

Control Number: 43117



Item Number: 23

Addendum StartPage: 0

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DOCKET NO. 43117

2015 SEP -4 AM 10:47

APPLICATION OF BRAZOS VALLEY
SEPTIC & WATER, INC. AND NERRO
SUPPLY, LLC FOR SALE, TRANSFER,
OR MERGER OF FACILITIES AND
TO AMEND A CERTIFICATE OF
CONVENIENCE AND NECESSITY IN
BRAZOS, BURLESON, AND
ROBERTSON COUNTIES (37948-S)

PUBLIC UTILITY COMMISSION
PUBLIC UTILITY COMMISSION
FILING CLERK

OF

TEXAS

COMMISSION STAFF'S FINAL RECOMMENDATION

COMES NOW Commission Staff (Staff) of the Public Utility Commission of Texas (Commission) and files this Final Recommendation. In support thereof, Staff would show the following:

I. BACKGROUND

On June 12, 2014, Nerro Supply, LLC (Nerro or Applicant) 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 addresses the proposed sale of water assets owned by Brazos Valley Septic & Water, Inc. (Brazos Valley), excluding the service area in the Post Oak Subdivision, in Brazos, Burleson, and Robertson Counties, Texas from Brazos Valley to Nerro. Additionally, the application would amend Nerro's water CCN. No. 12252 to include the proposed area and amend Brazos Valley's CCN No. 13094 held by Brazos to reflect the area transferred through the transaction. Nerro sent notice of the application to its customers on August 1, 2014, triggering the 120-day deadline for STMs required by 16 TAC § 24.109(e). The 120-day deadline for Commission action on the application is November 29, 2014. The comment period ended on August 31, 2014 and no protests or requests for hearing were received.

Effective September 1, 2014, the Commission began the economic regulation of water and sewer utilities and this case formerly pending at the TCEQ was transferred to the Commission. On September 24, 2014, the Administrative Law Judge (ALJ) issued Order No. 2 Requiring Comments on Status requiring Staff to file an update on the status of the proceeding, to file a recommendation on the need for a hearing or on final disposition of the application, or to propose

a procedural schedule by October 8, 2014. On October 8, 2014, Staff filed its Response to Order No. 2 recommending that a public hearing on the application was not required and proposing a procedural schedule for processing the matter. On October 9, 2014, the ALJ issued Order No. 3 establishing the procedural schedule for this matter. In Order No. 3, the ALJ directed Staff to file its final recommendation by November 7, 2014.

On November 7, 2014, Staff filed its Response to Order No. 3 recommending that the transaction be completed. On November 12, 2014, Staff filed a Request for Extension of Time to File Joint Proposed Order. On November 14, 2014, the ALJ issued Order No. 4 granting Staff's request for extension and directing Staff to file a proposed notice of approval by November 18, 2014. On November 18, 2014, Staff filed a Joint Notice of Approval and Request to Admit Evidence. On November 19, 2014, Staff filed its Response to Order No. 3 and Supplemental Final Recommendation to clarify its prior filing. On November 25, 2014, the ALJ issued Order No. 5 admitting the requested evidence into the record. On December 4, 2014, the ALJ issued Order No. 6 Approving the Sale/Transfer to Proceed and directed the parties to submit proof in the form of closing documents to the Commission that the sale/transfer has been consummated within 365 days of the date of the order. Further, Order No. 6 directed Staff to file a recommendation regarding the sufficiency of these documents and to propose a schedule for the continued processing within ten working days of receipt of closing documents. On April 29, 2015, Nerro filed Closing Documents in response to Order No. 6.¹

On May 13, 2015, Staff filed a Response to Order No. 6 and Recommendation on Sufficiency of Closing Documents, in which Staff recommended that the closing documents submitted by Nerro on April 29, 2015 were insufficient because the warranty deed and bill of sale were signed only by Brazos Valley. On May 29, 2015, the ALJ issued Order No. 7 deeming the closing documents insufficient as filed. In Order No. 7, the ALJ directed Nerro to file a letter signed by both parties showing that the transaction has been completed by June 3, 2015 and directed Staff to file a final recommendation regarding the sufficiency of the closing documents and propose a schedule for the continued processing of this docket by June 17, 2015. On June 17, 2015, Staff filed its Response to Order No. 7 in which it recommended that the closing documents

¹ The closing documents were originally filed in error in PUC Docket No. 44117 on April 29, 2015. The documents were transferred to PUC Docket No. 43117 on May 12, 2015. Closing Documentation, PUC Docket No. 43117 (April 29, 2015).

provided by Nerro on May 27, 2015 were sufficient and proposed a procedural schedule for the remainder of the proceeding. On June 24, 2015, the ALJ issued Order No. 8 deeming the closing documents sufficient and adopting the proposed procedural schedule. Pursuant to the procedural schedule in Order No. 8, Staff is directed to file its final recommendation on the application by September 4, 2015. Therefore, this pleading is timely filed.

II. STAFF'S FINAL RECOMMENDATION

As detailed in the attached memo (Attachment A) of Leila Guerrero of the Commission's Water Utilities Division, Staff recommends approval of the application.

On August 1, 2014, Nerro provided notice to the affected customers, neighboring utilities and affected parties. Notice of the application was proper and no protests or requests for hearing were received. On April 29, 2015 and May 27, 2015, Brazos Valley and Nerro submitted documents indicating that the transaction has been completed and that all customer deposits have been refunded, as required by 16 TAC § 24.109(g). Upon receipt of the closing documents, Staff sent a revised map reflecting the transaction and CCN certificates to Nerro and Brazos Valley for review and consent. On July 16, 2015 and August 10, 2015, Nerro and Brazos Valley, respectively, filed signed consent forms with the Commission indicating that they concur with the map and certificates as revised by Staff. As a result of the application, Nerro's CCN will be amended to include the transferred area and Brazos Valley's CCN will be amended to reflect the removal of the transferred area; as such, Staff reviewed the application pursuant to the factors in Tex. Water Code § 13.246(c) and recommends that the balance of evidence shows that Nerro has met the required criteria in order to obtain an amendment of its CCN to include the requested area.

