



Control Number: 43173



Item Number: 1

Addendum StartPage: 0

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

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PUBLIC UTILITY COMMISSION

B & D ENVIRONMENTAL, INC.

P.O. BOX 500264

AUSTIN, TEXAS 78750

PHONE NO: (512) 264-9124

FAX NO: (512) 692-1967

EMAIL: bretfenner@yahoo.com

December 27, 2013

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TO: EQ
WATER SUPPLY DIV.
2013 DEC 30 PM 2 20

Ms. Tammy Benter, Manager
Texas Commission on Environmental Quality
Utilities & Districts Section, MC 153
Water Supply Division
P.O. Box 13087
Austin, Texas 78711-3087

Re: Water Rate/Tariff Change Application of North Orange Water and Sewer, LLC for its Longford Place Water System (Longford Place), Certificates of Convenience and Necessity (CCN) Nos. 11511 and 20548 in Orange County.

Dear Ms. Benter:

Per your request, enclosed are an original and four copies of a completed water and sewer rate/tariff change application along with appropriate attachments for Longford Place. A copy of the notices mailed to each affected customer is also included in the rate/tariff change application.

Should you have any further questions concerning this application, please do not hesitate to contact me at (512) 264-9124.

Sincerely,



Bret W. Fenner, P.E.
B & D Environmental, Inc.

Enclosures

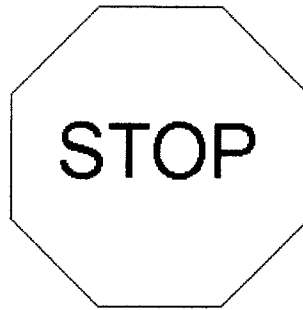
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UTILITIES & DISTRICTS
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APPLICATION FOR A
RATE/TARIFF CHANGE

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When you are filling out this application, you cannot go from one line to the next and fill it out correctly. You will need to complete some tables partially and come back to them later in the process.

Therefore, it is important that you follow the instructions that accompany this application. They are designed to give you a step-by-step process for completing the application.

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APPLICATION FOR A RATE/TARIFF CHANGE

SECTION IA - GENERAL INFORMATION

Applicant **North Orange Water & Sewer LLC**

(Individual, Corporation, or Other Legal Entity)

Utility Name: **Longford Place Water System**

(If different than above)

Legal form of Application:

☐ Individual ☐ Partnership ☐ Sub Chapter-S Corporation

☒ Corporation Provide Charter Number **0704601622**

☐ Other Please Explain:

Utility Address: **10404 N. Highway 87, Suite 102** **Orange** **Texas** **77632-0525**
Street Address or Location City State Zip Code

County(ies) where services are provided: **Orange**

CCN Number(s): **11511 & 20548**

Contact Person: **Bret W. Fenner, P.E.** Telephone Number: **(512) 264-9124**

Position: **Engineer** Fax Number: **(512) 692-1967**

Address: **P.O. Box 500264** **Austin** **Texas** **78750**
Street Address or Location City State Zip Code

If the applicant is a corporation, please provide a copy of the corporation's "Certificate of Account Status" (regarding the payment of franchise taxes) from the State Comptroller's Office. This "Certificate of Account Status" can be obtained from the website at: **(See Attachment A)**

Comptroller of Public Accounts, Office Management ^{“1}

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

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1. <https://ourcpa.cpa.state.tx.us/coa/Index.html>

SECTION IB - MISCELLANEOUS INFORMATION

- A. How often and on what dates are water meters typically read? Last week of the month
- B. When bills are typically sent out? Last week of the month
- C. Do you serve customers within the corporate limits of a municipality? If No, Go to D. ____ Yes X No
If yes, which municipalities?

Have you filed a request to change rates with the municipality? ____ Yes **X** No
If no, please explain:

--

- D. Are you currently collecting the Regulatory Assessment Fee from your customers? ☒ Yes ☐ No

If yes, are you current in your payment of the Regulatory Assessment Fee to the Texas Commission on Environmental Quality or the predecessor agency, Texas Water Commission, for assessments payable beginning January 1, 1992? **X** Yes No

- E. Water Utilities:** Please indicate the Public Water System Identification numbers for each of your systems:

System Name	TCEQ PWS ID #	County	Rate Increase Applicable?
Longford Place Water System	1810015	Orange	Yes

For each of the systems, please provide a copy of the most recent public water system annual inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies. **(See Attachment B)**

- F. Sewer Utilities: Please indicate the discharge permit number for each Wastewater Treatment Plant you operate:

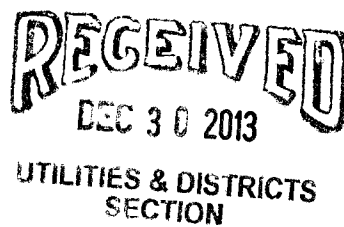
Wastewater Treatment Plant Name	TCEQ Discharge Permit Number	County	Rate Increase Applicable?
Longford Place Treatment Facility	WQ0011155001	Orange	Yes

For each of the plants, please provide a copy of the most recent inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies. (See Attachment B)

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INFORMATION REQUIRED
FOR A
WATER RATE/TARIFF CHANGE



SECTION II: OPERATIONAL INFORMATION – WATER

Manager (or owner if services are routinely provided to the utility)

Name **Bobby Manshack**

Relationship to Owner: **Director**

Short job description:

Manages utility, financial decisions, contract relations; plans improvements, deals with regulatory issues and compliance with TCEQ standards.

Approximate number of hours per week this person works for the company: **20**

Salary: **\$ 450** Hourly ____ Weekly **X** Monthly ____ Annual ____

Employees

Name **Cammie Vincent**

Relationship to Owner: **Director**

Short job description:

Office manager; prepares billing; billing and financial records, customer service, bookkeeping, regulatory and compliance response and correspondence with government agencies.

Approximate number of hours per week this person works for the company: **20**

Salary: **\$ 365** Hourly ____ Weekly **X** Monthly ____ Annual ____

Name **Susan Vincent**

Relationship to Owner: **In-Law**

Short job description:

Administrative assistant, billing, customer service and provides bookkeeping.

Approximate number of hours per week this person works for the company: **40**

Salary: **\$ 700** Hourly ____ Weekly **X** Monthly ____ Annual ____

Name **Buford Mooney**

Relationship to Owner: **None**

Short job description:

Certified operator for water utility; conducts daily checks and provides minor repairs and maintenance for utility.

Approximate number of hours per week this person works for the company: **20**

Amount paid for services: **\$ 365** Hourly ____ Weekly **X** Monthly ____ Annual ____

Please provide the names and classification of the utility's certified operators:

Certified Operator's Name/ Classification	Certified Operator's Name/Classification
Buford Mooney / Class C Water; Class C Sewer	

-Attach additional sheet(s) if necessary-

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SECTION III. PLANT & EQUIPMENT INFORMATION – WATER

A. CUSTOMER CONTRIBUTIONS

If any of the items included in your plant and equipment were 100% financed with customer contributions, assessments, surcharges, extension fees, etc., you may not include depreciation or return on those items in your cost of service. However, if those customer contributions did not cover the entire cost of the asset, you may include the amount that the utility paid for. Please list below all items that were funded either all or in part by customer contributions and indicate amount that the customers contributed for each item.

Table III. A.

Item [A]	Date of installation [B]	Total Cost [C]	Amount of Customer Contribution [D]	Difference [E] = [C] - [D]
None				①
				①
				①
				①
				①

- Attach additional sheet(s) if necessary -

- ① If any amount in this column is greater than zero, enter that item in the appropriate category in **Table III. B**

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B. ORIGINAL COST & DEPRECIATION SCHEDULE -- WATER

Please provide the following inventory of the water utility plant being used to provide water service at the end of the test year. You will be responsible for supporting this information with invoices or other documentation. Round your figures to the nearest dollar. **Amounts should be computed as of the end of the "test year."** (See Attachment C)

Table III. B.

