

Control Number: 43890



Item Number: 18

Addendum StartPage: 0

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

CCN/12473 43898
RECEIVED
Texas Commission on Environmental Quality
INTEROFFICE MEMORANDUM 2014 DEC -5 PM 4:37

TO: Elizabeth Nichols
Business Support Section

PUBLIC UTILITY COMMISSION
DATE: December 10, 2010

THRU: Lisa Fuentes, Team Leader
Utilities Financial Review Team
Water Supply Division

30/12/14/10
Vera Poe, P.E., Team Leader
Utilities Technical Review Team
Water Supply Division

FROM: Elizabeth Flores
Utilities Financial Review Team
Water Supply Division

12/14/10
K.A.
Kamal Adhikari, E.I.T.
Utilities Technical Review Team
Water Supply Division

SUBJECT: Applicant Name: Texas Water Systems, Inc.

CCN Number(s): 12473

Application(s)/Docket Number(s): 36729-R

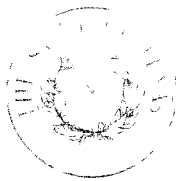
The above referenced rate change application has been approved administratively. Please forward the original application and any related documents which are in the Official File to central records and forward the attached letter and enclosures to the applicant.

Finally, please update the database to reflect the completion and closure of this application as of the date of this memo.

Case Status: C

2014 DEC -5 AM 8:09

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

December 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 (CCN) No. 12473 in Gregg, Henderson, Smith and Upshur Counties; Application No. 36729-R

CN: 600629893; RN: 101450484

Dear Mr. Trimble:

The Texas Commission on Environmental Quality (TCEQ) did not receive protests from ten percent of the customers during the statutory comment period for the above referenced application. Therefore the proposed rate schedule was effective on August 2, 2010, without public hearing according to the requirements of Texas Water Code, Section 13.187. Please mail a copy of the attached notice to each of your customers with your next billing.

Enclosed are copies of the approved rate schedule pages for the tariff. You should retain a complete copy of your utility's approved tariff at each of the utility's business offices or designated sales offices.

Pursuant to Texas Water Code, Section 13.187(d), you may not file a statement of intent to increase your rates more than once in a twelve month period except to implement an approved purchased water pass through adjustment or to adjust the rates of a newly acquired utility system; or unless a financial hardship exists as determined by the TCEQ.

You are required by TCEQ rules to assist anyone seeking information on your approved rates or service policies and to make copies of your tariff available upon request at reasonable reproduction costs. You are also required to maintain copies of the current TCEQ Permanent Rules, 30 Texas Administrative Code, Chapter 290 and Chapter 291. I have enclosed a pamphlet explaining how to obtain copies of TCEQ rules.

If you have any questions, please contact Ms. Elizabeth Flores at (512) 239-6846 or Mr. Kamal Adhikari at (512) 239-0680, or if by correspondence, include MC 153 in the address.

Sincerely,

A handwritten signature in cursive script that reads "Tammy Benter".

Tammy Benter, Manager
Utilities & Districts Section
Water Supply Division

TB/EF/KA/DB

Enclosure

**WATER UTILITY TARIFF
FOR**

Texas Water Systems, Inc.
(Utility Name)

7891 U.S. Highway 271
(Business Address)

Tyler, Texas 75708
(City, State, Zip Code)

(903) 595-2128
(Area Code/Telephone)

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

12473

This tariff is effective in the following counties:

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 and public water systems:

See attached list.

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE.....	2
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SECTION 3.0 -- EXTENSION POLICY	8
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN	10
APPENDIX A -- SAMPLE SERVICE AGREEMENT	
APPENDIX B -- APPLICATION FOR SERVICE	

TEXAS COMM. ON ENVIRONMENTAL QUALITY
36729-R, CCN 12473, AUGUST 2, 2010
APPROVED TARIFF BY SP/KA

Texas Water Systems, Inc.

