Control Number: 43890

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

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 (C0NT.)

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.)

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 does not believe that these costs are reasonable or necessary, the applicant 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 property(ies) is located. Unless the TCEQ or other regulatory authority enters interlocutory orders to the contrary, service to the applicant may be delayed until such appeal is resolved.

The Utility will provide a written service application form to the applicant for each request for service received by the Utility's business offices. A separate application shall be required for each potential service location if more than any individual applicant desires one service connection. Service applications forms will be available for applicant pick up at the Utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions that might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

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

The Utility is not required to extend service to any applicant outside of its certificated service area and will only do so, at the Utility's sole option, under terms and conditions mutually agreeable to the Utility and the applicant and upon extension of the Utility's certificated service area boundaries by the TCEQ. Service applicants may be required to bear the cost of the service area amendment.

A **"qualified service applicant"** is an applicant who has: (1) met all of the Utility's requirements of service contained in this tariff, TCEQ rules and/or TCEQ order, (2) has made all payments for tap fees and extension charges, (3) has provided all necessary easements and rights-of-way necessary to provide service to the requested location, including staking said easements or rights-of-way where necessary, (4) delivered an executed customer service inspection certificate to the Utility and (5) has executed a customer service application for each location to which service is being requested.

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap is made. The tap request must be accompanied with a plat, map, diagram or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if

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,

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

location and number of houses and other planned structures that will be requiring utility service. If other than residential structures are to be located on the property, all other types of anticipated businesses and their service demands shall be identified with specificity. All areas requiring special irrigation and/or other unique water demands must be identified. To the extent reasonably possible, this information must be precise so that adequate facilities can be designed and constructed to meet all future service demands without hazard to the public, other utility customers and/or the environment.

(b) After the requirements of easements and rights-of-way have been determined, a red line copy will be returned by the Utility to the Developer for final plat preparation.

(c) Copies of all proposed plats and plans must be submitted to the Utility before their submission to the county for approval to insure that they are compatible with the adequate long-term utility needs of potential service customers. Copies will be returned after review by the Utility so that necessary changes may be incorporated into the Developer's final submitted plat(s) and plans.

(d) The Utility shall be provided with three (3) certified copies of the final plat(s) approved by the County Commissioners Court. At this time, the Utility will begin engineering the facilities necessary to serve the property. Plans and specifications will be prepared and submitted to the TCEQ by the Utility if required by law. If further plat or plans changes are necessary to accommodate the specific service needs of the property and the anticipated customer demands, the Developer will be so notified. Plat amendments must be obtained by the Developer. The Developer shall be notified when all required TCEQ or other governmental approvals or permits have been received. No construction of utility plant that requires prior TCEQ plans approval shall be commenced until that approval has been received by the Utility and any conditions imposed by the TCEQ in association with its approvals have been satisfied.

(e) The Developer shall be required to post bond or escrow the funds necessary to construct all required utility plant, except individual taps, meters and sewer connections, required to serve the property. Construction shall not commence until funds are available. If the construction is to be done in coordination with the phased development of the property, funds must be provided in advance which are sufficient to complete each phase. No phase or facilities for any phase shall be constructed before the bonding or escrowing of all funds associated with that phase.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

(f) At the sole option of the Utility, the Developer may be required to execute a Developer Extension Contract setting forth all terms and conditions of extending service to their property including all contributions-in-aid of construction and developer reimbursements, if any.

(g) The Utility may require the Developer to commence construction of subdivision improvements within three (3) months of utility plans approval or the Utility may abate its construction activities until full development construction begins. If the Developer stops construction of subdivision improvements for any purpose, the Utility may abate its construction for a similar period.

(h) As soon as the roads are rough cut and before paving, extension lines will need to be constructed at each road crossing. The Developer must notify the Utility sufficiently in advance of this development stage to allow for the necessary utility construction without disruption to other service operations of the Utility. Failure to provide adequate advance notice and cooperation in the construction of necessary utility plant may result in additional delays in obtaining service to the property. The Developer shall be required to pay for all additional costs of road boring or other remedial construction necessary to install adequate utility plant throughout the affected property.

(i) The Developer, not the Utility, shall insure that Developer's employees, agents, contractors and others under its control coordinate their work or construction throughout the property with the Utility to insure the orderly and timely construction of all utility plant necessary to serve the public.

Within its certificated area, the Utility shall bear the cost of the first 200 feet of any water main or sewer collection line necessary to extend service to an individual residential service applicant within a platted subdivision unless the Utility can document:

(a) 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; or,

(b) that the Developer defaulted on the terms and conditions of a written agreement or contract existing between the utility and the developer or the terms of this tariff regarding payment for services, extensions, or other requirements; or in the event the Developer declared

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

(c) that the residential service applicant purchased the property from the Developer after the Developer was notified of the need to provide facilities to the utility. A residential service applicant may be charged the remaining costs of extending service to his property; provided, however, that the residential service applicant may only be required to pay the cost equivalent to the cost of extending the nearest water main, whether or not that line has adequate capacity to serve that residential service applicant. The following criteria shall be considered to determine the residential service applicant's cost for extending service:

(a) the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution.

(b) Exceptions may be granted by the TCEQ Executive Director if:

(1) adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;

(2) larger minimum line sizes are required under subdivision platting requirements or applicable building codes.

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

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certificated area, industrial, and wholesale customers shall be treated as developers.

A service applicant requesting a one-inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

Drought Contingency Plan for an Investor Owned Utility

Texas Commission on Environmental Quality

Instructions: The following form is a model of a drought contingency plan for an investor owned utility. Not all items may apply to your system's situation. This form is supplied for your convenience, but you are not required to use this form to submit your plan to the TCEQ. Submit completed plans to: Water Supply Division MC 160, TCEQ, P.O. Box 13087, Austin TX 78711-3087.

Texas Water Systems
(Name of Utility)

P. O. Box 131945, Tyler, TX 75713
(Address, City, Zip Code)

12473
(CCN#)

2120034, 2120081, 2120104, 1070176, 2300021, 2300020, 2300026, 0920031
(PWS #s)

August 20, 2008
(Date)

Section 1 Declaration of Policy, Purpose, and Intent

In cases of extreme drought, periods of abnormally high usage, system contamination, or extended reduction in ability to supply water due to equipment failure, temporary restrictions may be instituted to limit non-essential water usage. The purpose of the Drought Contingency Plan is to encourage customer conservation in order to maintain supply, storage, or pressure or to comply with the requirements of a court, government agency or other authority.