[A] Item	[B] Date Of Installation	[C] Service Life (yrs) * **	[D] Original Cost \$	Depreciation			[G] = [D] - [F] Net Book Value (\$)
				Years in Service	[E] = [D]/[C] Annual (\$)	[F] Accumulated (\$)	
				YR ⓪	Mos ⓪⓪	Days ⓪⓪⓪	
Land		n/a					
Wells		50					
Well Pumps:							
5 hp or less		5					
Greater than 5 hp		10					
Booster Pumps:							
5 hp or less		5					
Greater than 5 hp		10					
Chlorinators		10					
Structures:							
Wood		15					
Masonry		30					
Storage Tanks		50					
Pressure Tanks		50					
Distribution System (mains and lines)		50					
Meters and Service (taps not covered by fees)		20					
Office Equipment		10					
Vehicles		5					
Shop Tools		15					
Heavy Equipment		10					
Fencing		20					
Other: (Please list)							
Total					①	②	③

* TCEQ Suggested Service Life ** Other Service Life

① Enter this number in Table VI. A., Line [O], Column ① ② If [F] is greater than [D], enter the total for [D] ③ Enter this number in Table IV. E., Line [A]

- Attach additional sheet(s) if necessary -

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SECTION

C. DEVELOPER CONTRIBUTIONS - WATER

If any of the Items listed in the Depreciation Schedule were contributed by a developer, please list those items and the associated cost below.

Table III. C.

Item	Date of installation or Contribution	Total Cost	Amount of Developer Contribution	Net Book Value (from Table III.B.)
None				
Total				①

① Insert this amount in **Table IV. E., Line [E]**

- Attach additional sheet(s) if necessary -

SECTION IV - LONG TERM DEBT & EQUITY INFORMATION – WATER

A. EQUITY

How much equity or total capital does the company have in the utility? \$ 38,311

Enter also in **Table IV. D., Box ③** below

B. RATE OF RETURN

What rate of return (profit) on investment in plant (equity) is expected? 11.00 %

Enter also in **Table IV. D., Box ④** below

NOTE: You may choose

- an average equity return established by the staff each year and included with the Annual Report Instructions **OR**
- an interest rate that you think is fair that is less than the rate established by the staff **OR**
- to use the **Rate of Return Worksheet** which is attached to the **Instructions**.

C. BANKRUPTCY

Has the utility or utility owner filed bankruptcy within the last seven years? _____ Yes X No

If YES, explain status of applicant at this time.

<div></div>

D. NOTES PAYABLE - WATER

List the following information concerning debt and equity of the utility and attach copies of notes payable:

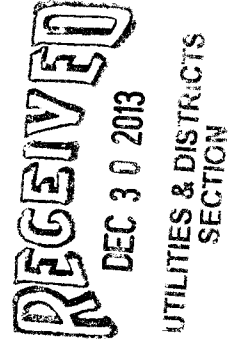
Round all percentages to two (2) decimal places.

Table IV. D.

[A] Name of Bank/Lender	[B] Date of Issue	[C] Date of Maturity	[D] Original Amount of Loan	[E] Outstanding or Unpaid Balance- End of Test Year	[F] Interest Rate	[G] Weighted Average [E] ÷ ⑤ * [F]
Part 1 - Debt						
Compass Bank LOC	11/15/2009	N/A	\$ 85,000	\$ 5,372*	6.5 %	0.70 %
MCT 052 LOC	4/18/2008	N/A	\$ 60,000	\$ 6,485*	10.3 %	1.33 %
			\$	\$	%	%
			\$	\$	%	%
		Total	\$ 145,000 ①	\$ 11,857 ②		2.03 % ⑥
Part 2 - Investment/Equity						
				\$ 38,311 ③	11.00 % ④	8.40 % ⑦
		Total Debt & Equity		\$ 50,168 ⑤		
				Rate of Return		10.43 % ⑧

***All loans are allocated to Longford Place's total debt for water facilities based on a percentage of net book value of each versus total net book value of all facilities of North Orange Water and Sewer (See Attachment D for calculation).**

- ① Total amount of original loans
- ② Total amount of the outstanding balance on the loans
- ③ Equity in the utility - From Section IV. A.
- ④ Return on Equity - From Section IV. B.
- ⑤ Total of ② + ③
- ⑥ Total weighted average of debt - To Table V, Line [C]
- ⑦ Weighted average of Investment/Equity ③ ÷ ⑤ * ④
- ⑧ Sum of ⑥ + ⑦ - To Table IV. E., Line [G]



E. INVESTED CAPITAL & RETURN – WATER**Table IV. E.**

Net Book Value - From Table III. B., Box ③	[A]	\$	50,168
Working cash allowance -Amount From Table VI. A., Line [L] Column ③ , Box ⑦(÷⑧)	[B]	\$	5,190
Materials and supplies	[C]	\$	0
Subtotal - Sum of [A] thru [C]	[D]	\$	55,358
Developer Contributions - From Table III. C., Box ①	[E]	\$	0
Total invested capital [D] - [E]	[F]	\$	55,358
Rate of return - From Table IV. D., Box ⑧	[G]		10.43%
Return/Interest - If [F] is greater than -0-, then enter [F] * [G]. If [F] is less than -0-, enter -0-. Enter this amount in Table V., Line [A] and Table VI. A., Line [Q], Column ②	[H]	\$	5,774

SECTION V - INCOME TAX CALCULATION – WATER

Use the following table to determine the amount of income tax that can be included in your revenue requirement.

Table V.

Return - From Table IV. E., Line [H]	[A]	\$	5,774
Interest Calculation			
Total Invested Capital - From Table IV. E., Line [F]	[B]	\$	55,358
Weighted Cost of Debt Capital - Percentage From Table IV. D., Box ⑥	[C]		2.03 %
Interest [B]*[C]	[D]	\$	1,124
Taxable Income [A] - [D]	[E]	\$	4,650
Enter Income Tax from Tax Table (Appendix A)	[F]	\$	882 ①

① To **Table VI. A., Line [P], Column ②**

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SECTION VI - UTILITY INCOME & EXPENSE INFORMATION - WATER

A REVENUE REQUIREMENT

Please provide the following information regarding the cost to the utility of providing water utility service over your selected twelve month "test year."
Note 1 - Instead of using the percentages listed, you may take the Total Cost and multiply it by 67% to determine the fixed portion and 33% for the variable portion.

TABLE VI. A.

Test Year	01/01/12	to	12/31/12	Line	12 Month "test year" per books	Known and Measurable Changes	Revenue Requirement for next yr	% of (3) that is fixed (Note 1)	Fixed Expenses (Note 1)	Variable Expenses (Note 1)
					(1)	(2)	(3)=(1)+(2)	(4)	(5)=(3)*(4)/100	(6)=(3)-(5)
Salaries and Wages				[A]	16,395	0	16,395	50	8,198	8,197
Contract Labor				[B]	2,825	0	2,825	90	2,543	282
Purchased Water				[C]	0	0	0	0	0	0
Chemicals for Treatment				[D]	1,076	0	1,076	0	0	1,076
Utilities (Electricity)				[E]	3,817	0	3,817	0	0	3,817
Repairs/Maintenance/Supplies				[F]	8,081	0	8,081	50	4,041	4,040
Office Expenses				[G]	2,868	0	2,868	50	1,434	1,434
Accounting & Legal Fees				[H]	1,478	0	1,478	100	1,478	0
Insurance				[I]	59	0	59	100	59	0
Rate Case Expense				[J]	0	2,000	2,000	100	2,000	0
Miscellaneous				[K]	2,919	0	2,919	50	1,460	1,459
Subtotal-Sum of Line [A] thru Line [K]				[L]	39,518	2,000	41,518 (7)		21,213	20,305
Payroll Taxes				[M]	2,314	0	2,314	50	1,157	1,157
Property and Other Taxes				[N]	1,299	0	1,299	100	1,299	0
Annual Depreciation and Amortization-From Table III. B. Box (1)				[O]	1,803	1,350	3,153	100	3,153	0
Income Taxes-From Table V, Line [F]				[P]		882	882	100	882	0
Return -From Table IV.E., Line[H]				[Q]		5,774	5,774	100	5,774	0
Subtotal-Sum of Line [L] thru Line [Q]				[R]	44,934	10,006	54,940		33,478	21,462
Other Revenues				[S]	442	0	442	100	442	0
Total Cost=Line [R] - Line [S]				[T]	44,492	10,006	54,498 (8)		33,036 (9)	21,462 (10)
Alternative Allocation between Fixed and Variable [Note1]				[U]			54,498 (8)	67	36,514 (9)	17,984 (10)