Staff recommends that Crystal Clear WSC has demonstrated that there is a need for service in the requested area pursuant to Tex. Water Code § 13.246(c)(2). Nerro indicated that it is already providing service to customers in the areas being transferred and amended. Additionally, Nerro indicated that service will continue to be provided by Nerro if the transaction is approved. In response to the requirement in Tex. Water Code § 13.246(c)(3) that the Commission consider the effect of granting an amendment on the recipient and on any other retail utility servicing the proximate area, Staff recommends that only Nerro, Brazos Valley, and the current customers will be affected by this transaction. As a result of the transaction, Nerro's water CCN No. 12252 will be amended to include a portion of Brazos's facilities, customers and service area in CCN No. 13094. Brazos's water CCN No. 13094 will be amended to remove the area that is being transferred

to Nerro. The customers being transferred will receive service from Nerro; however, the rates charged for service are not changing as a result of this transaction.

Tex. Water Code § 13.426(c)(1) requires the Commission to consider the adequacy of service currently provided to the requested area. Because the area is already receiving service from Nerro and is located in an existing water CCN, includes 493 customers, and the customers are currently receiving service from an approved water facility that meets TCEQ's minimum standards, Staff recommends that the service is adequate in the area. Staff also recommends that Nerro has an adequate supply of water and is operating below 85% of its plant capacity. In response to the criterion in Tex. Water Code § 13.246(c)(4), Staff recommends that Nerro has demonstrated that it has the ability to provide continuous and adequate water service to the requested area. Nerro indicated that it will provide retail public water service using the existing facilities. Nerro is an existing utility and will be using its own facilities plus the facilities acquired from Brazos through this transaction to serve the area. There are no outstanding deficiencies with the facilities with the TCEQ or the Commission. In response to Tex. Water Code §13.246(c)(6), Staff notes that the existing system does not have any outstanding violations and does not require major capital improvements or repairs at this time.

Tex. Water Code § 13.246(c)(5) requires the Commission to consider the feasibility of obtaining service from an adjacent retail public utility. In this case, the area is already receiving service from Nerro and no additional service is needed. Also, no protests, opt out requests or requests for hearing were received regarding the proposed transaction. Therefore, Staff recommends that it is not necessary to consider the feasibility of obtaining service from another entity since the area is already being served. In response to Tex. Water Code §§ 13.246(7) and (9), Staff recommends that there will be no impact on the environment and the land as the system is already in place and does not need any repairs or improvements at this time. Additionally, in response to Tex. Water Code § 13.246(8), Staff recommends that the customers' rates will not be affected by this transaction as they will remain the same.

Based on a review of the information provided by Nerro, Staff recommends that Nerro has the financial and managerial capability to provide service to the requested area. Nerro provided its financial statements for calendar year 2013. The Balance Sheet as of December 31, 2013, showed total assets of \$3,515,407, total liabilities of \$57,933, and net assets of \$3,457,474. Nerro's Profit and Loss Statement for the year ended December 31, 2013, showed a net income of

\$274,479. Nerro reported zero (0) long long-term liabilities and lack of long-term liabilities satisfies the debt-service-coverage ratio analysis. The debt-to-equity ratio was zero (long term debt) to \$3,182,995 (total members' equity) or a ratio of 0.00:1. Staff prefers a ratio of less than 1:1 when analyzing and entity's financial capability. The debt-to-equity ratio is considered a solvency ratio, which assists in discerning an applicant's ability to meet its long-term obligations, as well as its ability to obtain additional borrowings. Essentially, the debt-to-equity ratio compares what an entity owes to what it owns. Staff prefers a ratio of less than 1 to 1 when analyzing an entity's financial capability to ensure that reserve funds for debt payment and repairs and maintenance are built up and maintained. With respect to Nerro's managerial capabilities to provide continuous and adequate service to the requested area, Nerro indicated that it will manage the proposed area through its operating company, Gulf Utility Service, Inc. Nerro stated that it will maintain the proposed water utility service in compliance with the PUC's rules and regulations and will maintain the water system in accordance with the rules and regulations of the TCEQ, as well as federal and local laws and regulations. The PWS has no pending enforcement actions with the TCEQ or outstanding complaints; further, Staff recommends that Nerro has an adequate supply of water and is operating below 85% of its plant capacity.

Staff recommends that Nerro has provided sufficient evidence to demonstrate it has the financial, managerial, and technical capability of providing continuous and adequate service to the requested area. Additionally, Staff recommends that the transaction will serve the public interest and that the amendment of the CCN is necessary for the service, accommodation, convenience, and safety of the public. Both Nerro and Brazos Valley have submitted signed consent forms (Attachment B) evidencing their agreement with the CCN service area map (Attachment C), Nerros' and Brazos Valley's tariffs (Attachment D) and Nerro's and Brazos Valley's CCN certificates (Attachment E) as revised by Staff to reflect the intent of the application.

III. CONCLUSION

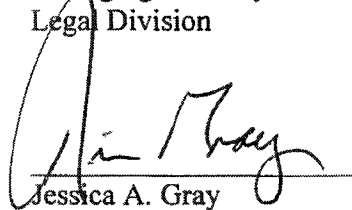
For the reasons stated herein, Staff recommends that the application be approved. Consistent with the procedural schedule adopted in Order No. 8, Staff intends to work with the parties to file a proposed notice of approval with findings of fact, conclusions of law, and ordering paragraphs by **September 18, 2015**.

Date: September 4, 2015

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director
Legal Division

Karen Hubbard
Managing Attorney
Legal Division

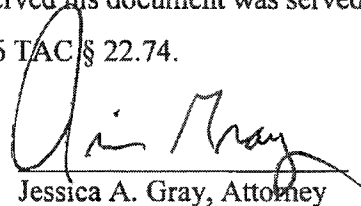


Jessica A. Gray
State Bar No. 24079236
Attorney, Legal Division
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7228
(512) 936-7268 (facsimile)

DOCKET NO. 43117

CERTIFICATE OF SERVICE

I certify that a copy of this document was served his document was served on all parties of record on September 4, 2015 in accordance with 16 TAC § 22.74.