Please note: Water restriction is not a legitimate alternative if a water system does not meet the Texas Commission on Environmental Quality's (TCEQ) capacity requirements under normal conditions **or** if the utility fails to take all immediate and necessary steps to replace or repair malfunctioning equipment.

I Glenn E. Trimble (print name), being the responsible official for Texas Water Systems, Inc. (Name of utility), **request a minor tariff amendment to include the enclosed Drought Contingency Plan.**

_____

_____

(Signature) **(Date)**

TCEQ-20189 (Rev. 4-5-05)

Section 2 Public Involvement

Opportunity for the public to provide input into the preparation of the Plan was provided by:

(check at least one of the following)

☐ *scheduling and providing public notice of a public meeting to accept input on the Plan.*

The meeting took place at:

Date: _____ Time: _____ Location: _____

☐ *mailed survey with summary of results* **(attach survey and results)**

☒ *bill insert inviting comment* **(attach bill insert)**

☐ *other* *method*

_____

Section 3 Public Education

The Texas Water Systems (*name of utility*) will periodically provide the public with information about the Plan, including information about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage.

Drought plan information will be provided by:
(check at least one of the following)

☐ *public meeting*

☐ *press releases*

☐ *utility bill inserts*

☒ *other* newsletters

Section 4 Coordination with Regional Water Planning Groups

The service area of the Texas Water Systems_ (*name of your utility*) is located within Regional Water Planning Group (RWPG) _D & I_.
Texas Water Systems_ (*name of your utility*) has mailed a copy of this Plan to the RWPG.

Section 5 Notice Requirements

Written notice will be provided to each customer **prior to implementation or termination of each stage of the water restriction program**. Mailed notice must be given to each customer 72 hours prior to the start of water restriction. If notice is hand delivered, the utility cannot enforce the provisions of the plan for 24 hours after notice is provided. The written notice to customers will contain the following information:

1. the date restrictions will begin,
2. the circumstances that triggered the restrictions,
3. the stages of response and explanation of the restrictions to be implemented, and,
4. an explanation of the consequences for violations.

The utility must notify the TCEQ by telephone at (512) 239-4691, or electronic mail at *watermon@tceq.state.tx.us* prior to implementing Stage III and must notify in writing the Public Drinking Water Section at MC - 155, P.O. Box 13087, Austin, Texas 78711-3087 within five (5) working days of implementation including a copy of the utility's restriction notice. The utility must file a status report of its restriction program with the TCEQ at the initiation and termination of mandatory water use restrictions (i.e., Stages III and IV).

Section 6 Violations

1. First violation - The customer will be notified by written notice of their specific violation.

2. Subsequent violations:

   a. After written notice, the utility may install a flow restricting device in the line to limit the amount of water which will pass through the meter in a 24-hour period. The utility may charge the customer for the actual cost of installing and removing the flow restricting device, not to exceed $50.00.

   b. After written notice, the utility may discontinue service at the meter for a period of seven (7) days, or until the end of the calendar month, whichever is LESS. The normal reconnect fee of the utility will apply for restoration of service.

Section 7 Exemptions or Variances

The utility may grant any customer an exemption or variance from the drought contingency plan for good cause **upon written request**. A customer who is refused an exemption or variance may appeal such action of the utility in writing to the Texas Commission on Environmental Quality. The utility will treat all customers equally concerning exemptions and variances, and shall not discriminate in granting exemptions and variances. No exemption or variance shall be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of the variance.

Section 8 Response Stages

Unless there is an immediate and extreme reduction in water production, or other absolute necessity to declare an emergency or severe condition, the utility will initially declare Stage I restrictions. If, after a reasonable period of time, demand is not reduced enough to alleviate outages, reduce the risk of outages, or comply with restrictions required by a court, government agency or other authority, Stage II may be implemented with Stage III to follow if necessary.

STAGE I - CUSTOMER AWARENESS

Stage I will begin:

Every April 1st, the utility will mail a public announcement to its customers.
No notice to TCEQ required.

Stage I will end:

Every September 30th, the utility will mail a public announcement to it's customers. No notice to TCEQ required.

Utility Measures:

This announcement will be designed to increase customer awareness of water conservation and encourage the most efficient use of water. A copy of the current public announcement on water conservation awareness shall be kept on file available for inspection by the TCEQ.

Voluntary Water Use Restrictions:

Water customers are requested to voluntarily limit the use of water for non-essential purposes and to practice water conservation.

STAGE II - VOLUNTARY WATER CONSERVATION:

Target: Achieve a 10 percent reduction in daily demand (example: total water use, daily water demand, etc.)

The water utility will implement Stage 2 when any one of the selected triggers is reached:

Supply-Based Triggers: (check at least one and fill in the appropriate value)

- ☐ Well level reaches 25 ft. above pump.
- ☐ Overnight recovery rate reaches _____ ft.
- ☐ Reservoir elevation reaches _____ ft. (m.s.l.)
- ☐ Stream flow reaches _____ cfs at USGS gage # _____
- ☐ Wholesale supplier's drought Stage 2 _____
- ☐ Annual water use equals _____ % of well permit/Water Right/purchased water contract amount
- ☐ Other _____

Demand- or Capacity-Based Triggers: (check at least one and fill in the appropriate value)

- ☐ Drinking water treatment as % of capacity _____ %
- ☐ Total daily demand as % of pumping capacity 80 %
- ☐ Total daily demand as % of storage capacity _____ %
- ☐ Pump hours per day _____ hrs.
- ☐ Production or distribution limitations.
- ☐ Other _____

Upon initiation and termination of Stage II, the utility will mail a public announcement to its customers. No notice to TCEQ required.

Requirements for Termination:

Stage II of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage II, Stage I becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on a daily basis. Monthly review of customer use records and follow-up on any that have unusually high usage.

Describe additional measures, if any, to be implemented directly by the utility to manage limited water supplies and/or reduce water demand. Examples include: reduced or discontinued flushing of water mains, activation and use of an alternative supply source(s); use of reclaimed water for non-potable purposes.

The second water source for _____ (*name of utility*) is: (check one)

☐ Other well
☐ Interconnection with other system
☐ Purchased water
☐ Other

_____

Voluntary Water Use Restrictions:

2 Restricted Hours: Outside watering is allowed daily, but only during periods specifically described in the customer notice; between 10:00 p.m. and 5:00 a.m. for example; or

3 Restricted Days/Hours: Water customers are requested to voluntarily limit the irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems. Customers are requested to limit outdoor water use to **Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0.** Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet-filled bucket or watering can of five (5) gallons or less, or drip irrigation system; or

1) Other uses that waste water such as water running down the gutter.

