Summary of Investigation Findings

GARDEN VALLEY RESORT **Investigation # 610596**

Investigation Date: 12/07/2007

, SMITH COUNTY,

Additional ID(s): 2120081

OUTSTANDING ALLEGED VIOLATIONS

Track No: 210747 **Compliance Due Date: No Date Entered**

30 TAC Chapter 290.38(25)

30 TAC Chapter 290.43(e)

Alleged Violation:

Investigation: 399878 Comment Date: 07/12/2005

Failure to enclose the pressure maintenance facilities with an intruder-resistant fence with lockable gates or a locked, ventilated house. The gates and doors must be kept locked whenever the facility if unattended.

It was observed during the investigation on 05/20/2005 that the Garden Valley Resort failed to maintain in good condition the barbed wire at the top of the fence around the pressure tank at plant # 1.

Investigation: 465006 Comment Date: 07/13/2006

Above comments still apply. On 6/2/2006, TCEQ Tyler office was informed by telephone that the facility fencing for the new plant will be constructed as the final phase of the new plant's construction, estimated to be several months in the future.

Investigation: 610596 Comment Date: 12/10/2007

See descriptive wording from the previous investigation above.

The entire plant, including the pressure tank, has fairly recently been moved to a new location. The final phase of construction is to build a fence, which is estimated to be accomplished in May 2008.

Recommended Corrective Action: Please submit a compliance plan by January 21, 2007. The plan should include the proposed actions to be taken to correct the alleged violation and a schedule for the completion of the corrections. If this violation has already been corrected, please submit compliance documentation such as photographs, purchase orders, results of analyses, etc., demonstrating what actions were taken.

Track No: 296200 **Compliance Due Date: No Date Entered**

30 TAC Chapter 290.42(e)(4)(C)

Alleged Violation:

Investigation: 610596 Comment Date: 12/10/2007

Failure to provide the chlorination room with both high level and floor level screened vents. If the room contains more than one operating 150 pound cylinder of chlorine, a fan which is located at and draws air in through the top vent and discharges to the outside atmosphere through the floor level vent must be provided, with the fan switch located outside the enclosure.

During the investigation on December 7, 2007, the investigator observed that the floor level and high level vents were completely covered with tape, preventing the chlorination room from venting.

Recommended Corrective Action: Please submit a compliance plan by January 21, 2007. The plan should include the proposed actions to be taken to correct the alleged violation and a schedule for the completion of the corrections. If this violation has already been corrected, please submit compliance documentation such as photographs, purchase orders, results of

analyses, etc., demonstrating what actions were taken.

Track No: 296211 **Compliance Due Date: No Date Entered**

30 TAC Chapter 290.43(c)(3)

Alleged Violation:

Investigation: 610596 Comment Date: 12/10/2007

Failure to provide an overflow pipe gravity-hinged and weighted cover on the ground storage tank with a good mechanical seal when closed in order to prevent the possible entrance of insects or other contaminants into the water supply. The cover must seat properly with a gap of no more than 1/16 inch.

During the investigation on December 7, 2007, the investigator observed that there was a gap of approximately 1/8 inch at the cover of the overflow pipe of the ground storage tank.

Recommended Corrective Action: Please submit a compliance plan by January 21, 2007. The plan should include the proposed actions to be taken to correct the alleged violation and a schedule for the completion of the corrections. If this violation has already been corrected, please submit compliance documentation such as photographs, purchase orders, results of analyses, etc., demonstrating what actions were taken.

ALLEGED VIOLATIONS NOTED AND RESOLVED

Track No: 210824

30 TAC Chapter 290.38(25)

30 TAC Chapter 290.41(c)(3)(O)

Alleged Violation:

Investigation: 399878 Comment Date: 07/13/2005

Failure to protect the well unit with an intruder-resistant fence with locked gates, or a locked, ventilated well houses to exclude possible contamination or damage to the facilities by trespassers. The gates or wellhouses shall be locked during periods of darkness and when the plant is unattended.

It was observed during the investigation on 05/20/2005 that Garden Valley Resort failed to maintain in good condition the barbed wire at the top of the fence at well # 2.

Investigation: 465006 Comment Date: 07/13/2006

Above comments still apply. On 6/2/2006, TCEQ Tyler office was informed by telephone that the well head fencing for the new plant will be constructed as the final phase of the new plant's construction, estimated to be several months in the future.

Investigation: 610596 Comment Date: 12/10/2007

See descriptive wording from the previous investigation above.

Recommended Corrective Action:

Resolution: During the investigation on December 7, 2007, the investigator observed that there was a locked, ventilated wellhouse protecting Well #2.

TEXAS WATER SYSTEMS Inc

An Investor Owned Utility

Samantha Smith
TCEQ Region 5
2916 Teague Dr
Tyler, TX 75701-3756

12/17/07

RE: Exhibit document; Garden Valley Inspection of 12/7/07

Dear Ms. Smith:

Enclosed please find photos of the remedial work done on the overflow flap cover for the GST. A gasket of 50% thickness reduction solved the gap problem at the bottom.

We will soon forward pictures of the tape removal from the chlorine room vents.

Thank you,

Glenn E. Trimble
President

7891 HWY 271 · TYLER, TEXAS 75708 · (903) 595-2128 FAX (903) 526-0076

TEXAS WATER SYSTEMS Inc

An Investor Owned Utility

William D. Gibson, Work Leader
TCEQ Region 5
2916 Teague Dr.
Tyler, TX 75701-3756

1/15/08

Re: Violation Notice for Investigation of Garden Valley
PWS ID #2120081 Dec. 7, 2007

Dear Mr. Gibson:

Our requested compliance schedule for the issues listed per the above investigation is as follows:

1. Track #296211: Completed and photos sent to Ms. Samantha Smith on 12/17/07.
2. Track #296200: Completed, photos enclosed of the upper vents showing tape removal. Note: the floor level vent is a saw-slotted plastic bucket covering the exhaust fan inlet and it never was obstructed. I think the inspector overlooked the open slots.
3. Track #210747: Fence completion by May 31, 2008.

Sincerely,

Glenn E. Trimble
President/General Manager

7891 HWY 271 · TYLER, TEXAS 75708 · (903) 595-2128 FAX (903) 526-0076

TEXAS WATER SYSTEMS Inc

An Investor Owned Utility

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TCEQ EXIT INTERVIEW FORM: Potential Violations and/or Records Requested

Regulated Entity/Site Name	GARDEN VALLEY RESORT			**TCEQ Add. ID No. RN No. (optional)**	2120081		
Investigation Type	CCI	**Contact Made In-House (Y/N)**	Y	**Purpose of Investigation**	COMPREHENSIVE COMPLIANCE W/30 TAC 29		
Regulated Entity Contact	GLENN TRIMBLE			**Telephone No.** 903	595-2128	**Date Contacted**	12-3-07
Title	PRESIDENT			**Fax No.** 903	526-0076	**Date Faxed**	~~12~~

NOTICE: The information provided in this form is intended to provide clarity to issues that have arisen during the investigation process between the TCEQ and the regulated entity named above and *does not represent final TCEQ findings related to violations*. Any potential or alleged violations discovered after the date on this form will be communicated by telephone to the regulated entity representative prior to the issuance of a notice of violation or enforcement. Conclusions drawn from this investigation, including additional violations or potential violations discovered (if any) during the course of this investigation, will be documented in a final investigation report.

Issue		**For Records Request: identify the necessary records, the company contact and date due to the agency. For Alleged and Potential Violation issues: include the rule in question with the clearly described potential problem. Other type of issues: fully describe.**	
No.	**Type[1]**	**Rule Citation (if known)**	**Description of Issue**
1	AV		VENTS IN CHLORINE ROOM WERE TAPED SHUT.
2	AV		GAP IN OVERFLOW PIPE OF GST AT ~~FLAP~~ COVERED.
3			BROUGHT FORWARD: FENCE TO BE CONSTRUCTED AROUND PLANT.

[1]**Issue Type Can Be One or More of: AV (Alleged Violation), PV (Potential Violation), O (Other), or RR (Records Request)**

Did the TCEQ document the regulated entity named above operating without proper authorization?	☐ Yes	☑ No
Did the investigator advise the regulated entity representative that continued operation is not authorized?	☐ Yes	☑ No

Document Acknowledgment. Signature on this document establishes only that the regulated entity (company) representative received a copy of this document and associated continuation pages on the date noted. If contact was made by telephone, document will be faxed to regulated entity; therefore, signature not required.

Samantha Smith SAMANTHA ~~SMITH~~	12-7-07		
Investigator Name (Signed & Printed)	**Date**	**Regulated Entity Representative Name (Signed & Printed)**	**Date**

If you have questions about any information on this form, please contact your local TCEQ Regional Office.
Individuals are entitled to request and review their personal information that the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, call 512-239-3282.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

September 25, 2005

CERTIFIED MAIL Certified # 75005 1820 0001 4433 5430
RETURN RECEIPT REQUESTED

Mr. Glenn E. Trimble, President/Chief Operator
Texas Water Systems Inc.
7891 Hwy 271
Tyler, Texas 75708

Re: Acceptance of Compliance Plan for:
Garden Acres Subdivision,
Located 2 mi W of W Loop 281 on FM 2206 on Poppy Lane in Gregg County, Texas
PWS ID No.: 0920031

Dear Mr. Trimble:

The Texas Commission on Environmental Quality (TCEQ) Tyler Region Office has completed a review of the compliance plan that you submitted July 24, 2006, for resolving the alleged violations regarding the sanitary easement for bordering property tracts and the tree and shrub removal from the fencing. These alleged violations were noted during the investigation of the above-referenced Site conducted on April 28, 2006. The compliance plan appears to identify necessary corrective action for the alleged violations. We will monitor your progress in implementing the corrective action. You should submit the appropriate compliance documentation to our office by October 31, 2006, demonstrating that the alleged violations have been resolved. Please be advised, though, that if we determine during follow-up monitoring that you are not working towards compliance or the problem has escalated, further enforcement action will be considered.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and anticipates that you will resolve the alleged violation as required in order to protect the State's environment. If you or members of your staff have any questions, please feel free to contact Mr. Tom Erny in the Tyler Region Office at (903) 535-5142.

Sincerely,

William Gibson

William Gibson, Work Leader
Tyler Region Office

WDG/THE

GARDEN ACRES SUBDIVISION

Investigation # 512727

Investigation Date: 09/14/2006

, GREGG COUNTY,

Additional ID(s): 0920031

OUTSTANDING ALLEGED VIOLATIONS

Track No: 241480 **Compliance Due Date: 10/31/2006**

30 TAC Chapter 290.41(c)(1)(F)

Alleged Violation:

Investigation: 464314 Comment Date: 6/16/2006

Failure to make available sanitary control easements for the wells at the time of inspection, or executive director approval for a substitute authorized in §290.41(c)(1)(F)(iv). A sanitary easement covering all property within 150 feet each well location must be secured from adjacent landowners and recorded at the county courthouse to ensure that hazards will not develop in the well area. Residential type wells within the easement must be constructed to public water well standards. An approved substitute, such as a copy of the recorded deed and map demonstrating that the public water system owns all real property within 150 feet of the well, may qualify as an exception to obtaining the easement.

The water system may request an exception to this requirement by contacting the Water Supply Division, Public Drinking Water Section, Surveillance and Technical Assistance at 512-239-6020 or 903-535-5104. Please be reminded that all requests for exceptions must be in writing and supported with adequate documentation.

It was documented during the investigation on 04/28/2006 that Garden Acres Subdivision failed to make available for inspection documentation that a sanitary control easement had been obtained or that a substitute had been approved for the wells.

Investigation: 512727 Comment Date: 9/14/2006

Failure to make available sanitary control easements for the wells at the time of inspection, or executive director approval for a substitute authorized in §290.41(c)(1)(F)(iv). A sanitary easement covering all property within 150 feet each well location must be secured from adjacent landowners and recorded at the county courthouse to ensure that hazards will not develop in the well area. Residential type wells within the easement must be constructed to public water well standards. An approved substitute, such as a copy of the recorded deed and map demonstrating that the public water system owns all real property within 150 feet of the well, may qualify as an exception to obtaining the easement.

