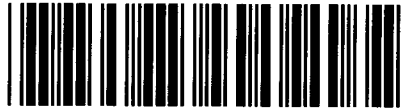


Control Number: 43005



Item Number: 26

Addendum StartPage: 0

DOCKET NO. 43005

APPLICATION OF TEXAS H2O, INC.
AND AQUA TEXAS, INC. FOR SALE,
TRANSFER, OR MERGER OF
FACILITIES AND TO AMEND
CERTIFICATES OF CONVENIENCE
AND NECESSITY IN HOOD,
JOHNSON, AND TARRANT
COUNTIES, TEXAS

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PUBLIC UTILITY COMMISSION

2015 MAY 29 PM 4:03
PUBLIC UTILITY COMMISSION
FILING CLERK

OF

TEXAS

**STAFF'S RESPONSE TO ORDER NO. 5 AND RECOMMENDATION ON FINAL
DISPOSITION OF THE APPLICATION**

Commission Staff (Staff) of the Public Utility Commission of Texas (Commission) files this Response to Order No. 5 and Recommendation on Final Disposition of the Application. In support of its Response, Staff states the following:

I. BACKGROUND

On May 19, 2014, Aqua Texas, Inc. (Aqua Texas) filed a sale, transfer, merger (STM) application with the Texas Commission on Environmental Quality (TCEQ) pursuant to Tex. Water Code Ann. § 13.301 and Title 16, Tex. Admin. Code (16 TAC) §§ 24.109 and 24.112. The application addressed the proposed sale of water and sewer utility systems and transfer of certificated service areas currently owned by Texas H2O, Inc. (Texas H2O), Certificates of Convenience and Necessity (CCN) Nos. 12809 and 20814 in Hood, Johnson, and Tarrant Counties, Texas from Texas H2O to Aqua Texas. Applicants propose to cancel Texas H2O's CCN Nos. 12809 and 20814 and to amend Aqua Texas's CCN Nos. 13201 and 21059 to reflect the transaction. The TCEQ accepted the application for filing on June 10, 2014. Aqua Texas sent notice of the application to its customers on June 12, 2014.

The comment period for protests ended on July 12, 2014. One protest letter was received; however, the TCEQ determined that the concerns listed in the protest letter did not meet the criteria in Title 30, Tex. Admin. Code § 291.109(e)¹ and that a public hearing on the application was not required. On July 24, 2014, TCEQ sent a letter to Aqua Texas instructing that the parties

¹ Currently 16 TAC § 24.109(e).

should proceed with the signed contract or bill of sale, and requesting Aqua Texas to provide documents supporting the disposition of customer deposits with the closing documents. The 365-day deadline to complete the transaction, as required by 16 TAC § 24.112(e), expires on July 24, 2015.

In the procedural schedule provided in Order No. 4,² the Administrative Law Judge required Staff to propose a schedule for the remainder of the proceeding within 10 days after receipt of documents evidencing completion of the transaction and receipt of verified report of customer deposits (if applicable). On October 23, 2014, Aqua Texas submitted a Bill of Sale and Affidavits of Sale from the buyer and seller evidencing the completion of the transaction. On October 30, 2015, Staff filed its Response to Order No. 4 in which Staff proposed a procedural schedule for processing the matter. On October 31, 2015, the Administrative Law Judge issued Order No. 5 adopting the post-transaction procedural schedule and directing Staff to file a recommendation on final disposition of the application within twenty working days of receipt of completed and signed consent forms from the parties. Aqua Texas and Texas H2O filed signed consent forms on April 10, 2015 and April 30, 2015, respectively. Therefore, this Response is timely.³

II. STAFF'S RECOMMENDATION ON FINAL DISPOSITION

As detailed in the attached memo (Attachment A) of Debbie Reyes Tamayo of the Commission's Water Utilities Division, the parties provided sufficient evidence to demonstrate that, after balancing the factors in Tex. Water Code Ann. § 13.246(c) and 16 TAC § 24.102(d), they have the capability of providing continuous and adequate service. Additionally, Staff recommends that the transactions will serve the public interest and that the amendment of the CCNs is necessary for the service, accommodation, convenience, and safety of the public. Staff recommends that Aqua Texas has met all of the requirements of Tex. Water Code Chapter 13 and 16 TAC §§ 24.102, 24.109, and 24.112 and that the applications should be approved.⁴

The total Texas H2O area being requested includes approximately 2,130 acres water and 410 acres sewer and serves 1,088 current customers. In response to 16 TAC § 24.102(d)(3),

² Order No. 4 (October 22, 2014).

³ The last consent form was filed on April 30, 2015. Twenty working days from April 30, 2015 is May 29, 2015.

⁴ See STM Checklist (July 15, 2014).

Aqua Texas indicated that this transaction will have no effect on the current customers' rates and services, as all customers will be charged the same rates as they were charged before the transaction.⁵ In consideration of 16 TAC § 24.102(d)(4), Staff considered that Aqua Texas is a subsidiary of Aqua America, Inc. and currently operates more than 375 water systems and 44 wastewater systems in Texas.⁶ Specifically, Aqua Texas's indicated that it employs experienced operators who are knowledgeable about water and sewer operations, as well as the requirements for continuous and adequate service required by the PUC rules of operation of utility systems, as required by 16 TAC § 24.102(d)(1).⁷ Aqua Texas, Inc. owns several water and sewer utilities in the area of the systems being acquired in this transaction. Aqua Texas has also indicated that it will deal promptly with any service issues that may arise and that the quality of service provided by Aqua Texas will meet or exceed current levels of service.⁸ The transaction strictly involves an asset sale/acquisition/transfer between Texas H2O and Aqua Texas. Legal ownership and responsibility for the assets will be transferred to Aqua Texas. Approving this application to acquire facilities and to cancel CCN Nos. 12809 and 20814 held by Texas H2O is necessary for the service, accommodation, convenience and safety of the public and is in the public interest, as required by 16 TAC §§ 24.102(c), 24.109(d), and 24.112(c)(5). In accordance with 16 TAC §§ 24.102(a) and (d)(2)(6) and 24.109(b), Aqua Texas has the financial ability through customer collections and infusions of capital from lenders, as well as capital contributions from its parent Aqua America, Inc., to make any required improvements necessary to meet PUC minimum requirements for continuous and adequate service. Aqua Texas's systems receive periodic inspections and reports from TCEQ staff. Because Aqua Texas has not indicated that it intends to extend service to any economically distressed areas located within the area certificated to Aqua Texas, Staff did not consider the requirements in 16 TAC § 24.102(f) and (g).

The 365-day deadline to complete the sale ends on July 24, 2015. On April 10, 2015 and April 30, 2015, Aqua Texas and Texas H2O filed proper documentation that confirms that the transaction has been completed. Both parties have submitted signed consent forms (Attachment

⁵ Application of Texas H2O, Inc. and Aqua Texas, Inc. for Sale, Transfer, or Merger of Facilities and to Amend Certificates of Convenience and Necessity in Hood, Johnson, and Tarrant Counties at 7 (May 19, 2014). (Application).

⁶ Application at 4.

⁷ Application at 4.

⁸ Application at 5.

B) evidencing their agreement with the CCN service area maps (Attachment C) and tariffs (Attachment D) as revised by Staff to reflect the intent of the applications. Staff has attached the proposed CCNs (Attachment E) to this Recommendation. Staff further recommends that Aqua Texas be instructed to file a certified copy of the approved CCN maps along with a written description of the CCN service areas in the county clerk's office pursuant to Tex. Water Code § 13.257 (r) and (s).