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B. KNOWN & MEASURABLE

If you listed anything in **TABLE VI. A.** above as an increase/decrease expected in the next 12 months, please provide a short explanation by item why there will be a change and how you projected the cost. Changes in cost must be known and measurable and supported by invoices or other documentation.

(See Attachment D)

-Attach additional sheet(s) or a separate listing for sewer service if necessary-

SECTION VII - CUSTOMER INFORMATION - WATER

NUMBER OF CUSTOMERS

How many customers (active connections) did you have at the beginning and at the end of the twelve month test year?

TABLE VII

Connection Type	Line	Beginning of period ①	End of period ②	Equivalency Factor ③	Meter Equivalents ④=②*③
Non-Metered Connections:					
Residential	[A]			1	
Commercial	[B]			1	
Standby	[C]			1	
Metered Connections:					
5/8" x 3/4"	[D]	100	100	1	100
3/4"	[E]			1.5	
1"	[F]			2.5	
1 1/2"	[G]			5	
2"	[H]			8	
3"	[I]			15	
Other:	[J]				
Total	[K]	100	100		100 ⑤

⑤ To Table IX. B., Line [B] AND Table X. A., Line [F]

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SECTION VIII - PRODUCTION & CONSUMPTION INFORMATION - WATER

Please provide the following information regarding water utility operations over your selected twelve month "test year".

Table VIII

Total number of gallons pumped (total master meter reading for the year)	[A]	7,395,000	gallons
Total number of gallons purchased from another source for sale to customers (if any)	[B]	0	gallons
Total number of gallons provided to customers $[C]=[A]+[B]$	[C]	7,395,000	gallons
Total number of gallons billed to your customers (total customer consumption)	[D]	6,210,000 ^①	gallons
System losses: $([C] - [D]) \times 100\% = [E]$ [C]	[E]	16.02	%
Source of Purchased water			

① To Table IX. A., Line [B] AND Table X. A., Line [B]

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SECTION IX - RATE DESIGN - WATER

A. VARIABLE RATE CALCULATIONS

Table IX. A.

Line	Instructions
[A]	From Table VI. A., Line [T], Box ⑩ or Line [U], Box ⑩
[B]	From Table VIII, Line [B]
[C]	Divide Line [B] by 1,000
[D]	Divide Line [A] by Line [C] Transfer to Table IX. B., Lines [E] through [J], Box ⑥

B. BASE RATE CALCULATIONS

Table IX. B.

Line	# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost to be added to base rate	Total base rate per meter size
Total fixed costs - From Table VI. A., Line [T], Box ⑩ or Line [U], Box ⑩	①	③	④ = ② * ③	⑤ = ① + ④
Total meter equivalents at end of test year - From Table VII, Line [K], Box ⑤	36,514			
Base charge per meter equivalent or for each unmeasured connection [A] ÷ [B] and then divide by 12	100			
Base charge per meter size	30.43			
5/8" x 3/4" or unmeasured				
3/4"		⑥		
1"		⑥		
1 1/2"		⑥		
2"		⑥		
3"		⑥		
Other:		⑥		

⑥ From Table IX. A., Line [D]

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SECTION X - ALTERNATE METHOD OF RATE DESIGN - WATER

After you have performed the calculations in **SECTION IX**, you may find that the cost per 1,000 gallons is not what you think your customers will approve. If that is the case, then the following will allow you to calculate a rate structure that still recovers your revenue requirement, but with rates that you think may be more appropriate for your customers.

Table X. A.

	Line	
Cost per 1,000 gallons	[A]	\$ 2.95
Total # of 1,000 Gallons billed	[B]	6,210
Total Cost to be recovered through gallonage charge	[C]	\$ 18,320
Total Revenue Requirement	[D]	\$ 54,498
Total to be recovered through base rate	[E]	\$ 36,178
Total number of meter equivalents	[F]	100
Base rate per meter equivalent	[G]	\$ 30.15

This is the rate that you think is appropriate Enter in **Table X. B., Column ③**, Lines **[B]** through **[H]**

From **Table IX. A., Line [C]**

Multiply Line **[A]** times Line **[B]**

From **Table VI. A., Line [T] Box ⑥**

Subtract Line **[C]** from Line **[D]**

From **Table VII, Line [K], Box ⑤**

Divide Line **[E]** by Line **[F]** & then divide by 12months Enter this in **Table X. B., Line [A] Column ①**

Table X. B.

	Line		# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost added to base	Total base bill per meter size
		①	②	③	④ = ② * ③	⑤ = ① + ④
Base charge per meter equivalent or for each unmetered connection From Table X. A, Line [G]	[A]	\$ 30.15				
Base rate per meter size						
5/8" x 3/4" or unmetered	[B]	\$ 30.15	0	\$ 2.95⑥	0	\$ 30.15
3/4"	[C]	\$ 30.15	0	\$ 2.95⑥	0	\$ 30.15
1"	[D]	\$ 75.38	0	\$ 2.95⑥	0	\$ 75.38
1 1/2"	[E]	\$ 150.75	0	\$ 2.95⑥	0	\$ 150.75
2"	[F]	\$ 241.20	0	\$ 2.95⑥	0	\$ 241.20
3"	[G]	\$ 452.25	0	\$ 2.95⑥	0	\$ 452.25
Other: 4"	[H]	\$ 753.75	0	\$ 2.95⑥	0	\$ 753.75

⑥ From **Table X. A., Line [A]**

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SECTION

INFORMATION REQUIRED
FOR A
SEWER RATE/TARIFF CHANGE

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SECTION II: OPERATIONAL INFORMATION – SEWER

Manager (or owner if services are routinely provided to the utility)

Name Bobby Manshack Relationship to Owner: Director

Short job description:

Manages utility, financial decisions, contract relations; plans improvements, deals with regulatory issues and compliance with TCEQ standards.

Approximate number of hours per week this person works for the company: 20

Salary: \$ 450 Hourly Weekly X Monthly Annual

Employees

Name Cammie Vincent Relationship to Owner: Director

Short job description:

Office manager; prepares billing; billing and financial records, customer service, bookkeeping, regulatory and compliance response and correspondence with government agencies.

Approximate number of hours per week this person works for the company: 20

Salary: \$ 365 Hourly Weekly X Monthly Annual

Name Susan Vincent Relationship to Owner: In-Law

Short job description:

Administrative assistant, billing, customer service and provides bookkeeping.

Approximate number of hours per week this person works for the company: 40

Salary: \$ 700 Hourly Weekly X Monthly Annual

Name Buford Mooney Relationship to Owner: None

Short job description:

Certified operator for water utility; conducts daily checks and provides minor repairs and maintenance for utility.