STAGE III - MANDATORY WATER USE RESTRICTIONS:

Target: Achieve a 20 percent reduction in Total use (example: total water use, daily water demand, etc.)

The water utility will implement Stage III when any one of the selected triggers is reached:

Supply-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Well level reaches 15 ft. above pump
- ☐ Overnight recovery rate reaches _____ ft.
- ☐ Reservoir elevation reaches _____ ft. (m.s.l.)
- ☐ Stream flow reaches _____ cfs at USGS gage # _____
- ☐ Wholesale supplier's drought Stage III _____
- ☐ Annual water use equals _____ % of well permit/Water Right/purchased water contract amount.
- ☐ Other _____

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Drinking water treatment as % of capacity _____ %
- ☐ Total daily demand as % of pumping capacity 90 %
- ☐ Total daily demand as % of storage capacity _____ %
- ☐ Pump hours per day _____ hrs.
- ☐ Production or distribution limitations.
- ☐ Other _____

Upon initiation and termination of Stage III, the utility will mail a public announcement to its customers. Notice to TCEQ required.

Requirements for Termination:

Stage III of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage III, Stage II becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on a regular basis. Flushing is prohibited except for dead end mains.

Describe additional measures, if any, to be implemented directly by the utility to manage limited water supplies and/or reduce water demand. Examples include: activation and use of an alternative supply source(s); use of reclaimed water for non-potable purposes; offering low-flow fixtures and water restrictors.

Mandatory Water Use Restrictions:

The following water use restrictions shall apply to all customers.

1. Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems **shall be limited to Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0.** Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet-filled bucket or watering can of five (5) gallons or less, or drip irrigation system.

2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rinses. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public are contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.

3. Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or "jacuzzi" type pool are prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight.

4. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.

5. Use of water from hydrants or flush valves shall be limited to maintaining public health, safety, and welfare.

6. Use of water for the irrigation of golf courses, parks, and green belt areas are prohibited except by hand-held hose and only on designated watering days between the hours 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight.

7. The following uses of water are defined as non-essential and are prohibited:

   a. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
   b. use of water to wash down buildings or structures for purposes other than immediate fire protection;
   c. use of water for dust control;
   d. flushing gutters or permitting water to run or accumulate in any gutter or street;
   e. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
   f. any waste of water.

STAGE IV - CRITICAL WATER USE RESTRICTIONS:

Target: Achieve a 40 **percent reduction in** daily demand **(example: total water use, daily water demand, etc.)**

The water utility will implement Stage IV when any one of the selected triggers is reached:

Supply-Based Triggers: (check at least one and fill in the appropriate value)

- ☐ Well level reaches _0_____ ft. above pump
- ☐ Overnight recovery rate reaches _____ ft.
- ☐ Reservoir elevation reaches _____ ft. (m.s.l.)
- ☐ Stream flow reaches _____ cfs at USGS gage # _____
- ☐ Wholesale supplier's drought Stage IV
  _____
- ☐ Annual water use equals _____ % of well permit/Water Right/purchased water contract amount
- ☐ Supply contamination
- ☐ Other _____

Demand- or Capacity-Based Triggers: (check at least one and fill in the appropriate value)

- ☐ Drinking water treatment as % of capacity _____ %
- ☐ Total daily demand as % of pumping capacity __100_____ %
- ☐ Total daily demand as % of storage capacity _____ %
- ☐ Pump hours per day _____ hrs
- ☐ Production or distribution limitations
- ☐ System outage
- ☐ Other _____

Upon initiation and termination of Stage IV, the utility will mail a public announcement to its customers. Notice to TCEQ required.

Requirements for Termination:

Stage IV of the Plan may be rescinded when all of the conditions listed as triggering
events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage IV, Stage III becomes operative.

Operational Measures:

The utility shall visually inspect lines and repair leaks on a daily basis. Flushing is prohibited except for dead end mains and only between the hours of 9:00 p.m. and 3:00 a.m. Emergency interconnects or alternative supply arrangements shall be initiated. All meters shall be read as often as necessary to insure compliance with this program for the benefit of all the customers. *Describe additional measures, if any, to be implemented directly to manage limited water supplies and/or reduce water demand.*

Mandatory Water Use Restrictions: (all outdoor use of water is prohibited)

1. Irrigation of landscaped areas is absolutely prohibited.

2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited.

SYSTEM OUTAGE or SUPPLY CONTAMINATION

Notify TCEQ Regional Office immediately.

PLUMBING CODE

Only those materials listed below under "BUILDING SERVICE LINES" or materials as required by the Texas Commission on Environmental Quality ("TCEQ") are approved for use. The Southern Building Code shall govern on method of installation, pipe sizing, fixture count and all general requirements, insofar as they apply to water supply and sewage collection systems, and to the extent that they are not contradictory to TCEQ Customer Service Inspection Requirements.

BUILDING SERVICE LINES

A. Waste pipe material shall be of the following material only:

1. Schedule 40 ABS or PVC Plastic
2. Schedule 35 PVC Plastic
3. For temperatures in excess of one hundred degrees (100^{O}) Fahrenheit, schedule 40 CPVC Plastic, ASTM Designation D-3034 MUST BE USED
4. Cast iron hub type soil pipe extra heavy service weight, ASTM A-74, with rubber ring and gasket. "No-Hub" pipe is not permitted below grade
5. SIX INCH ONLY shall be not less than ABS-SDR 35.0
6. ABS composite truss pipe may be used for eight-inch (8") diameter and above
7. Ductile iron pipe (push-on joint) conforming to ANSI A21.51

B. Water pipe material shall be:

1. Schedule 40 galvanized steel pipe, ASTM A-53
2. Seamless copper tubing Type K, L or M, ASTM B-88
3. Type 1 PVC 1120 and PVC 1220, 160 psi minimum pressure rating, ASTM D-1784
4. Ductile iron pipe (push-on joint) conforming to ANSI A 21.51
5. Polyethylene for one inch (1") and smaller ASTM Designation D-2239

C. Diameter of Service Lines:

1. Residential service lines shall be sized according to the Southern Building Code and in no case shall be smaller than three-fourths inch (3/4") for water or four inch (4") waste
2. commercial service lines shall be sized according to the Southern Building Code and in no case shall be smaller than one inch (1") for water and four inch (4") for waste unless special approval is obtained

D. Solvent for ABS shall e ASTM Designation D-2235. Solvent for PVC shall be STM Designation D-2564. Industrial polychemical solvent 795 shall be used for joining PVC to ABS

GRADE (WASTE LINES)

A. Minimum grade for four-inch (4") sewer pipe shall be 1% (one-foot drop/hundred feet), with a maximum grade of 2% (two-foot drop/hundred feet).

