

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

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 cross-over 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 backflow prevention device shall be installed on the customer's service line or other necessary plumbing facilities by an appropriately licensed plumber/backflow 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 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 T.A.C. § 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.

Customers must make meters accessible to the utility and its personnel. If they do not, the utility may require the removal of the meter to another location according to Section 291.89(c) of the TCEQ's rules. The utility will give the customer the option of converting to a remote radio read meter at the customer's expense in lieu of bearing the cost of relocating the meter and any utility water lines necessitated by the customer's actions. If the customer does not accept this option, the customer will be charged for all incurred meter relocation costs. Before relocating the meter, the utility must provide the customer with written notice of its intent to do so.

This notice must include information on the estimated cost of relocating the meter, an explanation of the condition hindering access and what the customer can do to correct that condition, and information on how to contact the utility. The notice must give the customer a reasonable length of time to arrange for utility access so the customer may avoid incurring the relocation cost. A copy of the notice given to the customer shall be filed with the utility's records on the customer's account.

Customers shall not enclose meters with fences or other artificial barriers. If there is a fence in front of a meter, the customer shall install a gate or stile with 300 pound-load bearing capacity to enable meter readers and service crews to obtain ready access to the utility's property.

### 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 prior to 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 UTILITY SHALL BEAR.** Within its Certificate of Convenience and Necessity ("CCN") service 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 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 tariff, 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 T.A.C. 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 tariff, 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 T.A.C. § 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 schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall 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 one service connection is desired by any individual applicant. 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 which 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 CCN 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 CCN 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 be 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 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 nearest 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. The developer shall be required to provide the utility with a minimum of a 160-foot radius sanitary control easement or fee simple real property conveyance around the proposed well site acceptable to the TCEQ for each water well site to be located within the developer's property or otherwise being obtained to serve the developer's 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 which 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.

Prior to 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, 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 prior to 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 which 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 prior to the bonding or escrowing of all funds associated with that phase.
- (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 prior to 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 CCN service 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 bankruptcy and was therefore unable to meet obligations; and,
- (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:

1. The residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution.
2. Exceptions may be granted by the TCEQ Executive Director if:
  - a. 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;
  - b. larger minimum line sizes are required under subdivision platting requirements or applicable building codes.
3. 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.

**SECTION 4.0 -- DROUGHT CONTINGENCY PLAN**

(Utility must attach copy of TCEQ approved Drought Contingency Plan)





**SECTION 4 Violations of Mandatory Restrictions: Stage I, Stage II or Stage III**

1. First violation:  
Stage I or Stage II - The customer will be notified by written notice, hanging tag or letter, of their specific violation of required restrictions, reductions or for excessive usage. The customer will be provided a copy of the User Drought Contingency Plan.  
  
Stage III - Aqua Texas may install a flow restricting device as described below without a prior written notice for violation of restrictions on sprinklers, automatic irrigation systems or use of hoses.
2. Subsequent violations:
  - a. After the first written notice, Aqua Texas may install a flow-restricting device in the line to limit the amount of water that will pass through the meter in a 24-hour period. The flow restrictor may be left in the line for up to 60 days or until the wholesale provider or district requirements are ended. Aqua Texas may charge the customer for the actual cost of installing and removing the flow-restricting device, not to exceed \$50.00 for installation and \$50.00 for removal. The customer will be provided a copy of the User Drought Contingency Plan.
  - b. If the customer violates the required reductions after installation of a flow restrictor, Aqua Texas may discontinue service at the meter for up to 7 days. The customer will be charged a \$50 reconnect fee for restoration of service. Further violations will result in disconnection and additional reconnect fees. When service is reconnected a flow restrictor may be installed.
  - c. If a customer violates the restrictions again after having a flow restrictor installed and removed, Aqua Texas may either reinstall a flow restrictor as described in (a) above or, at its option, disconnect service for up to 7 days. When service is reconnected a flow restrictor may be installed.

**SECTION 5 Exemptions or Variances**

Aqua Texas may grant any customer an exemption or variance from the UDCP for good cause upon written request. A customer who is refused an exemption or variance by Aqua Texas may appeal the denial in writing to the TCEQ. Aqua Texas will treat all customers equally concerning TEXAS COMMISSION ON ENVIRONMENTAL QUALITY discriminate in granting exemptions and variances. No exemption or variance will be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of the variance.

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**SECTION 6 Response Stages**

APPROVED TARIFF BY LF

Unless there is an immediate and extreme reduction in an aquifer level; water availability or production; critical system capacity; or other absolute necessity to declare an emergency or severe condition, Aqua Texas will progress sequentially from Stage 1 through more restrictive stages. If, after a reasonable period of time, demand is not reduced enough to alleviate the conditions that initiated restrictions or to comply with restrictions required by a court, district, government agency, wholesale provider or other authority, some outdoor water use provisions in a particular Stage may be modified or further restricted or more restrictive Stages implemented as necessary to achieve the necessary reductions. In addition to restricted watering times, maximum monthly or weekly customer usage targets may be implemented and enforced in the same manner as the restrictions listed below. Notice of any modified restrictions or of a more stringent stage will be provided to customers in accordance with Section 3. In order to comply with the requirements of an underground district, wholesale provider or other authority, Aqua Texas may skip a less restrictive stage and immediately implement Stage II or Stage III.