Jessica A. Gray, Attorney

ATTACHMENT A

Public Utility Commission of Texas

Memorandum

TO: Jessica Gray, Attorney
Legal Division

THRU: Tammy Benter, Director
Lisa Fuentes, Work Leader
Water Utility Regulation

FROM: Leila Guerrero, Regulatory Accountant/Auditor
Water Utility Regulation

DATE: August 10, 2015

Subject: **Docket No. 43117, Application of Nerro Supply, LLC and Brazos Valley Septic & Water, Inc. for Sale, Transfer or Merger (STM) of Certificates Rights in Brazos, Burleson, and Robertson Counties (37948-S)**

On June 12, 2014, Nerro Supply, LLC ("Nerro" or "Purchaser") filed an application for STM with the Texas Commission on Environmental Quality (TCEQ) to purchase a portion of the assets and transfer a portion of the service area and customers from Certificate of Convenience and Necessity (CCN) No. 13094 held by Brazos Valley Septic & Water, Inc. ("Brazos" or "Seller") in Brazos, Burleson, and Robertson Counties, pursuant to the criteria in the Texas Water Code (TWC), 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. This application is now being reviewed under 16 Tex. Admin. Code §§ 24.102, 24.109, and 24.112 (TAC) and Texas Water Code Ann. §§ 13.241, 13.246, and 13.301 (TWC).

This application proposes to transfer Brazos's water assets, excluding the service area in the Post Oak Subdivision, served by Public Water System (PWS) No. 1980018, and amend CCN. No. 13094 held by Brazos to remove the area. In turn, the proposed transaction proposes to amend Nerros' water CCN No. 12252 to include the proposed area. The proposed transaction involves 493 current customers. On August 1, 2014, Nerro provided notice to the affected customers, neighboring utilities and affected parties. Notice of the application was proper and there were no protests or requests for hearing received.

Pursuant to TWC §13.301 (e), before the expiration of the 120-day notification period, the Commission is required to notify all known parties to the transaction whether the Commission will hold a hearing to determine if transaction will serve the public interest. On December 4, 2014, the Commission issued Order No. 6 approving the transaction and ordering the parties to complete the Bill of Sale transaction reflecting the closing and transfer of utility assets to Nerro. Based on a

review of the information in the application, I believe Nerro demonstrates adequate financial, managerial and technical capability to provide continuous and adequate service to the area subject to this application. TWC §13.246(c) requires the Commission to consider nine criteria when granting or amending a CCN. As a result of this transaction, Nerro's water CCN No. 12252 will be amended to include the area requested from Brazos. Therefore, the following criteria were considered:

- TWC §13.246(c)(1) requires the Commission to consider the adequacy of service currently provided to the requested area. Because the area is already receiving service and is located in an existing water CCN, includes 493 customers, and the customers are currently receiving service from an approved water facility that meets TCEQ's minimum standards, the service is adequate in the area.
- TWC §13.246(c)(2) requires the Commission to consider the need for service in the requested area. The fact that there are existing customers in the requested area demonstrates the need for service.
- TWC §13.246(c)(3) requires the Commission to consider the effect of granting an amendment on the recipient and on any other retail water utility servicing the proximate area. Only the Buyer, Seller and the current customers will be affected by this transaction. As a result of the transaction, Nerro's water CCN No. 12252 will be amended to include a portion of Brazos's facilities, customers and service area in CCN No. 13094. Brazos's water CCN No. 13094 will be amended to remove the area that is being transferred to Nerro. The customers being transferred will receive service from Nerro; however, the rates charged for service are not changing as a result of this transaction.
- TWC §13.246(c)(4) requires the Commission to consider the ability of the applicant to provide adequate service, including meeting the standards of the TCEQ. Nerro will provide retail public water service using the existing facilities. Nerro is an existing utility and will be using its own facilities plus the facilities acquired from Brazos through this transaction to serve the area. There are no outstanding deficiencies with the facilities with the TCEQ or the Commission.
- TWC §13.246(c)(5) requires the Commission to consider the feasibility of obtaining service from an adjacent retail public utility. In this case, the area is already receiving service and no additional service is needed. Therefore, it is not necessary to consider the feasibility of obtaining service from another entity since the area is already being served.
- TWC §13.246(c)(6) requires the Commission to consider the financial ability of the applicant to pay for facilities necessary to provide continuous and adequate service. The existing system does not have any outstanding violations and does not require major capital improvements or repairs.
- TWC §§13.246(7) and (9) require the Commission to consider the environmental integrity and the effect on the land to be included in the certificate. In this situation, there will be

no impact on the environment and the land as the system is already in place and does not need any repairs or improvements at this time.

- TWC § 13.246(8) required the commission to consider the probable improvement in service or lowering of cost to consumers. The customers' rates will not be affected by this transaction as they will remain the same.

In addition to the nine criteria above, Nerro demonstrates adequate financial capability to serve the requested area. Nerro provided financial statements for calendar year 2013. The Balance Sheet as of December 31, 2013, showed total assets of \$3,515,407, total liabilities of \$57,933, and net assets of \$3,457,474. Nerro's Profit and Loss Statement for the year ended December 31, 2013, showed a net income of \$274,479. Nerro reported zero (0) long-term liabilities and lack of long-term liabilities satisfies the debt-service-coverage ratio analysis. The debt-to-equity ratio was zero (long term debt) to \$3,182,995 (total members' equity) or a ratio of 0.00:1. A ratio of less than 1:1 is preferred when demonstrating financial capability. The debt-to-equity ratio is considered a solvency ratio, which assists in discerning an applicant's ability to meet its long-term obligations, as well as its ability to obtain additional borrowings. Essentially, the debt-to-equity ratio compares what an entity owes to what it owns. A ratio of less than 1 to 1 is preferred when reviewing financial capability to ensure that reserve funds for debt payment and repairs and maintenance are built up and maintained. Based on this information, I opine that Nerro has the financial capability to provide continuous and adequate service to the requested area plus any additional area it is already serving.