III. CONCLUSION

Because Staff recommends that Aqua Texas has the financial, managerial, and technical capability to provide continuous and adequate service to the requested area, Staff recommends approval of the applications. Staff respectfully requests that the Administrative Law Judge issue an order consistent with Staff's recommendation to approve the applications. Consistent with the procedural schedule governing this proceeding,⁹ Staff intends to file a proposed notice of approval with findings of fact, conclusions or law, and ordering paragraphs no later than **June 12, 2015**.¹⁰

Date: May 29, 2015

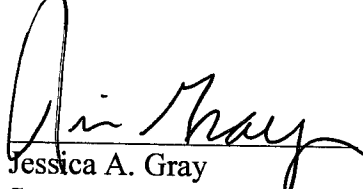
⁹ See Order No. 5 (October 31, 2014).

¹⁰ Order No. 5 directed Staff to file a proposed notice of approval, including findings of fact, conclusions of law, and ordering paragraphs within ten working days of filing its final recommendation on the application. Ten working days from May 29, 2015 is June 12, 2015.

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director
Legal Division

Shelah J. Cisneros
Managing Attorney
Legal Division

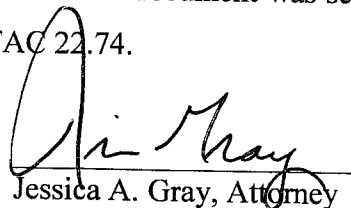


Jessica A. Gray
State Bar No. 24079236
Attorney, Legal Division
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7228
(512) 936-7268 (facsimile)

DOCKET NO. 43005

CERTIFICATE OF SERVICE

I certify that a copy of this document was served his document was served on all parties of record on May 29, 2015 in accordance with 16 TAC 22.74.



Jessica A. Gray, Attorney

ATTACHMENT A

Public Utility Commission of Texas

Memorandum

TO: Jessica Gray
Legal Division

THRU: Tammy Benter, Director
Water Utility Division

FROM: Debbie Reyes Tamayo
Water Utility Division

DATE: May 1, 2015

SUBJECT: Docket No. 43005 Application of Aqua Texas, Inc., Inc. Certificate of Convenience and Necessity (CCN) to Transfer and Cancel Texas H2O, Inc., in Hood, Johnson and Tarrant Counties

On May 19, 2014, Aqua Texas, Inc. (Aqua Texas), CCN Nos. 13201 and 21059 applied to acquire facilities, and to transfer and cancel CCN Nos. 12809 and 20814 held by Texas H2O, Inc. (Texas H2O), in Hood, Johnson and Tarrant Counties, Texas and to amend the Applicant's CCN Nos. 13201 and 21059 to reflect the transferred areas. This application was filed pursuant to the criteria in Tex. Water Code, Chapter 13, and the TCEQ's rules outlined in Title 30, Texas Administrative Code (TAC), §§ 291.109 and 291.112. On September 1, 2014, the rates and CCN programs were transferred from the TCEQ to the Public Utility Commission (PUC). This application was part of the transfer and is now under the PUC's purview. The application is now being reviewed under the PUC's Substantive Rules in 16 TAC Chapter 24, §§24.109 and 24.112.

The application was accepted for filing by the TCEQ on June 10, 2014.

Proper public notice was provided on June 12, 2014, to neighboring systems, landowners, cities and affected parties in Hood, Johnson and Tarrant Counties in accordance with 16 TAC § 24.112(c). The affidavit was received by the TCEQ on June 17, 2014. The comment period ended July 12, 2014, and no protests or opt-out requests were received. Pursuant to 16 TAC § 24.109(a), the 120-day period for Commission action on the application ended on October 10, 2014. By letter dated July 24, 2014, the TCEQ staff further recommended the applicant to complete the proposed transaction pursuant to 16 TAC § 24.109(f) and for the Applicant to send documentation as evidence that all assets were transferred to the acquiring entity and that the disposition of any remaining deposits were to be addressed during the time of closing as required by 16 TAC § 24.109(g).

Pursuant to 16 TAC §§ 24.112(e), the 365-deadline to complete the sale ends on July 24, 2015. On October 23, 2014, Aqua Texas filed the closing documents with the PUC. The closing transaction was completed on September 18, 2014. Aqua Texas stated in the closing affidavit that the customer's deposits were refunded prior to the closing, as required by 16 TAC §§ 24.109(g) and 24.112(d).

Aqua Texas meets all of the statutory requirements of Tex. Water Code Chapter 13 and the PUC's rules in 16 TAC §§ 24.102, 24.109, and 24.112. After balancing the factors in Tex. Water Code Ann. § 13.246(c) and 16 TAC § 24.102(d), I recommend that the application should be approved.

Docket No. 43005

The total Texas H2O area being requested includes approximately 2,130 acres water and 410 acres sewer and serves 1,088 current customers. In response to 16 TAC § 24.102(d)(3), this transaction will have no effect on the current customers' rates and services. In consideration of 16 TAC § 24.102(d)(4), Staff considered that Aqua Texas is a subsidiary of Aqua America, Inc. Aqua Texas currently operates more than 375 water systems and 44 wastewater systems in Texas and has received a zero deficiency score on their most recent site visit for their system. Approving this application to acquire facilities and to cancel CCN Nos. 12809 and 20814 held by Texas H2O is necessary for the service, accommodation, convenience and safety of the public and is in the public interest, as required by 16 TAC §§ 24.102(c), 24.109(d), and 24.112(c)(5). Specifically, Aqua Texas's indicated that it employs experienced operators who are knowledgeable about water and sewer operations, as well as the requirements for continuous and adequate service required by the PUC rules of operation of utility systems, as required by 16 TAC § 24.102(d)(1). Aqua Texas, Inc. owns several water and sewer utilities in the area of the systems being acquired in this transaction. Aqua Texas has indicated that economies of scale and regional methods of operation will be used to help keep expenses down in order to achieve lower customer rates. Aqua Texas has also indicated that it will deal promptly with any service issues that may arise and that the quality of service provided by Aqua Texas will meet or exceed current levels of service. The transaction strictly involves an asset sale/acquisition/transfer between Texas H2O and Aqua Texas. Legal ownership and responsibility for the assets will be transferred to Aqua Texas. In accordance with 16 TAC §§ 24.102(a) and (d)(2)(6) and 24.109(b), Aqua Texas has the financial ability through customer collections and infusions of capital from lenders, as well as capital contributions from its parent Aqua America, Inc., to make any required improvements necessary to meet PUC minimum requirements for continuous and adequate service. Aqua Texas's systems receive periodic inspections and reports from TCEQ staff. Because Aqua Texas has not indicated that it intends to extend service to any economically distressed areas located within the area certificated to Aqua Texas, Staff did not consider the requirements in 16 TAC § 24.102(f) and (g).

Because Aqua Texas has the financial, managerial, and technical capability to provide continuous and adequate service to the requested area, Staff recommends approval of the application. Both Aqua Texas and Texas H2O have consented to the attached maps, certificates, and tariffs. Aqua Texas should be instructed to file a certified copy of the CCN maps along with a written description of the CCN service areas in the county clerk's office pursuant to Tex. Water Code § 13.257 (r) and (s).

TB/DRT

MAILING LIST FOR
Docket No. 43005

Mr. Glen E. Lewis
Director of Corporate Development, Aqua Texas, Inc.
1106 Clayton Lane, Suite 400W
Austin, TX 78723
GELewis@aquaamerica.com

Representing: Aqua Texas, Inc. Inc.