During a Record Review investigation performed on September 14, 2006, it was determined that a Compliance Plan had been submitted indicating that this violation will be corrected by October 31. 2006.

Recommended Corrective Action: Texas Water Systems Inc. should submit compliance documentation by October 31, 2006, as proposed in Compliance Plan dated July 20, 2006. The documentation should demonstrate what actions have been taken and may include photographs, purchase orders, results of analyses, etc.

Track No: 241482 **Compliance Due Date: 09/30/2006**

30 TAC Chapter 290.41(c)(3)(O)

Alleged Violation:

Investigation: 464314 Comment Date: 6/16/2006

Failure to provide an intruder-resistant fence in order to protect the well site. The

TEXAS WATER SYSTEMS Inc

An Investor Owned Utility

June 8, 2007

William D. Gibson, Work Leader
TCEQ – Region 5
2916 Teague Dr.
Tyler, TX 75701-3756

Ref: Garden Acres PWS ID # 0920031
Compliance Investigation Violation Notice of July 22, 2006
Track # 241480

Dear Mr. Gibson:

We encountered considerable cooperation challenges with the Sanitary easement Procurements after we had asked for a compliance date based on what our involved land owners had told us. Nevertheless, enclosed are copies of the full set of recorded instruments for both Garden Acres well.

This should close out all outstanding compliance issues relative to the investigation of April, 2006.

If there are questions or a need for further information, please call.

Sincerely,

Glenn E. Trimble
President

cc: Judson Smith
Texas Water Systems, Inc. Board

7891 HWY 271 · TYLER, TEXAS 75708 · (903) 595-2128 FAX (903) 526-0076

Attachment #4

Texas Water Systems, Inc., is a Utility Corporation with no payroll, as all operating and management services are contracted by a sister corporate TWS Management, Inc., which is a licensed "Operating Co." (Lic. # WC0000094). Both Corporations have common ownership by TWS Holdings, Inc.

A comprehensive operating management contract is executed for $17.00 per month per tap according to the attached rate schedule, which lists various regular responsibilities of the operating company.

On issues that go outside of regular operation, such as major repairs and new construction, a rate schedule is attached to describe how this is billed.

These rates apply to both Texas Water Systems, Inc. and other utilities that TWS Management, Inc. works for.

The approximate average total man hours per week that TWS Management, Inc. applies toward the "In-Contract" operating duties for Texas Water Systems, Inc. is 120, in general accord with the following allocations:

Field operations	50 Hrs
Operator Supervision	3 Hrs
Gen. Manager/Chief Operations	25 Hrs
Clerical	35 Hrs
Bookkeeping	7 Hrs
Total	120 Hrs

Personnel:

Glenn E. Trimble
"B" Ground Lic. # WG0010237
CSI # CI0005256
General Manager/Chief Operator
General oversight of all areas including compliance and expansion strategy.

Rudolph Jacobs
"C" Ground Lic. # WG0004500
Main Field Operator
Routine surveillance and most field functions

Reginald Banks
"D" Water Lic. # WO0021040
Operations Supervisor
Reviews inspection sheets & dispatches minor maintenance priorities, monitors regular duty execution.

David Odle
"C" Ground Lic. # WG0011502
Construction Manager
Oversight of new construction and major repairs, special issues such as large location assignments.

Jason M. Jones
"D" Water Lic. # WO0022497
Construction Foreman
New taps, main construction, major repairs, location work.

Andrew Palmer
"D" Water Lic. # WO0023458
Support Operator
Meter readings, system surveillance assistance, general maintenance.

EXHIBIT A

System Operation rate structure – Per Tap
(Systems over 500)
Effective 6/1/08

Level 1: $5.50 - Basic Operation

1. Regular plant/system checks & comprehensive report entrees such as master meter read, GPD usage calculation, plant residual and other monitored levels, site residuals per site plan rotation, Production rate, Rotometer or feed pump settings, scale weights and/or chemical reservoir levels, plant pressure, storage tank level & VP checks, regular static level checks, plant security & maintenance required notes.
2. Monthly sample pulls & delivery.
3. Monthly maintenance flushing and estimated gallonage reports.
4. Disconnects and reconnects.
5. Chemical adjustments and regular maintenance such as batching, stock management and cylinder changes.
6. Provision of monthly report totals.
7. Deal with TCEQ inspector.

Level 2: $1.00 Meter readings

Level 3: $1.50 (8.00 inclusive of Levels 1 – 2) – Expanded operation

1. Line locations
2. Customer complaint management
3. New tap and extension estimates including developer inquiry.
4. Minor maintenance labor (work that can be done by 1 man, light truck)
5. Incident investigations
6. Extension management
7. 24 Hour on call availability
8. Permit management

Level 4: $2.50 (10.50 inclusive of Levels 1 – 3) – Surface maintenance

1. Plant grounds maintenance including mowing, trimming, house keeping & cleaning, exterior paint labor.
2. Fence maintenance; generally vine & shrub removal, reinforcing, gate adjustments, etc.
3. Winterization labor on maintaining heating devices, installing insulation, etc.
4. Distribution system maintenance: maintaining, cleaning around valve boxes, cementing valve cuffs, sign maintenance.

Level 5: $4.00 (14.50 inclusive of Levels 1 – 4) General Office Management

1. Administrative services, billing.

2. Accounts set-up and maintenance.
3. Rate issues
4. CSI and BF certification monitoring
5. Customer administrating complaint management
6. Temporary & permanent service agreement management
7. TCEQ required reports
8. Accounting reports, etc.

Level 6: $2.50 (17.00 inclusive of Levels 1 – 5) General Management

1. General operations management
2. Compliance management and strategy
3. Expansion and development management including design and specifications and projects over sight
4. Rate change applications and formulations
5. CCN Territory maintenance, amendment application & rules compliance.
6. Plans submittals and management.

TEXAS WATER SYSTEMS, INC. MANAGEMENT CO.

SERVICES SCHEDULE
Effective 6/1/08

1 man service truck -	$60.00 per hour
2 man service truck crew -	$85.00 per hour
3 man service truck crew -	$110.00 per hour
4 man service truck crew-	$140.00 per hour
5 man service truck crew-	$170.00 per hour

Includes time from base or last location through departure from subject jobsite.

Emergency hours @ - 1.75 times of above
(6pm to 8am and 6pm Friday to 8am Monday)

Travel 1.00 per mile –light trucks – total net trip
1.00 per mile-heavy trucks- total net trip
(Mileage may be one way if another job location follows)

Equipment use – Back hoe $75.00 per job/per day
Trencher use .60 per foot

Meter sets, routine repairs, special jobs:
Per estimate when feasible

Attachment 5

SECTION III. PLANT & EQUIPMENT INFORMATION - WATER

A. CUSTOMER CONTRIBUTIONS

Table III. A.

Item [A]	Date of installation [B]	Total Cost [C]	Amount of Customer Contribution [D]	Difference [E] = [C] - [D]
Service Lines & Taps	1/1995	5384.31	800.00	4584.31
Service Lines & Taps	2/1996	813.83	350.00	463.83
Service Lines & Taps	4/1996	11651.44	2961.00	8690.44
Service Lines & Taps	1/1998	5400.23	3643.42	1756.81
Service Lines & Taps	2/1998	2712.88	1340.00	1372.88
Service Lines & Taps	12/1999	4003.81	330.00	3673.81
Service Lines & Taps	12/1999	1754.18	850.00	904.18
New mains	12/2000	15795.11	7352.00	8443.11
New mains	12/2001	11133.06	615.00	10518.06
New mains	12/2001	18324.99	6244.00	12080.99
CR 419 mains	12/2002	21166.48	4764.00	16402.48
SLR Taps	9/2005	1341.65	600.00	741.65
SLR Taps	10/2005	2743.10	1500.00	1243.10
SLR Taps	11/2005	1316.02	600.00	716.02
Rosewood Taps	12/2005	893.68	878.00	15.68
SLR Taps	12/2005	6211.02	2700.00	3511.02
FS New Main	11/2005	4457.28	1536.00	2921.28
Main Install	8/2006	3409.74	235.00	3174.74
Main Install	8/2006	7175.46	2060.00	5115.46
Main Install	12/2006	7353.18	330.00	7023.18
Main Install	3/2007	10136.88	3259.17	6877.71
Main Install	6/2007	8226.09	1500.00	6726.09
Main Install	9/2007	42231.67	10863.75	31367.92
Main Install	10/2007	10593.15	7558.00	3035.15
Meter set	3/2007	1052.37	300.00	752.37
Meter set	4/2007	472.36	300.00	172.36
Meter set	8/2007	442.94	300.00	142.94
Meter set	9/2007	677.02	300.00	377.02
Meter set	10/2007	668.28	300.00	368.28

SECTION III. PLANT & EQUIPMENT INFORMATION - WATER

B. ORIGINAL COST & DEPRECIATION SCHEDULE - WATER

[A] Item	[B] Date of Installation	[C] Service Life (yrs) *	[C] Service Life (yrs) **	[D] Original Cost when installed ($)	Depreciation: Years in Service Yrs	Mos	Days	[E] = [D]/[C] Annual ($)	[F] Accumulated ($)	[G] = [D] - [F] Net Book Value ($)
Land										
1 Acre plant	Jan 70			2000.00						
Plant lot	Jan 77			1000.00						
Plant lot	Jan 87			9854.00						
Survey	Sept 00			541.25						
Sanitary Easement	July 00			395.00						
Sanitary Easement & Plant 2	July 01			2703.92						
Easement	Nov 01			275 00						
Harmony lot survey to divide & easement recording	Sept 01			756.56						
Land contracts plant 2	Feb 02			588.00						
Easement	Feb 04			102.00						
Garden Acres acquisition	Mar 07			6345.00						
Land				24560.73						24560.73
Wells										
4" x 415' steel	Jan 61	50	30	2075.00	46	11		0.00	2075.00	0.00
6" x 419' steel	Aug 64	50	30	4190.00	43	4		0.00	4190.00	0.00
West 4" x 800' galv steel w/ss screen	Jan 67	50	30	6200.00	40	11		0.00	6200.00	0.00
West 4" x 460' rated 40gpm, current 30gpm	Jan 70	50	30	2700.00	37	11		0.00	2700.00	0.00
East 6" x 460' rated 35gpm, current 35gpm	Jan 77	50	30	9000.00	30	11		0.00	9000.00	0.00
4" x 628' rated 45gpm, current 42gpm	Jan 77	50	30	14000.00	30	11		0.00	14000.00	0.00
4" x 830' steel case rated 47gpm, current 30gpm	Aug 82	50	30	16046.89	25	4		534.90	13372.49	2674.40
Workover, Inv. 17921	Aug 95	50	30	2918.42	12	4		97.28	1167.36	1751.06
Well #3 & 4	Dec 01	50	30	12635.59	6			421.19	2527.13	10108.46
Well #1	Dec 02	50	30	5081.00	5			169.37	846.84	4234.16
Well #2	Mar 03	50	30	7410.00	4	9		247.00	1235.00	6175 00
Well head #2 rebuild	Nov 05	50	30	2275.19	2	1		75.84	227.52	2047.67
Total Wells				84532.09				1545.57	57541.34	26990.75
Well Pumps - 5HP & under										
5HP pump installation	Dec 85	5		1368.00	22			0.00	1368.00	0.00
Original pump	Aug 86	5		2241.00	21	4		0.00	2241.00	0.00
Replacement	Jan 93	5		1561.29	14	11		0.00	1561.29	0.00
5HP motor replace	Dec 95	5		2022.91	12			0.00	2022.91	0.00
5HP well pump	Dec 98	5		1277.25	9			0.00	1277.25	0.00
Plant 2	Dec 01	5		3788.76	6			0.00	3788.76	0.00
Pump replaced	Dec 01	5		2553.98	6			0.00	2553.98	0.00
Plant 1, well 1	Dec 02	5		2638.32	5			0.00	2638.32	0.00
New pump	Jan 03	5		140.00	4	11		0.00	140.00	0.00
New pump for well #2	Jul 03	5		2329.78	4	5		0.00	2329.78	0.00
Pump replaced	Apr 04	5		4859.31	3	8		971.86	3887.45	971.86
Pump for well #3	Jun 04	5		1662.82	3	6		332.56	1330.26	332.56
Well pump change & reset	Sep 05	5		4769.73	2	3		953.95	2861.84	1907.89
Pump motor replacement	Jan 06	5		3215.68	1	11		643.14	1286.27	1929.41
Well pump replacement	Jul 06	5		3736.51	1	5		747.30	1494.60	2241.91
Well pump replacement	Mar 07	5		1747.34		9		349.47	349.47	1397.87
Garden Acres acquisition	Mar 07	5		1545.00		9		309.00	309.00	1236.00
Total Well Pumps <5HP				41457.68				4307.28	31440.18	10017.50