B. Minimum grade for six-inch (6") sewer pipe shall be 0.7% (8.5 inch-drop/hundred feet), with a maximum grade of 1.5% (18 inch-drop/hundred feet)

CONNECTION OF BUILDING STUB-OUTS TO SERVICE LINES

A. Building tie-on connections shall be made directly to the stub at the foundation on all waste outlets. Septic tanks and all grease traps must be bypassed. Septic tanks and grease traps should be pumped out, sides broken down, and then filled with dirt or sand. (This applies to existing residences being connected.)

B. Type of Waste Connections: Watertight adapter shall be used at house connections. All other connections shall be solvent weld.

C. No drain rim shall be installed less than one (1) foot above the top of the nearest manhole.

FITTINGS AND CLEANOUTS

A. No bends or turns at any point shall be greater than 45^{o}.

B. Each horizontal drainage pipe shall be provided with cleanout at its upper terminal, and each such run of piping which is more than 90 feet shall be provided with cleanout for each 90 feet or fraction thereof in the length of such piping.

C. Each cleanout shall be installed so that it opens in a direction opposite to the flow of the waste and, except in the case of "wye" branch and ending-of-line cleanouts, cleanouts shall be installed vertically above the flow of the pipe

D. Cleanout should be made with airtight mechanical plug

UNDER SLAB PLUMBING

Under-slab pipe and fittings shall be cast iron, Schedule 40 PVC

COMPLIANCE WITH TCEQ AND/OR COUNTY HEALTH DEPARTMENT INSPECTOR (" APPROVING AUTHORITY"

A. Unless exception is granted by the Approving Authority, the public sanitary sewer system shall be used by all persons discharging wastewater.

B. Unless authorized by the Texas Commission on Environmental Quality, no person may deposit or discharge any waste included in Subsection A of this Section on public or private property or into or adjacent to any: (1) natural outlet, (2) water course, (3) storm sewer or (4) other area within the jurisdiction of the District.

C. The Approving Authority shall verify before discharge that wastes authorized to be discharged will receive suitable treatment within the provisions of the laws, regulations, ordinances, rules and orders of federal, state and local governments.

APPROVING AUTHORITY REQUIREMENTS

A. If discharges or proposed discharges to sewer may: (i) deleteriously affect wastewater facilities, processes, equipment or receiving waters, (ii) create a hazard to life or health or (iii) create a public nuisance, the Approving Authority shall require:

1. Pre-treatment to an acceptable condition for discharge to the public sewers;

2. Control over the quantities and rates of discharge; and

3. Payment to cover the cost of hauling and treating the wastes.

B. The Approving Authority is entitled to determine whether a discharge of proposed discharge is included under Subsection A of this Section.

C. The Approving Authority shall reject wastes when it determines that a discharge or proposed discharge does not meet the requirements of Subsection A of this Section.

APPROVING AUTHORITY REVIEW AND APPROVAL

A. If pre-treatment or control is required, the Approving Authority shall review and approve design and installation of equipment and processes. A fee will be charged to cover the cost of said review.

B. The design and installation of equipment and processes must conform to all applicable statutes, codes, ordinances and other laws.

C. Any person responsible for discharges requiring pre-treatment, flow equalizing or other facilities shall provide and maintain the facilities in effective operating condition at his own expense.

REQUIREMENTS FOR TRAPS

A. Discharges requiring a trap include: (i) grease or waste containing grease in amounts that will impede or stop the flow in the public sewers, (ii) oil, (iii) sand, (iv) flammable wastes and (v) other harmful ingredients. Any person responsible for discharges requiring a trap shall at his own expense and as required by the Approving Authority:

1. Provide equipment and facilities of a type and capacity approved by the Approving Authority;

2. Locate the trap in a manner that provides ready and easy accessibility for cleaning and inspection; and

3. Maintain the trap in effective operating condition acceptable to the Approving Authority to protect the overall operation of the wastewater treatment plant.

REQUIREMENTS FOR BUILDING SEWERS

A. Any person responsible for discharges through a building sewer carrying industrial

wastes shall, at his own expense and as required by the Approving Authority:

1. Install an accessible control manhole;

2. Install meters and other appurtenances to facilitate observation sampling and measurement of the waste;

3. Install safety equipment and facilities (ventilation, steps, etc.) where needed; and

4. Maintain the equipment and facilities.

B. No industrial waste will be discharged into the District's system without formal approval by the Approving Authority.

SAMPLING AND TESTING

A. Sampling shall be conducted according to customarily accepted methods, reflecting the effect of constituents upon the sewage works and determining the existence of hazards to health, life, limb and property.

B. Examination and analyses of the characteristics of waters and wastes required shall be: (i) conducted in accordance with the latest edition of "Standard Methods" and (ii) determined from suitable samples taken at the control manhole provided or other control point authorized by the Approving Authority.

C. BOD and suspended solids shall be determined from composition sampling, except to detect unauthorized discharges.

D. The Approving Authority shall determine which users or classes of users may contribute wastewater that is greater strength than normal domestic wastewater. All users or classes of users so identified shall be samples for flow BOD, TSS and pH at least annually.

E. The Approving Authority may select an independent firm or laboratory to determine flow, BOD and suspended solids, if necessary. Flow may alternately be determined by water meter measurements if no other flow device is available and no other source of raw water is used.

F. Any and all charges required for the above shall be paid by the user.

PROHIBITED DISCHARGES

A. No person may discharge to public sewers any waste which by itself or by interaction with other wastes may: (i) injure or interfere with wastewater treatment processes or facilities; (ii) constitute a hazard to humans or animals; or (iii) create a hazard in receiving waters of the wastewater treatment plant effluent.

B. All discharges shall conform to requirements of this ordinance.

CHEMICAL DISCHARGES

A. No discharge to public sewers may contain:

1. Cyanide greater than .01 mg/l;

2. Fluoride other than those contained in the public water supply;

3. Chlorides in concentrations greater than 250 mg/l;

4. Gasoline, benzene, naphtha, fuel oil or other flammable or explosive liquid, solid or gas; or

5. Substances causing an excessive chemical oxygen demand (COD).

B. No waste or wastewater discharged or public waters may contain:

1. Strong acid, iron-pickling wastes or concentrated plating solutions whether neutralized or not;

2. Fats, wax, grease or oils, whether emulsified or not, in excess of one hundred (100) mg/lor containing substances which may solidify or become viscous at temperatures between 32^{o} and 150^{o} Fahrenheit (0^{o} and 65^{o} Centigrade).