Approximate number of hours per week this person works for the company: 20

Amount paid for services: \$ 365 Hourly Weekly X Monthly Annual

Please provide the names and classification of the utility's certified operators:

Certified Operator's Name/ Classification	Certified Operator's Name/Classification
Buford Mooney / Class C Water; Class C Sewer	

-Attach additional sheet(s) if necessary-

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SECTION III. PLANT & EQUIPMENT INFORMATION – SEWER

A. CUSTOMER CONTRIBUTIONS

If any of the items included in your plant and equipment were 100% financed with customer contributions, assessments, surcharges, extension fees, etc., you may not include depreciation or return on those items in your cost of service. However, if those customer contributions did not cover the entire cost of the asset, you may include the amount that the utility paid for. Please list below all items that were funded either all or in part by customer contributions and indicate amount that the customers contributed for each item.

Table III. A.

Item [A]	Date of installation [B]	Total Cost [C]	Amount of Customer Contribution [D]	Difference [E]= [C] - [D]
None				①
				①
				①
				①
				①

- Attach additional sheet(s) if necessary -

- ① If any amount in this column is greater than zero, enter that item in the appropriate category in **Table III. B**

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B. ORIGINAL COST & DEPRECIATION SCHEDULE – SEWER

Please provide the following inventory of the water utility plant being used to provide water service at the end of the test year (for sewer attach a similar list). You will be responsible for supporting this information with invoices or other documentation. Round your figures to the nearest dollar. **Figures should be computed as of the end of the "test year."** (See Attachment C)

Table III. B.

[A]	[B]	[C]	[D]	Depreciation				[G] = [D] - [F] Net Book Value (\$)	
Item	Date of Installation	Service Life (yrs)		Original Cost when installed (\$)	Years in Service			[E] = [D]/[C] Annual (\$)	[F] Accumulated (\$)
		*	**		Yrs 🕒	Mos 🕒🕒	Days 🕒🕒🕒		
Land		n/a							
Collection Sewers									
Gravity		50							
Force		50							
Pumping Equipment		5							
Treatment & Disposal Equipments		25							
Structures									
Wood		15							
Masonry		30							
Plant Sewers		50							
Outfall sewer lines		50							
Laboratory Equipment		10							
Meters and Service (taps not covered by fees)		20							
Office Equipment		10							
Vehicles		5							
Shop Tools		15							
Heavy Equipment		10							
Fencing		20							
Other: (Please list)									
Total							①	②	③

* TCEQ Suggested Service Life ** Other Service Life

① Enter this number in Table VI. A., Line [O], Column ①, ② if [F] is greater than [D], enter the total for [D], ③ Enter this number in Table IV.E., Line [A] attach additional sheet(s) if necessary-

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C. DEVELOPER CONTRIBUTIONS - SEWER

If any of the Items listed in the Depreciation Schedule were contributed by a developer, please list those items and the associated cost below.

Table III. C.

Item	Date of installation or Contribution	Total Cost	Amount of Developer Contribution	Net Book Value (from Table III.B.)
None				
Total				(1)

① Insert this amount in **Table IV. E., Line [E]**

- Attach additional sheet(s) if necessary -

SECTION IV - LONG TERM DEBT & EQUITY INFORMATION – SEWER

A. EQUITY

How much equity or total capital does the company have in the utility? \$ 68,650
Enter also in **Table IV. D., Box (3)** below

B. RATE OF RETURN

What rate of return (profit) on investment in plant (equity) is expected? 11.00 %
Enter also in **Table IV. D., Box (4)** below

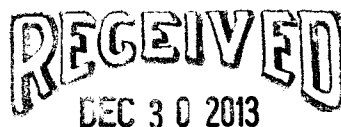
NOTE: You may choose

- an average equity return established by the staff each year and included with the Annual Report Instructions **OR**
- an interest rate that you think is fair that is less than the rate established by the staff **OR**
- to use the **Rate of Return Worksheet** which is attached to the **Instructions**.

C. BANKRUPTCY

Has the utility or utility owner filed bankruptcy within the last seven years? Yes **X** No

If YES, explain status of applicant at this time.



UTILITIES & DISTRICTS SECTION

D. DEBT & EQUITY - SEWER

List the following information concerning debt and equity of the utility and attach copies of notes payable:

Round all percentages to two (2) decimal places.

Table IV. D. SEWER

[A] Name of Bank/Lender	[B] Date of Issue	[C] Date of Maturity	[D] Original Amount of Loan	[E] Outstanding or Unpaid Balance- End of Test Year	[F] Interest Rate	[G] Weighted Average [E] \div [F]
Part 1 - Debt						
Compass Bank LOC	11/15/2009	N/A	\$ 85,000	\$ 9,633*	6.50 %	0.70 %
MCT 052 LOC	4/18/2008	N/A	\$ 60,000	\$ 11,628*	10.30 %	1.33 %
			\$		%	%
			\$		%	%
			\$		%	%
Total			\$ 145,000 ①	\$ 21,261 ②		2.03 % ⑥
Part 2 - Investment/Equity						
			\$	68,650 ③	11.00 % ④	8.40 % ⑦
Total Debt & Equity			\$	89,911 ⑤		
					Rate of Return	10.43 % ⑧

*All loans are allocated to Longford Place's total debt for sewer facilities based on a percentage of net book value of each versus total net book value of all facilities of North Orange Water and Sewer (See Attachment D for calculation).

- ① Total amount of original loans
- ② Total amount of the outstanding balance on the loans
- ③ Equity in the utility - From Section IV. A.
- ④ Return on Equity - From Section IV. B.
- ⑤ Total of ②+③
- ⑥ Total weighted average of debt - To Table V, Line [C]
- ⑦ Weighted average of Investment/Equity \div ⑤*④
- ⑧ Sum of ⑥ + ⑦ - To Table IV. E., Line [G]

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SECTION

E. INVESTED CAPITAL & RETURN - SEWER

Table IV. E.

Net Book Value - From Table III. B., Box ③	[A]	\$	89,911
Working cash allowance - (Amount From Table VI. A., Line [L] Column ③, Box ⑦ ÷ 8)	[B]	\$	6,490
Materials and supplies	[C]	\$	0
Subtotal - Sum of [A] thru [C]	[D]	\$	96,401
Developer Contributions - From Table III. C., Box ①	[E]	\$	0
Total invested capital [D] - [E]	[F]	\$	96,401
Rate of return - From Table IV. D., Box ⑧	[G]		10.43 %
Return/Interest - If [F] is greater than -0-, then enter [F] * [G]. If [F] is less than -0-, enter -0-. Enter this amount in Table V., Line [A], Line [Q], Column ②	[H]	\$	10,055

SECTION V - INCOME TAX CALCULATION - SEWER

Use the following table to determine the amount of income tax that can be included in your revenue requirement.

Table V.

Return - From Table IV. E., Line [H]	[A]	\$	10,055
Interest Calculation			
Total Invested Capital - From Table IV. E., Line [F]	[B]	\$	96,401
Weighted Cost of Debt Capital - Percentage From Table IV. D., Box ⑥	[C]		2.03 %
Interest [B] * [C]	[D]	\$	1,960
Taxable Income [A] - [D]	[E]	\$	8,095
Enter Income Tax from Tax Table (Appendix A)	[F]	\$	1,500 ①

① To **Table VI. A., Line [P], Column ②**

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SECTION VI - UTILITY INCOME & EXPENSE INFORMATION - SEWER

A REVENUE REQUIREMENT

Please provide the following information regarding the cost to the utility of providing sewer utility service over your selected twelve month "test year."
Note 1 - Instead of using the percentages listed, you may take the Total Cost and multiply it by 67% to determine the fixed portion and 33% for the variable portion.

TABLE VI. A.