This tariff is effective in the following subdivisions or systems:

SUBDIVISION	PWS ID NUMBER	COUNTY
Cape Tranquility	1070176	Henderson
Country Club Estates	2300021	Upshur
Friendship Community	2300020	Upshur
Garden Acres Subdivision	0920031	Gregg
Garden Valley Water System	2120081	Smith
Mount Sylvan Community	2120034	Smith
Rosewood Community	2300026	Upshur
Stallion Lake	2120104	Smith

TEXAS COMM. ON ENVIRONMENTAL QUALITY
36729-R, CCN 12473, AUGUST 2, 2010
APPROVED TARIFF BY SP/RA

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes 1,000 gallons)	<u>Gallonge Charge</u> \$2.30 per 1000 gallons over the minimum
5/8" x 3/4"	\$38.85	
3/4"	\$57.13	
1"	\$93.68	
1 1/2"	\$185.05	
2"	\$294.70	
3"	\$550.55	

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

Cash X, Check X, Money Order X, Credit Card _____, Other (specify) _____
 THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

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

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$800.00
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

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

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

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 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

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

METER TEST FEE.....\$25.00

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

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00) **\$25.00**
- b) Customer's request that service be disconnected **\$40.00**

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

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

RETURNED CHECK CHARGE\$25.00

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

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

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [30 TAC 291.21(K)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

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.

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

Utilities & Districts Section

Utility Name: Texas Water Systems, Inc.
 Appl. Number (s): 36729-R
 TCEQ Rec. Date: June 2, 2010 Date Received From Admin: June 2, 2010
 BTR Letter Date: June 16, 2010 Flores/Adhikari
 Effective Date: August 2, 2010

Rate Application Processing Timeline

Days after Effective Date	Days after Acceptance Date For Filing		Actual Date
	14	16-Jun-10 Case assigned to Staff (Accountant Keeps Official File)	
	24	26-Jun-10 Staff Accountant and Engineer review application for verification of numbers	
	34	6-Jul-10 Accountant Reviews Financial Data 1. Enter Expenses In Spreadsheet under O & M <u>10/23/10</u> 2. Completes Interim Rate Analysis Worksheet <u> </u> 3. Completes Revenue Requirement Worksheet <u> </u> 4. Complete Labor Analysis <u> </u> Engineer Reviews 1. Water pumped and billed and calculates percentage lost. <u>10/24/10</u> 2. Develops Depreciation Schedule <u> </u> 3. Most Recent PWS Inspection Reports for deficiencies <u> </u> 4. Prior Dockets for Existing Depreciation Schedule and notes differences. <u> </u> Accountant and Engineer consider audit/inspection of facilities. May be a necessity if case is protested. Mandatory if sent to evidentiary hearing.	
	38	10-Jul-10 Staff Accountant and Engineer meet to discuss findings	
	43	15-Jul-10 First letter to utility requesting additional information prepared, if necessary Accountant and Engineer coordinate questions to be sent in one letter	
0	60	2-Aug-10 Effective Date	
	73	14-Aug-10 First reponse from utility due	
	78	19-Aug-10 Accountant provides Engineer with location to Cost of Service Spreadsheet Engineer enters Depreciation Schedule, including net plant, annual depreciation and accumulated depreciation.	
	88	29-Aug-10 Accountant determines if interim rates are necessary/makes written recommendations to Team Leader.	
	93	3-Sep-10 Team Leader reviews Accountant's recommendations for interim rates Recommendation forwarded to Section Manager for final approval and processing	
	103	13-Sep-10 Accountant and Engineer review file for complaints	
90	151	31-Oct-10 Deadline for complaints, checked by Accountant If protested (by 10% of the customers), Accountant prepares recommendation for hearing.	
	151	31-Oct-10 If NOT protested by customers and/or staff 1. Accountant prepares memo and recommendations for administrative approval 2. Engineer prepares tariff and memo(or modifies existing tariff) for tariff coordinator	

TCEQ Review - Texas Water Systems, Inc.
INTERIM RATE ANALYSIS
WATER RATES
 Application No. 36729-R