3. Objectionable or toxic substances, exerting an excessive chlorine requirement to such degrees that any such material received in the composite wastewater treatment works exceeds the limits established by the Approving Authority for such materials; or

4. Obnoxious, toxic or poisonous solids, liquids or gases in quantities sufficient to violate the provisions of Section (12)A.

C. No waste, wastewater or other substance may be discharged into public sewers which has a pH lower than 6.0 or higher than 9.0 or any other corrosive property capable of causing damage or hazard to structures, equipment and/or personnel at the wastewater facilities.

D. All waste, wastewater or other substance containing phenols, hydrogen sulfide or other taste and odor producing substances, shall conform to concentration limits established by the Approving Authority. After treatment of the composite wastewater, concentration limits may not exceed the requirements established by state, federal or other agencies with jurisdiction over discharges to receiving waters.

HAZARDOUS METALS AND TOXIC MATERIALS

A. No discharges may contain concentration of hazardous metals other than amounts specified by the State Water Code.

B. The materials, their concentration parameters and rules governing same are as promulgated under authority of Sections 5.131 and 5.132, Texas Water Code - HAZARDOUS METALS, and in accordance with Texas Water Commission Rules 156.19.

C. No other hazardous metals or toxic materials may be discharged into public sewers without a permit from the Approving Authority specifying conditions of pre-treatment, concentration, volumes and other applicable provisions.

PARTICULATE SIZE

A. No person may discharge garbage or other solids into public sewers unless it is shredded to a degree that all particles can be carried freely under the flow conditions normally prevailing in public sewers. Particles greater than one-half inch (1/2") in any dimensions are prohibited.

B. The Approving Authority is entitled to review and approve the installation and operation of any garbage grinder equipped with a motor of 3/4 HP (0.76 HP metric) or greater.

STORM WATER AND OTHER UNPOLLUTED DRAINAGE

A. No person may discharge to public sanitary sewers: (i) unpolluted storm water, surface water, ground water, swimming pools, roof run-off or subsurface drainage, (ii) unpolluted cooling water, (iii) unpolluted industrial process water or (iv) other unpolluted drainage, or make new connections from inflow sources.

B. In compliance with the Texas Water Quality Act and other statutes, the Approving Authority may designate storm sewers and other water courses into which unpolluted drainage described in Subsection A of this Section may be discharged.

TEMPERATURE

No person may discharge liquid or vapor having a temperature higher than 150o Fahrenheit (65o Centigrade) or any substance that causes the temperature of the total wastewater treatment plant influent to increase at a rate of 10o Fahrenheit or more per hour, or combined total increase of plant influent to 110o Fahrenheit.

RADIOACTIVE WASTES

A. No person may discharge radioactive wastes or isotopes into public sewers without the permission of the Approving Authority.

B. The Approving Authority may establish, in compliance with applicable state and federal regulation, regulations for discharge of radioactive wastes into public sewers.

IMPAIRMENT OF FACILITIES

A. No person may discharge into public sewers any substance capable of causing: (i) obstruction to the flow in sewers, (ii) interference with the operation of treatment processes of facilities, or (iii) excessive loading of treatment facilities.

B. No person may discharge into public sewers any substance that may: (i) deposit grease or oil in the sewer lines in such a manner as to clog the sewers, (ii) overload skimming and grease handling equipment, (iii) pass to the receiving waters without being effectively treated by normal wastewater treatment processes due to the non-amenability of the substance to bacterial action or (iv) deleteriously affect the treatment process due to excessive quantities.

C. No person may discharge any substance into public sewers which: (i) is not amenable to treatment or reduction by the processes and facilities employed, or (ii) is amenable to treatment only to such a degree that the treatment plant effluent cannot meet the requirements of the agencies having jurisdiction over discharge to the receiving waters.

D. The Approving Authority shall regulate the flow and concentration of slugs when they may: (i) impair the treatment process, (ii) cause damage to collection facilities, (iii) incur treatment costs exceeding those for normal wastewater, or (iv) render the effluent unfit for stream disposal or industrial use.

WATER CONSERVATION SECTION

A. GENERAL - Automatic-flushing devices of the siphonic design shall not be used to operate urinals.

B. HOT WATER PIPES - All aboveground hot water piping shall be insulated.

C. WATER CLOSETS - Water closets, either wall-mounted or flushometer operated shall be designed, manufactured and installed to be operable and adequately flushed with no more than 2.0 gallons per flushing cycle when tested in accordance with applicable standards. All other water closets and toilets shall have no more than 1.6 gallons per flushing cycle when tested in accordance with applicable standards.

D. URINALS - Urinals shall be designed, manufactured and installed to be operable and adequately flushed with no more than 1.0 gallon of water per flush.

E. LAVATORY FACILITIES

1. Public Facilities:

Faucets for public lavatories shall be equipped with outlet devices which limit the flow of water to a maximum of 0.5 gpm at 60 psi pressure or be equipped with self-closing valves that limit the delivery to a maximum of 0.25 gallon of hot water for recirculating systems and to a maximum of 0.5 gallon for non-recirculating systems.

EXCEPTION: Separate lavatories for physically handicapped persons shall not be equipped with self-closing valves.

2. Private Facilities:

Faucets for private lavatories shall be designed, manufactured and installed to deliver water at a flow rate not to exceed 2.2 gpm at 6-psi pressure when tested in accordance with applicable standards.

F. SHOWER HEADS - Showerheads shall be designed, manufactured and installed to deliver water at a rate not to exceed 2.75 gpm at 80 psi pressure when tested in accordance with applicable standards.

G. SINK FAUCETS - Sink faucets shall be designed, manufactured and installed to deliver water at a rate not to exceed 2.2 gpm at 60 psi pressure when tested in accordance with applicable standards.

H. SWIMMING POOLS - All swimming pools installed in areas covered by the Certificates of Convenience and Necessity issued to XYZ UTILITY, INC. shall be equipped with recirculating filtration equipment.

I. DRINKING WATER FOUNTAINS - All drinking water fountains must be equipped with self-closing valves.

J. ORNAMENTAL FOUNTAINS - All ornamental fountains installed in areas covered by the Certificates of Convenience and Necessity issued to XYZ UTILITY, INC. shall be equipped with recirculating water equipment.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 16, 2010

Mr. Glenn E. Trimble, General Manager
Texas Water Systems, Inc.
7891 Hwy. 271
Tyler, Texas 75708

Re: Water Rate/Tariff Change Application of Texas Water Systems, Inc., Certificate of Convenience and Necessity No. 12473 in Gregg, Henderson, Smith and Upshur Counties; Application No. 36729-R

CN: 600629893; RN: 101450484

Dear Mr. Trimble:

Your rate/tariff change application for Texas Water Systems, Inc., (Utility) received on June 2, 2010, has been accepted for filing and assigned Application No. 36729-R. Please refer to this number in future correspondence.