Well Pumps over 5HP										
New 7.5HP, replaced 5HP lower 147' west wall	June 93	10		12895.47	14	6		0.00	12895.47	0.00
Upgrade to 7.5HP, ck 507	Dec 01	10		4130.90	6			413.09	2478.54	1652.36
Set up well #2 for control & operation at well head	Jan 06	10		3872.75	1	11		387.28	774.55	3098.20
Conversion to well head controls	Apr 06	10		1732.01	1	8		173.20	346.40	1385.61
Bore cost for conduit to well 2	Jul 06	10		1080.00	1	5		108.00	216.00	864.00
Conduit & wire, meter to disconnect	Jul 06	10		495.23	1	5		49.52	99.05	396.18
Repair & replace well pump, plant 1 well 1	Apr 07	10		6308.77		8		630.88	630.88	5677.89
Total Well Pumps >5HP				30515.13				1761.97	17440.89	13074.24
Booster Pumps - 5HP &										
Country Club Pumps	Mar 86	5	10	1500.00	21	9		0.00	1500.00	0.00
Pump Controls	Dec 88	5	10	1912.00	19			0.00	1912.00	0.00
Paco 5HP 1 1/2x1, 65gpm @	Mar 94	5	10	980.00	13	9		98.00	980.00	0.00
Inv 18771 & 18772	Feb 96	5	10	565.75	11	10		56.58	565.75	0.00
Inv 18077 & 18078	Sept 95	5	10	1267.40	12	3		126.74	1267.40	0.00
Emergency Service Pump, ck 2311	Jan 99	5	10	400.00	8	11		40.00	360.00	40.00
2 new service pumps, ck 2954	Nov 99	5	10	1973.99	8	1		197.40	1579.20	394.79
Plant 2 booster wells, ck 426, 466	Dec 01	5	10	3639.99	6			364.00	2184.00	1455.99
ck 345	Nov 02	5	10	3333.87	5	1		333.39	1666.94	1666.93
Harmony booster wells	Dec 02	5	10	1645.11	5			164.51	822.55	822.56
Harmony booster pump	Jan 03	5	10	1103.65	4	11		110.37	551.83	551.82
Booster pump #1 change	Oct 05	5	10	1868.08	2	2		186.81	560.42	1307.66
N. pump replacement	Dec 05	5	10	833.85	2	1		83.39	250.16	583.69
Replacement	Dec 05	5	10	724.18	2	1		72.42	217.25	506.93
Pump in west booster well	Jul 06	5	10	1490.21	1	5		149.02	298.04	1192.17
Work on west service pump	Jul 06	5	10	2847.73	1	5		284.77	569.55	2278.18
A/C replacement, break repair	Aug 06	5	10	825.01	1	4		82.50	165.00	660.01
Pump replacement - east booster	Aug 06	5	10	2921.70	1	4		292.17	584.34	2337.36
Total Booster Pumps <5HP				29832.52				2642.05	16034.43	13798.09
Booster Pumps over 5HP										
10HP Marlow	May 91	10	30	316.00	16	7		10.53	179.02	136.98
Pump rebuild, Inv. 13860	Nov 94	10	30	383.64	13	1		12.79	166.26	217.38
Installed 2 - 7.5 Paco 75gpm @ 190'	Dec 96	10	30	627.38	11			20.91	230.02	397.36
7.5 HP Peerless, ck 481, 631	Mar 98	10	30	1183.46	9	9		39.45	394.49	788.97
7.5 HP Hydraflo pump	Jul 04	10	30	8021.11	3	5		267.37	1069.48	6951.63
7.5 HP Hydraflo pump	Aug 04	10	30	3484.73	3	4		116.16	464.63	3020.10
Change motor on e booster well after overheat	Jul 06	10	30	1885.00	1	5		62.83	125.67	1759.33
Plant 1 startup	Jul 06	10	30	1006.01	1	5		33.53	67.07	938.94
Repair & replace motor on west booster well	Sep 06	10	30	2828.60	1	3		94.29	188.57	2640.03
Total Booster Pumps >5HP				19735.93				657.86	2885.21	16850.72
Hypochlorinators										
Replacement	Oct 91	10		210.00	16	2		0.00	210.00	0.00
Replacement	Aug 93	10		418.00	14	4		0.00	418.00	0.00
Replacement	Nov 94	10		565.26	13	1		56.53	565.26	0.00
Chemtech 124	Aug 95	10		489.33	12	4		48.93	489.33	0.00
Chemtech 124 Feed pump	Dec 00	10		295.00	7			29.50	236.00	59.00

Chemtech 124 Feed pump, ck 463	Dec 01	10		364.00	6			36.40	218.40	145.60
Chemtech 200 pump, ck 523	Dec 01	10		550.00	6			55.00	330.00	220.00
Chemtech 124 pump, ck 502	Dec 01	10		247.50	6			24.75	148.50	99.00
Chemtech 200 pump, ck 403	Dec 02	10		669.58	5			66.96	334.79	334.79
Chemteck 124 feed pump	Oct 03	10		229.00	4	2		22.90	114.50	114.50
Chemtech 200	Feb 04	10		584.00	3	10		58.40	233.60	350.40
Repair & replace caustic feed pump	Aug 06	10		329.00	1	4		32.90	65.80	263.20
Repair & replace chlorine feed pump	Jan 07	10		367.00		11		36.70	36.70	330.30
Total Hypochlorinators				5317.67				468.97	3400.88	1916.79
Gas Chlorinators										
"Advance" 25gpd system	Jan 82	10	20	2400.00	25	11		0.00	2400.00	0.00
"Advance" 25gpd system	June 84	10	20	975.00	23	6		0.00	975.00	0.00
Regal sys, Inv. 20677	Nov 96	10	20	2598.96	11	1		129.95	1429.44	1169.52
Regal sys Plant 2, ck 522	Dec 01	10	20	2014.75	6			100.74	604.43	1410.32
Superior sys, plant 1, ck 399	Dec 02	10	20	2413.62	5			120.68	603.40	1810.22
Chlorine sys. Prep & install	Mar 05	10	20	3013.06	2	9		150.65	451.96	2561.10
Work on chlorine room	Dec 05	10	20	1549.49	2			77.47	232.42	1317.07
Inv #1672	Dec 05	10	20	2584.87	2			129.24	387.73	2197.14
Chlorine system install	Apr 06	10	20	3097.12	1	8		154.86	309.71	2787.41
Total Gas Chlorinators				20646.87				863.59	7394.09	13252.78
Wood Structures										
Country Club pump house	May 77	15	20	375.00	30	7		0.00	375.00	0.00
Rosewood trailer purchase	Oct 88	15	20	400.00	19	2		20.00	380.00	20.00
Trailer upgrade	Feb 89	15	20	815.00	18	10		40.75	774.25	40.75
Chlor. Vent install	Nov 91	15	20	130.50	16	1		6.53	105.66	24.84
Pump house rebuild	Sept 95	15	20	1939.45	12	3		96.97	1163.65	775.80
Pump house repipe/rewire	Mar 96	15	20	3314.25	11	9		165.71	1988.53	1325.72
Pump house completion	Sept 96	15	20	478.00	11	3		23.90	261.85	216.15
Pump house for booster station	Jan 99	15	20	2285.00	8	11		114.25	1028.25	1256.75
Pump house for plant rebuild	Oct 99	15	20	1226.27	8	2		61.31	490.49	735.78
Pump house construction	Mar 03	15	20	1060.98	4	9		53.05	265.25	795.73
Well #2 house construction	Jul 06	15	20	3700.84	1	5		185.04	370.08	3330.76
Total Wood Structures				15725.29				767.51	7203.01	8522.28
Masonry & Metal Structures										
Plant 2 pump house	Dec 01	30		4131.00	6			137.70	826.20	3304.80
Plant 2 pump house	Dec 02	30		382.39	5			12.75	50.99	331.40
Plant 1 pump house	Dec 02	30		1151.11	5			38.37	153.48	997.63
Plant pump house	Dec 03	30		4008.10	4	1		133.60	534.41	3473.69
Fill line piping & tie in work	Jan 06	30		2490.93	1	11		83.03	166.06	2324.87
Install new service entry	Jul 06	30		2076.22	1	5		69.21	138.41	1937.81
Total Masonry & Metal Struct.				14239.75				474.66	1869.55	12370.20
Storage Tanks										
Orig 4000 gal storage tank	Jan 74	50		1000.00	33	11		20.00	680.00	320.00
Orig 7500 gal tank	May 77	50		2500.00	30	7		50.00	1550.00	950.00
16000 gal fiberglass tank	Nov 84	50		1036.00	23	1		20.72	476.56	559.44
Storage tank mod.	Dec 94	50		1140.33	13			22.81	296.52	843.81
12000 gal tank installed	Feb 95	50		4004.21	12	10		80.08	1041.06	2963.15
2nd 20000 gal bolted tank	Nov 96	50		7258.64	11	1		145.17	1596.88	5661.76
12000 gal tank mod.	Oct 97	50		783.18	10	2		15.66	156.61	626.57
26k tank completion, ck 747, 763, 764, 812, 850	May 98	50		2483.79	9	7		49.68	496.72	1987.07
Final tank work, ck 1159, 1962, 1963	Aug 98	50		1482.73	9	4		29.65	266.92	1215.81