Mr. Wallace E Hardie, Jr.
PO Box 613
Mansfield TX 76063-0613
Bhardie11@tx.rr.com

Representing: Texas H2O, Inc.

Callegari Law Firm, P.C.
15040 Fairfield Ville DR Ste 200
Cypress TX 77433-5952
wcj304@msn.com

ATTACHMENT B

CONSENT FORM

RECEIVED

2015 APR 10 AM 9:14

PUBLIC UTILITY COMMISSION
FILING CLERK

Applicant's Name: Aqua Texas Inc. (purchaser)
Docket Nos. 43005 & 43006

- X I concur with the maps and tariffs transmitted by e-mail on March 26, 2015.
- ☐ I do not concur with the maps and tariffs transmitted by e-mail on March 26, 2015. I understand that I have 14 days from the date of this email to provide my response.

I am authorized by Aqua Texas Inc., to sign this form.

Signature: _____

Printed Name: Glen E. Lewis

Relationship to Applicant: Director of Corporate Development

Date signed: April 8, 2015

Please mail the original and 10 copies to:

Public Utility Commission of Texas
Central Records
1701 N. Congress P.O. Box 13326
Austin, Texas 78711-3326

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

24

CONSENT FORM

Applicant's Name: Texas H2O, Inc., (seller)
Docket Nos. 43005 & 43006

2015 APR 30 AM 9:14

PUBLIC UTILITY COMMISSION
FILING CLERK

I concur with the maps and tariffs transmitted by e-mail on MARCH 26, 2015.

I do not concur with the maps and tariffs transmitted by e-mail on MARCH 26, 2015. I understand that I have 14 days from the date of this email to provide my response.

I am authorized by Texas H2O, Inc., to sign this form.

Signature: W E Hardie, Jr.

Printed Name: WALLACE E. HARDIE, JR.

Relationship to Applicant: Chief Operating Officer

Date signed: 4-26-15

Please mail the original and 10 copies to:

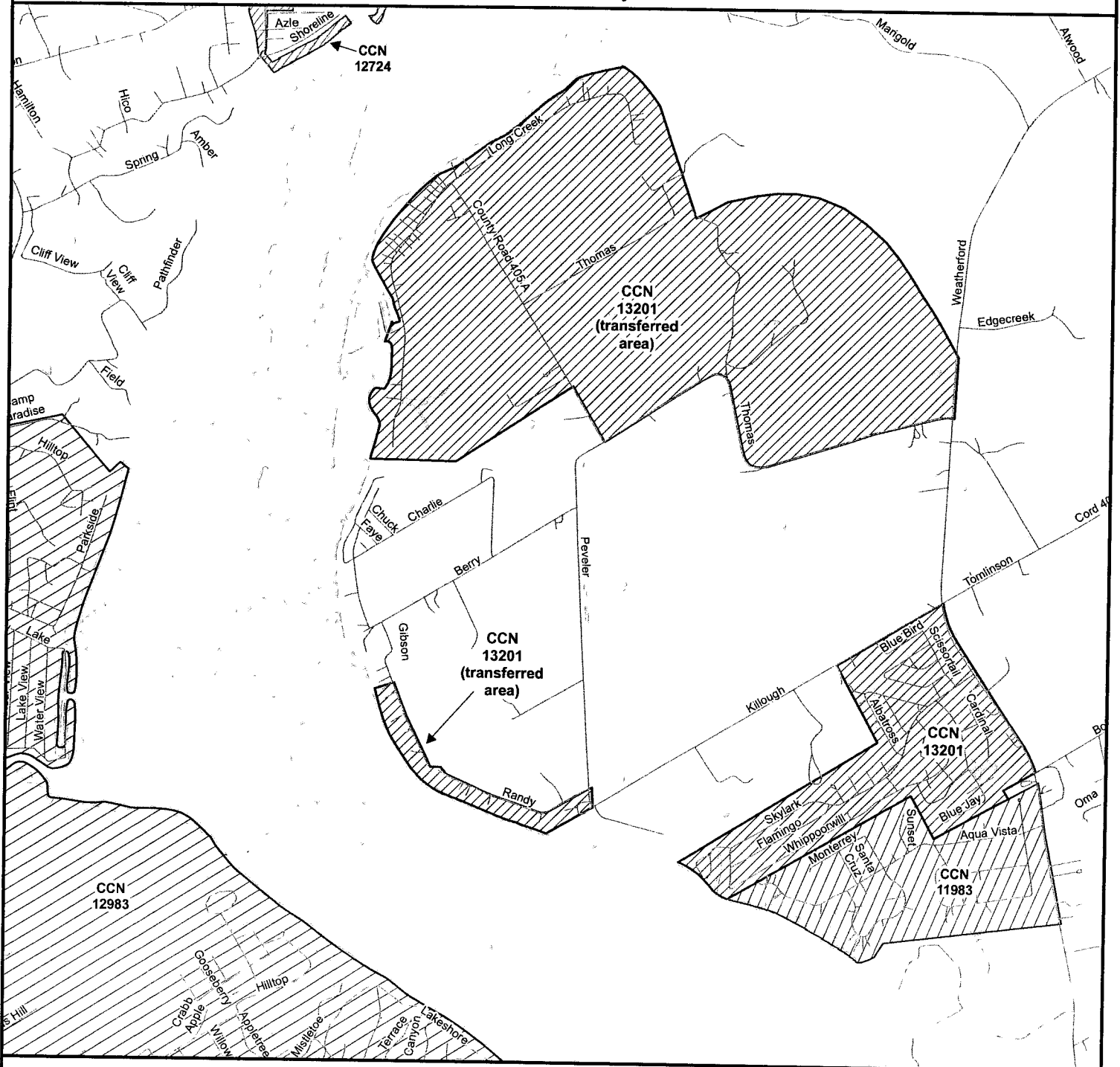
Public Utility Division of Texas
Central Records
1701 N. Congress P.O. Box 13326
Austin, Texas 78711-3326

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

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

ATTACHMENT C

Aqua Texas Inc.
Portion of Water Service Area
CCN No. 13201
PUC Docket No. 43005
Transferred and Cancelled CCN No. 12809 from Texas H2O, Inc.
in Hood County



Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78701

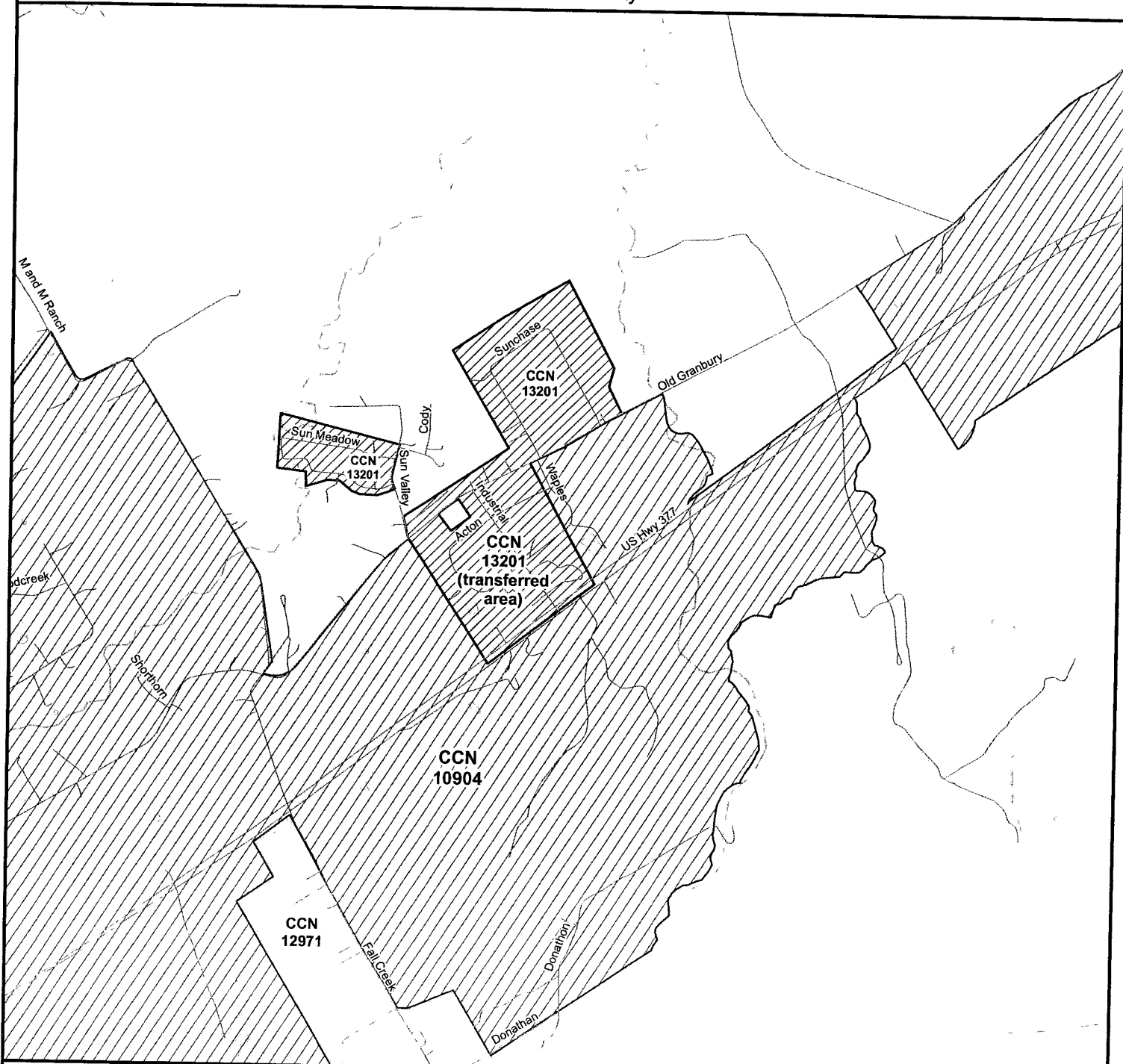
Water CCN Service Areas

-  13201 - Aqua Texas Inc
-  11983 - Laguna Vista Ltd
-  12724 - Rolling Hill Water Service Inc
-  12983 - Monarch Utilities I LP



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Feet

Map by: Suzanne Jaster
Date created: Nov. 24, 2014
Project path: n:/gis/projects/applications/43005.mxd

Aqua Texas Inc.
 Portion of Water Service Area
 CCN No. 13201
 PUC Docket No. 43005
 Transferred and Cancelled CCN No. 12809 from Texas H2O, Inc.
 in Hood County



Water CCN Service Areas

-  13201 - Aqua Texas Inc
-  10904 - City of Granbury

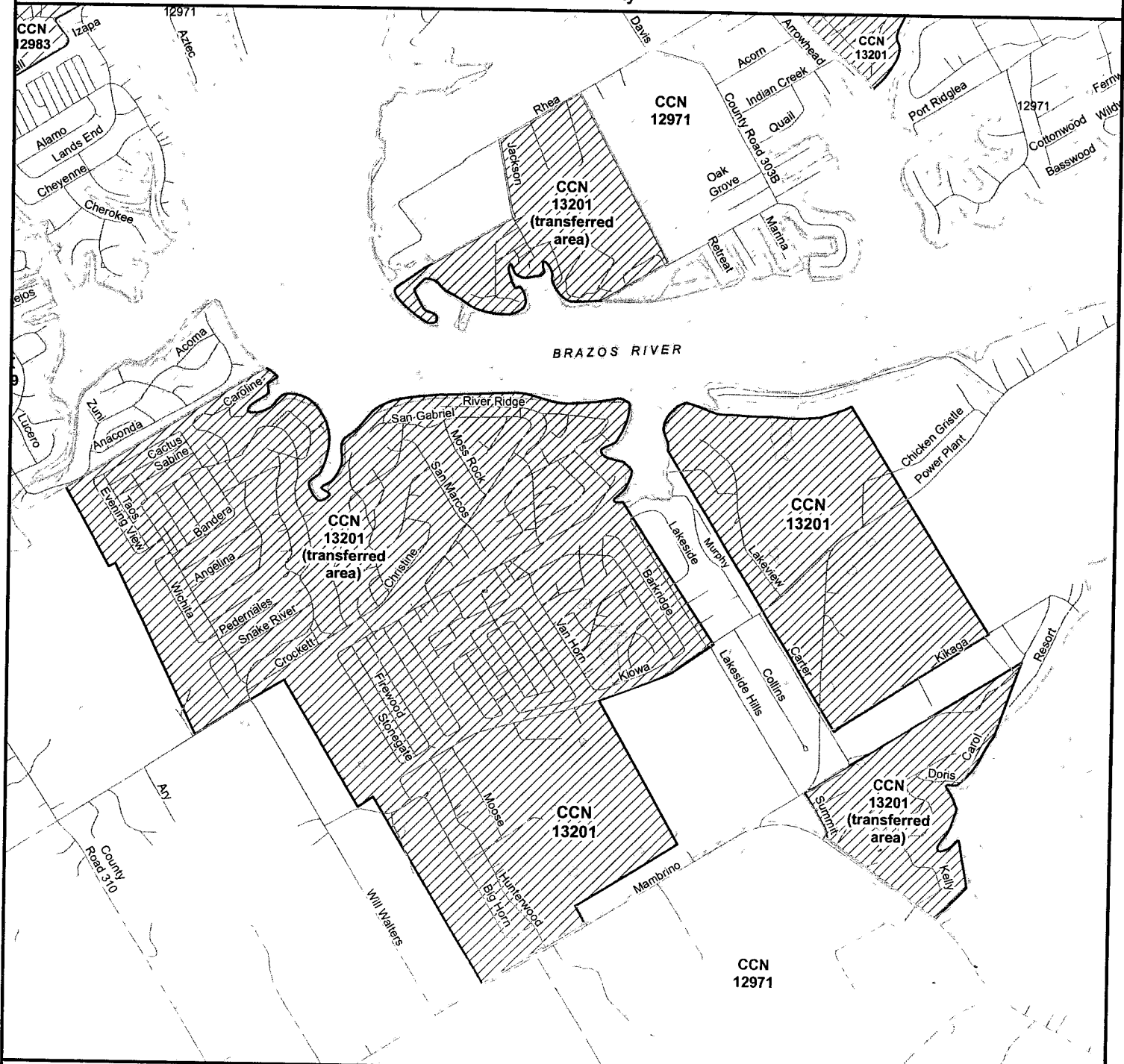
12971 - Acton Municipal Utility District

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 Feet

Public Utility Commission of Texas
 1701 N. Congress Ave
 Austin, TX 78701

Map by: Suzanne Jaster
 Date created: Nov. 25, 2014
 Project path: n:/gis/projects/applications/43005_2.mxd

Aqua Texas Inc.
 Portion of Water Service Area
 CCN No. 13201
 PUC Docket No. 43005
 Transferred and Cancelled CCN No. 12809 from Texas H2O, Inc.
 in Hood County