If the Texas Commission on Environmental Quality (TCEQ or Commission) receives complaints from at least 10% of the ratepayers within 90 days of the effective date of the rate increase, or if TCEQ staff protests the actual service rates, then the application will be scheduled for a hearing. You will be notified if a hearing is scheduled. If, during the course of a hearing, rates are set which are different from the rates charged by the Utility, you may be required 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 as determined by the Commission.

Your new rates may go into effect on August 2, 2010. Your new effective date must be at least 60 days following the date your completed application is mailed to us and correct notice is mailed or delivered to the customers. The effective date of the new rates must be the first day of the billing period, and the new rates may not apply to service rendered before the effective date of the new rates.

If the TCEQ does not receive the required number of complaints within 90 days of the effective date, and the staff does not require a hearing, then you will receive another letter from the TCEQ so informing you, along with [illegible] approved tariff.

If you have any further questions, please contact Ms. Elizabeth Flores at (512) 239-6846, or Mr. Kamal Adhikari at (512) 239-0680, by email at EFlores@tceq.state.tx.us or kadhikar@tceq.state.tx.us. If you contact TCEQ by correspondence, include MC 153 in the address.

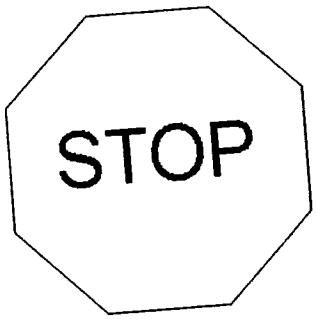
Sincerely,

Tammy Benter

Tammy Benter, Manager
Utilities and Districts Section
Water Supply Division
Texas Commission on Environmental Quality

TB/EF/ln

Application for a Rate/Tariff Change



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

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

TABLE OF CONTENTS

CONTINUATION OF TABLE OF CONTENTS

APPLICATION FOR A RATE/TARIFF CHANGE

SECTION IA - GENERAL INFORMATION

Applicant: Texas Water System, Inc.
(Individual, Corporation, or Other Legal Entity)

Utility Name: (If different than above)

Legal form of Application:

	Individual
	Partnership
√	Corporation. Provide Charter Number 1092275
	Sub Chapter-S Corporation
	Other:

Utility Address: 7891 Hwy 271 (Street Address or Location) Tyler (City) TX (State) 75708 (Zip Code)

County(ies) where services are provided: Smith, Gregg, Henderson, & Upshur CCN Number(s): 12473

Contact Person: Glenn E. Trimble Telephone Number: (903) 597-5788 (903) 526-0076

Position: General Manager Fax Number:

Address: 7891 Hwy 271 (Street Address or Location) Tyler (City) TX (State) 75708 (Zip Code)

If the applicant is a corporation, please provide a copy of the corporation's "Certificate of Account Status" (regarding the payment of franchise taxes) from the State Comptroller's Office. This "Certificate of Account Status" can be obtained from the website at: **See Attachment #1**

Comptroller of Public Accounts, Office Management
P. O. Box 13528
Austin, Texas 78711
1-800-252-5555

SECTION IB - MISCELLANEOUS INFORMATION

A. How often and on what dates are water meters typically read? 2nd – 9th of each month

B. When are bills typically sent out? 10th of each month

C. Do you serve customers within the corporate limits of a municipality? If No, Go to D. ____Yes √ No

If yes, which municipalities? _____

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

D. Are you currently collecting the Regulatory Assessment Fee from your customers?
√ Yes _____ No

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

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

System Name	TCEQ PWS ID #	County	Rate Increase Applicable?
See Attachment #2			

For each of the systems, please provide a copy of the most recent public water system annual inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies. **See Attachment #3**

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

Wastewater Treatment Plant Name	TCEQ Discharge Permit Number	County	Rate Increase Applicable?
N/A			

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

INFORMATION REQUIRED
FOR A
WATER RATE/TARIFF CHANGE

SECTION II: OPERATIONAL INFORMATION - WATER

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

Name: **See Contract Services**

Relationship to Owner:

Short job description:

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

Salary: ( ) Hourly- ( ) Weekly – ( ) Monthly – ( ) Annual

EMPLOYEES

Name:

Relationship to owner:

Short job description:

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

Salary: ( ) Hourly- ( ) Weekly – ( ) Monthly – ( ) Annual

Name:

Relationship to owner:

Short job description:

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

Salary: ( ) Hourly- ( ) Weekly – ( ) Monthly – ( ) Annual

Contract Services (attach additional sheets if necessary)

Name: TWS Management, Inc.

Relationship to owner: This corporation also wholly owned by TWS Holdings, Inc.

Short job description: **See Attachment #4**

Approximate number of hours per week this person works for the company: **See Attachment #4**

Amount paid for services: **See Attachment #4** ( ) Hourly- ( ) Weekly – ( ) Monthly – ( ) Annual

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

Certified Operator's Name/ Classification	Certified Operator's Name/Classification
See Attachment #4	

-Attach additional sheet(s) if necessary-

SECTION III. PLANT & EQUIPMENT INFORMATION – WATER

A. CUSTOMER CONTRIBUTIONS

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

Table III. A.

Item [A]	Date of installation [B]	Total Cost [C]	Amount of Customer Contribution [D]	Difference [E] = [C] - [D]
See Attachment #5				∈
				∈
				∈
				∈
				∈

- Attach additional sheet(s) if necessary -

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

ORIGINAL COST DEPRECIATION SCHEDULE – WATER

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

Table III. B.

[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 ($)	[G] = [D]-[F] Net Book Value ($)
See Attachment #6										
Land		n/a								
Wells		50								
Well Pumps:										
5 hp or less		5								
greater than 5 hp		10								
Booster Pumps:										
5 hp or less		5								
greater than 5 hp		10								
Chlorinators		10								
Structures:										
Wood		15								
Masonry		30								
Storage Tanks		50								
Pressure Tanks		50								
Distribution System (mains and lines)		50								
Meters and Service (taps not covered by fees)		20								
Office Equipment		10								
Vehicles		5								
Shop Tools		15								
Heavy Equipment		10								
Fencing		20								
Other: (Please list)										
Total								∈	∉	∠

* TCEQ Suggested Service Life ** Other Service Life

∈ Enter this number in **Table VI. A., Line [O], Column** ∈ ∉ If [F] is greater than [D], enter the total for [D]

∠ Enter this number in **Table IV. E., Line [A]**

-Attach additional sheet(s) if necessary-

DEVELOPER CONTRIBUTIONS - WATER

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

Table III. C.