New Rosewood, ck 2162	Nov	50		5000.00	9	1		100.00	900.00	4100.00
New Rosewood 20k tank, cks	Jun 99	50		5926.17	8	6		118.52	1066.79	4859.38
New Rosewood 20k tank, cks 2694, 2773, 2803	Aug 99	50		2469.00	8	4		49.38	395.04	2073.96
Partial Harmony tank, ck 2725	July 99	50		500.00	8	5		10.00	80.00	420.00
Cape Tranq. Storage tank, ck 2904	Oct 99	50		971.43	8	2		19.43	155.43	816.00
Storage tank recoat, ck 422	July 00	50		2268.73	7	5		45.37	362.98	1905.75
Tank work	Jan 03	50		262.50	4	11		5.25	26.25	236.25
Tank work	Jul 04	50		18266.03	3	5		365.32	1461.28	16804.75
Attempt to move tank	Apr 06	50		285.00	1	8		5.70	11.40	273.60
Blast & recoat tank	Jul 06	50		1535.15	1	5		30.70	61.41	1473.74
Garden Acres acquisition - 5000 gal tank	Mar 07	50		2670.00		9		53.40	53.40	2616.60
Garden Acres acquisition - 19000 gal tank	Mar 07	50		1650.00		9		33.00	33.00	1617.00
Acquisition, transfer, install, recoat, piping and start of GST at Mt Sylvan plant 2	Jun 07	50		26171.16		6		523.42	523.42	25647.74
Total Storage Tanks				89664.05				1793.28	11691.67	77972.38
Pressure Tanks										
Mt. Sylvan Main tank	Jan 60	50		2800.00	47	11		56.00	2688.00	112.00
1400 gal pressure tank	May 77	50		2250.00	30	7		45.00	1395.00	855.00
4'X20' 2000 gal 60psi	Sept 87	50		2400.00	20	3		48.00	960.00	1440.00
Pressure tank purchase	Apr 88	50		600.00	19	8		12.00	240.00	360.00
1400 gal pressure tank	Jan 92	50		2000.00	15	11		40.00	640.00	1360.00
900 gal pressure tank installed	May 93	50		3666.96	14	7		73.34	1100.10	2566.86
Tank modification	Dec 94	50		823.11	13			16.46	213.99	609.12
Lag vertical tanks, Inv 18069, 18071, 18072, 18073	Sept 95	50		922.72	12	3		18.45	221.42	701.30
Lag vertical tanks, Inv 19105	May 96	50		2703.21	11	7		54.06	648.74	2054.47
Pressure tank, booster station, ck 2311	Jan 99	50		541.00	8	11		10.82	97.38	443.62
Pressure tank modification, ck 2985	Dec 99	50		333.63	8			6.67	53.41	280.22
2nd tank, booster sta., ck 566	Oct 00	50		715.42	7	2		14.31	100.16	615.26
2500 gal tank, plant 2, ck 525	Dec 01	50		8755.57	6			175.11	1050.67	7704.90
3000 gal tank, plant 1, ck 398	Dec 02	50		8733.07	5			174.66	873.31	7859.76
Move tank	Jan 06	50		2360.00	1	11		47.20	94.40	2265.60
Surge tank installation bypass line, insulation, etc at plt 1	Apr 06	50		3118.67	1	8		62.37	124.75	2993.92
Plant 2 start up	Jul 06	50		1291.12	1	5		25.82	51.64	1239.48
Total Pressure Tanks				44014.48				880.29	10552.97	33461.51
Distribution System										
13200' of 3" & some 2" pvc	Jan 70	50		13200.00	37	11		264.00	10032.00	3168.00
3100' of 2" galv steel	May 77	50		3260.00	30	7		65.20	2021.20	1238.80
System upgrades	Jan 85	50		3850.00	22	11		77.00	1771.00	2079.00
Orig length 20000' per letter ref misc allocation	Jan 85	50		9963.00	22	11		199.26	4582.98	5380.02
Reroute main around constr.	Feb 85	50		1387.30	22	10		27.75	638.25	749.05
Mt Sylvan work, ck 125	June 97	50		300.00	10	6		6.00	66.00	234.00
cks 1930, 1938, 1957, 1911, 2039, 2046, 2058, 2079, 2106, 2112, 2118, 2121	Nov 98	50		9178.04	9	1		183.56	1835.60	7342.44
724 Main, cks 2123, 2124, 2149, 2172, 2201, 2221	Dec 98	50		8733.40	9			174.67	1746.70	6986.70
Dean Putman, cks 2685, 2701, 2702, 2708, 2712, 2713, 2722, 2724, 2898, 2899, 2996, 3009, 3025	Dec 99	50		8997.36	8			179.95	1619.55	7377.81

Dove Ridge Main, ck 3032	De[redacted]	50		6385.49	8		[redacted]	127.71	1149.39	5236.10
Machen Lane Main, ck 066	Jan 00	50		1845.62	7	11		36.91	295.28	1550.34
Dovd Ridge Main, ck 465	Aug 00	50		2159.44	7	4		43.19	345.28	1814.16
Thompson, Steifer section, ck 712	Dec 00	50		8443.11	7			168.86	1350.88	7092.23
Burro Rd Main, ck 718	Dec 00	50		3626.54	7			72.53	580.24	3046.30
Cattle Dr. ext, ck 717	Dec 00	50		937.38	7			18.75	150.00	787.38
South side SH 154, ck 723	Dec 00	50		4108.80	7			82.18	657.44	3451.36
Thompson, Steifer ad-ons, ck	Dec 01	50		10518.06	6			210.36	1472.52	9045.54
ck 401	Nov 01	50		838.97	6	1		16.78	117.46	721.51
Robertson, Boggs, Buchanan, Payne section, ck 473, 503	Dec 01	50		6526.99	6			130.54	913.78	5613.21
Payne, Lee CR 419 ext, ck 342, 384	Dec 02	50		16402.48	5			328.05	1968.30	14434.18
Rosewood/Harmony link, ck 139, 349, 448	Dec 02	50		4800.04	5			96.00	576.00	4224.04
Stallion Lake dist. Ck 401, 463	Dec 02	50		22499.01	5			449.98	2699.88	19799.13
Stallion lake main line install	Jan 03	50		5215.18	4	11		104.30	521.50	4693.68
Stallion lake main line install	Jan 03	50		14813.98	4	11		296.28	1481.40	13332.58
Stallion lake main line install	Feb 03	50		18520.14	4	10		370.40	1852.00	16668.14
Rosewood main line install	Mar 03	50		2138.56	4	9		42.77	213.85	1924.71
Butler new line	May 03	50		1189.16	4	7		23.78	118.90	1070.26
Stallion lake main line install	May 03	50		17884.49	4	7		357.69	1788.45	16096.04
CR 419 main line	Oct 03	50		1160.95	4	2		23.22	116.10	1044.85
Stallion lake main line install	Oct 03	50		24385.07	4	2		487.70	2438.50	21946.57
Stallion lake main line install	Oct 03	50		4425.17	4	2		88.50	442.50	3982.67
Stallion lake main line install	Nov 03	50		9990.60	4	1		199.81	999.05	8991.55
Mt. Sylvan main lines	Dec 03	50		5816.66	4			116.33	581.65	5235.01
Harmony new main construction	Dec 03	50		1877.96	4			37.56	187.80	1690.16
Main line installation	Feb 04	50		1158.98	3			23.18	92.72	1066.26
Main extension	Feb 04	50		789.95	3			15.80	63.20	726.75
New main installation	Apr 04	50		424.92	3			8.50	34.00	390.92
Valve box installation	Jun 04	50		393.75	3			7.88	31.52	362.23
New main installation	Jun 04	50		10336.35	3			206.73	826.92	9509.43
Westbrook Subd main	Sep 04	50		2754.43	3			55.09	220.36	2534.07
Lower tennis court main	Dec 04	50		1108.28	3			22.17	88.68	1019.60
Cross sleeve work	Feb 05	50		2204.15	2	10		44.08	132.24	2071.91
Main line work	Apr 05	50		3491.53	2	8		69.83	209.49	3282.04
Tank work	Sep 05	50		1722.20	2	3		34.44	103.29	1618.91
Main line work	Sep 05	50		2290.68	2	3		45.81	137.43	2153.25
Main installation	Sep 05	50		9164.13	2	3		183.28	549.84	8614.29
Work on main	Oct 05	50		6284.45	2	2		125.69	377.07	5907.38
Lower 2" main under road	Nov 05	50		1750.27	2	1		35.01	105.03	1645.24
Main installation	Nov 05	50		7581.09	2	1		151.62	454.86	7126.23
Main installation	Nov 05	50		2921.28	2	1		58.43	175.29	2745.99
New plant feeder main	Dec 05	50		8347.67	2			166 95	500.85	7846.82
Valve box & cuff work	Dec 05	50		2551.90	2			51.04	153.12	2398.78
4" production line	Dec 05	50		3170.89	2			63.42	190.26	2980.63
Main installation	Dec 05	50		4479.52	2			89.59	268.77	4210.75
Main installation	Dec 05	50		18638.02	2			372.76	1118.28	17519.74
6" Main installation	Dec 05	50		9586.29	2			191.73	575.19	9011.10
Main installation	Dec 05	50		8575.62	2			171.51	514.53	8061.09
Main installation	Dec 05	50		14202.82	2			284.06	852.18	13350.64
Main installation	Dec 05	50		4312.70	2			86.25	258.76	4053.94
3" Main installation	Dec 05	50		5824.86	2			116.50	349.50	5475.36

Main installation & road bore	De	50		5857.29	2			117.15	351.45	5505.84
Production line installation	Dec 05	50		7209.45	2			144.19	432.57	6776.88
Dev. Phace main installation	Dec 05	50		6971.85	2			139.44	418.32	6553.53
Installed sleeves across lake channel	Dec 05	50		3162.30	2			63.25	189.75	2972.55
Bore work	Dec 05	50		3855.73	2			77.11	231.33	3624.40
Main interconnect	Apr 06	50		908.18	1	8		18.16	36.32	871.86
Main install on CR 419	Jul 06	50		7233.90	1	5		144.68	289.36	6944.54
Install 320' of main on FM 724	Jul 06	50		1162.45	1	5		23.25	46.50	1115.95
Main install on Dove Ridge	Jul 06	50		1993.57	1	5		39.87	79.74	1913.83
Set FV & test westbrook main	Jul 06	50		1101.43	1	5		22.03	44.06	1057.37
N Methodist church main install	Jul 06	50		3456.71	1	5		69.13	138.26	3318.45
Main installation	Jul 06	50		1087.96	1	5		21.76	43.52	1044.44
Main installation	Aug 06	50		3174.74	1	4		63.49	126.98	3047.76
Main installation	Aug 06	50		5115.46	1	4		102.31	204.62	4910.84
Main installation	Sep 06	50		17811.31	1	3		356.23	712.46	17098.85
Main instalation	Dec 06	50		7023.18	1			140.46	280.92	6742.26
Rebuilt plant 1 dist manifold	Feb 07	50		1853.45		10		37.07	37.07	1816.38
2nd phase of GV interconnect with highway bores	Feb 07	50		15155.52		10		303.11	303.11	14852.41
Main installation	Mar 07	50		6877.71		9		137.55	137.55	6740.16
Garden Acres acquisition	Mar 07	50		615.00		9		12.30	12.30	602.70
Dress & valve cuff work	Apr 07	50		593.22		8		11.86	11.86	581.36
Install 4" main on CR 424	Apr 07	50		4498.86		8		89.98	89.98	4408.88
GV/SL interlink	Apr 07	50		10896.02		8		217.92	217.92	10678.10
Install 300' main	May 07	50		1826.44		7		36.53	36.53	1789.91
Install 1160' of 4" main	Jun 07	50		8605.09		6		172.10	172.10	8432.99
3" Main installation	Jun 07	50		6726.09		6		134.52	134.52	6591.57
3" Main installation	Aug 07	50		11369.27		4		227.39	227.39	11141.88
4" Main installation on CR 419	Sep 07	50		31367.92		3		627.36	627.36	30740.56
3" Main installation	Oct 07	50		2919.54		2		58.39	58.39	2861.15
Install 2660' of 3" main	Oct 07	50		3035.15		2		60.70	60.70	2974.45
1000' 4" Main replacement	Nov 07	50		10672.80		1		213.46	213.46	10459.34
New main loop	Nov 07	50		4085.80		1		81.72	81.72	4004.08
Install 23" PRV at Plt 2	Dec 07	50		2384.18				47.68	47.68	2336.50
Total Distribution System				590053.25				11801.06	61810.61	528242.64
Service Lines & Taps										
System Installation	May 77	20		3250.00	30	7		0.00	3250.00	0.00
Meter Sets	Jan 78	20		5750.00	29	11		0.00	5750.00	0.00
Green Lemmert taps	Nov 91	20		282.45	16	11		14.12	226.05	56.40
Pricto & Harris taps	June 92	20		375.17	15	6		18.76	300.15	75.02
Shockley, Fowler, Payne, Hunter	Oct 93	20		655.87	14	2		32.79	459.17	196.70
Malone, Lone Star Cross, Inv. 16064	Jan 95	20		4584.31	12	11		229.22	2979.84	1604.47
Davis tap, Inv. 16710	May 95	20		461.93	12	7		23.10	300.29	161.64
Heying, Moore taps, Inv. 17257 & 17258	Aug 95	20		853.47	12	4		42.67	512.13	341.34
Inv. 18247 & 18472	Feb 96	20		463.83	11	10		23.19	278.37	185.46
Rozzelle & Caldwell	Apr 96	20		8690.44	11	8		434.52	5214.33	3476.11
Dodson, Caskey taps, Inv. 20497 & 20500	Nov 96	20		980.38	11	1		49.02	539.22	441.16
Hosid, Mercy Ships	Dec 96	20		3647.32	11			182.37	2006.05	1641.27
St Francis, ck 1351, 1482, 1499	Jan 98	20		1756.81	9	11		87.84	878.40	878.41
Beasing, ck 1545	Feb 98	20		1372.88	9	10		68.64	686.48	686.40
Mason, Gordy, ck 1927, 1929	Aug 98	20		747.00	9	4		37.35	336.15	410.85
Berry, Smith, Robinson, Blackwell, K. Lambert, Cross, ck 2026, 2041, 2047, 2086	Oct 98	20		1748.06	9	2		87.40	786.66	961.40