Water CCN Service Areas



13201 - Aqua Texas Inc

12971 - Acton Municipal Utility District



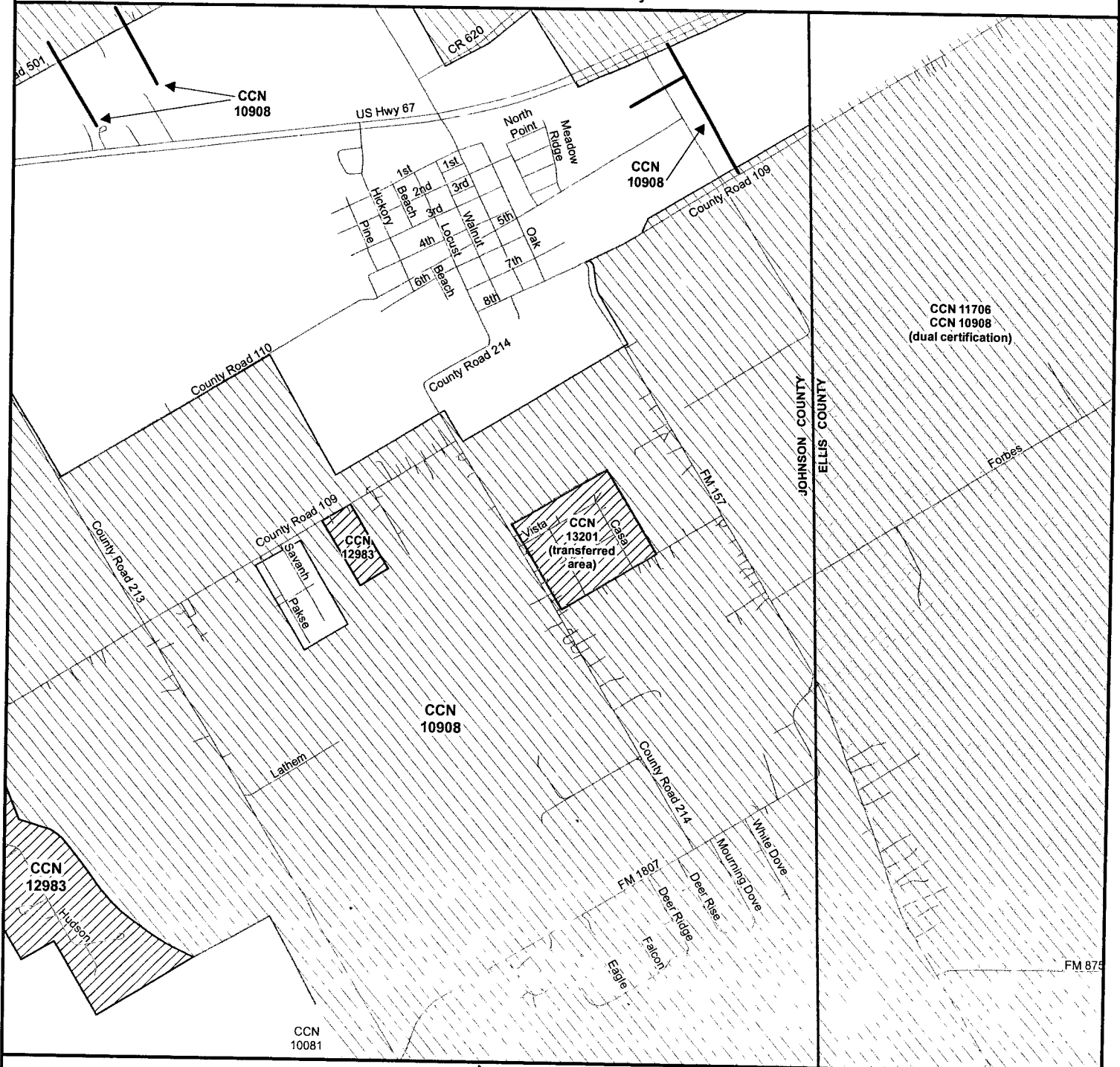
12983 - Monarch Utilities I LP

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 Feet

Public Utility Commission of Texas
 1701 N Congress Ave
 Austin, TX 78701

Map by: Suzanne Jaster
 Date created: Nov. 25, 2014
 Project path: n:\gis\projects\applications\43005_3.mxd

Aqua Texas Inc.
Portion of Water Service Area
CCN No. 13201
PUC Docket No. 43005
Transferred and Cancelled CCN No. 12809 from Texas H2O, Inc.
in Johnson County



Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78701

Water CCN Service Areas

- 13201 - Aqua Texas Inc
- 10081 - Johnson County SUD
- 10908 - MountainPeak SUD
- 11706 - City of Midlothian
- 12983 - Monarch Utilities LP