Item	Date of installation or Contribution	Total Cost	Amount of Developer Contribution	Net Book Value (from Table III. B.)
See Attachment #7				
Total				∈

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

- Attach additional sheet(s) if necessary -

SECTION IV - LONG TERM DEBT & EQUITY INFORMATION – WATER

A. EQUITY

How much equity or total capital does the company have in the utility? 561,257.14 Enter also in **Table IV. D., Box** ∠ below

B. RATE OF RETURN

What rate of return (profit) on investment in plant (equity) is expected? 12 %

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

NOTE: You may choose

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

C. BANKRUPTCY

Has the utility or utility owner filed bankruptcy within the last seven years? ____ YES __√__ NO

If YES, explain status of applicant at this time. _____

D. NOTES PAYABLE - WATE

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

Round all percentages to two (2) decimal places.

Table IV. D.

[A] Name of Bank/Lender	[B] Date of Issue	[C] Date of Maturity	[D] Original Amount of Loan	[E] Outstanding or Unpaid Balance - **End of Test Year**	[F] Interest Rate	[G] Weighted Average [E]) ®*[F]
Part 1 – Debt						
Joseph Z. Ornelas	6/2003	6/2013	$ 18,000.00	$ 7,383.92	6 %	.08 %
			$	$	%	%
			$	$	%	%
			$	$	%	%
			$	$	%	%
Total			$ 18,000.00 ∈	$ 7,383.92 ∉		.08 %©
Part 2 - Investment/Equity				$ 561,257.14 ∠	12 %∇	11.84 %™
Total Debt & Equity				$ 568,641.06 ®		
					Rate of Return:	11.92 %∏

∈ Total amount of original loans
∉ Total amount of the outstanding balance on the loans
∠ Equity in the utility - From **Section IV. A.**
∇ Return on Equity - From **Section IV. B.**
® Total of ∉ + ∠
© Total weighted average of debt - To **Table V, Line [C]**
™ Weighted average of Investment/Equity ∠) ®*∇
∏ Sum of © + ™ - To **Table IV. E., Line [G]**

E. INVESTED CAPITAL & RET[redacted] - WATER

Table IV. E.

Net Book Value - From **Table III. B., Box** ∉	[A]	$ 940,719.55
Working cash allowance - (Amount From **Table VI. A., Line [L] Column** ∠**, Box** ™ () 8)	[B]	$ 37,239.38
Materials and supplies	[C]	$ 0
Subtotal - Sum of [A] thru [C]	[D]	$ 977,958.93
Developer Contributions - From **Table III. C., Box** ∈	[E]	$ 58,759.72
Total invested capital [D] - [E]	[F]	$ 919,199.21
Rate of return - From **Table IV. D., Box** Π	[G]	11.92 %
Return/Interest - If [F] is greater than -0-, then enter [F] * [G]. If [F] is less than -0-, enter -0-. Enter this amount in **Table V., Line [A] and Table VI. A., Line [Q], Column** ∉	[H]	$ 109,568.55

SECTION V - INCOME TAX CALCULATION – WATER

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

Table V.

Return - From **Table IV. E., Line [H]**	[A]	$ 109,568.55
Interest Calculation		
Total Invested Capital - From **Table IV. E., Line [F]**	[B]	$ 919,199.21
Weighted Cost of Debt Capital - Percentage From **Table IV. D., Box** ©	[C]	.08 %
Interest [B]*[C]	[D]	$ 735.36
Taxable Income [A] - [D]	[E]	$ 108,831.19
Enter Income Tax from Tax Table (**Appendix A**)	[F]	$ 25,694.94∈

∈ To **Table VI. A., Line [P], Column** ∉

SECTION VI - UTILITY INCOME & EXPENSE INFORMATION – WATER

A REVENUE REQUIREMENT

Please provide the following information regarding the cost to the utility of providing water utility service over your selected twelve month "test year."

Note 1 - Instead of using the percentages listed, you may take the Total Cost and multiply it by 67% to determine the fixed portion and 33% for the variable portion.

TABLE VI. A.

Test Year 1 / 1 / 09 to 12/ 31/ 09	Line	12 Month "test year" per books	Known and Measurable Changes	Revenue Requirement for next yr	% of ∠ that is fixed (Note 1) Rec.	% of ∠ that is fixed (Note 1) Act.	Fixed Expenses (Note 1)	Variable Expenses (Note 1)
		€	€	∠=€+€	∇		®=(∠*∇)/100	©=∠-®
					50			
Salaries and Wages	[A]	138,527.34		138,527.34	90		124,674.61	13,852.73
Contract Labor	[B]				0			
Purchased water	[C]	17,438.30	872.00	18,310.30	0			18,310.30
Chemicals for treatment	[D]	34,687.96	1,734.00	36,421.96	0			36,421.96
Utilities (electricity)	[E]	81,957.32	4,098.00	86,055.32	50		43,027.66	43,027.66
Repairs/maintenance/supplies	[F]	11,223.29		11,223.29	50		5,611.65	5,611.64
Office expenses	[G]	3,861.57		3,861.57	100		3,861.57	0
Accounting & Legal fees	[H]				100			
Insurance	[I]				100			
Rate case expense	[J]				50		1,757.64	1,757.64
Miscellaneous	[K]	3,515.28		3,515.28			178,933.13	118,981.93
Subtotal - Sum of Line [A] thru Line [K]	[L]	291,211.06	6,704.00	297,915.06 ™	50			
Payroll Taxes	[M]				100		12,182.71	0
Property and other taxes	[N]	12,182.71		12,182.71	100		43,728.76	0
Annual Depreciation and Amortization - From **Table III. B.**	[O]	43,728.76		43,728.76	100		25,694.94	0
Income Taxes - From **Table V, Line [F]**	[P]		25,694.94	25,694.94	100		109,568.55	0
Return - From **Table IV. E., Line [H]**	[Q]		109,568.55	109,568.55			370,108.09	118,981.93
Subtotal - Sum of Line [L] thru Line [Q]	[R]	347,122.53	141,967.49	489,090.02	100		12,294.00	0
Other Revenues	[S]	12,294.00		12,294.00			357,814.09 √	118,981.93
Total Cost = Line [R] - Line [S]	[T]	334,828.53	141,967.49	476,796.02	67		357,814.09 √	118,981.93
Alternative Allocation between Fixed and Variable	[U]	334,828.53	141,967.49	476,796.02				