Staff Accountant: Flores
 Staff Engineer: Adhikari

AB 6/24/10

CURRENT WATER RATES:

MINIMUM # GALLONS
 \$34.90 1,000

GALLONAGE
 ABOVE MIN
 \$2.30

AVERAGE USAGE:

TOTAL TEST
 YEAR GALLONS

66,794,800

AVE
 CUST #

709

GALLONS
 PER MNTH

7,851

CURRENT
 AVERAGE
 WATER
 BILL

\$50.66

PROPOSED RATES:

MINIMUM # GALLONS
 \$38.85 1000

GALLONAGE
 ABOVE MIN
 \$2.30

AVERAGE USAGE:

TOTAL TEST
 YEAR GALLONS

66,794,800

AVE
 CUST #

709

GALLONS
 PER MNTH

7,851

\$3.95

PROPOSED
 AVERAGE
 BILL

\$54.61

7.80%

CHANGE IN AVE MONTHLY BILL:

Considerations:

1. Are the rates justified on preliminary review of the cost of service? Yes
2. Is the increase greater than \$15 or 50%? No
3. What is the effective date of this rate increase? 8/2/2010
4. Will the utility put the proposed rates into effect before a hearing? Yes
5. Will rates place an undue financial hardship/burden on the customer? No
6. Is it possible that the utility will refuse to or be unable to make refund? No
7. Is the utility in receivership or bankruptcy? No
8. Will there be a positive cash flow with the proposed interim rate? Yes
9. When was the Utility's last rate increase? 1/2/2009
10. Why is the rate increase necessary? Applicant did not give a specific reason for the submittal of the application.
11. What improvements have been made to the system since the last rate increase?

12. Does the utility have any compliance issues? The utility had compliance issues on their last inspection reports. It appears that the utility has submitted documentation to the regional office addressing and correcting the violations.

13. Is the utility providing good customer service? No complaints noted in iWUD since last rate application. One (1) protests re

14. Is the quality of water good? See above

Conclusion:

Texas Water Systems, Inc.

Application Number: 36729-R

Reasonable Test**WATER**

Annual Salary w/ known and meas chng
 Divide by number of customers
 Annual per customer
 Divide by 12 months
 Salary per customer per mo.

No. Cust.	Salary	Per connection
	\$0	
709	709	
	\$0	
	12	
	\$0.00	0.00

Contract Labor
 Divide by number of customers

 Divide by 12 months

	\$138,527	
709	709	
	\$195	
	12	
	\$16.28	16.28
		\$16.28

Adj Labor Costs and Payroll Taxes:

Annual Salary
 Annual contract services

Labor Costs	Adjustment	Adjusted Sal
\$0	0	\$0
\$138,527	\$0	\$138,527

Payroll taxes:

Limitation

SS	0	7.65%	\$0
Futa (\$9,000)	0	0.80%	0
State Unemp (\$7,000)	0	2.70%	0
Payroll taxes			\$0

9.16.2010

TCEQ Review

Texas Water Systems, Inc.

Application Number: 36729-R

SCH-V

(A) Recompute Test Year and Adjusted Revenues:

	WATER	
	Proposed	Current
Gallage included in min	1,000	1,000
Base rate	\$38.85	\$34.90
Gallage rate per 1,000	\$2.30	\$2.30
No. of customers X base	709	
	\$27,545	\$24,744
Multiply by 12 months	12	12
Annual Revenue-base	\$330,536	\$296,929
Minimum gallons	1,000	1,000
Multiply by no. of customers	709	709
	709,000	709,000
Multiply by 12 months	12	12
Gallage included in min	8,508,000	8,508,000
Gallons pumped + purchased	66,794,800	66,794,800
Gallons inc in min	-8,508,000	-8,508,000
	58,286,800	58,286,800
Divided by	1,000	1,000
	58,287	58,287
Gallage charge per 1,000	\$2.30	\$2.30
	134,060	134,060
Adjusted revenue	\$464,595	\$430,989
		\$33,607