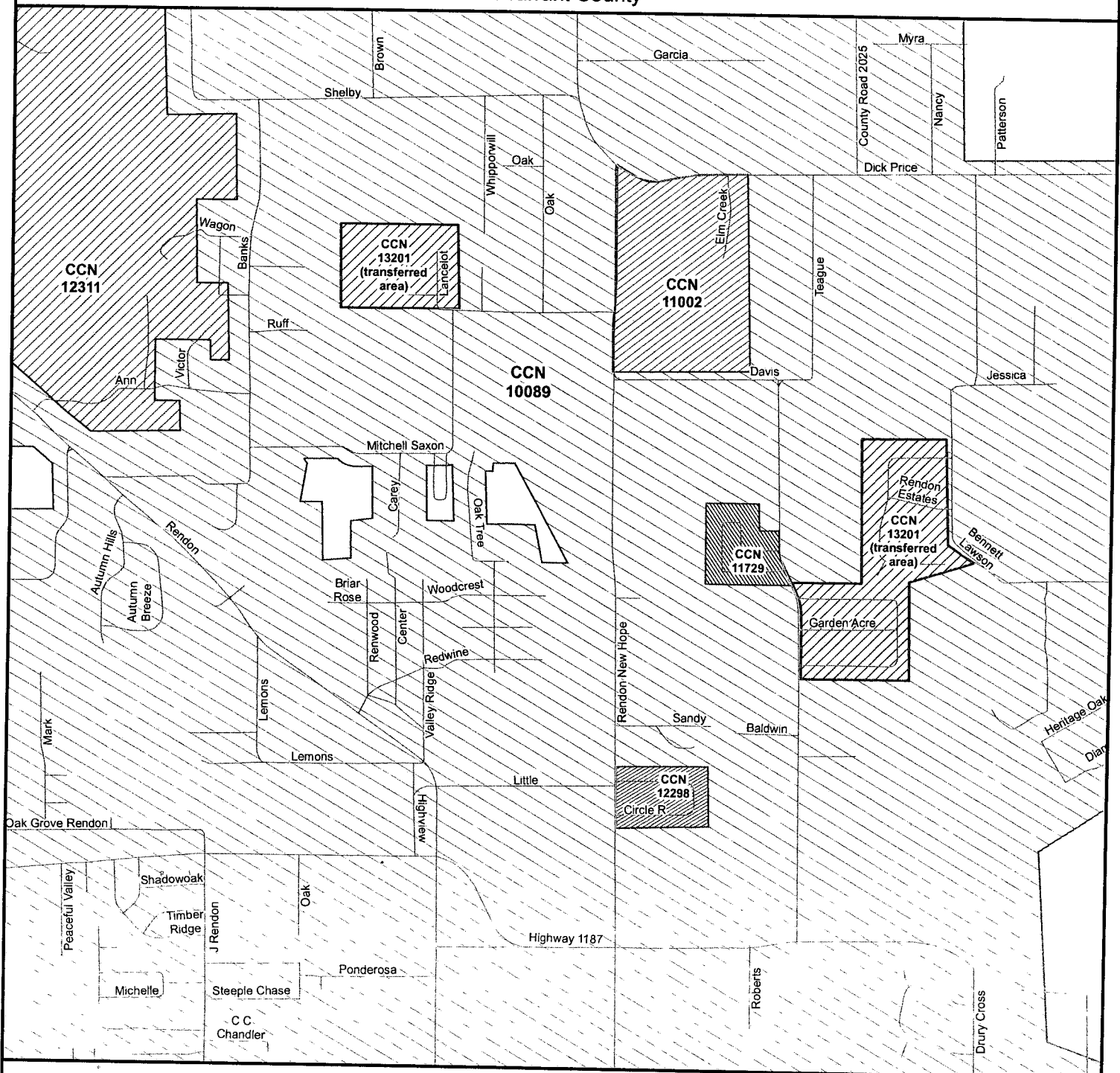
Facilities + 200' Water CCNs

- 10908 - Mountain Peak SUD

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Feet







Map by: Suzanne Jaster
Date created: Nov. 25, 2014
Project path: n:/gis/projects/applications/43005_4.mxd

Aqua Texas Inc.
 Portion of Water Service Area
 CCN No. 13201
 PUC Docket No. 43005
 Transferred and Cancelled CCN No. 12809 from Texas H2O, Inc.
 in Tarrant County



Public Utility Commission of Texas
 1701 N Congress Ave
 Austin, TX 78701

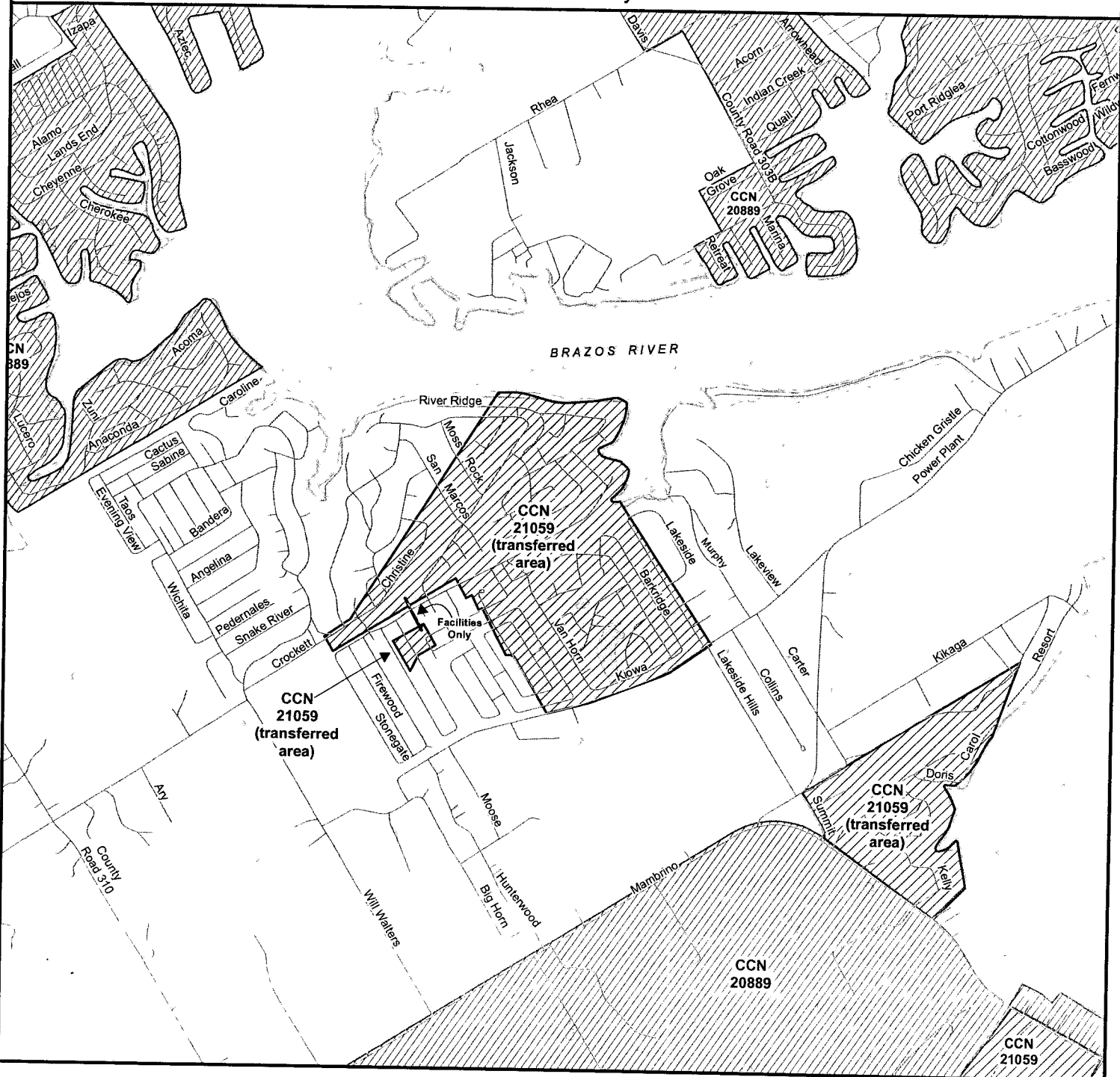
Water CCN Service Areas

-  13201 - Aqua Texas Inc
-  10089 - Bethesda WSC
-  11002 - Elm Creek Water
-  11729 - Friendly Oaks WSC
-  12298 - Circle R Ranchettes POA
-  12311 - City of Fort Worth



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Map by: Suzanne Jaster
 Date created: Dec 1, 2014
 Project path: n:\gis\projects\applications\43005_5.mxd


Aqua Texas Inc.
 Portion of Sewer Service Area
 CCN No. 21059
 PUC Docket No. 43006
 Transferred and Cancelled CCN No. 20814 from Texas H2O, Inc.
 in Hood County



Sewer CCN Service Areas

-  21059 - Aqua Texas Inc
-  20889 - Acton Municipal Utility District

Facilities Only Sewer CCN

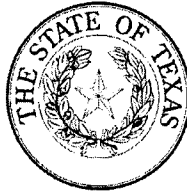
-  21059 - Aqua Texas Inc

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Public Utility Commission of Texas
 1701 N. Congress Ave
 Austin, TX 78701

Map by: Suzanne Jaster
 Date created: Dec. 3, 2014
 Project path: n:/gis/projects/applications/43006.mxd

ATTACHMENT D



Public Utility Commission Of Texas

By These Presents Be It Known To All That

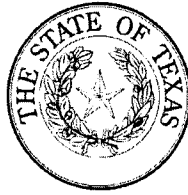
Aqua Texas Inc.

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

Certificate of Convenience and Necessity No. 13201

to provide continuous and adequate water utility service to that service area or those service areas in Anderson, Bosque, Camp, Cherokee, Cooke, Denton, Erath, Grayson, Gregg, Henderson, Hood, Hunt, Johnson, McLennan, Marion, Parker, Smith, Somervell, Tarrant, Taylor, Wise, and Wood Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 43005 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Aqua Texas Inc., to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____ day of _____ 2015



Public Utility Commission Of Texas

By These Presents Be It Known To All That

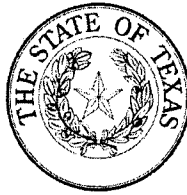
Aqua Texas Inc.