New taps, ck 2192, 2200, 2219, 2249	Dec 98	20		1406.31	9			70.32	632.86	773.45
Gilmer Country Club, cks 2173, 2175	Dec 98	20		1350.39	9			67.52	607.68	742.71
New taps, ck 2347, 2350, 2376, 2396, 2415, 2416, 2434	Feb 99	20		6759.90	8	10		338.00	3041.98	3717.92
Mitchell tap, ck 2449	Mar 99	20		181.31	8	9		9.07	81.61	99.70
Tipton, Seahorn, ck 2607	May 99	20		132.16	8	7		6.61	59.48	72.68
Bunn, Miller, Matthews, Sutton, Meyer, Hunter, ck 2698, 3035	Dec 99	20		3673.81	8			183.69	1469.52	2204.29
Thompson, Dove Ridge, ck 3031, 3032	Dec 99	20		5987.93	8			299.40	2395.20	3592.73
Harty tap, ck 3033	Dec 99	20		904.18	8			45.21	361.68	542.50
McPeek, Betteton, Irwin, Putman, Haws, Satterwhite, Greenlee, Dean, ck 3026, 3034	Dec 99	20		2670.08	8			133.50	1068.06	1602.02
New taps, ck 567	Oct 00	20		737.64	7	2		36.88	295.05	442.59
New taps, ck 646	Dec 00	20		313.12	7			15.66	125.26	187.86
New taps, ck 710	Dec 00	20		401.36	7			20.07	160.55	240.81
New taps, ck 714	Dec 00	20		196.83	7			9.84	78.73	118.10
Set meters for system, ck 723	Dec 00	20		1972.54	7			98.63	789.03	1183.51
ck 291, 399, 468, 516	Dec 01	20		2196.10	6			109.81	658.84	1537.26
ck 501, 506	Dec 01	20		593.69	6			29.68	178.10	415.59
ck 511	Dec 01	20		434.12	6			21.71	130.24	303.88
Inv 699, 686, cks 46, 747	Apr 02	20		167.19	5	8		8.36	50.16	117.03
Inv 859, 866, 864, ck 108, 343, 385, 445, 460	Dec 02	20		3130.88	5			156.54	782.72	2348.16
Stallion lake Crump meter set	Jan 03	20		121.85	4	11		6.09	30.46	91.39
Stallion lake stable tap	Mar 03	20		455.65	4	9		22.78	113.91	341.74
MS Bristow & Lee bore & tap	May 03	20		915.30	4	7		45.77	228.83	686.47
Stallion lake new meter	May 03	20		300.32	4	7		15.02	75.08	225.24
MS Lang meter set	Jul 03	20		476.72	4	5		23.84	119.18	357.54
MS Lee, Frizzell service lines	Dec 03	20		716.39	4			35.82	179.10	537.29
New taps	Apr 04	20		257.44	3	8		12.87	51.49	205.95
New taps	Jun 04	20		366.49	3	6		18.32	73.30	293.19
Move 2 meters	Jul 06	20		690.36	1	5		34.52	69.04	621.32
Meter set at CR 438	Feb 07	20		620.60		10		31.03	31.03	589.57
3 meter relocations	Feb 07	20		1606.12		10		80.31	80.31	1525.81
Meter set & flush maint barn	Feb 07	20		439.80		10		21.99	21.99	417.81
2" main ext & meter set	Feb 07	20		1526.52		10		76.33	76.33	1450.19
Meter set at Savannah Shores	Mar 07	20		330.99		9		16.55	16.55	314.44
Meter relocate & meter set	Mar 07	20		354.59		9		17.73	17.73	336.86
Meter set on Westbrook Dr.	Mar 07	20		713.40		9		35.67	35.67	677.73
Road bore & meter set	Mar 07	20		710.70		9		35.54	35.54	675.16
Install cross line & meter	Mar 07	20		752.37		9		37.62	37.62	714.75
Road bore & meter set	Apr 07	20		2797.94		8		139.90	139.90	2658.04
Meter set at Machen Lane	Apr 07	20		334.70		8		16.74	16.74	317.96
1" meter set	Apr 07	20		172.36		8		8.62	8.62	163.74
Meter set at FM 852	May 07	20		497.18		7		24.86	24.86	472.32
Meter set at Savannah Shores	Jun 07	20		324.50		6		16.23	16.23	308.27
Meter set at Westbrook Dr	Jun 07	20		410.26		6		20.51	20.51	389.75
Meter set at CR 437	Jun 07	20		613.16		6		30.66	30.66	582.50
Meter set at Westbrook Dr	Aug 07	20		353.96		4		17.70	17.70	336.26
Meter set at FM 724	Aug 07	20		409.30		4		20.47	20.47	388.83
Meter set at Hwy 110 N	Aug 07	20		289.22		4		14.46	14.46	274.76
Meter set at Westbrook Dr	Aug 07	20		443.93		4		22.20	22.20	421.73
2 meter sets at Westbrook	Aug 07	20		801.06		4		40.05	40.05	761.01
Meter set at Westbrook Dr	Aug 07	20		700.87		4		35.04	35.04	665.83
Meter relocates	Aug 07	20		815.76		4		40.79	40.79	774.97
Set 1 meter, relocate 1	Aug 07	20		1203.66		4		60.18	60.18	1143.48

Meter set at Stallion Shores	Aug	20		142.94		4		7.15	7.15	135.79
Meter set at Stallion Park Pl	Sep 07	20		377.02		3		18.85	18.85	358.17
Meter set on CR 419	Oct 07	20		1532.80		2		76.64	76.64	1456.16
Meter set on CR 419	Oct 07	20		487.62		2		24.38	24.38	463.24
Meter set on CR 419	Oct 07	20		329.97		2		16.50	16.50	313.47
Meter set on CR 419	Oct 07	20		165.00		2		8.25	8.25	156.75
Meter set on Beacons Jet	Oct 07	20		368.28		2		18.41	18.41	349.87
2 meter sets on CR 422	Oct 07	20		475.78		2		23.79	23.79	451.99
Meter relocate	Nov 07	20		1762.85		1		88.14	88.14	1674.71
Meter set & service line	Nov 07	20		781.02		1		39.05	39.05	741.97
Meter set at SH 154	Dec 07	20		646.56		5		32.33	32.33	614.23
Tap Fees as Paid in Capital	2007			-19223.22				-891.00	-891.00	-18332.22
Total Lines & Taps				78199.55				3530.14	38734.10	39465.45
Meters										
Original Meter Installation	May 77	20		2500.00	30	7		0.00	2500.00	0.00
Original Meter Sets	Jan 78	20		1750.00	29	11		0.00	1750.00	0.00
Green/Lemmert/Prieto/Harris	June 92	20		189.00	15	6		9.45	151.25	37.75
Shackley/Fowler/Prayn/Hunt	Oct 93	20		189.00	14	2		9.45	132.30	56.70
Meter Changes	Sept 93	20		189.00	14	3		9.45	132.30	56.70
Master Meter	May 94	20		358.00	13	7		17.90	250.60	107.40
Inv 16112, 16710	May 95	20		400.10	12	7		20.01	260.11	139.99
Inv 16052, 16168	Dec 94	20		578.69	13			28.93	376.20	202.49
Inv 16317, 17043, 17633, 17671	July 95	20		4440.21	12	5		222.01	2664.12	1776.09
Inv 17257, 17258, 18679, 18680, 19584	Feb 96	20		1281.64	11	10		64.08	769.05	512.59
Inv 18247, 18472, 18435	Feb 96	20		580.64	11	10		29.03	348.45	232.19
Inv 18671, 19270	Apr 96	20		761.37	11	8		38.07	456.83	304.54
Inv 18765	Jan 96	20		371.62	11	11		18.58	222.96	148.66
Caldwell, Hosid, N Har Hills Master Repair	Feb 96	20		785.10	11	10		39.26	471.10	314.00
Inv 20497, 20500	Nov 96	20		94.50	11	1		4.73	56.74	37.76
Checks 1499, 1680, 1789	June 98	20		715.65	9	6		35.78	357.81	357.84
Checks 1929, 2026, 2086	Oct 98	20		330.75	9	2		16.54	148.85	181.90
Checks 2192, 2219	Dec 98	20		189.60	9			9.48	85.32	104.28
Check 2173	Dec 98	20		145.00	9			7.25	65.25	79.75
Checks 2400, 2449	Feb 99	20		112.50	8	10		5.63	50.65	61.85
Checks 2376, 2396, 2416, 2434, 2617	Feb 99	20		506.13	8	10		25.31	227.78	278.35
Check 2580	May 99	20		199.95	8	8		10.00	89.99	109.96
Check 2607	May 99	20		481.24	8	8		24.06	216.60	264.64
Check 2995, 3032	Dec 99	20		922.18	8			46.11	368.88	553.30
Check 3037	Dec 99	20		47.25	8			2.36	18.93	28.32
Check 3034	Dec 99	20		614.25	8			30.71	245.73	368.52
Check 2698, 3055	Dec 99	20		283.50	8			14.18	113.42	170.08
Check 3462	Aug 00	20		298.48	7	4		14.92	119.38	179.10
Check 3723	Dec 00	20		1623.44	7			81.17	649.37	974.07
Check 3562,3 720, 3650	Dec 00	20		2130.32	7			106.52	852.14	1278.18
Check 3716	Dec 00	20		3334.03	7			166.70	1333.61	2000.42
Check 3567, 3646, 3710	Dec 00	20		601.34	7			30.07	240.55	360.79
Check 3970	Apr 01	20		547.65	6	8		27.38	191.67	355.98
Cks 4291, 4469, 4399, 4517	Sept 01	20		2491.68	6	3		124.58	747.50	1744.18
Checks 4472, 4505	Dec 01	20		1341.86	6			67.09	402.47	939.39
Check 4269	Sept 01	20		366.50	6	3		18.33	109.96	256.54
Inv 796	Apr 02	20		87.25	5	8		4.36	26.17	61.08
Inv# 793	Apr 02	20		143.75	5	8		7.19	43.13	100.62
Inv# 686	Apr 02	20		143.75	5	8		7.19	43.13	100.62
Check 771	Apr 02	20		156.15	5	8		7.81	46.85	109.30
Inv 861, 855, 857	Aug/Dec 02	20		2528.95	5			126.45	632.24	1896.71
Inv 862	Aug/Dec 02	20		312.89	5			15.64	78.22	234.67
Check 148	Sept 02	20		249.81	5	3		12.49	62.45	187.36
Check 404	Dec 02	20		452.30	5			22.62	113.08	339.22
Meter changes, ck 5676	Jan 03	20		114.86	4	11		5.74	28.71	86.15