(B) Annual Revenue Increase:

	Proposed	Current
	\$38.85	\$34.90
	\$2.30	\$2.30
Gallons pumped	66,794,800	66,794,800
Divide by 12 mos.	12	12
= Gallons pumped per month	5,566,233	5,566,233
Divide by no. of customers	709	709
= average usage/month/customer	7,851	7,851
Less: minimum gal incl.	-1,000	-1,000
Gallons charge at gallage rate	6,851	6,851
Divided by 1,000 gallons	1,000	1,000
= average mo usage/customer above the min	6.85	6.85
Multiply by rate/gallon	\$2.30	\$2.30
= gallage revenue per mo per customer above the min	\$15.76	\$15.76
Multiply by 12 months	12	12
= gallage revenue per year per customer above the min	\$189.08	\$189.08
Multiply by no of customers	709	709
Gallage annual revenue increase	\$134,060	\$134,060
Plus base rate Proposed	330,536	
Current rate		296,929
Maximum possible increase	\$464,595	\$430,989
		\$33,607

Admin Review: UFR

Utility Name: Texas Water Systems, Inc.Admin Review No. R-042-10Application Nos.: 36729-RDeposit User Report: n/a**Administrative Review - Rate - Water &/or Sewer**Date received By Program Area: 6/3/2010Effective Date: 8/2/2010Renoticed (Y/N): NSubdivisions: Cape Tranquility, Mt Sylvan, Country Club,
Friendship, Rosewood, Stallion Lake,
Garden Valley, Garden AcresCounty(ies): Gregg, Henderson, Smith & UpshurContact Person: Glenn E. Trimble, GMCCN No(s): 12473Total Gallons Billed: 60,741,326Address: 7891 Hwy 271Total Gallons Treated: n/aTyler, Texas, 75708Customer Number: 709Test Year: CY 2009Passthru application: N**Current Rates**

Residential	Gal Incl	Base Rate	Gal. Rate
5/8" x 3/4"	1,000	\$34.90	
3/4"	1,000	\$52.35	
1"	1,000	\$87.25	
1 1/2"	1,000	\$174.50	
2"	1,000	\$279.20	
3"	1,000	\$523.50	
Gallage Charge (tiered rates)		\$2.30	

Proposed Rates

Residential	Gal Incl	Base Rate	Gal. Rate
5/8" x 3/4"	1,000	\$38.85	
3/4"	1,000	\$57.13	
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3"	1,000	\$550.55	
Gallage Charge		\$2.30	

Regulatory Assessment Fees Paid - (Y/N): YFiling Fees Paid - (Y/N): Y - \$500Annual Report Current
Deficiencies: YAll Pages of Application Complete and Correct- (Y/N): Y

Deficiencies:

Notice Correct (Y/N): YAnnual Rev. Increase (Y Y In City Limits: N)Customer Notice Dates: 6/2/2010

Other Deficiencies:

Forms of Payment: cash, check, money orderLate Charge: \$5.00Revenues Recomputed: YRate of Return Requested: 12.00%Rejection Letter Date: YAcceptance Letter Date: 06/14/10File Assignment Date: YFile Assigned To - Auditor: Elizabeth FloresEngineer: Kamal AdhikariName of Reviewer: Elizabeth FloresDate Admin Review Complete: 6/14/2010

Taxable Entity Search Results

Franchise Tax Certification of Account Status

This Certification Not Sufficient for Filings with Secretary of State

Do **not** include a certificate from this Web site as part of a filing with the Secretary of State for dissolution, merger, withdrawal, or conversion. The Secretary of State will reject a filing that uses the certification from this site.

To obtain a certificate that is sufficient for dissolution, merger, or conversion, see Publication 98-336d, Requirements to Dissolve, Merge or Convert a Texas Entity.

Certification of Account Status	Officers And Directors Information
---------------------------------	------------------------------------

Entity Information:

TEXAS WATER SYSTEMS, INC.