Test Year	01/01/12	to	12/31/12	Line	12 Month "test year" per books	Known and Measurable Changes	Revenue Requirement for next yr	% of ③ that is fixed (Note 1)	Fixed Expenses (Note1)	Variable Expenses (Note 1)
					①	②	③=①+②	④	⑤=(③*④)/100	⑥=③-⑤
	Salaries and Wages			[A]	20,038	0	20,038	50	10,019	10,019
	Contract Labor			[B]	3,453	0	3,453	90	3,108	345
	Sludge Hauling			[C]	2,739	0	2,739	0	0	2,739
	Chemicals for Treatment			[D]	1,315	0	1,315	0	0	1,315
	Utilities (Electricity)			[E]	4,666	0	4,666	0	0	4,666
	Repairs/Maintenance/Supplies			[F]	9,878	0	9,878	50	4,939	4,939
	Office Expenses			[G]	3,506	0	3,506	50	1,753	1,753
	Accounting & Legal Fees			[H]	1,806	0	1,806	100	1,806	0
	Insurance			[I]	73	0	73	100	73	0
	Rate Case Expense			[J]	0	2,000	2,000	100	2,000	0
	Miscellaneous			[K]	2,442	0	2,442	50	1,221	1,221
	Subtotal-Sum of Line [A] thru Line [K]			[L]	49,916	2,000	51,916 ⑦		24,919	26,997
	Payroll Taxes			[M]	2,829	0	2,829	50	1,415	1,414
	Property and Other Taxes			[N]	1,588	0	1,588	100	1,588	0
	Annual Depreciation and Amortization-From Table III. B. Box ①			[O]	3,232	(100)	3,132	100	3,132	0
	Income Taxes-From Table V, Line [F]			[P]		1,500	1,500	100	1,500	0
	Return -From Table IV.E., Line[H]			[Q]		10,055	10,055	100	10,055	0
	Subtotal-Sum of Line [L] thru Line [Q]			[R]	57,565	13,455	71,020		42,609	28,411
	Other Revenues			[S]	442	0	442	100	442	0
	Total Cost=Line [R] - Line [S]			[T]	57,123	13,455	70,578 ⑧		42,167 ⑨	28,411 ⑩
	Alternative Allocation between Fixed and Variable [Note1]			[U]			70,578 ⑧	67	47,287 ⑨	23,291 ⑩

⑦ Divide this amount by 8 and enter the result in Table IV. E., Line [B], ⑧ To Table IX. B., Line [D] ⑨ To Table IX. A., Line [A] ⑩ To Table IX. A., Line [A]

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B. KNOWN & MEASURABLE

If you listed anything in **TABLE VI. A.** above as an increase/decrease expected in the next 12 months, please provide a short explanation by item why there will be a change and how you projected the cost. Changes in cost must be known and measurable and supported by invoices or other documentation.

(See Attachment D)

-Attach additional sheet(s) or a separate listing for sewer service if necessary-

SECTION VII - CUSTOMER INFORMATION – SEWER**NUMBER OF CUSTOMERS**

How many customers (active connections) did you have at the beginning and at the end of the twelve month test year?

TABLE VII

Connection Type	Line	Beginning of period ①	End of period ②	Equivalency Factor ③	Meter Equivalents ④=②*③
Non-Metered Connections:					
Residential	[A]			1	
Commercial	[B]			1	
Standby	[C]			1	
Metered Connections:					
5/8" x 3/4"	[D]	100	100	1	100
3/4"	[E]			1.5	
1"	[F]			2.5	
1 1/2"	[G]			5	
2"	[H]			8	
3"	[I]			15	
Other:	[J]				
Total	[K]	100	100		100 ⑤

⑤ To Table IX. B., Line [B] AND Table X. A., Line [F]

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SECTION VIII – TREATMENT INFORMATION - SEWER

Please provide the following information regarding sewer utility operations over your selected twelve month "test year".

Table VIII

Total number of gallons treated (total master meter reading for the year)	[A]	5,919,996	gallons
Total number of gallons treated by another source for sale to customers (if any)	[B]	0	gallons
Total number of gallons treated [C]=[A]+[B]	[C]	5,919,996 (1)	gallons
Source of Purchased Treatment			

① To Table IX. A., Line [B] and Table X. A., Line [B]

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SECTION IX - RATE DESIGN - SEWER

A. VARIABLE RATE CALCULATIONS

Table IX. A.

	Line		Instructions
Total Variable Costs	[A]	\$ 23,291	From Table VI. A., Line [T], Box ⑩ or Line [U], Box ⑩
Total # of Gallons Treated	[B]	5,919,996	From Table VIII, Line [B]
Total # of 1,000 Gallons Treated	[C]	5,920	Divide Line [B] by 1,000
Variable Cost per 1,000 gallons	[D]	\$ 3.93	Divide Line [A] by Line [C] Transfer to Table IX. B.,

B. BASE RATE CALCULATIONS

Table IX. B.

	Line		# of 1000 gallons in base bill	Variable cost per 1,000 gals
		①	②	③
Total fixed costs - From Table VI. A., Line [T], Box ⑩	[A]	\$ 47,287		
Total meter equivalents at end of test year - From Table VII, Line [K], Box ⑤	[B]	100		
Base charge per meter equivalent or for each unmetered connection [A]÷[B] and then divide by 12	[C]	\$ 39.40		

Base charge per meter size

5/8" x 3/4" or unmetered	Multiply [C] by 1	[D]			⑥
3/4"	Multiply [C] by 1.5	[E]			⑥
1"	Multiply [C] by 2.5	[F]			⑥
1 1/2"	Multiply [C] by 5.0	[G]			⑥
2"	Multiply [C] by 8.0	[H]			⑥
3"	Multiply [C] by 15.0	[I]			⑥
Other:		[J]			⑥

⑥ From Table IX. A., Line [D]

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SECTION X - ALTERNATE METHOD OF RATE DESIGN - SEWER

After you have performed the calculations in SECTION IX, you may find that the cost per 1,000 gallons is not what you think your customers will approve. If that is the case, then the following will allow you to calculate a rate structure that still recovers your revenue requirement, but with rates that you think may be more appropriate for your customers.

Table X. A.

	Line	
Cost per 1,000 gallons	[A]	\$ 2.95 This is the rate that you think is appropriate
Total # of 1,000 Gallons billed	[B]	5,920 From Table IX. A., Line [C]
Total Cost to be recovered through gallonage charge	[C]	\$ 17,464 Multiply Line [A] times Line [B]
Total Revenue Requirement	[D]	\$ 70,578 From Table VI. A., Line [T] ⑥
Total to be recovered through base rate	[E]	\$ 53,114 Subtract Line [C] from Line [D]
Total number of meter Equivalents	[F]	100 From Table VII, Line [K], Box ⑤
Base rate per meter equivalent	[G]	\$ 44.26 Divide Line [E] by Line [F] & then divide by 12months Enter this in Table X. B, Line [A] Column ①

Table X. B.

	Line		# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost added to base	Total base bill per meter size
		①	②	③	④=②*③	⑤=①+④
Base charge per meter equivalent or for each unmetered connection From Table X. A, Line [G]	[A]	\$ 44.26				
Base rate per meter size						
5/8" x 3/4" or unmetered	Multiply [A] ① by 1	[B] \$ 44.26	0	\$ 2.95⑥	0	\$ 44.26
3/4"	Multiply [A] ① by 1.0	[C] \$ 44.26	0	\$ 2.95⑥	0	\$ 44.26
1"	Multiply [A] ① by 2.5	[D] \$ 110.65	0	\$ 2.95⑥	0	\$ 110.65
1 1/2"	Multiply [A] ① by 5.0	[E] \$ 221.30	0	\$ 2.95⑥	0	\$ 221.30
2"	Multiply [A] ① by 8.0	[F] \$ 354.08	0	\$ 2.95⑥	0	\$ 354.08
3"	Multiply [A] ① by 15.0	[G] \$ 663.90	0	\$ 2.95⑥	0	\$ 663.90
Other: 4"	Multiply [A] ① by 25.0	[H] \$ 1,106.50	0	\$ 2.95⑥	0	\$ 1,106.50

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⑥ From Table X. A., Line [A]

AFFIDAVIT
WATER &/OR SEWER
RATE/TARIFF CHANGE

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AFFIDAVIT

STATE OF TEXAS

COUNTY OF ORANGE

I, Bobby Manshack being duly sworn, file this **NOTICE OF PROPOSED RATE CHANGE** as President
(indicate relationship to Utility, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and authorized to file and verify such NOTICE; and that all statements made and matters set forth herein are true and correct.