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

Certificate of Convenience and Necessity No. 21059

to provide continuous and adequate sewer utility service to that service area or those service areas in Cherokee, Denton, Hood, Marion, Rockwall, Tarrant, and Wise Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 43006 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Aqua Texas Inc., to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____ day of _____ 2015



**CANCELLATION OF
CERTIFICATE OF CONVENIENCE AND NECESSITY**

Texas H2O, Inc.

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

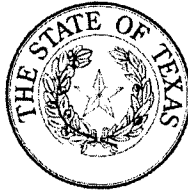
Certificate No. 12809

Certificate No. 12809 was cancelled by Order of the Commission in Docket No. 43005. Texas H2O's facilities and lines were transferred to Aqua Texas Inc., CCN No. 13201, in Hood, Johnson, and Tarrant Counties.

Please reference Docket No. 43005 for the location of maps and other information related to the service area transferred.

Certificate of Convenience and Necessity No. 12809 is hereby cancelled by Order of the Public Utility Commission of Texas.

Issued Date: _____



**CANCELLATION OF
CERTIFICATE OF CONVENIENCE AND NECESSITY
Texas H2O, Inc.**

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

Certificate No. 20814

Certificate No. 20814 was cancelled by Order of the Commission in Docket No. 43006. Texas H2O's facilities and lines were transferred to Aqua Texas Inc., CCN No. 21059, in Hood County.

Please reference Docket No. 43006 for the location of maps and other information related to the service area transferred.

Certificate of Convenience and Necessity No. 20814 is hereby cancelled by Order of the Public Utility Commission.

Issued Date: _____

ATTACHMENT E



WATER UTILITY TARIFF
formerly Texas H2O, Inc.
Docket Number: 43005

Aqua Texas, Inc.
(Utility Name)

1106 Clayton Lane, Suite 400W
(Business Address)

Austin, Texas 78723
(City, State, Zip Code)

(512) 990-4400
(Area Code/Telephone)

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

13201

This tariff is effective in the following counties:

Hood, Johnson, and Tarrant

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

None

This tariff is effective in the following subdivisions and public water systems:

See Attached List

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE.....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	3
SECTION 3.0 -- EXTENSION POLICY	10
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN	14

APPENDIX A -- SAMPLE SERVICE AGREEMENT
APPENDIX B -- APPLICATION FOR SERVICE

Docket Number: 43005

Aqua Texas, Inc.

(Formally Texas H2O, Inc.)

This tariff is effective in the following subdivisions and/or systems.

PWS #	Subdivision/Facility Name	County
1110070	Berry's Subdivision, Brown Subdivision, Canyon Creek Addition	Hood
1110042	Boynton Water Co. (Jackson Estates)	Hood
2200186	Forest Acres Gardens	Tarrant
1110127	Granbury Industrial Park	Hood
2200090	Heritage Oaks Addition	Tarrant
1110017	Long Creek Water Co.	Hood
1260078	Rancho Villa Subdivision	Johnson
1110084	Ridge Utilities Inc.	Hood
1110102	Sunset Canyon Water Moore Estates	Hood

Docket Number: 43005

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size:</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons)	<u>Gallonage Charge</u>
5/8"	<u>\$48.41</u>	<u>\$3.50</u> per 1,000 gallons
1"	<u>\$121.03</u>	
1½"	<u>\$242.05</u>	
2"	<u>\$387.28</u>	
3"	<u>\$726.15</u>	
4"	<u>\$1,210.25</u>	

FORM OF PAYMENT: The utility will accept the following forms of payment:
Cash X, Check X, Money Order X, Credit Card , Other (specify)
THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT
PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN
FOR CASH PAYMENTS.

REGULATORY ASSESSMENT1.0%
PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY
BILL AND REMIT TO THE FEE TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$750.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD
RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF
LISTED ON THIS TARIFF.

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

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

METER RELOCATION FEEActual Relocation Cost, Not to Exceed Tap Fee
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

METER TEST FEE \$25.00
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER
REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT
THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

SECTION 1.0 - RATE SCHEDULE (Continued)

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

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00) \$25.00
- b) Customer's request that service be disconnected..... \$50.00

TRANSFER FEE \$20.00

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

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) \$10%
PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING 30 TAC 24.21(K)(2).

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 2.0 -- SERVICE RULES AND POLICIES

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

Section 2.01 - Application for Water Service

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

Section 2.02 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the PUC Rules. In the event that the utility refuses to serve an applicant, the utility will inform the applicant in writing of the basis of its refusal. The utility is also required to inform the applicant that a complaint may be filed with the Commission.

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

(A) Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit as provided for in Section 1.02 - Miscellaneous Fees of this tariff. The utility will keep records of the deposit and credit interest in accordance with PUC Rules.

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the utility or another water or sewer utility which accrued within the last two years.

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

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

(B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

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

(C) Easement Requirement

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

Section 2.04 - Utility Response to Applications for Service

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

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

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will not be allowed to use the utility's cutoff valve on the utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers may be required to install and maintain a cutoff valve on their side of the meter.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

No direct connection between a public water supply system and any potential source of contamination or between a public water supply system and a private water source (ex. private well) will be allowed. A customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises.

Section 2.06 - Customer Service Inspections

Applicants for new service connections or facilities which have undergone extensive plumbing modifications are required to furnish the utility a completed customer service inspection certificate. The inspection certificate shall certify that the establishment is in compliance with the Texas Commission on Environmental Quality (TCEQ) Rules and Regulations for Public Water Systems, §290.46(j). The Utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

Section 2.07 - Back Flow Prevention Devices

No water connection shall be allowed to any residence or establishment where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination by either an approved air gap, backflow prevention assembly, or other approved device. The type of device or backflow prevention assembly required shall be determined by the specific potential hazard identified in §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems.

The use of a backflow prevention assembly at the service connection shall be considered as additional backflow protection and shall not negate the use of backflow protection on internal hazards as outlined and enforced by local plumbing codes. When a customer service inspection certificate indicates that an adequate internal cross-connection control program is in effect, backflow protection at the water service entrance or meter is not required.

At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in Section 290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems, then a backflow prevention assembly or device is not required. Outside hose bibs do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker.

All backflow prevention assemblies or devices shall be tested upon installation by a TCEQ certified backflow prevention assembly tester and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against health hazards must also be tested and certified to be operating within specifications at least annually by a certified backflow prevention assembly tester.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

If the utility determines that a backflow prevention assembly or device is required, the utility will provide the customer or applicant with a list of TCEQ certified backflow prevention assembly testers. The customer will be responsible for the cost of installation and testing, if any, of backflow prevention assembly or device. The customer should contact several qualified installers to compare prices before installation. The customer must pay for any required maintenance and annual testing and must furnish a copy of the test results demonstrating that the assembly is functioning properly to the utility within 30 days after the anniversary date of the installation unless a different date is agreed upon.

Section 2.08 - Access to Customer's Premises

The utility will have the right of access to the customer's premises at all reasonable times for the purpose of installing, testing, inspecting or repairing water mains or other equipment used in connection with its provision of water service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the utility and its personnel access to the customer's property to conduct any water quality tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours and the utility personnel will attempt to notify the customer that they will be working on the customer's property. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

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

Section 2.09 - Meter Requirements; Readings, and Testing

One meter is required for each residential, commercial, or industrial connection. All water sold by the utility will be billed based on meter measurements. The utility will provide, install, own and maintain meters to measure amounts of water consumed by its customers.