With respect to Nerro's managerial capabilities to provide continuous and adequate service to the requested area, Nerro will manage the proposed area through its operating company, *Gulf Utility Service, Inc.* Nerro is an existing utility service company which owns and operates a number of water and wastewater systems in the region. Nerro will maintain the proposed water utility service in compliance with the PUC's rules and regulations. Moreover, Nerro will maintain the water system in accordance with the rules and regulations of the TCEQ, as well as federal and local laws and regulations. The PWS has no pending enforcement actions with the TCEQ or outstanding complaints. Nerro has an adequate supply of water and is operating below 85% of its plant capacity. Therefore, I believe Nerro has the financial and managerial capability required of the application.

On November 18, 2014, PUC Staff filed its recommendation that the transaction serves the public interest and that the application should be approved. In that determination, Staff stated it believed the transaction serves the public interest because the application filed with the PUC and the public notice was proper, and that Nerro does not have a history of noncompliance. However, Staff stated that until the requirements of 16 TAC § 24.112(e) are satisfied, Commission approval of the sale of Brazos's facilities to Nerro is voidable and amending the parties' CCNs is premature.

On April 29, 2015, Nerro filed with the Commission the sales documents to complete the sale transaction. There were no outstanding customer deposits held by the Seller.

The Applicants meet all of the statutory requirements of Texas Water Code Chapter 13 and 16 TAC, Chapter 24 rules and regulations. Approving this application and amending Nerro's CCN No. 12252 and Brazos's CCN No. 13094, respectively is necessary for the service, accommodation, convenience and safety of the public.

The Applicant is capable of providing continuous and adequate service. Staff recommends approval of the order. Attached are map, certificates, tariff and signed consent form that, if adopted, would effectuate the requested transaction.

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

- 1) Issue an order amending the CCNs of Nerro and Brazos; and
- 2) Provide the attached tariffs and maps to the Applicants.

MAILING LIST FOR
(APPLICATION NO. 37948-S)
Docket No. 43117

Mr. Bret W. Fenner, P.E.
B&D Environmental, Inc.
P.O. Box 500264
Austin, TX 78750

Mr. Mark H. Zeppa, P.C.
4833 Spicewood Springs Road, Suite 202
Austin, TX 78759

ATTACHMENT B

CONSENT FORM

Applicant's Name: Nerro Supply, LLC (Purchaser)
Docket No.: 43117 (Application No. 37948-S)

2015 JUL 16 AM 9:16

Please mark the appropriate line:

☒ **I concur** with the map, tariff and certificates transmitted by e-mail on **July 13, 2015.**

☐ **I do not concur** with the map, tariff and certificates transmitted by e-mail on **July 13, 2015.** I understand that I have 14 days from the date of this email to provide my response.

I am authorized by Nerro Supply, LLC to sign this form.

Signature: *BLZ*

Printed Name: Bret W. Fenner

Relationship to Applicant: authorized representative

Date signed: 7/13/15

Please mail the original and 9 copies to:

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

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

CONSENT FORM

Applicant's Name: Brazos Valley Septic & Water, Inc. (Seller)
Docket No.: 43117 (Application No. 37948-S)

RECEIVED

2015 AUG 10 PM 12: 57
PUBLIC UTILITY COMMISSION
FILING CLERK

Please mark the appropriate line:

X **I concur** with the map and certificates transmitted by e-mail on
July 13, 2015.

 I do not concur with the map and certificates transmitted by e-mail on **July 13, 2015.** I understand that I have 14 days from the date of this email to provide my response.

I am authorized by Brazos Valley Septic & Water, Inc. to sign this form.

Signature: Mark H. Zeppa

Printed Name: MARK H. ZEPPA

Relationship to Applicant: ATTORNEY

Date signed: 8/10/15

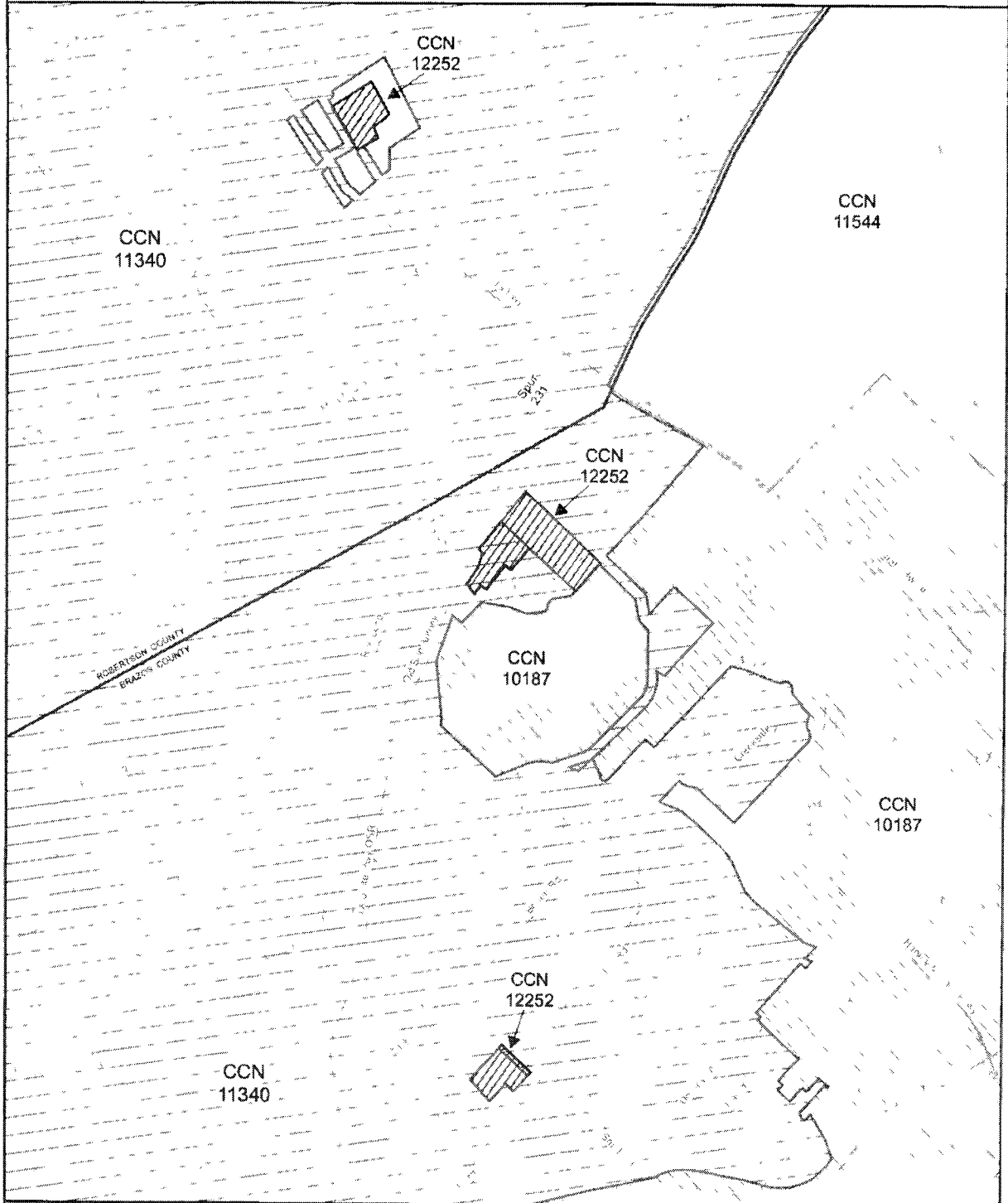
Please mail the original and 9 copies to:

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





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

ATTACHMENT C

Nerro Supply, LLC
 Portion of Water Service Area in Brazos and Robertson Counties
 CCN No. 12252
 PUC Docket No. 43117
 Transferred a Portion of Brazos Valley Septic & Water, Inc., CCN No. 13094
 in Brazos, Burleson and Robertson Counties



Water CCN Service Areas

-  12252 - Nerro Supply LLC
-  10187 - City of Bryan
-  11340 - Wellborn SUD
-  11544 - Wickson Creek SUD



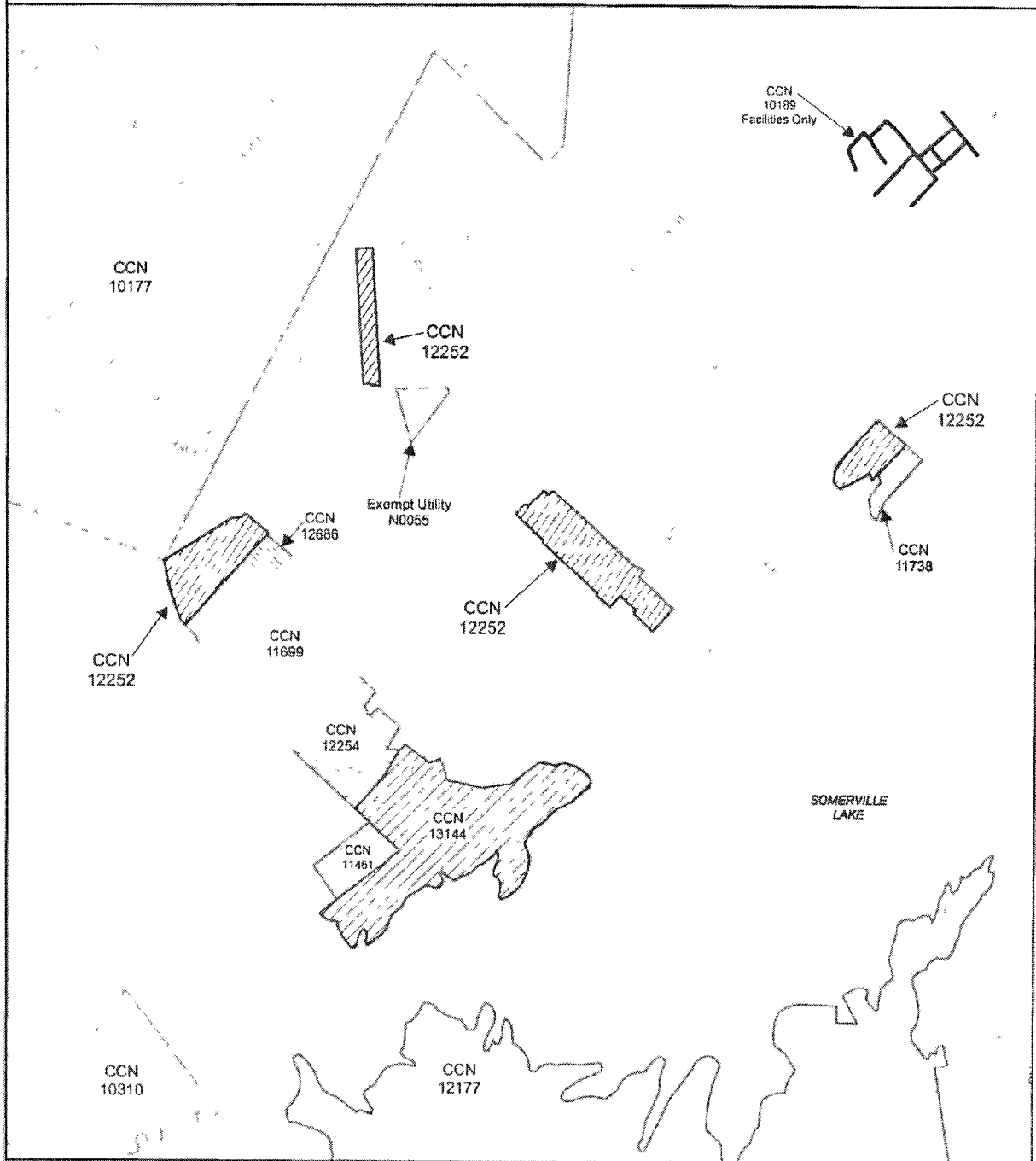
Public Utility Commission of Texas
 1711 N. Congress Ave.
 Austin, TX 78771