Johnson & Crump new meters	Jan	20		615.00	4	11		30.75	153.75	461.25
CC meter change, ck 5979	Feb 03	20		107.25	4	10		5.36	26.81	80.44
MS meter changes, ck 5981	Mar 03	20		1285.85	4	9		64.29	321.46	964.39
FS meter change, ck 5977	Mar 03	20		112.51	4	9		5.63	28.13	84.38
Gillam, Campbell meters	Mar 03	20		345.70	4	9		17.29	86.43	259.27
SL new meters, ck 5950	Mar 03	20		1527.51	4	9		76.38	381.88	1145.63
Butler new meter, ck 6106	May 03	20		562.52	4	7		28.13	140.63	421.89
Har new meter, ck 6109	May 03	20		168.59	4	7		8.43	42.15	126.44
SL new meter sets, ck 6083	May 03	20		958.58	4	7		47.93	239.65	718.93
SL new meter sets, ck 6105	May 03	20		875.83	4	7		43.79	218.96	656.87
Lang new meter, ck 6156	Jul 03	20		155.27	4	5		7.76	38.81	116.46
CT meter changes, ck 6159	Jul 03	20		660.88	4	5		33.04	165.22	495.66
Slater new meter, ck 6271	Jul 03	20		173.31	4	5		8.67	43.33	129.98
CC replace master meter	Jul 03	20		270.80	4	5		13.54	67.70	203.10
Gibeon meter change, ck 6153	Jul 03	20		159.36	4	5		7.97	39.84	119.52
Sollo rebuild, ck 6270	Jul 03	20		113.86	4	5		5.69	28.46	85.40
Pilgrim meter set, ck 6150	Jul 03	20		161.12	4	5		8.06	40.28	120.84
SL new meter & pipe, ck 6269	Jul 03	20		750.56	4	5		37.53	187.64	562.92
CT meter changes, ck 6273	Oct 03	20		287.27	4	2		14.36	71.81	215.46
SL new meter, ck 6303	Oct 03	20		389.05	4	2		19.45	97.26	291.79
CT meter changes, ck 6310	Dec 03	20		157.90	4			7.90	39.48	118.42
MS meter changes, ck 6311	Dec 03	20		1976.78	4			98.84	494.20	1482.58
Beaver meter change, ck 6312	Dec 03	20		90.19	4			4.51	22.55	67.64
Master meter change, ck 6313	Dec 03	20		342.00	4			17.10	85.50	256.50
Mimosa service rebuild	Dec 03	20		119.55	4			5.98	29.89	89.66
New meter, ck 6315	Dec 03	20		159.30	4			7.97	39.83	119.47
New meter sets, ck 6316	Dec 03	20		2602.38	4			130.12	650.60	1951.78
Meter changes (4)	Feb 04	20		1736.06	3	10		86.80	347.20	1388.86
Meter changes (3)	Apr 04	20		846.25	3	8		42.31	169.24	677.01
New meter sets (5)	Jun 04	20		3397.59	3	6		169.88	679.52	2718.07
New meter sets (3)	Jul 04	20		469.22	3	5		23.46	93.84	375.38
New meter sets (7)	Aug 04	20		3204.98	3	4		160.25	641.00	2563.98
New meter sets (5)	Sep 04	20		982.70	3	3		49.14	196.56	786.14
Set 2nd meter	Sep 05	20		318.44	2	3		15.92	47.77	270.67
Meter set	Sep 05	20		459.23	2	3		22.96	68.88	390.35
Meter set	Sep 05	20		764.29	2	3		38.21	114.64	649.65
Meter set	Sep 05	20		323.14	2	3		16.16	48.47	274.67
1" meter set	Sep 05	20		306.95	2	3		15.35	46.04	260.91
Meter set	Sep 05	20		434.70	2	3		21.74	65.21	369.49
Replacement of meters (4)	Oct 05	20		343.00	2	2		17.15	51.45	291.55
Meter sets (5)	Oct 05	20		1243.10	2	2		62.16	186.48	1056.62
Meter sets (11)	Nov 05	20		4934.36	2	1		246.72	740.16	4194.20
Meter sets (15)	Dec 05	20		5926.45	2			296.32	888.96	5037.49
Meter changes (5)	Dec 05	20		1951.37	2			97.57	292.71	1658.66
Meter sets (3)	Jan 06	20		1758.34	1	11		87.92	175.84	1582.50
Meter set & new connection	Jan 06	20		671.96	1	11		33.60	67.20	604.76
Meter sets (20)	Jul 06	20		15421.23	1	5		771.06	1542.12	13879.11
Duel check & meter change	Jul 06	20		368.72	1	5		18.44	36.88	331.84
Rebuild service (2)	Jul 06	20		303.38	1	5		15.17	30.34	273.04
Meter change (5)	Jul 06	20		851.52	1	5		42.58	85.16	766.36
Meter set (6)	Aug 06	20		6279.81	1	4		313.99	627.98	5651.83
Meter change	Aug 06	20		329.70	1	4		16.49	32.98	296.72
Meter service rebuild	Aug 06	20		313.22	1	4		15.66	31.32	281.90
Meter change	Sep 06	20		59.20	1	3		2.96	5.92	53.28
Meter set	Sep 06	20		571.91	1	3		28.60	57.20	514.71
Meter change (2)	Oct 06	20		1081.35	1	2		54.07	108.14	973.21
Duel check & servce rebuild	Oct 06	20		107.92	1	2		5.40	10.80	97.12
Dual check & meter change	Oct 06	20		107.92	1	2		5.40	10.80	97.12
Meter replacement	Oct 06	20		164.50	1	2		8.23	16.46	148.04
Meter set (2)	Dec 06	20		2203.19	1			110.16	220.32	1982.87
Meter set (2)	Jan 07	20		518.81		11		25.94	25.94	492.87
Meter change	Jan 07	20		41.00		11		2.05	2.05	38.95
Meter set (2)	Feb 07	20		294.03		10		14.70	14.70	279.33
Meter relocation	Feb 07	20		351.29		10		17.56	17.56	333.73

Meter set & flush maint barn	Feb	20		151.66		10		7.58	7.58	144.08
2" main ext & meter set	Feb 07	20		188.61		10		9.43	9.43	179.18
Meter sets (7)	Mar 07	20		1538.61		9		76.93	76.93	1461.68
Install cross line & meter service	Mar 07	20		409.44		9		20.47	20.47	388.97
Garden Acres acquisition	Mar 07	20		60.00		9		3.00	3.00	57.00
Meter set (3)	Apr 07	20		1136.21		8		56.81	56.81	1079.40
Meter set (2)	May 07	20		458.58		7		22.93	22.93	435.65
Install 300' main, 2 meters	May 07	20		315.90		7		15.80	15.80	300.10
Meter sets (4)	Jun 07	20		864.76		6		43.24	43.24	821.52
Meter change	Jun 07	20		41.00		6		2.05	2.05	38.95
Meter change	Jul 07	20		41.00		5		2.05	2.05	38.95
Meter install	Jul 07	20		452.88		5		22.64	22.64	430.24
Meter set (8)	Aug 07	20		2315.56		4		115.78	115.78	2199.78
Rebuild service	Aug 07	20		151.84		4		7.59	7.59	144.25
Meter change (3)	Aug 07	20		519.70		4		25.99	25.99	493.71
Meter set	Sep 07	20		150.21		3		7.51	7.51	142.70
Meter set (8)	Oct 07	20		4160.39		2		208.02	208.02	3952.37
Meter relocation	Nov 07	20		427.37		1		21.37	21.37	406.00
Meter set	Nov 07	20		247.12		1		12.36	12.36	234.76
Meter change	Nov 07	20		107.29		1		5.36	5.36	101.93
Meter set	Dec 07	20		271.87		5		13.59	13.59	258.28
Tap Fees as Paid in Capital	2007			-15064.92				-760.75	-760.75	-14304.17
Total Meters		20		109456.71				5252.83	29771.69	79685.02
Furn & Fixtures										
A/C & Controls	Nov 85	10		509.00	22	1		0.00	509.00	0.00
Electric Equipment	May 89	10		1408.00	18	7		0.00	1408.00	0.00
Gen Equipment	Dec 91	10		171.00	16			0.00	171.00	0.00
Elec Components	Feb 93	10		3201.00	14	10		0.00	3201.00	0.00
Mt Sylvan Main Disconnect	Nov 93	10		418.26	14	1		0.00	418.26	0.00
Plant Rebuild	Mar 95	10		6639.01	12	9		663.90	6639.01	0.00
Mt Sylvan Plant Rebuild	Dec 95	20		6071.77	12			303.59	3643.07	2428.70
Rosewood valves & control wk	Oct 95	10		249.60	12	2		24.96	249.60	0.00
Mt. Sylvan Booster station	Jan 99	10		4132.60	8	11		413.26	3719.34	413.26
Cape Tranquility Plant upgrade	Nov 99	10		3327.62	8	1		332.76	2662.09	665.53
410 Air Compressor	July 00	10		574.73	7	5		57.47	393.30	181.43
561 Air Compressor	Oct 00	10		840.93	7	2		84.09	588.64	252.29
Harmony Plant	Dec 02	10		2703.66	5			270.37	1351.83	1351.83
Stallion Lake Plant	Dec 02	10		1079.45	5			107.95	539.73	539.72
Harmony Plant	Jan 03	10		1183.88	4	10		118.39	591.94	591.94
Mt Sylvan pump wiring	May 03	10		298.84	4	7		29.88	149.42	149.42
Total Furn & Fixtures				32809.35				2406.62	26235.23	6574.12
Fencing										
Country Club Fence Material	May 77	20	50	375.00	30	7		7.50	232.50	142.50
840'x6' sec Fence	Jan 78	20	50	4000.00	29	11		80.00	2320.00	1680.00
Mt. Sylvan Fencing	Jan 82	20	50	1500.00	25	11		30.00	780.00	720.00
Friendship Fencing	Jan 98	20	50	2128.16	9	11		42.56	425.61	1702.55
Harmony Fencing	Dec 01	20	50	1927.22	6			38.54	231.26	1695.96
Fence tear down & site clean up	Jan 06	20	50	845.50	1	11		16.91	33.82	811.68
Mt Sylvan fence const.	Feb 07	20	50	3511.53		10		70.23	70.23	3441.30
Garden Acres acquisition	Mar 07	20	50	660.00		9		13.20	13.20	646.80
Fence installation	Oct 07	20	50	5450.29		2		109.01	109.01	5341.28
Total Fencing				20397.70				407.95	4215.63	16182.07

Other Plant & Misc Equip										
Friendship A/C	Feb 00		5	479.24	7	10		95.85	479.24	0.00
Plant 2 Fixtures	Dec 01		20	18845.64	6			942.28	5653.69	13191.95
Plant Const.	Dec 02		20	1037.85	5			51.89	259.46	778.39
Plant Const.	Dec 02		20	5397.20	5			269.86	1349.30	4047.90
Harmony plant parts	Mar 03		10	3036.35	4	9		303.64	1518.18	1518.17
Harmony A/C system	Jan 03		10	1206.14	4	11		120.61	603.07	603.07
Harmony plant parts	Jul 04		10	328.50	3	5		32.85	131.40	197.10
Garden Acres acquisition	Mar 07		20	1455.00		9		72.75	72.75	1382.25
Total Other				31785.92				1889.73	10067.09	21718.83
Access Roads										
Plant 2 road, ck 520	Dec 01		30	4001.00	6			133.37	800.21	3200.79
Pad work at Stallion Lake plant	Dec 03		30	1323.25	4			44.11	220.55	1102.70
Total Access Roads				5324.25				177.48	1020.76	4303.49
Total				1288268.92				41628.85	339309.33	948959.59

Attachment 7

SECTION III. PLANT & EQUIPMENT INFORMATION - WATER

C. DEVELOPER CONTRIBUTIONS - WATER

Table III. C.

Item	Date of installation or Contribution	Total Cost	Amount of Developer Contribution	Net Book Value (from Table III. B.)
Service Lines & Taps	12/1999	5987.93	1840.00	4147.93
SH 154 mains	7/1998	11463.59	12070.00	-606.41
New mains	6/1999	13551.38	13551.38	0.00
New mains	12/1999	32480.00	23482.64	8997.36
Dove Ridge Main	12/1999	16545.49	10160.00	6385.49
New mains	12/2000	2087.38	1150.00	937.38
New mains	12/2001	18324.99	5554.00	12770.99
New mains	9/2005	4703.76	4495.00	208.76
New mains	12/2005	19754.29	10168.00	9586.29
New mains	6/2006	18329.40	11095.50	7233.90
New mains	7/2006	3970.71	514.00	3456.71
New mains	6/2007	10731.19	2126.10	8605.09
Total		157930.11	96206.62	61723.49

ATTACHMENT #8

B. Known & Measurable

Line B – Increase in operating contract
Line D – Estimated cost increase due to additional system & overall cost increase
Line E – Estimated 8% inflationary increase in utilities
Line F – Estimated 5% cost increase due to increasing fuel & labor costs
Line K – Fuel supplement charge added by contractor due to exceptional gasoline prices
Line N – Existing property tax rate increases; new taxes on new acquisition; and new franchise tax rates

ATTACHMENT 9
COMMENT ON UNIFORM RATE

This application continues the practice by Texas Water Systems of providing a uniform rate structure for all of its systems. The reasons this is appropriate are as follows:

1. All systems are ground water systems with well sizes under 8", fitted with submersible pumps 15 H.P. or less.
2. All have common treatment by simple chlorination excepted by only two plants which are additionally supplemented by simple caustic feed for P.H. adjustment.
3. All plant designs are similar with standard alternating service pump arrangements, with pump sizes 20 H.P. and less.
4. All distribution systems are similar, built with 2" to 6" PVC class pipe with reasonable proportion of main length to system population.
5. All have similar customer bases which are almost completely residential, and no heavy commercial or industrial consumers to affect demand on facilities.
6. None of the systems offer fire flows.
7. All are served by an operating and management company on a per tap basis for remuneration and all are similar distances from that company's base. Distances range from 18 miles minimum to 35 miles maximum.
8. A non-uniform rate structure would add operating costs to the customers by the additional weight of requiring specific expense data recording by the operators in the field, slowing operating efficiency ; and the added burden of accounting load and formulating rates for 8 fiscal entities instead of one.

