual costs for all labor, material, and equipment necessary for repair, replacement, reinstallation of a removed line tap and other actions required by the District to re-establish authorized service. Such fee shall be charged and paid before service is re-established. All components of this fee will be itemized, and a statement shall be provided to the Utility Customer. If the District's facilities or equipment are damaged due to negligence or unauthorized use of the District's equipment or right-of-way, or to other acts for which the District incurs losses or damages, the Utility Customer shall be liable for all labor and material charges incurred as a result thereof, together with the District's costs to recover the amount payable to repair or otherwise correct such loss or damage.
- 12. Customer History Report Fee.** A fee of \$5.00 shall be charged to provide a copy of the customer's record of past water purchases in response to a customer's request for such a record.
- 13. Meter Test Fee.** The District shall test a customer's meter upon written request of the customer. A charge of \$15.00 per test shall be imposed on the affected account, subject to the further provisions of Paragraph D.19. a. of this Order.
- 14. Transfer Fee.** An Applicant for service who is a transferee from an existing Utility Customer shall pay a fee of \$25.00.

15. **Non-Disclosure Fee.** A fee of \$5.00 shall be assessed any customer requesting in writing that personal information under the terms of this Order not be disclosed to the public.
16. **Information Disclosure Fee.** All public information except that which has been individually identified as confidential shall be available to the public for a fee to be determined by the District based on the level of service and costs to provide such information, provided, that such fee shall not to be inconsistent with the terms of the Texas Open Records Act, Chapter 552, Texas Government Code.
17. **Customer Service Inspection Fee.** A fee of \$75.00 shall be charged for Customer Service Inspections, which are inspections of new homes, prior to the connection of service by the District, to insure customer compliance with applicable law and regulations pertaining to prohibited cross-connections, lead pipe and other requirements applicable to piping, sink connections, taps and other residential customer equipment, including but not limited to those referred to in the District's Customer Service Agreement and Subsection D.21. of this Order.
18. **Fees for Wastewater Disconnection Agreements.** Under its agreements to disconnect wastewater service for third party providers under Paragraph 13.250(b)(2), Texas Water Code, the District shall charge to any such third party provider a service fee of \$100.00 and (a) \$50.00/hour if a certified peace officer is engaged by the District to accompany its service personnel, (b) \$40.00/hour for each District service employee directed to perform the service, and (c) any other actual costs as provided by Subsection D.19. of this Order.
19. **Other Fees.** All other services that the District provides (1) at the request of a customer, or (2) in furtherance of the District's purposes as provided by this Order, shall be charged to the recipient based on the cost of providing such service.

## **SECTION D. SERVICE RULES AND REGULATIONS**

1. **Service Entitlement.** An Applicant is qualified and entitled to water and wastewater utility service when proper application has been made, terms and conditions of service have been met and continue to be met, including the Applicant's compliance with applicable law, the District's policies and this Order, and all fees have been paid, as prescribed by this Order and the applicable policies of the District.
2. **Service Classifications.** For the purpose of action by the District on service requests, service requested by an Applicant and provided by the District is divided into the following classes:

- a. **Standard Service** is service from an existing water pipeline where additional pipelines or service facility extensions are not required and special design and/or engineering considerations are not necessary, based on 5/8" X 3/4" taps for water meter service set on existing pipelines, or residential wastewater taps made on collection lines no more than five feet in depth.
- b. **Non-Standard Service** is any service applied for that is not Standard Service. In addition to the other requirements of this Order, Section E. of this Order applies to applications for Non-Standard Service.

Both Standard Service and Non-Standard Service may apply to either residential or commercial Utility Customers.