PO BOX 131945

TYLER, TX 75713-1945

Status:

**IN GOOD STANDING NOT FOR
DISSOLUTION OR WITHDRAWAL
through November 15, 2010**

Registered Agent:

GLEN TRIMBLE

7891 HWY 271

TYLER, TX 75708

Registered Agent Resignation Date:

State of Formation:

TX

File Number:

0109227500

SOS Registration Date:

October 19, 1988

Taxpayer Number:

17522535883

texas.gov | Statewide Search from the Texas State Library | State Link Policy | Texas Homeland Security

Susan Combs, Texas Comptroller • Window on State Government • Contact Us
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SECTION 1.0 -- RATE SCHEDULE

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RATES LISTED ARE EFFECTIVE ONLY
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SECTION 1.0 -- RATE SCHEDULE (Continued)

RECONNECTION FEE

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TEXAS COMM. ON ENVIRONMENTAL QUALITY
36195-R, CCN 12473, JANUARY 2, 2009
APPROVED TARIFF BY ef/KA

Checklist for Rate/Tariff Change Application

Review Number: R - 042 -10 Effective date Aug. 2, 2010

Application # (s) 36729-R

Date Application Received: 06/02/2010

Date Application Sent to Program Area: 06/03/2010

CCN Number(s): Water 12473 Sewer _____

Utility Name: Texas Water System INC

☐ Account Fees Due *none listed* ☐ Regulatory Assessment Fees

☒ Original and Four Copies of Application Received (Page 20 of General Information)

☒ Applicant Name

☒ Utility Name and Address: (a Texas address)

☒ Contact Person and Address

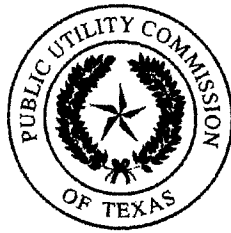
Attached is a copy of CN & RN's: from WUD

☒ Not on file with Central Registry. Core Data Form needed.

Number of Connections: (W) 729 (S) _____

☒ Filing Fee (Page 20 of General Information)

<100 connections	\$50
100-200 connections	\$100
201-500 connections	\$200
<u>>500 connections</u>	<u>\$500</u>



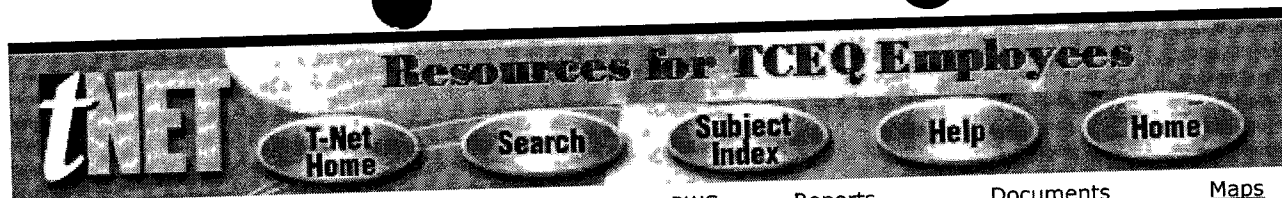
House Bill (HB) 1600 and Senate Bill (SB) 567 83rd Legislature, Regular Session, transferred the functions and records relating to the economic regulation of water and sewer utilities from the TCEQ to the PUC effective September 1, 2014.

Central Records Personally Identifiable Information Audit

NOTICE OF REDACTION

Documents containing Personally Identifiable Information* have been redacted from electronic posting, in accordance with Texas privacy statutes.

*"Personally Identifiable Information" (PII) is defined to include information that alone or in conjunction with other information identifies an individual, including an individual's: Social security or employer taxpayer identification number, driver's license number, government-issued identification card number, or passport numbers, checking and savings account numbers, credit card numbers, debit card numbers, unique electronic identification number, address, or routing code, electronic mail names or addresses, internet account numbers, or internet identification names, digital signatures, unique biometric data, and mother's maiden name, marriage and any other numbers or information used to access an individual's financial account.