Meters will be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period unless otherwise authorized by the Commission.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Meter tests. - The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible, the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

Section 2.10 - Billing

(A) Regular Billing

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

(B) Late Fees

A late penalty of either \$5.00 or 10.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

(C) Information on Bill

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

(D) Prorated Bills

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.11- Payments

All payments for utility service shall be delivered or mailed to the utility's business office. If the business office fails to receive payment prior to the time of noticed disconnection for non-payment of a delinquent account, service will be terminated as scheduled. Utility service crews shall not be allowed to collect payments on customer accounts in the field.

Payment of an account by any means that has been dishonored and returned by the payor or payee's bank, shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid money order. If a customer has two returned payments within a twelve month period, the customer shall be required to pay a deposit if one has not already been paid.

Section 2.12 - Service Disconnection

(A) With Notice

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered.

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

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

B) Without Notice

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

Section 2.13 - Reconnection of Service

Utility personnel must be available during normal business hours to accept payments on the day service is disconnected and the following day unless service was disconnected at the customer's request or due to a hazardous condition.

Service will be reconnected within 36 hours after the past due bill, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are corrected.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.14 - Service Interruptions

The utility will make all reasonable efforts to prevent interruptions of service. If interruptions occur, the utility will re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, the utility will keep a complete record of all interruptions, both emergency and scheduled and will notify the Commission in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice will explain the cause of the interruptions.

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the TCEQ Rules and Regulations for Public Water Systems.

Section 2.16 - Customer Complaints and Disputes

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

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

In the event of a dispute between a customer and a utility regarding any bill for utility service, the utility will conduct an investigation and report the results to the customer. If the dispute is not resolved, the utility will inform the customer that a complaint may be filed with the Commission.

Section 2.17 - Customer Liability

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

SECTION 3.0 -- EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

LINE EXTENSION AND CONSTRUCTION CHARGES: NO CONTRIBUTION IN AID OF CONSTRUCTION MAY BE REQUIRED OF ANY CUSTOMER EXCEPT AS PROVIDED FOR IN THIS APPROVED EXTENSION POLICY.

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

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

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

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

However, if the residential customer requesting service purchased the property after the developer was notified in writing of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

Residential customers will be charged the equivalent of the costs of extending service to their property from the nearest transmission or distribution line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the additional cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

Unless an exception is granted by the PUC, the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution and pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Exceptions may be granted by the PUC if:

- adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
- or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

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

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers. A service applicant requesting a one inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection beyond 200 feet and throughout his property including the cost of all necessary transmission facilities.

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

Section 3.03 - Contributions in Aid of Construction

Developers may be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with TCEQ minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or TCEQ minimum requirements. For purposes of this subsection, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

SECTION 3.0 -- EXTENSION POLICY (Continued)

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

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 30 TAC 24.86(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by 30 TAC 24.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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

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

Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy of this tariff shall be subject to appeal as provided in this tariff, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall be informed of the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located.

Section 3.05 - Applying for Service

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

SECTION 3.0 -- EXTENSION POLICY (Continued)

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

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to Utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, the applicant may refer the matter to the PUC for resolution.

Section 3.06 - Qualified Service Applicant

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

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

Section 3.07 - Developer Requirements

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

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

APPENDIX A -- SAMPLE SERVICE AGREEMENT

From 30 TAC Chapter 290.47(b), Appendix B

SERVICE AGREEMENT

I. PURPOSE. The NAME OF WATER SYSTEM is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF WATER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the water system will not re-establish service unless it has a signed copy of this agreement.

II. RESTRICTIONS. The following unacceptable practices are prohibited by State regulations.

A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.

B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.

C. No connection which allows water to be returned to the public drinking water supply is permitted.

D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.

E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

III. SERVICE AGREEMENT. The following are the terms of the service agreement between the NAME OF WATER SYSTEM (the Water System) and NAME OF CUSTOMER (the Customer).

A. The Water System will maintain a copy of this agreement as long as the Customer and/or the premises is connected to the Water System.

B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Water System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Water System's normal business hours.

C. The Water System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic reinspection.

D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.

E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Water System. Copies of all testing and maintenance records shall be provided to the Water System.

IV. ENFORCEMENT. If the Customer fails to comply with the terms of the Service Agreement, the Water System shall, at its option, terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

CUSTOMER'S
SIGNATURE: _____

DATE: _____

APPENDIX B -- APPLICATION FOR SERVICE
(Utility Must Attach Blank Copy)

Docket Number: 43005



WATER UTILITY TARIFF
Docket Number: 43005
Application to cancel CCN No. 12809 Texas H2O, Inc.
and transfer all to CCN No. 13201 Aqua Texas Inc.
Obsolete tariff for Texas H2O.

Texas H2O, Inc.
(Utility Name)

P.O. Box 613
(Business Address)

Mansfield, Texas 76063
(City, State, Zip Code)

(817) 473-6080
(Area Code/Telephone)

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

12809

This tariff is effective in the following counties:

Hood, Johnson, and Tarrant

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

None

Docket Number: 43005



WATER UTILITY TARIFF
formerly Texas H2O, Inc.
Docket Number: 43005

Aqua Texas, Inc.
(Utility Name)

1106 Clayton Lane, Suite 400W
(Business Address)

Austin, Texas 78723
(City, State, Zip Code)

(512) 990-4400
(Area Code/Telephone)

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

21059

This tariff is effective in the following counties:

Hood

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

None

This tariff is effective in the following subdivisions and public water systems:

See Attached List

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	3
SECTION 3.0 -- EXTENSION POLICY	10
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN	14

APPENDIX A -- SAMPLE SERVICE AGREEMENT
APPENDIX B -- APPLICATION FOR SERVICE

Docket Number: 43005

Aqua Texas, Inc.

(Formerly Texas H2O, Inc.)

This tariff is effective in the following subdivisions and/or systems.

PWS #	Subdivision/Facility Name	County
1110070	Berry's Subdivision, Brown Subdivision, Canyon Creek Addition	Hood
1110042	Boynton Water Co. (Jackson Estates)	Hood
2200186	Forest Acres Gardens	Tarrant
1110127	Granbury Industrial Park	Hood
2200090	Heritage Oaks Addition	Tarrant
1110017	Long Creek Water Co.	Hood
1260078	Rancho Villa Subdivision	Johnson
1110084	Ridge Utilities Inc.	Hood
1110102	Sunset Canyon Water Moore Estates	Hood

Docket Number: 43005

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size:</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons)	<u>Gallonage Charge</u>
5/8"	<u>\$48.41</u>	<u>\$3.50</u> per 1,000 gallons
1"	<u>\$121.03</u>	
1½"	<u>\$242.05</u>	
2"	<u>\$387.28</u>	
3"	<u>\$726.15</u>	
4"	<u>\$1,210.25</u>	

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

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

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

REGULATORY ASSESSMENT1.0%

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

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$750.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Unique costs) Actual Cost

FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large meter) Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

METER RELOCATION FEEActual Relocation Cost, Not to Exceed Tap Fee

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

METER TEST FEE \$25.00

THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

SECTION 1.0 - RATE SCHEDULE (Continued)

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

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00)..... \$25.00
- b) Customer's request that service be disconnected..... \$50.00

TRANSFER FEE \$20.00

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

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) \$10%
PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING 30 TAC 24.21(K)(2).

LINE EXTENSION AND CONSTRUCTION CHARGES:

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