I further represent that a copy of the attached NOTICE was provided by Mail
(mail or hand delivery)
to each customer or other affected party on or about December 31, 20 13

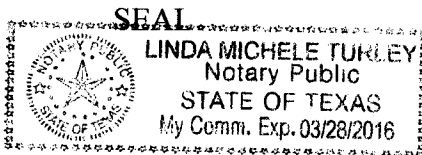
BOBBY MANSHACK

AFFIANT

(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN TO BEFORE ME,
this the 11th day of December, 20 13, to certify
which witness my hand and seal of office.



Michele Turley
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Michele Turley
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 3-28-2014

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NOTICE OF RATE/TARIFF CHANGE
TO BE PROVIDED TO CUSTOMERS

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NOTICE OF PROPOSED RATE CHANGE

North Orange Water & Sewer, LLC

Company Name

11511 & 20548

CCN Number

has submitted a rate change application to the Texas Commission on Environmental Quality (Commission). The proposed rates listed on the next page will apply to service received after the effective date provided below. If the Commission receives protests to the proposed increase from 10 percent of the ratepayers or from any affected municipality before the 91st day after the proposed effective date, a public hearing will be scheduled to determine if the proposed rates are reasonable. Protests should be mailed to:

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

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Unless protests are received from 10 percent of the ratepayers or the Commission staff requests a hearing, no hearing will be held and rates will be effective as proposed. Please read the following information carefully:

Longford Place Water & Sewer: PWS ID #1810015

Subdivisions or Systems Affected by Rate Change

10404 North Highway 87, Suite 102

Company Address

Orange

City

Texas

State

77632

Zip

(409) 746-9640

Telephone

\$ 23,451

Annual Revenue Increase

December 31, 2013

Date Customer Notice Mailed

October 1, 2008

Date of Last Rate Change

Last week of the month

Date Meters Typically Read

EFFECTIVE DATE OF PROPOSED INCREASE: March 3, 2014

Reason(s) for proposed Rate Change:

Allow the utility to generate enough revenue to cover those expenses that are reasonable and necessary to provide service to the ratepayers and allow the utility a reasonable opportunity to earn a reasonable return on its invested capital used and useful in rendering service to the public.

BILLING COMPARISON

Water

Existing	10,000 gallons:	\$ <u>49.81</u> ✓/mo	Existing	30,000 gallons:	\$ <u>92.81</u> ✓/mo
Proposed	10,000 gallons:	\$ <u>59.65</u> ✓/mo	Proposed	30,000 gallons:	\$ <u>118.65</u> ✓/mo

Sewer

Existing	10,000 gallons:	\$ <u>71.29</u> ✓/mo	Proposed	10,000 gallons:	\$ <u>73.76</u> ✓/mo
----------	-----------------	----------------------	----------	-----------------	----------------------

The proposed rates will apply to all service rendered after the effective date and will be reflected on the bill you receive approximately 30 to 45 days after the effective date.

In the event that the application is set for hearing, the specific rates requested by the utility may be decreased or increased by order of the Commission. If the Commission orders a lower rate to be set, the utility may be ordered to refund or credit against future bills all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest. You may inspect a copy of the rate change application at your utility's office or at the Commission's office at Park 35 - Building F, 12015 Park 35 Circle, Suite 3101, Austin, Texas, west side of IH-35, south of Yager Lane. Additional information about the application can be obtained by contacting the Utilities and Districts Section at 512/239-4691. Information about how you can participate in the rate setting process can be obtained by contacting the Public Interest Counsel at 512/239-6363.

Si desea informacion en Espanol, puede llamar al 512-239-0200

CURRENT RATES			PROPOSED RATES		
Monthly base rate including <u>0</u> gallons			Monthly base rate including <u>0</u> gallons		
Meter Size: RESIDENTIAL			Meter Size: RESIDENTIAL		
"5/8/or 3/4"	\$	28.31	"5/8/or 3/4"	\$	30.15
1"	\$	70.78	1"	\$	75.38
1 1/2"	\$	141.55	1 1/2"	\$	150.75
2"	\$	226.48	2"	\$	241.20
3"	\$	424.65	3"	\$	425.25
Other: 4"	\$	707.75	Other: 4"	\$	753.75
			6"	\$	1,507.50
			8"	\$	2,412.00
GALLONAGE CHARGE:			GALLONAGE CHARGE:		
\$ 2.15 for each additional 1000 gallons over the minimum.			\$ 2.95 for each additional 1000 gallons over the minimum.		

MISCELLANEOUS FEES			MISCELLANEOUS FEES		
Tap Fee	\$	600.00	Tap Fee	\$	600.00
Reconnect fee:			Reconnect fee:		
Non-payment			Non-payment		
(Maximum - \$25.00)	\$	25.00	(Maximum - \$25.00)	\$	25.00
Customer's Request	\$	50.00	Customer's Request	\$	50.00
Transfer Fee	\$	35.00	Transfer Fee	\$	35.00
Late Charge		10 %	Late charge: (Indicate either \$5.00 or 10%)	\$	10 %
Returned Check Charge	\$	25.00	Returned Check Charge	\$	30.00
Deposit	\$	50.00	Deposit (Maximum \$50.00)	\$	50.00
Meter test fee	\$	25.00	Meter test fee	\$	25.00

Regulatory Assessment of 1% is added to base rate and gallonage charges.

If applicable, list any bill payment assistance programs to low income Ratepayers.

None

Pass Through Provision:

For utilities subject to changes in cost imposed by any non-affiliated provider of purchased water or sewer or subject to the jurisdiction of any regional water authority, groundwater reduction plan and/or groundwater conservation district, these increases or decreases shall be passed through as an adjustment to customer rates according to the formula:

Adjusted Gallonage Rate (AG) = $G + [B / (1 - L)]$, Where:

AG = adjusted gallonage charge, rounded to nearest one cent;

G = approved gallonage charge, per 1,000 gallons;

B = change in fee (per 1,000 gallons);

L = water or sewer line loss for the preceding 12 months, not to exceed 0.15 (15 %)

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To implement or modify the pass through provision, the utility must comply with all notice and other requirements of 30 TAC 291.21 (h).