? Utility details for TEXAS WATER SYSTEMS INC (12473)

Affiliations
 Documents
 Site Visits
 Schedules

Properties

CR Regulated Entity Number: **RN101450484**
 CCEDS Status: **NO ACTIVE NOE EXISTS**
 Utility Type: **WATER UTILITY**
 Ownership Type: **INVESTOR**
 Primary County: **UPSHUR**
 County Code: **230**

Customers

Reference Number	Name	Role
CN602695025	B L PHILLIPS WATER	RESPONSIBLE PARTY
CN600629893	TEXAS WATER SYSTEMS INC	RESPONSIBLE PARTY

Comments

Comment Date	Text	Staff Name
06/14/2001	DUAL CERT W/10478-PRITCHETT WSC & 10804-CRYSTAL	

Occurrences retrieved.

Official Address / Phone

Address: **7891 HIGHWAY 271**
TYLER, TEXAS 75708-4002
 Telephone: **(903) 521-2596**

PWS for this Utility

PWS Name	PWS ID	Status	District(Number)
<u>CAPE TRANQUILITY SYSTEM</u>	1070176	A	
<u>COUNTRY CLUB ESTATES</u>	2300021	A	
<u>FRIENDSHIP WATER SYSTEM</u>	2300020	A	
<u>GARDEN ACRES SUBDIVISION</u>	0920031	A	
<u>GARDEN VALLEY RESORT</u>	2120081	A	
<u>HARMONY COMMUNITY</u>	2300030	D	
<u>MOUNT SYLVAN WATER SYSTEM</u>	2120034	A	
<u>ROSEWOOD WATER SYSTEM</u>	2300026	A	
<u>STALLION LAKE RANCH</u>	2120104	A	

06/03/2010
9:33:16AM

Texas Commission on Environmental Quality
Document Detail

EDOC1111

Site: TEXAS WATER SYSTEMS INC
CCN/Reg Number 12473
Document Type: REGULATORY ASSESSMENT FEE
Document ID: 267761

Received Date: 01/30/2010
Received Time:
Final Action Date: 03/05/2010
Creation Date: 10/22/2009

Value	Type	Name	Value
	TOTAL	REVENUES	
	DATE	PAID	\$431,340.00
	AMOUNT	PAID	03/03/2010
	REPORT	YEAR	\$4,529.07
	REPORT	PERIOD	2009
	ZERO	PAYMENT CODE	4
	ZERO	PAYMENT DESCRIPTION	

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



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 your approved tariff.

Mr. Glenn E. Trimble, General Manager
Page 2
June 16, 2010

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,

A handwritten signature in black ink that reads "Tammy Benter". The signature is written in a cursive, flowing style.

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

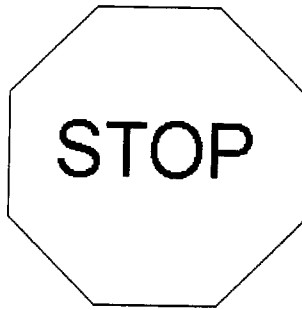
TB/EF/ln

EF/KA

RECEIVED
JUN 2 2010
WATER DIV.



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.

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APPLICATION FOR A RATE/TARIFF CHANGE

SECTION IA - GENERAL INFORMATION

Applicant:

Texas Water System, Inc.

Utility Name:

(Individual, Corporation, or Other Legal Entity)

Legal form of Application:

(If different than above)

<input type="checkbox"/>
<input type="checkbox"/>
<input checked="" type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

Individual

Partnership

Corporation. Provide Charter Number 1092275

Sub Chapter-S Corporation

Other:

Utility Address:

7891 Hwy 271

Tyler
City

TX

State

75708

Zip Code

County(ies) where services are provided:

Smith, Gregg, Henderson, & CCN
Upshur

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 date 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:

Relationship to Owner:

See Contract Services

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 #4Amount 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.**

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)		[D] Original Cost when installed (\$)	Years in Service			Depreciation		[G] = [D]-[F] Net Book Value (\$)		
		*	**					[E] = [D]/[C] Annual (\$)	[F] Accumulated (\$)			
					Yrs ≡	Mos ≡	Days ≡					
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-

C. DEVELOPER CONTRIBUTIONS - WATER

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

Table III. C.