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Map by: Suzanne Burt
 Date created: May 27, 2015
 Project path: n:\gis\projects\applications\43117_1.mxd

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Nerro Supply, LLC
 Portion of Water Service Area in Burleson County
 CCN No. 12252
 PUC Docket No. 43117
 Transferred a Portion of Brazos Valley Septic & Water, Inc., CCN No. 13094
 in Brazos, Burleson and Robertson Counties



Water CCN Service Areas

- 12252 - Nerro Supply LLC
- 10177 - Deanville WSC
- 10310 - Lee County WSC
- 11461 - Birch Creek Recreation Inc WSC
- 11699 - Wilderness Sound
- 11738 - Clara Hills Civic Assn
- 12177 - Central Washington County WSC

- 12254 - HDU Services LLC
- 12686 - Post Oak Hill WSC
- 13144 - Burleson County MUD 1
- N0055 - Woodlands West Water Company

Facilities Only CCN

- 10189 - Lyons WSC - Fac Only



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

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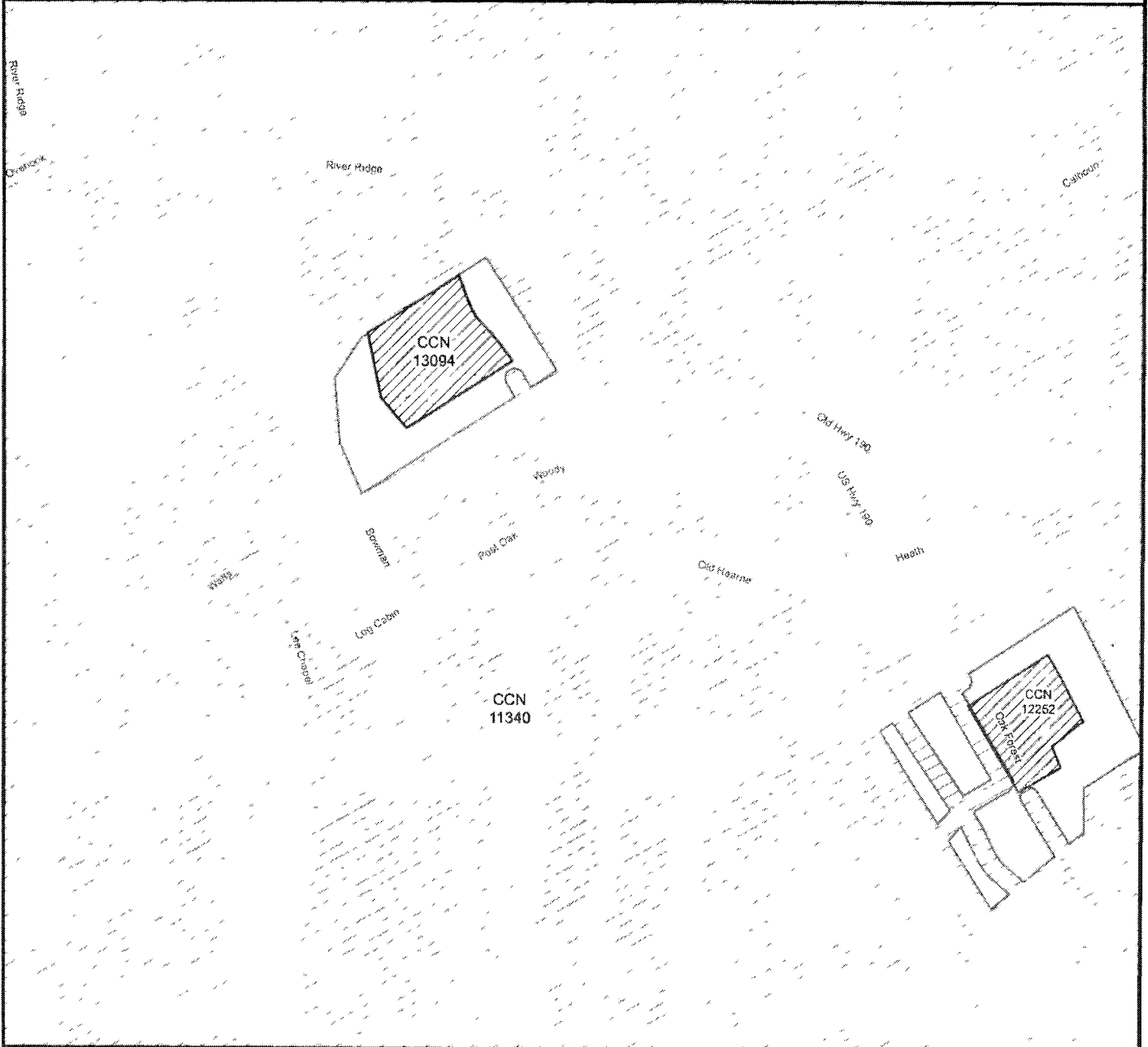
Map by: Suzanne Burt
 Date created: May 28, 2015
 Project path: n:\glia\projec.s\applications\43117 2.mxd

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Brazos Valley Septic & Water, Inc.
Water Service Area in Robertson County
CCN No. 13094




PUC Docket No. 43117

Transferred a Portion of Brazos Valley Septic & Water, Inc., CCN No. 13094
to Nerro Supply, LLC, CCN No. 12252
in Brazos, Burleson and Robertson Counties



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

Water CCN Service Areas

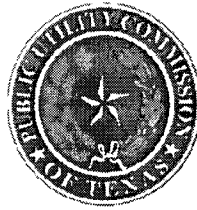
-  13094 - Brazos Valley Septic & Water Inc
-  12252 - Nerro Supply LLC
-  11340 - Wellborn SUD