NOTICE OF PROPOSED RATE CHANGE - SEWER (Cont.)**Page 3**

CURRENT RATES			PROPOSED RATES		
Monthly base rate including <u>0</u> gallons			Monthly base rate including <u>0</u> gallons		
Meter Size: RESIDENTIAL			Meter Size: RESIDENTIAL		
5/8/or 3/4"	\$	41.79	5/8/or 3/4"	\$	44.26
1"	\$	104.48	1"	\$	110.65
1 1/2	\$	208.95	1 1/2	\$	221.30
2"	\$	334.32	2"	\$	354.08
3"	\$	626.85	3"	\$	663.90
Other: 4"	\$	1,044.75	Other: 4"	\$	1,106.50
	\$		6"	\$	2,213.00
	\$		8"	\$	3,540.80

GALLONAGE CHARGE:		GALLONAGE CHARGE:	
\$ 2.95 for each additional 1000 gallons over the minimum		\$ 2.95 for each additional 1000 gallons over the minimum	
Gallonage charges are determined based on average consumption for winter period which includes the following months: December, January & February		Gallonage charges are determined based on average consumption for winter period which includes the following months: December, January & February	

MISCELLANEOUS FEES			MISCELLANEOUS FEES		
Tap Fee	\$	600.00	Tap Fee	\$	600.00
Reconnect fee: Non-payment (Maximum - \$25.00)	\$	25.00	Reconnect fee: Non-payment (Maximum - \$25.00)	\$	25.00
Customer's Request	\$	50.00	Customer's Request	\$	50.00
Transfer Fee	\$	35.00	Transfer Fee	\$	35.00
Late Charge		10 %	Late charge: (Indicate either \$5.00 or 10%)		10 %
Returned Check Charge	\$	25.00	Returned Check Charge	\$	30.00
Deposit	\$	50.00	Deposit (Maximum \$50.00)	\$	50.00

Regulatory Assessment of 1% is added to base rate and gallonage charges.

If applicable, list any bill payment assistance programs to low income Ratepayers.

None

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WATER & SEWER

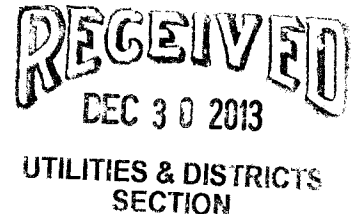
TARIFF PAGES

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SECTION 1.0 –RATE SCHEDULE

Section 1.01 – Rates

Monthly base rate including	0	gallons
Meter Size:		
Residential		
5/8" or 3/4"	\$	30.15
1"	\$	75.38
1 1/2"	\$	150.75
2"	\$	241.20
3"	\$	452.25
Other: 4"	\$	753.75
6"	\$	1,507.50
8"	\$	2,412.00
Gallage Charge:		
	\$	2.95



for each additional 1000 gallons over the minimum.

Regulatory Assessment Fee

1%

A REGULATORY ASSESSMENT, EQUAL TO ONE PERCENT OF THE CHARGE FOR RETAIL WATER SERVICE ONLY, SHALL BE COLLECTED FROM EACH RETAIL CUSTOMER

Section 1.02 - Miscellaneous Fees

TAP FEE

\$ 600.00

TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" X 3/4" METER.

RECONNECTION FEE

THE RECONNECT FEE WILL BE CHARGED BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEE DISCONNECTED FOR THE FOLLOWING REASONS:

a) Non payment of bill (Maximum \$25.00) \$ 25.00

b) Customer's request \$ 50.00

Or other reasons listed under Section 20CF of this tariff \$ 50.00

\$ 35.00

TRANSFER FEE

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

LATE CHARGE (Not more than \$5.00 or 10%)(Indicate one)

10 %

A ONE TIME PENALTY MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE

\$ 30.00

CUSTOMER DEPOSIT (Maximum \$50)

\$ 50.00

METER TEST FEE (actual cost of testing the meter up to)

\$ 25.00

THIS FEE 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

RATES LISTED ARE EFFECTIVE ONLY IF THIS PAGE HAS TCEQ APPROVAL STAMP

(Water Utility Name)

Revision Date:

March 3, 2014

SECTION 1.0 –RATE SCHEDULE (Conti.)

Pass Through Provision:

For utilities subject to changes in cost imposed by any non-affiliated provider of purchased water or sewer or subject to the jurisdiction of any regional water authority, groundwater reduction plan and/or groundwater conservation district, these increases or decreases shall be passed through as an adjustment to customer rates according to the formula:

Adjusted Gallonage Rate (AG) = $G + [B / (1 - L)]$, Where:

AG = adjusted gallonage charge, rounded to nearest one cent;

G = approved gallonage charge, per 1,000 gallons;

B = change in fee (per 1,000 gallons);

L = water or sewer line loss for the preceding 12 months, not to exceed 0.15 (15 %)

To implement or modify the pass through provision, the utility must comply with all notice and other requirements of 30 TAC 291.21 (h).

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SECTION

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(Sewer Utility Name)

Revision Date:

March 3, 2014

SECTION 1.0 –RATE SCHEDULE

Monthly base rate including	0	gallons
Meter Size:		
Residential		
5/8" or 3/4"	\$	44.26
1"	\$	110.65
1 1/2"	\$	221.30
2"	\$	354.08
3"	\$	663.90
Other: 4"	\$	1,106.50
6"	\$	2,213.00
8"	\$	3,540.80
Gallage Charge:	\$	2.95

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for each additional 1000 gallons over the minimum.

Regulatory Assessment Fee

1%

A REGULATORY ASSESSMENT, EQUAL TO ONE PERCENT OF THE CHARGE FOR RETAIL WATER SERVICE ONLY, SHALL BE COLLECTED FROM EACH RETAIL CUSTOMER

Gallage charges are determined based on average consumption for winter period which includes the following months: December, January and February

Section 1.02 - Miscellaneous Fees

TAP FEE

\$ 600.00

TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION

RECONNECTION FEE

THE RECONNECT FEE WILL BE CHARGED BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEE DISCONNECTED FOR THE FOLLOWING REASONS

a) Non payment of bill (Maximum \$25.00)	\$	25.00
b) Customer's request	\$	50.00
Or other reasons listed under Section 20CF of this tariff	\$	50.00

TRANSFER FEE

\$ 35.00

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

LATE CHARGE (Not more than \$5.00 or 10%)(Indicate one)

10%

A ONE TIME PENALTY MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE

\$ 30.00

CUSTOMER DEPOSIT (Maximum \$50)