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

See Attachment #8

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

ECTION VII - CUSTOMER INFORMATION - WATER

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

TABLE VII

Connection Type	Line	Beginning of period ∈	End of period ∉	Equivalency Factor ∠	Meter Equivalents ∇=∉*∠
Non-Metered Connections:					
Residential	[A]			1	
Commercial	[B]			1	
Standby	[C]			1	
Metered Connections:					
5/8" x 3/4"	[D]	642	645	1	645
3/4"	[E]	41	47	1.5	70.5
1"	[F]	23	14	2.5	35
1-1/2"	[G]	2	2	5	10
2"	[H]	1	1	8	8
3"	[I]			15	
Other:	[J]				
Total	[K]	709	709		768.5 ®

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

TION VIII - PRODUCTION & CONSUMPTION INFORMATION - WATER

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

Table VIII

tal number of gallons pumped tal master meter reading for the year)	[A]	66,794,800	Gallons
tal number of gallons purchased from another source for sale to stomers (if any)	[B]	**0**	Gallons
otal number of gallons provided to customers **[C]=[A]+[B]**	[C]	**66,794,800**	gallons
otal number of gallons billed to your customers otal customer consumption)	[D]	**60,741,326** ∈	gallons
ystem losses: **([C] - [D]) / [C] x 100% = [E]**	[E]	**.09**	%
ource of Purchased water			

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

TION IX - RATE DESIGN - WATER

VARIABLE RATE CALCULATIONS

Table IX. A.

	Line		Instructions
Total Variable Costs	[A]	$ 118,981.93	From **Table VI. A., Line [T], Box** · or **Line [U], Box** ·
Total # of Gallons Billed to Customers	[B]	60,741,326	From **Table VIII, Line [B]**
Total # of 1,000 Gallons billed	[C]	60,741.33	Divide Line [B] by 1,000
Variable Cost per 1,000 gallons	[D]	$ 1.96	Divide Line [A] by Line [C] Transfer to **Table IX. B., Lines [E] through [J], Box ©**

BASE RATE CALCULATIONS

Table IX. B.

		Line		# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost to be added to base rate	Total base rate per meter size
			∈	∉	∠	∇=∉*∠	®=∈+∇
Total fixed costs - From **Table VI. A., Line [T], Box** √ or **Line [U], Box** ·		[A]	$ 357,814.09				
Total meter equivalents at end of test year - From **Table VII, Line [K], Box ®**		[B]	768.5				
Base charge per meter equivalent or for each unmetered connection [A])[B] and then divide by 12		[C]	$ 38.80				
Base charge per meter size							
5/8" x 3/4" **or** unmetered	Multiply [C] by 1	[D]	38.80	1	1.96 ©	1.96	40.76
3/4"	Multiply [C] by 1.5	[E]	58.20	1	1.96 ©	1.96	60.16
1"	Multiply [C] by 2.5	[F]	97.00	1	1.96 ©	1.96	98.96
1-1/2"	Multiply [C] by 5.0	[G]	194.00	1	1.96 ©	1.96	195.96
2"	Multiply [C] by 8.0	[H]	310.40	1	1.96 ©	1.96	312.36
3"	Multiply [C] by 15.0	[I]	582.00	1	1.96 ©	1.96	583.96
Other:		[J]			©		

© From **Table IX. A., Line [D]**

ΓION X - ALTERNATE METHOD OF RATE DESIGN - WATER

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

Table X. A.

	Line		
Cost per 1,000 gallons	[A]	$ 2.30	This is the rate that you think is appropriate Enter in **Table X. B., Column ∠, Lines [B] through [H]**
Total # of 1,000 Gallons billed	[B]	60,741.33	From **Table IX. A., Line [C]**
Total Cost to be recovered through gallonage charge	[C]	$ 139,705.06	Multiply Line [A] times Line [B]
Total Revenue Requirement	[D]	$ 476,796.02	From **Table VI. A., Line [T] Box** Π
Total to be recovered through base rate	[E]	$ 337,090.96	Subtract Line [C] from Line [D]
Total number of meter equivalents	[F]	768.5	From **Table VII, Line [K], Box ®**
Base rate per meter equivalent	[G]	$ 36.55	Divide Line [E] by Line [F] & then divide by 12months Enter this in **Table X. B, Line [A] Column** ∈

Table X. B.

		Line		# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost added to base	Total base bill per meter size
			∈	∉	∠	∇=∉*∠	®=∈+∇
Base charge per meter equivalent or for each unmetered connection From **Table X. A, Line [G]**		[A]	$ 36.55				
Base rate per meter size							
5/8" x3/4" **or** unmetered	Multiply [A] ∈ by 1	[B]	36.55	1	2.30 ©	2.30	38.85
3/4"	Multiply [A] ∈ by 1.5	[C]	54.83	1	2.30 ©	2.30	57.13
1"	Multiply [A] ∈ by 2.5	[D]	91.38	1	2.30 ©	2.30	93.68
1-1/2"	Multiply [A] ∈ by 5.0	[E]	182.75	1	2.30 ©	2.30	185.05
2"	Multiply [A] ∈ by 8.0	[F]	292.40	1	2.30 ©	2.30	294.70
3"	Multiply [A] ∈ by 15.0	[G]	548.25	1	2.30 ©	2.30	550.55
Other:		[H]			©		

© From **Table X. A., Line [A]**

AFFIDAVIT

WATER &/OR SEWER

RATE/TARIFF CHANGE

AFFIDAVIT

ATE OF TEXAS

)UNTY OF SMITH

Glenn E. Trimble, being duly sworn, file this NOTICE OF PROPOSED RATE CHANGE as General Manager that, in ich capacity, I am qualified and authorized to file and verify such NOTICE; and that all statements made and matters t forth herein are true and correct.

urther represent that a copy of the attached notice was provided by _____**mail**_____ to
(mail or hand delivery)

ach customer or other affected party on or about **June 2 , 2010.**

Affiant (Utility's Authorized Representative)

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

Subscribed and sworn to before me this the 1st day of June, 20 10, to certify which witness my hand and seal of office.

PATRICIA A. WATKINS
Notary Public, State of Texas
My Commission Expires
December 12, 2010

SEAL

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Patricia A. Watkins
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 12-12-10