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Map by: Suzanne Burt
Date created: May 27, 2015
Project path: n:\g s\projects\applications\43117.mxd

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ATTACHMENT D



WATER UTILITY TARIFF

Docket Number: 43117

Brazos Valley Septic & Water, Inc.
(Utility Name)

3033 Cain Road
(Business Address)

College Station, Texas 77845-6268
(City, State, Zip Code)

(979) 696-0664
(Area Code/Telephone)

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

13094

This tariff is effective in the following county:

Robertson

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

None

This tariff is effective in the following subdivisions or systems:

Post Oaks Subdivision PWS # 1980018

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	9
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN	13

APPENDIX A -- SAMPLE SERVICE AGREEMENT

APPENDIX B -- APPLICATION FOR SERVICE

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	<u>\$32.58</u> (Includes 0 gallons)	<u>\$2.00</u> per 1000 gallons up to 12,000 gallons
1"	<u>\$81.45</u>	<u>\$3.00</u> per 1000 gallons, 12,001 gallons and up
1 1/2"	<u>\$162.90</u>	
2"	<u>\$260.64</u>	
3"	<u>\$488.70</u>	
4"	<u>\$814.50</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 ASSESSMENT 1.0%
 PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND REMIT THE FEE TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE \$850.00
 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.

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.

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00) \$25.00
- b) Customer's request that service be disconnected \$45.00

SECTION 1.0 -- RATE SCHEDULE (Continued)

TRANSFER FEE.....	<u>\$45.00</u>
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)	<u>\$5.00</u>
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. SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED	
RETURNED CHECK CHARGE.....	<u>\$30.00</u>
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.	
CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50).....	<u>\$50.00</u>
COMMERCIAL & NON-RESIDENTIAL DEPOSIT	1/6TH OF ESTIMATED ANNUAL BILL
GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE	
WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING [P.U.C. SUBST. R. 24.21(k)(2)].	
SEASONAL RECONNECT FEE:	<u>Monthly minimum times number of months off the system, maximum 6 months.</u>

SECTION 1.0 -- RATE SCHEDULE (Continued)

PURCHASED WATER/ UNDERGROUND WATER DISTRICT FEE PASS THROUGH CLAUSE:

Changes in fees imposed by any wholesale water supplier and/or any ground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the formula:

- AG = $G + B/(1-L)$, where:
AG = adjusted gallonage charge, rounded to nearest one cent
G = approved per 1,000 gallon gallonage charge
B = change in district fee (per 1,000 gallons)
L = system average line loss for preceding 12 months, not to exceed 0.15

To implement or modify the Purchased Water/ Underground Water District Fee, the utility must comply with all notice and other requirements of 30 TAC 291.21 (h).

TEMPORARY WATER RATE:

Unless otherwise superseded by PUC order or rule, if the Utility is ordered by a court or governmental body of competent jurisdiction to reduce its pumpage, production or water sales, the Utility shall be authorized to increase its gallonage charge according to the formula:

$$TGC = cgc + \frac{(pr)(cgc)(r)}{(1.0 - r)}$$

Where:

- TGC = temporary gallonage charge
cgc = current gallonage charge
r = water use reduction expressed as a decimal fraction (the pumping restrictions)
pr = percentage of revenues to be recovered expressed as a decimal fraction (i.e. 100% = 1.0), for this tariff, pr shall equal 0.5.

To implement the Temporary Water Rate, the Utility must comply with all notice and other requirements of 16 TAC 24.21(l).

LINE EXTENSION AND CONSTRUCTION CHARGES:

Refer to Section 3.0 Extension Policy for terms, conditions, and charges when new construction is necessary to provide service.

SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission of Texas (PUC or Commission) Rules, Chapter 24, 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.

(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.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

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.

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, Section 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.

Docket Number: 43117

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

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.

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.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

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.

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.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

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

Section 2.11- Payments

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

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

Section 2.12 - Service Disconnection

(A) With Notice

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

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

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

(B) Without Notice

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

Section 2.13 - 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 customers 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.

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.

Docket Number: 43117

SECTION 3.0 -- EXTENSION POLICY (Continued)

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.

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 PUC SUBST. R. 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 PUC SUBST. R. 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 3.0 -- EXTENSION POLICY (Continued)**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.

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.

SECTION 3.0 -- EXTENSION POLICY (Continued)

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 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 re-inspection.
 - 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, either 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)



WATER UTILITY TARIFF

Docket Number: 43117

Nerro Supply, LLC
(Utility Name)

5900 Westview Dr.
(Business Address)

Houston, Texas 77055-5418
(City, State, Zip Code)

(281)355-1312
(Area Code/Telephone)

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

12252

This tariff is effective in the following counties:

Brazos, Burleson, Chambers, Liberty, Montgomery, Robertson and Walker

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

City of Beach City

*Bayridge Water system and Oaks at Houston Point are within the city limits of the City of Beach City.

"The rates set or approved by the city for the systems entirely within its corporate boundary are not presented in this tariff. Those rates are not under the original jurisdiction of the PUC and will have to be obtained from the city or utility."

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.....	4
SECTION 3.0 -- EXTENSION POLICY	10
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN.....	14
APPENDIX A -- SAMPLE SERVICE AGREEMENT	
APPENDIX B -- APPLICATION FOR SERVICE	

Nerro Supply, LLC

Public Water System/Subdivision	PWS ID #	County
Allendale Water System	1700187	Montgomery
*Bayridge Water System	0360028	Chambers
Hillgreen Water Company	1700539	Montgomery
Loch Ness Cove Water System	1700148	Montgomery
Lost Lake	0360108	Chambers
*Oaks at Houston Point	0360126	Chambers
River Club Water Company	1700185	Montgomery
Riverwood Estates	1460146	Montgomery
Woodhaven Estates	1700481	Montgomery
Sam Houston Forest Subdivision	2360078	Walker
Wildwood Shores	2360078	Walker

The following system/subdivisions were transferred from Brazos Valley Septic & Water, Inc., CCN 13094 in Docket No. 43117:

SUBDIVISION	PWS ID NUMBER	COUNTY
Apache Hills	0260019	Burleson
Benchly Oaks	0210039	Brazos
Lakeview North	0260010	Burleson
Lakeway Manor	1980017	Robertson
Lakewood Estates	0210042	Brazos
Little Oak Forest	0260037	Burleson
Marshal Oaks	0260010	Burleson
Oak Forest	1980017	Robertson
Smetana Forest	0210010	Brazos
Somerville Place	0260010, 0260021	Burleson
Whispering Woods	0260032	Burleson

Docket Number: 43117

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$40.78</u> (Includes 0 gallons)	<u>\$2.50</u> per 1000 gallons thereafter
1"	<u>\$101.95</u>	
1 1/2"	<u>\$203.90</u>	
2"	<u>\$326.24</u>	*PLUS
3"	<u>\$1,019.50</u>	Pass through fees below

Pass Through Fees:

***In addition the gallage charge will be increased for customers in the Riverclub/River Ridge subdivision for Pass Through fees related to the San Jacinto River Authority (SJRA), \$2.65 per 1000 gallons**

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

REGULATORY ASSESSMENT.....1.0%
 PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND REMIT 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 SEPTEMBER 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 SEPTEMBER 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 SEPTEMBER NOT EXCEED \$25.

Docket Number: 43117

SECTION 1.0 -- RATE SCHEDULE (Continued)

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 \$50.00

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

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

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

RETURNED CHECK CHARGE \$50.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) \$50.00**COMMERCIAL & NON-RESIDENTIAL DEPOSIT** 1/6TH OF ESTIMATED ANNUAL BILL**GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:**

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

Changes in fees imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula:

- AG = $G + B/(1-L)$, where
- AG = adjusted gallonage charge, rounded to the nearest one cent;
- G = approved gallonage charge (per 1,000 gallons);
- B = change in purchased water/district gallonage charge (per 1,000 gallons);
- L = system average line loss for preceding 12 months not to exceed 15%

To implement or modify the Purchased Water/Underground Water District Fee, the utility must comply with all notice and other requirements of 16 TAC 24.21 (I).

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$12.00</u> (Includes 5,000 gallons)	<u>\$0.75</u> 5,001-15,000 gallons <u>\$0.85</u> 15,001-25,000 gallons <u>\$1.00</u> 25,001-35,000 gallons <u>\$1.25</u> 35,001 and up

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

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

Section 1.02 - Miscellaneous Fees

TAP FEE..... \$500.00
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 FEE Actual Relocation Cost, Not to Exceed Tap Fee
THIS FEE SEPTEMBER 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 SEPTEMBER 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 SEPTEMBER NOT EXCEED \$25.

SECTION 1.0 -- RATE SCHEDULE (Continued)

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.....\$10.00

TRANSFER FEE\$10.00

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)\$5.00

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

RETURNED CHECK CHARGE\$25.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	<u>\$20.00</u> (Includes 10,000 gallons)	<u>\$3.00</u> per 1000 gallons, 1 st 10,000 gallons <u>\$5.00</u> per 1000 gallons thereafter

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

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$600.00
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 FEE Actual Relocation Cost, Not to Exceed Tap Fee
THIS FEE SEPTEMBER 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 SEPTEMBER 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 SEPTEMBER NOT EXCEED \$25.

SECTION 1.0 -- RATE SCHEDULE (Continued)

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..... \$10.00

TRANSFER FEE \$10.00

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) \$5.00

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

RETURNED CHECK CHARGE \$25.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$32.58</u> (Includes 0 gallons)	<u>\$2.00</u> per 1000 gallons up to 12,000 gallons
1"	<u>\$81.45</u>	<u>\$3.00</u> per 1000 gallons, 12,001 gallons and up
1 1/2"	<u>\$162.90</u>	
2"	<u>\$260.64</u>	
3"	<u>\$488.70</u>	
4"	<u>\$814.50</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 ASSESSMENT.....1.0%
PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND REMIT THE FEE TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE..... \$850.00
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.

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.

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

- a) Non-payment of bill (Maximum \$25.00)..... \$25.00
- b) Customer's request that service be disconnected..... \$45.00

SEASONAL RECONNECT FEE:.....Monthly minimum times number of months off the system, maximum 6 months.

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

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

Docket Number: 43117

SECTION 1.0 -- RATE SCHEDULE (Continued)

RETURNED CHECK CHARGE \$30.00
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

Refer to Section 3.0 Extension Policy for terms, conditions, and charges when new construction is necessary to provide service.

PURCHASED WATER/ UNDERGROUND WATER DISTRICT FEE PASS THROUGH CLAUSE:
Changes in fees imposed by any wholesale water supplier and/or any ground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the formula:

AG = $G + B/(1-L)$, where:
AG = adjusted gallonage charge, rounded to nearest one cent
G = approved per 1,000 gallon gallonage charge
B = change in district fee (per 1,000 gallons)
L = system average line loss for preceding 12 months, not to exceed 0.15

To implement or modify the Purchased Water/ Underground Water District Fee, the utility must comply with all notice and other requirements of 16 TAC 24.21 (h).

TEMPORARY WATER RATE:

Unless otherwise superseded by TCEQ order or rule, if the Utility is ordered by a court or governmental body of competent jurisdiction to reduce its pumpage, production or water sales, the Utility shall be authorized to increase its gallonage charge according to the formula:

$$TGC = cgc + \frac{pr(r)(cgc)(r)}{(1.0 - r)}$$

Where:

TGC = temporary gallonage charge
cgc = current gallonage charge
r = water use reduction expressed as a decimal fraction (the pumping restrictions)
pr = percentage of revenues to be recovered expressed as a decimal fraction (i.e. 100% = 1.0), for this tariff, pr shall equal 0.5.

To implement the Temporary Water Rate, the Utility must comply with all notice and other requirements of 16 TAC 24.21(l).

Docket Number: 43117

SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission of Texas (PUC or Commission) Rules, Chapter 24, 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.

(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.

Docket Number: 43117