\$ 50.00

RATES LISTED ARE EFFECTIVE ONLY IF THIS PAGE HAS TCEQ APPROVAL STAMP

INCOME TAX TABLE

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SECTION

If your TAXABLE INCOME from Table V., Line [E] is											
More	Less	The tax	More	Less	The tax	More	Less	The tax	More	Less	The tax is
0	501	88	25,000	25,501	4,500	50,000	50,501	10,166	75,000	75,501	21,091
500	1,001	176	25,500	26,001	4,588	50,500	51,001	10,333	75,500	76,001	21,349
1,000	1,501	265	26,000	26,501	4,676	51,000	51,501	10,500	76,000	76,501	21,606
1,500	2,001	353	26,500	27,001	4,765	51,500	52,001	10,666	76,500	77,001	21,864
2,000	2,501	441	27,000	27,501	4,853	52,000	52,501	10,833	77,000	77,501	22,121
2,500	3,001	529	27,500	28,001	4,941	52,500	53,001	11,000	77,500	78,001	22,410
3,000	3,501	618	28,000	28,501	5,029	53,000	53,501	11,166	78,000	78,501	22,730
3,500	4,001	706	28,500	29,001	5,118	53,500	54,001	11,333	78,500	79,001	23,049
4,000	4,501	794	29,000	29,501	5,206	54,000	54,501	11,500	79,000	79,501	23,370
4,500	5,001	882	29,500	30,001	5,294	54,500	55,001	11,666	79,500	80,001	23,689
5,000	5,501	971	30,000	30,501	5,382	55,000	55,501	11,833	80,000	80,501	24,008
5,500	6,001	1,059	30,500	31,001	5,471	55,500	56,001	12,000	80,500	81,001	24,328
6,000	6,501	1,147	31,000	31,501	5,559	56,000	56,501	12,166	81,000	81,501	24,648
6,500	7,001	1,235	31,500	32,001	5,647	56,500	57,001	12,333	81,500	82,001	24,967
7,000	7,501	1,324	32,000	32,501	5,735	57,000	57,501	12,500	82,000	82,501	25,287
7,500	8,001	1,412	32,500	33,001	5,824	57,500	58,001	12,666	82,500	83,001	25,607
8,000	8,501	1,500	33,000	33,501	5,912	58,000	58,501	12,833	83,000	83,501	25,926
8,500	9,001	1,588	33,500	34,001	6,000	58,500	59,001	13,000	83,500	84,001	26,246
9,000	9,501	1,676	34,000	34,501	6,088	59,000	59,501	13,166	84,000	84,501	26,566
9,500	10,001	1,765	34,500	35,001	6,176	59,500	60,001	13,333	84,500	85,001	26,885
10,000	10,501	1,853	35,000	35,501	6,265	60,000	60,501	13,500	85,000	85,501	27,205
10,500	11,001	1,941	35,500	36,001	6,353	60,500	61,001	13,666	85,500	86,001	27,525
11,000	11,501	2,029	36,000	36,501	6,441	61,000	61,501	13,833	86,000	86,501	27,844
11,500	12,001	2,118	36,500	37,001	6,529	61,500	62,001	14,000	86,500	87,001	28,164
12,000	12,501	2,206	37,000	37,501	6,618	62,000	62,501	14,166	87,000	87,501	28,484
12,500	13,001	2,294	37,500	38,001	6,706	62,500	63,001	14,333	87,500	88,001	28,803
13,000	13,501	2,382	38,000	38,501	6,794	63,000	63,501	14,500	88,000	88,501	29,123
13,500	14,001	2,471	38,500	39,001	6,882	63,500	64,001	14,666	88,500	89,001	29,443
14,000	14,501	2,559	39,000	39,501	6,971	64,000	64,501	14,833	89,000	89,501	29,762
14,500	15,001	2,647	39,500	40,001	7,059	64,500	65,001	15,000	89,500	90,001	30,082
15,000	15,501	2,735	40,000	40,501	7,147	65,000	65,501	15,166	90,000	90,501	30,402
15,500	16,001	2,824	40,500	41,001	7,235	65,500	66,001	15,333	90,500	91,001	30,721
16,000	16,501	2,912	41,000	41,501	7,324	66,000	66,501	15,500	91,000	91,501	31,041
16,500	17,001	3,000	41,500	42,001	7,412	66,500	67,001	15,666	91,500	92,001	31,361
17,000	17,501	3,088	42,000	42,501	7,500	67,000	67,501	15,833	92,000	92,501	31,680
17,500	18,001	3,176	42,500	43,001	7,588	67,500	68,001	16,000	92,500	93,001	32,000
18,000	18,501	3,265	43,000	43,501	7,676	68,000	68,501	16,166	93,000	93,501	32,320
18,500	19,001	3,353	43,500	44,001	7,765	68,500	69,001	16,333	93,500	94,001	32,639
19,000	19,501	3,441	44,000	44,501	7,853	69,000	69,501	16,500	94,000	94,501	32,959
19,500	20,001	3,529	44,500	45,001	7,941	69,500	70,001	16,666	94,500	95,001	33,279
20,000	20,501	3,618	45,000	45,501	8,029	70,000	70,501	16,833	95,000	95,501	33,598
20,500	21,001	3,706	45,500	46,001	8,118	70,500	71,001	17,000	95,500	96,001	33,918
21,000	21,501	3,794	46,000	46,501	8,206	71,000	71,501	17,166	96,000	96,501	34,238
21,500	22,001	3,882	46,500	47,001	8,294	71,500	72,001	17,333	96,500	97,001	34,557
22,000	22,501	3,971	47,000	47,501	8,382	72,000	72,501	17,500	97,000	97,501	34,877
22,500	23,001	4,059	47,500	48,001	8,471	72,500	73,001	17,666	97,500	98,001	35,197
23,000	23,501	4,147	48,000	48,501	8,559	73,000	73,501	17,833	98,000	98,501	35,516
23,500	24,001	4,235	48,500	49,001	8,647	73,500	74,001	18,000	98,500	99,001	35,836
24,000	24,501	4,324	49,000	49,501	8,735	74,000	74,501	18,166	99,000	99,501	36,156
24,500	25,001	4,412	49,500	50,001	8,824	74,500	75,001	18,333	99,500	100,001	36,475

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Franchise Tax Account Status

As of: 12/03/2013 08:30:20 AM

This Page is Not Sufficient for Filings with the Secretary of State

NORTH ORANGE WATER & SEWER, LLC

Texas Taxpayer Number 17605922180

Mailing Address 10404 HIGHWAY 87 N STE 102
ORANGE, TX 77632-0525

Right to Transact Business ACTIVE
in Texas

State of Formation TX

Effective SOS Registration 01/14/1999
Date

Texas SOS File Number 0704601622

Registered Agent Name CAMMIE MANSHACK

Registered Office Street 10404 N. HWY 87, SUITE 102
Address ORANGE, TX 77632

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Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



S/1810015/CO

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

October 25, 2010

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CERTIFIED MAIL {7008 1140 0002 4411 9921}
RETURN RECEIPT REQUESTED

TCEQ
CENTRAL FILE ROOM

Mr. Bobby Manshack, President
North Orange Water & Sewer LLC
10406 Highway 87 N
Orange, Texas 77632-0578

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Re: Notice of Violation for the Public Water Supply Comprehensive Compliance Investigation at:
Longford Place Water System, Orange County, Texas
PWS ID No.: 1810015, Investigation No.: 870939

Dear Mr. Manshack:

On September 30, 2010, Mr. Lance Simmons of the Texas Commission on Environmental Quality (TCEQ) Beaumont Region Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for public water supply. Enclosed is a summary which lists the investigation findings. During the investigation, certain outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by **December 24, 2010**, a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for each of the outstanding alleged violations. Please note the attached Additional Issue.

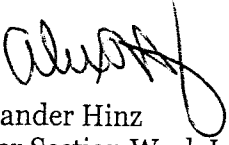
In the listing of alleged violations, we have cited applicable requirements, including TCEQ rules. If you would like to obtain a copy of the applicable TCEQ rules, you may contact any of the sources listed in the enclosed brochure entitled "Obtaining TCEQ Rules."

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violation(s) documented in this notice. Should you choose to do so, you must notify the Beaumont Region Office within 10 days from the date of this letter. At that time, Mr. Ronald Hebert Water Section Manager will schedule a violation review meeting to be conducted within 21 days from the date of this letter. However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

Mr. Bobby Manshack
Page 2
October 25, 2010

If you or members of your staff have any questions, please feel free to contact Mr. Lance Simmons in the Beaumont Region Office at (409) 898-3838.

Sincerely,



Alexander Hinz
Water Section Work Leader
Beaumont Region Office

AH/LS/bd

Enclosures: Summary of Investigation Findings
Obtaining TCEQ Rules

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Summary of Investigation Findings

LONGFORD PLACE WATER & SEWER

Investigation # 870939

10406 HIGHWAY 87 N

Investigation Date: 09/30/2010

ORANGE, ORANGE COUNTY, TX 77632

Additional ID(s): 1810015

OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 414548

Compliance Due Date: 12/24/2010

30 TAC Chapter 290.46(s)(1)

Alleged Violation:

Investigation: 870939

Comment Date: 10/18/2010

Failure to conduct accuracy checks on well meters at Well numbers 1 & 2 within the last three years.

During the investigation, it was noted that the water system failed to conduct accuracy checks on the well meters at Well Numbers 1 & 2 within the last three years.

Well meters required by §290.41(c)(3)(N) of this title shall be calibrated at least once every three years.

Recommended Corrective Action: Conduct an accuracy check on the two well meters. If the percent error is greater than plus or minus five percent, the meter must be calibrated. Provide a copy of the accuracy check which must include the instrument used for the accuracy check, percent error, results and date. If the meter is calibrated, please submit a copy of the calibration certification. If replaced with a new meter, please send a copy of the purchase receipt and calibration certification from the manufacturer. Submit the required documentation to the Beaumont Region Office.

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