Item	Date of installation or Contribution	Total Cost	Amount of Developer Contribution	Net Book Value (from Table III. B.)
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 - WATER

List the following
equity of the utility and

information concerning debt 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 %Π

€ 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 ∠) ®*∇

Π Sum of © + ™ - To **Table IV. E., Line [G]**

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

B. KNOWN & MEASURABLE

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

See Attachment #8

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

SECTION VII - CUSTOMER INFORMATION - WATER**NUMBER OF CUSTOMERS**

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

TABLE VII

Connection Type	Line	Beginning of period €	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 [F]

SECTION VIII - PRODUCTION & CONSUMPTION INFORMATION - WATER

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

Table VIII

Total number of gallons pumped (total master meter reading for the year)	[A]	66,794,800	Gallons
Total number of gallons purchased from another source for sale to customers (if any)	[B]	0	Gallons
Total number of gallons provided to customers [C]=[A]+[B]	[C]	66,794,800	gallons
Total number of gallons billed to your customers (total customer consumption)	[D]	60,741,326 €	gallons
System losses: $\frac{[C] - [D]}{[C]} \times 100\% = [E]$	[E]	.09	%
Source of Purchased water			

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

SECTION IX - RATE DESIGN - WATER

A. VARIABLE RATE CALCULATIONS

Table IX. A.

	Lin e		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 ©

B. BASE RATE CALCULATIONS

Table IX. B.

		Lin e		# 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]

SECTION X - ALTERNATE METHOD OF RATE DESIGN - WATER

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

Table X. A.

	Line		
Cost per 1,000 gallons	[A]	\$ 2.30	This is the rate that you think is appropriate Enter in Table X. B., Column \angle, 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 II
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 \otimes
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 ϵ

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
		ϵ	ϵ	\angle	$\nabla = \epsilon * \angle$	$\otimes = \epsilon + \nabla$
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" x 3/4" or unmetered	[B]	36.55	1	2.30 \odot	2.30	38.85
3/4"	[C]	54.83	1	2.30 \odot	2.30	57.13
1"	[D]	91.38	1	2.30 \odot	2.30	93.68
1-1/2"	[E]	182.75	1	2.30 \odot	2.30	185.05
2"	[F]	292.40	1	2.30 \odot	2.30	294.70
3"	[G]	548.25	1	2.30 \odot	2.30	550.55
Other:	[H]			\odot		

© From **Table X. A., Line [A]**

AFFIDAVIT

WATER &/OR SEWER

RATE/TARIFF CHANGE

AFFIDAVIT

STATE OF TEXAS

COUNTY OF SMITH

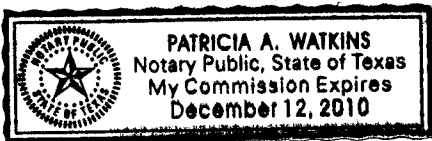
I, Glenn E. Trimble, being duly sworn, file this NOTICE OF PROPOSED RATE CHANGE as General Manager that, in such capacity, I am qualified and authorized to file and verify such NOTICE; and that all statements made and matters set forth herein are true and correct.

I further represent that a copy of the attached notice was provided by mail to
(mail or hand delivery)
each customer or other affected party on or about **June 2, 2010**.