**3. Standard Service.** The following provisions apply to applications for Standard Service.

- a. **Application Requirements.** The following requirements apply to applications for Standard Service:
  - (1) The Customer shall provide proof of identification with full name, photograph and date of birth, by current Texas driver's license or identification certificate, current United States passport, foreign passport with current entry visa, current United States military identification, United States Citizenship Certificate or Certificate of Naturalization, or other form of identification satisfactory to the District.
  - (2) The District's Service Application and Agreement shall be completed in full and signed by the Applicant. Its form shall be as specified by the District from time to time.
  - (3) A right-of-way easement or other forms of legal access to the Applicant's property satisfactory to the District, physical access thereto as defined by this Order and any required sanitary control easements must be completed by the Applicant for the purpose of allowing future extensions or facility additions to improve or provide service to future Applicants.
  - (4) The Applicant shall provide proof of ownership or title to property for which service has been requested in a form acceptable to the District.



- (5) The District may consider master meters and/or multiple units if the total number of units to be served are:
  - (a) Owned by the same person or legal entity;
  - (b) Inaccessible to the public right-of-way, and
  - (c) A commercial enterprise.
- (6) All approved Service Applications and Agreements and cost of service fees quoted by the District shall be presented to the Applicant in writing and shall be effective at the quoted costs for not less than thirty (30) days. After thirty (30) days, an Applicant shall reapply for service under these terms.

b. **Activation of Standard Service.**

- (1) **New Service.** The District shall charge non-refundable service connection and tap fees as set forth in Subsection C.4. of this Order. The quoted service connection tap and all other fees shall be paid in advance of installation or in advance of reservation of service capacity including, as applicable, the deposit, any easement fees, and any capital contributions as provided in Section E. of this Order.
- (2) **Reestablishment of Service.** On property where service previously existed, the District shall charge and receive the deposit and the labor, material and system modification costs necessary to restore service.
- (3) **Performance of Work.** After all fees are paid and approval is granted by authorities with jurisdiction, all tap and equipment installations specified by the District shall be completed by the District's staff or designated representative within ten (10) working days after receipt of payment.
- (4) **Inspection of Customer Service Facilities.** The District staff or its designated representative shall inspect all customer service facilities before and periodically after the tap is made to insure compliance with all requirements of the Texas Commission for Environmental Quality ("TCEQ") or any successor agency, applicable plumbing codes and utility construction standards.

4. ***Non-Standard Service.*** Applications for and the activation of Non-Standard Service shall occur as prescribed by the applicable terms of this Order, including but not limited to Section E.

5. ***Changes in Service Classification.*** If at any time the District determines that the customer service needs of a Utility Customer change from those originally applied for to a different service classification, and that additional or different facilities are necessary to provide adequate service, the District shall require the customer to reapply for service under the terms and conditions of this Order. Customers that do not comply with this provision shall be subject to the Disconnection With Notice provisions of this Order in Paragraph 13.a. below.
6. ***Utility Customers.*** The following provisions further define the eligibility and entitlement of any person, as defined in this Order, to be a Utility Customer of the District:
- a. **Eligibility of Persons Within District.** Any person located within the service area of the District may be a residential or commercial Utility Customer of the District by compliance with the other terms of this Order.
  - b. **Entitlement to Service.** Eligibility based on a residential or commercial location within the District does not guarantee service to an Applicant therefor, which includes any proposed transferee of an existing Utility Customer. Qualification for service under applicable law and this Order is a prerequisite to entitlement to service for new Applicants and continued service to existing Utility Customers and transferees.
  - c. **Cancellation or Denial of Service.** Utility service may be denied or canceled to any Applicant or existing Utility Customer for non-payment of the water and sewer rates and fees required to be paid monthly to the District, including any minimum fee payable regardless of whether water is used, nonpayment of other applicable fees, costs and deposits, and on the additional bases set forth in Subsection 8. below. A Utility Customer may be relieved of the obligation for payment only by the termination of its utility service pursuant to applicable law, this Order and the discontinuing of active service.
  - d. **Termination of Status.** A person ceases to be a Utility Customer of the District at the conclusion of the actions set forth in Paragraphs 7. b. through 7. d. below. Thereafter, such person may again become a Utility Customer by compliance with the requirements therefor that are set forth in this Order.