TEXAS WATER SYSTEMS Inc

An Investor Owned Utility

September 30, 2008

Dear Texas Water Customer:

Attached you will find an official notice of rate change that is being filed with TCEQ in Austin to go into effect on December 2nd, 2008.

Good News: The gallonage rate doesn't change. Water used over 1,000 gallons won't cost any more because: (1) this charge is based largely on operating costs which we have offset some by growth, and (2) changes in the commission's rate formulation have shifted more expenses to the "fixed" cost classification, which is carried more by the "minimum" rate.

Bad News: The Base Rate minimum is going up from $28.50 to $34.90, with the familiar cost drivers being: (1) Fuel and energy (you know what's going on at gas pumps and electric meters); (2) Materials cost increases (we're continuing upgrades on plants and distribution on virtually every system); (3) Taxes (Property tax hikes and the new Franchise Tax rates).

If you care to review our application, you will find that we actually applied for a base rate $5.70 below the minimum allowed by state regulated guidelines.

Please contact us if you have questions or desire to see a copy of the application. The required submittal exposes all expense, asset, and return breakdown for Investor owned utilities.

Sincerely,

Glenn E. Trimble
President

7891 HWY 271 · TYLER, TEXAS 75708 · (903) 595-2128 FAX (903) 526-0076

NOTICE OF PROPOSED RATE CHANGE

Texas Water Systems, Inc. 12473

Company Name 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

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:

Cape Tranquility, Mt. Sylvan, Country Club, Friendship, Rosewood, Stallion Lake, Garden Valley

Subdivisions or Systems Affected by Rate Change

7891 US Highway 271	Tyler	TX	75708	903-595-2128
Company Address	City	State	Zip	Telephone

$55,680.00	
Annual Revenue Increase	Date Customer Notice Mailed
July 6th, 2006	2nd to 9th of each month
Date of Last Rate Change	Date Meters Typically Read

EFFECTIVE DATE OF PROPOSED INCREASE: December 2nd, 2008

BILLING COMPARISON

Water:	Existing	10,000 gallons:	$ 49.20 /mo	Existing	30,000 gallons:	$ 95.20	/mo
	Proposed	10,000 gallons:	$ 55.60 /mo	Proposed	30,000 gallons:	$101.60	/mo
Sewer:	Existing	10,000 gallons:	$ N/A /mo	Proposed	30,000 gallons:	$ N/A	/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.

CURRENT RATES		PROPOSED RATES	
Monthly base rate including 1000 gallons		Monthly base rate including 1000 gallons	
Meter Size:		Meter Size:	
Residential		Residential	
5/8" or 3/4"	$28.50	5/8" or 3/4"	$34.90
3/4" Full port	$28.50	3/4" Full port	$53.25
1"	$45.28	1"	$87.25
1-1/2"	$144.90	1-1/2"	$174.50
2"	$230.46	2"	$279.20
3"	$430.10	3"	$523.50
Gallonage Charge:		Gallonage Charge:	
$2.30 for each additional 1000 gallons over the minimum		$2.30 for each additional 1000 gallons over the minimum	
Miscellaneous Fees		Miscellaneous Fees	
Tap fee	$750.00	Tap fee	$800.00
Reconnection fee	$25.00	Reconnection fee	$25.00
Non-payment (Maximum - $25.00)	$25.00	Non-payment (Maximum - $25.00)	$25.00
Customer's request	$15.00	Customer's request	$40.00
Transfer fee	$20.00	Transfer fee	$30.00
Late charge	$4.00	Late charge **(Indicate either $5.00 or 10%)**	$4.00
Returned check charge	$15.00	Returned check charge	$25.00
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

TEXAS WATER SYSTEMS Inc

An Investor Owned Utility

September 30, 2008

Dear Garden Acres Water Customer:

Attached you will find an official notice of rate change that is being filed with the Texas Commission on Environmental Quality (TCEQ), our regulators, that will go into effect on December 2, 2008. The rates are increasing for three basic reasons: (1) the existing rates are very old and grossly short of meeting revenue needs for properly maintaining the system; (2) we acquired the system under an enforcement mandate by the state to rebuild the plant and bring it into compliance; (3) costs of energy, regulation, and materials have recently skyrocketed.

While these rates seem high in comparison with what has been for many years, please be aware of two things: (1) We are setting your rates identical to seven other ground water systems we own which have established expense profiles and offer a broader base of shared revenue support to lessen the impact of high dollar compliance issues and related construction. (2) A comparison of rates of nearby rural systems such as Liberty City, Aqua-Texas and Pritchett Water Supply, will show these rates are not out of line for a small system facing a major rebuild, especially in the area of Gallonage charges (we're usually below average).

If you have questions, or desire to see a copy of the application and the notice for our other systems, please contact us at (903) 595-2128. We look forward to providing improved quality water service for many years to come.

Sincerely,

Glenn E. Trimble
President

7891 HWY 271 · TYLER, TEXAS 75708 · (903) 595-2128 FAX (903) 526-0076

NOTICE OF PROPOSED RATE CHANGE

Texas Water Systems, Inc. 12473

Company Name 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

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:

Pertains to Garden Acres

Subdivisions or Systems Affected by Rate Change

7891 US Highway 271	Tyler	TX	75708	903-595-2128
Company Address	City	State	Zip	Telephone

$17,645.00		July 6th, 2006		2nd to 9th of each month
Annual Revenue Increase		Date of Last Rate Change		Date Meters Typically Read

EFFECTIVE DATE OF PROPOSED INCREASE: December 2nd, 2008

BILLING COMPARISON

Water:	Existing	10,000 gallons:	$ 23.20 /mo	Existing	30,000 gallons:	$ 51.20 /mo
	Proposed	10,000 gallons:	$ 55.60 /mo	Proposed	30,000 gallons:	$101.60 /mo
Sewer:	Existing	10,000 gallons:	$ N/A /mo	Proposed	30,000 gallons:	$ N/A /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.

NOTICE OF PROPOSED RATE CHANGE -WATER (Cont.)

Garden Acres CURRENT RATES		PROPOSED RATES	
Monthly base rate including 2000 gallons		Monthly base rate including 1000 gallons	
Meter Size:		Meter Size:	
Residential		Residential	
5/8" or 3/4"	$12.00	5/8" or 3/4"	$34.90
3/4" Full port	$	3/4" Full port	$53.25
1"	$	1"	$87.25
1-1/2"	$	1-1/2"	$174.50
2"	$	2"	$279.20
3"	$	3"	$523.50
Gallonage Charge:		Gallonage Charge:	
$1.40 for each additional 1000 gallons over the minimum		$2.30for each additional 1000 gallons over the minimum	

Miscellaneous Fees		Miscellaneous Fees	
Tap fee	$400.00	Tap fee	$800.00
Reconnection fee	$25.00	Reconnection fee	$25.00
Non-payment (Maximum - $25.00)	$25.00	Non-payment (Maximum - $25.00)	$25.00
Customer's request	$10.00	Customer's request	$40.00
Transfer fee	$20.00	Transfer fee	$30.00
Late charge	$5.00	Late charge **(Indicate either $5.00 or 10%)**	$4.00
Returned check charge	$15.00	Returned check charge	$25.00
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

WATER UTILITY TARIFF
FOR

Texas Water Systems, Inc. 7891 U.S. Highway 271

Tyler, Texas 75708 (903) 595-2128

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

12473

This tariff is effective in the following county(ies):

Gregg, Henderson, Smith and Upshur

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

none

This tariff is effective in the following subdivisions or systems:

Cape Tranquility Water System, Mt. Sylvan Water System, Country Club Water System, Friendship Water System, Rosewood Water System, Stallion Lake Water System, Garden Valley Water System, and Garden Acres Water System.

This tariff is effective for the following public water system number(s):

1070176, 2120034, 2300021, 2300020, 2300026, 2120104, 2120081, and 0920031

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 5

SECTION 3.0 -- EXTENSION POLICY 14

SECTION 4.0 -- WATER RATIONING/DROUGHT MANAGEMENT PLAN INCLUDING UTILITY-SPECIFIC PLUMBING CODE 21

APPENDIX A -- APPLICATION FOR SERVICE
TEMPORARY NON-POTABLE SERVICE APPLICATION

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

Meter Size	Monthly Minimum Rate (Includes 1,000 Gallons)	Gallonage Charge
5/8" x 3/4"	$ 34.90	$2.30 per 1000 thereafter, same for all meter sizes
3/4" full port	$53.25	
1"	$87.25	
1-1/2"	$174.50	
2"	$279.20	
3"	$523.50	

REGULATORY ASSESSMENT 1.0%

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

FORM OF PAYMENT: THE UTILITY WILL ACCEPT THE FOLLOWING FORM(S) OF PAYMENT :

Cash_x_, Check_x_, Money Order_x_, Automatic Draft from Checking Account_x_.

(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.)

Section 1.02 - Miscellaneous Fees

TAP FEE $800.00

TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" or 3/4" METER plus unique costs, including all road bores where required by TEXDoT or county.

LARGE METER TAP FEE Actual Cost

TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" or 3/4" METERS.

RECONNECTION FEE

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

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

b) Customer's request $40.00

OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF

TRANSFER FEE $30.00

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

LATE CHARGE $4.00

A ONE-TIME PENALTY MAY BE 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 $25.00

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

SECTION 1.0 - RATE SCHEDULE

Section 1.02 - Miscellaneous Fees (Continued)

CUSTOMER DEPOSIT RESIDENTIAL (Maximum $50) $50.00

COMMERCIAL AND NON-RESIDENTIAL DEPOSIT 1/6TH EST. ANNUAL BILL

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.

METER RELOCATION FEE Actual cost to relocate that meter
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING METER

METER CONVERSION FEE Actual cost to convert that meter
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS CHANGE OF SIZE OF AN EXISTING METER OR CHANGE IS REQUIRED BY MATERIAL CHANGE IN CUSTOMER=S SERVICE DEMAND

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 approved gallonage charge according to the formula:

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

Where:
TGC = temporary gallonage charge
cgc = current gallonage charge
r = water use reduction expressed as a decimal fraction (the pumping restriction)
prr = percentage of revenues to be recovered expressed as a decimal fraction, for this tariff prr shall equal 0.5.

To implement the Temporary Water Rate, the utility must comply with all notice and other requirements of 30 T.A.C. 291.21(l).

LINE EXTENSION AND CONSTRUCTION CHARGES:

Refer to Section 2.20 Specific Utility Service Rules and Section 3.20 Utility Specific Extension Policy for terms, conditions, and charges.

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

SECTION 1.0 - RATE SCHEDULE

Section 1.02 - Miscellaneous Fees (Continued)

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

Increases in inspection fees and water testing costs imposed by state or federal law may be passed through as an adjustment to the monthly base rate charge under the terms and conditions of 30 T.A.C. 291.21(k)(2) after notice to customers and upon written approval by the TCEQ.

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 0.15

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS

The utility will have the most current Texas Commission on Environmental Quality Rules, Chapter 291, Water Rates, 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 2.02 - Application for and Provision of 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) and will be signed by the applicant before water service is provided by the utility. A separate application or contract will be made for each service location.

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.

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

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers may be required to install a customer owned cut-off valve on the customer's side of the meter or connection.

Section 2.03 - 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 TCEQ 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 a complaint may be filed with the Commission.

Section 2.04 - 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 of this tariff. The utility will keep records of the deposit and credit interest in accordance with TCEQ Rules.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.06 - 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.

A late penalty of five dollars ($4.00) 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.