Glenn E. Trimble
Affiant (Utility's Authorized Representative)

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

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



SEAL

Patricia A. Watkins
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS
Patricia A. Watkins
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 12-12-10

**NOTICE OF RATE/TARIFF CHANGE
TO BE PROVIDED TO CUSTOMERS**

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, Garden Acres

Subdivisions or Systems Affected by Rate Change

7891 Hwy 271	Tyler	TX	75708	903-597-5788
Company Address	City	State	Zip	Telephone
\$45,433.28			June 2, 2010	
Annual Revenue Increase			Date Customer Notice Mailed	
January 2, 2009			2 nd to 9 th of each month	
Date of Last Rate Change			Date Meters Typically Read	

EFFECTIVE DATE OF PROPOSED INCREASE: August 2, 2010

BILLING COMPARISON

Water:	Existing	10,000 gallons:	\$ 55.60 /mo	Existing	30,000 gallons:	\$ 101.60 /mo
	Proposed	10,000 gallons:	\$ 59.55 /mo	Proposed	30,000 gallons:	\$ 105.55 /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.

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

<u>CURRENT RATES</u>		PROPOSED RATES	
Monthly base rate including <u>1000</u> gallons		Monthly base rate including <u>1000</u> gallons	
Meter Size:		Meter Size:	
Residential		Residential	
5/8" x 3/4"	\$ 34.90	5/8" x 3/4"	\$ 38.85
3/4"	\$ 52.35	3/4"	\$ 57.13
1"	\$ 87.25	1"	\$ 93.68
1-1/2"	\$ 174.50	1-1/2"	\$ 185.05
2"	\$ 279.20	2"	\$ 294.70
3"	\$ 523.50	3"	\$ 550.55
Gallonge Charge:		Gallonge Charge:	
\$ <u>2.30</u> for each additional 1000 gallons over the minimum		\$ <u>2.30</u> for each additional 1000 gallons over the minimum	
<u>Miscellaneous Fees</u>		<u>Miscellaneous Fees</u>	
Tap fee	\$ 800.00	Tap fee	\$ 900.00
Reconnect fee:		Reconnect fee"	
Non-payment		Non-payment	
(Maximum - \$25.00)	\$ 25.00	(Maximum - \$25.00)	\$ 25.00
Customer's request	\$ 40.00	Customer's request	\$ 40.00
Transfer fee	\$ 30.00	Transfer fee	\$ 30.00
Late charge	\$ 4.00	Late charge (Indicate either \$5.00 or 10%)	\$ 5.00
Returned check charge	\$ 25.00	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 & SEWER TARIFF PAGES

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

Monthly base rate including 1000 gallons

Meter Size:

Residential

5/8" x 3/4"	\$ 38.85
3/4"	\$ 57.13
1"	\$ 93.68
1-1/2"	\$ 185.05
2"	\$ 294.70
3"	\$ 550.55

Gallonge Charge: \$ 2.30 for each additional 1000 gallons over the minimum

Regulatory Assessment Fee1%

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$ 900.00

TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8"x3/4" METER.

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00).....\$ 25.00
b) Customer's request.....\$ 40.00
Or other reasons listed under Section 20CF 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 (Not more than \$5.00 or 10%)(Indicate one).....\$ 5.00

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

RETURNED CHECK CHARGE\$ 25.00

CUSTOMER DEPOSIT (Maximum \$50)\$ 50.00

METER TEST FEE (actual cost of testing the meter up to).....\$ 25.00

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY.

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

INCOME TAX TABLE

INCOME TAX TABLE

If your TAXABLE INCOME from Table V Line [E] is

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



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

March 22, 2010

CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO HEREBY CERTIFY that according to the records of this office

TEXAS WATER SYSTEMS, INC.

is, as of this date, in good standing with this office having no franchise tax reports or payments due at this time. This certificate is valid through the date that the next franchise tax report will be due May 17, 2010.

This certificate does not make a representation as to the status of the entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the converted entity is subject to franchise tax as required by law. This certificate is not valid for any other filing with the Texas Secretary of State.

GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the City of

Certificate of Account Status - Letter of Good Standing

Page 2 of 2

Austin, this 22nd day of
March 2010 A.D.



Susan Combs
Texas Comptroller

Taxpayer number: 17522535883
File number: 0109227500

Form 05-304 (Rev. 12-07/17)