Each bill will provide all information required by the TCEQ Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a telephone number (or numbers) which may be reached by a local call by customers. At the utility's option, a toll-free telephone number or the equivalent may be provided.

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 2.07 - Service Disconnection

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 30 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 TCEQ Rules.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.08 - Reconnection of Service

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

Utility personnel must be available to collect payments and to reconnect service on the day of and the day after any disconnection of service unless service was disconnected at the customer's request or due to a hazardous condition.

Service will be reconnected within 24 hours after the past due bill and any other outstanding charges are paid or correction of the conditions which caused service to be disconnected.

Section 2.09 - 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.

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 2.10 - 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 Texas Commission on Environmental Quality Rules and Regulations for Public Water Systems.

Section 2.11 - 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 Texas Commission on Environmental Quality complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

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.

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

This section contains specific utility service rules in addition to the rules previously listed under Section 2.0. It must be reviewed and approved by the Commission and in compliance with TCEQ Rules to be effective.

The utility adopts the administrative rules of the Texas Commission on Environmental Quality, as the same may be amended from time to time, as its company specific service rules and regulations. These rules will be kept on file at the company's offices for customer inspection during regular business hours. In the event of a conflict between the TCEQ's amended rules and the provisions of this tariff, the amended rules shall prevail. Where necessary, any conflicting provision of this tariff shall be deemed to have been superseded by the TCEQ rule in question to the degree that the Utility may conduct its lawful business in conformance with all requirements of said rule.

All references in Utility's tariff, service contracts or TCEQ rule shall mean the utility's offices at 7891 US Highway 271, Tyler, TX 75708.

All payments for utility service shall be delivered or mailed to the utility's business office. If the business office fails to receive payment before 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.

Customers shall 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 must install customer-owned and -maintained cutoff valves on their side of the meter.

No water connection from any public drinking water supply system shall be made to any establishment where an actual or potential contamination or system hazard exists without an air gap separation between the drinking water supply and the source of potential contamination. The containment air gap is sometimes impractical and, instead, reliance must be placed on individual "internal" air gaps or mechanical backflow prevention devices.

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (CONT.)

Under these conditions, additional protection shall be required at the meter in the form of a backflow prevention device (in accordance with AWWA Standards C510 and C511, and AWWA Manual M14) on those establishments handling substances deleterious or hazardous to the public health. The water purveyor need not require backflow protection at the water service entrance if an adequate cross-connection control program is in effect that includes an annual inspection and testing by a certified backflow prevention device tester. It will be the responsibility of the water purveyor to ensure that these requirements are met.

Customer shall be liable for any damage or injury to utility-owned property or personnel shown to be caused by the customer, his invitees, his agents, his employees, or others directly under his control.

Limitation on Product/Service Liability - Public water utilities are required to deliver water to the customer's side of the meter or service connection that meets the potability and pressure standards of the Texas Commission on Environmental Quality. The utility will not accept liability for any injury or damage to individuals or their property occurring on the customer's side of the meter when the water delivered meets these state standards. The utility makes no representations or warranties (expressed or implied) that customer's appliances will not be damaged by disruptions of or fluctuations in water service whatever the cause. The utility will not accept liability for injuries or damages to persons or property due to disruption of water service caused by: (1) acts of God, (2) acts of third parties not subject to the control of the utility if the utility has undertaken such preventive measures as are required by TCEQ rules, (3) electrical power failures in water systems not required by TCEQ rule to have auxiliary power supplies, or (4) termination of water service pursuant to the utility=s tariff and the TCEQ's rules. The utility is not required by law and does not provide fire prevention or fire fighting services. The utility therefore does not accept liability for fire-related injuries or damages to persons or property caused or aggravated by the availability (or lack thereof) of water or water pressure (or lack thereof) during fire emergencies. The utility will accept liability for any injury or damage to individuals or their property directly caused by defective utility plant (leaking water lines or meters) or the repairs to or construction of the utility's facilities.

If the services of a registered professional engineer are required as a result of an application for service received by the Utility for service to that applicant's service extension only, the Utility and the applicant will select such engineer, and the applicant shall bear all expenses incurred therein.

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. Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction (as may be allowed by TCEQ rule) for the actual costs

of, any additional facilities required to maintain compliance with the Texas Commission on Environmental Quality minimum design criteria for water production, treatment, pumping storage and transmission.

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 entitled to a written explanation of such costs before payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall have the right to appeal such costs to the TCEQ 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.

Tap fees may be increased by unique costs not normally incurred as may be permitted by 30 T. A. C. 291.86(a)(1)(C).

The Utility adopts the Uniform Plumbing Code pursuant to TCEQ Rule 290.46(i). The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the TCEQ, the Uniform Plumbing Code and with the service rules and regulations of the Utility. The customer will bring out his service line to his property line at the point on the customer's property mutually acceptable to the customer and the Utility subject to such requirements as may exist by TCEQ rule. No water service smaller than 5/8" will be connected. No pipe or pipe fitting which contains more than 8.0% lead can be used for the installation or repair of plumbing at any connection, which provides water for human use. No solder or flux, which contains more than 0.2% lead, can be used at any connection that provides water for human use.

The utility will have the right of access to the customer's premises at all times reasonable 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. 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.

Threats to or assaults upon utility personnel shall result in criminal prosecution.

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (C0NT.)

Except in cases where the customer has a contract with the utility for reserve or auxiliary service, no other water service will be used by the customer on the same installation in conjunction with the utility's service, either by means of a crossover valve or any other connection. Customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises. Two places shall not be permitted to be supplied with one service pipe where there is a water main abutting the premises.

No connection shall be allowed which allows water to be returned to the public drinking water supply. No backflow prevention device shall be permitted to be installed in the customer's plumbing without notice to and written permission from the utility. Any backflow prevention devices so installed shall be inspected annually by a licensed backflow prevention device inspector or appropriately licensed plumber and a written report of such inspection delivered to the utility.

No application, agreement or contract for service may be assigned or transferred without the written consent of the utility.

It is agreed and understood that any and all meters, water lines and other equipment furnished by the utility (excepting the customer's individual service lines from the point of connection to customer's structures on customer's premises) are and shall remain the sole property of the utility, and nothing contained herein or in a contract/application for service shall be construed to reflect a sale or transfer of any such meters, lines or equipment to any customer. All tap and extension charges shall be for the privilege of connecting to said water lines and for installation, not purchase, of said meters and lines.

Applicants for service at new consuming facilities or facilities which have undergone extensive plumbing modifications are required to deliver to the Utility a certificate that their facilities have been inspected by a state-licensed inspector and that they are in compliance with all applicable plumbing codes and are free of potential hazards to public health and safety. Service may be denied until the certificate is received or any identified violations or hazards are remedied. The Utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer to locate and obtain the services of a licensed inspector in a timely manner. When potential sources of contamination are identified which, in the opinion of the inspector or the Utility, require the installation of a state-approved backflow prevention device, such back flow prevention device shall be installed on the customer's service line or other necessary plumbing facilities by an appropriately licensed plumber/back flow prevention device specialist at the customer's expense. The backflow prevention device shall be maintained by the customer at his expense and inspected annually by a licensed inspector. Copies of the annual inspection report must be provided to the Utility. Failure to comply with this requirement may constitute grounds

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (CONT.)

for termination of water service with notice.

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. Access to meters and cutoff valves shall be controlled by the provisions of 30 TAC 291.89(c).

Where necessary to serve an applicant's property, the Utility may require the applicant to provide it a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant.

Service applicants may be required to comply with any pre-condition to receiving service not printed herein as may exist under TCEQ rule (customer service, health and safety, water conservation, or environmental), USEPA rule, TWDB rule, local water or conservation district rule or health department rule. Existing customers shall be required to comply with such rules, including modification of their plumbing and/or consumption patterns, after notice.

SECTION 3.0 - EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

LINE EXTENSION AND CONSTRUCTION CHARGES. No contribution in aid of construction may be required of any customer except as provided for in this approved extension policy.

The customer 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 before beginning construction.

The utility will bear the full cost of any oversizing 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.

COST UTILITIES SHALL BEAR. Within its certificate 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 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.

Developers may be required to provide contributions in aid of construction in amounts to furnish the system with all facilities necessary to comply with the Texas Commission on Environmental Quality's Rules.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY

This section contains the utility's specific extension policy that complies with the requirements already stated under Section 3.01. It must be reviewed and approved by the Commission and in compliance with TCEQ Rules to be effective.

Residential customers not covered under Section 3.01 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 full 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.

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

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

local demand requirements and to comply with Texas Commission on Environmental Quality minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or Texas Commission on Environmental Quality 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.

The utility adopts the administrative rules of the Texas Commission on Environmental Quality, as amended from time to time, as its company specific extension policy. These rules will be kept on file at the company's business office for customer inspection during normal business hours. In the event of a conflict between the TCEQ's amended rules and the provisions of this tariff, the amended rules shall prevail. Where necessary, any conflicting provision of this tariff shall be deemed to have been superseded by the TCEQ rule in question to the degree that the Utility may conduct its lawful business in conformance with all requirements of said rule.

When an individual residential applicant requires an extension of a main line beyond 200 feet, the charge to that applicant shall be the actual cost of such extension in excess of 200 feet, plus the applicable tap fee plus such other approved costs as may be provided in this tariff and/or TCEQ rules.

Residential tap fees may be increased by other unique costs not normally incurred as permitted by TCEQ rule. Larger meter taps shall be made at actual cost associated with that tap which shall include such extraordinary expenses.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 30 TAC 291.86(d) and this tariff. 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 based upon the capacities of production, transmission, storage, pumping and treatment facilities, compliant with the Texas Commission on Environmental Quality minimum design criteria, which must be committed to such extension. As provided by 30 T.A.C. 291.86(d)(4), for purposes of this section, commercial, industrial, and wholesale customers shall 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 Texas Commission on Environmental Quality minimum design criteria for water production, treatment, pumping, storage and transmission.

Unless expressly exempted by TCEQ rule or order, each point of use (as defined by 30 TAC 291.3) must be individually metered.

The imposition of additional extension costs or charges as provided by Sections 2.20 and 3.20 of this tariff shall be subject to appeal as provided in this tariff, TCEQ 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

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

necessary, where the meter is to be installed, along the applicant's property line. 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 near service main with adequate capacity to service the applicant's full potential service demand. 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, applicant may refer the matter to the TCEQ for resolution. Unless otherwise ordered by the TCEQ, the tap or service connection will not be made until the location dispute is resolved.

The Utility shall require a developer (as defined by TCEQ rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property. The Developer shall be required to obtain all necessary easements and rights-of-way required to extend the Utility's existing service facilities from their nearest point with adequate service capacity (as prescribed by TCEQ rules and local service conditions) to and throughout the Developer's property. The easements shall be sufficient to allow the construction, installation, repair, maintenance, testing, and replacement of any and all utility plant necessary to provide continuous and adequate service to each and every potential service location within the property at full occupancy. Unless otherwise restricted by law, well plant sites shall convey with unrestricted rights to produce water for public drinking water supply. Developers shall be required to provide sanitary control easements acceptable to the TCEQ for each water well site to be located within their property or otherwise being obtained to serve their property. Unless otherwise agreed to by the Utility, pipe line right-of-way easements must be at least 15 feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and meters. Easements must be provided for all production, storage, treatment, pressurization and disposal sites that are sufficient to construct and maintain all weather roads as prescribed by TCEQ rules. All easements shall be evidenced, at Developer's expense, by recorded county-approved subdivision plat or by specific assignment supported by metes and bounds survey from a surveyor licensed by the State of Texas.

Before the extension of utility service to developers (as defined by TCEQ rules) or new subdivisions, the Developer shall comply with the following:

(a) The Developer shall make a written request for service to property that is to be subdivided and developed. The Developer shall submit to the Utility a proposed plat on a scale of one inch (1") to two hundred feet (200') for review and determination of required easements, utility plant, and plant location. If sewer service is requested, the plat must contain elevation data. A reconcilable deposit in an amount set by the Utility may be required to cover preliminary engineering, legal and copy cost to be incurred by the Utility in reviewing and planning to meet this service request. The plat and/or accompanying information shall identify the type,