VOLUNTARY CONSERVATION AWARENESS (VOLUNTARY RESTRICTIONS) – See Section 9 below

STAGE I – MANDATORY WATER RESTRICTIONS – See Chart on Page 5

STAGE II – MANDATORY WATER RESTRICTIONS – See Chart on Page 5

STAGE III – MANDATORY WATER RESTRICTIONS - CRITICAL STAGE – See Chart on Page 5

**SECTION 7 Drought, Demand & Critical System Capacity Stage Triggers**

Water System Supply Contamination or Outage: In the event of system supply contamination or system outage, Aqua Texas may immediately implement the response measures of Stage III.

Demand Based Triggers:

| <u>Trigger</u>   | <u>Stage I Mandatory</u>  | <u>Stage II Mandatory</u>  | <u>Stage III Mandatory</u>                              |
|--|---|--|---|
| Percent of water treatment capacity reached for 3 or more days in a week | 75 %  | 85 %   | 95 %  |
| Total daily demand as % of pumping capacity for 3 or more days in a week | 75 %  | 85 %   | 95 %  |
| Storage capacity   | Storage Tank Level drops within 4 ft. of low level lock out 3 or more days in a week. | Storage does not refill prior to 6 pm or tank drops within 3 ft. of low level lock out 3 or more days in a week. | Low level lock out is reached more than once in a week. |
| Well Pump Runs ___ hours per day more than 3 days per week               | 16 hrs  | 20 hrs   | 22 hrs  |
|  |   |  |   |

Supply Based Triggers - For those systems where Aqua Texas pumps water from a ground water district or purchases water from wholesalers, the district or wholesale supplier will formally notify Aqua Texas of one or more precipitating events triggering a stage of the district or wholesaler's drought contingency plan. Upon enactment of a stage in the district, authority or wholesaler's drought contingency plan, Aqua Texas may correspondingly implement the same or equivalent stage in its service area. Aqua Texas can modify its plan to match the watering schedules, daily watering hours or other specific restrictions of a wholesaler, district or other authority if asked to do so. Aqua Texas will notify customers of any changes in days, hours or other provisions prior to enforcing provisions of the plan. When Aqua Texas must self regulate to comply with ground water permit limitations, water restrictions may be enacted to ensure compliance with permit limits.

TEXAS COMM. ON ENVIRONMENTAL QUALITY

CCN 11157 JUL 24 '07

**SECTION 8 Non Drought Related Conservation Awareness**

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Aqua Texas will voluntarily perform the following actions during late Spring and Summer as an integral part of the UDCP when there is no declared drought or other water supply emergencies:

- Aqua Texas will operate its system under normal conditions.
- Aqua Texas will insure that each operator has received a copy of the UDCP.
- Aqua Texas will encourage customers to follow water conservation practices at all times.
- Aqua Texas will urge customers to water lawns on the conservation awareness schedule, avoid unnecessary and excessive watering and to keep evaporative losses to a minimum.
- Aqua Texas will seek to identify and repair leaks in a timely fashion. Customers will be encouraged to notify Aqua Texas of any known or observed leaks

**SECTION 9 Water Conservation Awareness Period – Stage I Voluntary Restrictions**

Goal – 5 % Reduction in usage

Aqua Texas will encourage customers to follow the voluntarily conservation awareness practices below between May and September when not already in a declared drought or mandatory water restriction period. Customers will be notified in writing each spring that Voluntary Restrictions are in place and encouraged to follow water conservation practices.

Voluntary Practices to Reduce Water Consumption

- Follow the suggested twice weekly schedule for lawn watering with hose end sprinklers or automatic irrigation systems and water between the following times:

Midnight & 4 a.m.; 7:00 a.m.-10 a.m. & 8 p.m. to Midnight on the designated watering day.

- Water garden, trees, flowers or other landscaped areas with hand held hose, a faucet filled bucket or watering can any day between 6:00 pm – 10:00 am , but avoid unattended hoses.
- Soaker Hoses – Anywhere except lawns 8 p.m. – 10:00 a.m. any day
- Car washing with bucket or hand-held hose with automatic shut-off.
- Draw less water for bath or reduce shower time.
- Do not let water run while shaving, dish washing, brushing teeth, etc.
- Keep pools covered if not used on a daily basis.
- Use water displacement device in toilet tank.
- Install aerators on faucets.
- Utilize water reuse where possible.
- Replacement or retrofits with ultra low flow fixtures is encouraged.
- Do not use hose to wash off driveways, sidewalks, or streets. Use a broom or blower.
- Use Commercial Car Washes that Recycle Water.

**TWICE WEEKLY WATERING SCHEDULE**

(Applicable During Conservation Awareness or Stages I, II or III)

| House # ends in 0 | House # ends in 1 or 8 | House # end in 2 or 5 | House # ends in 3 or 6 | House # ends in 4 | House # ends in 7 | House # ends in 9 |
|-------------------|------------------------|-----------------------|------------------------|-------------------|-------------------|-------------------|
| Wednesday         | Sunday                 | Tuesday               | Monday                 | Tuesday           | Monday            | Sunday            |
| Saturday          | Wednesday              | Friday                | Thursday               | Saturday          | Friday            | Thursday          |

**PENDING TCEQ APPROVAL**

**SECTION 10 MANDATORY WATER RESTRICTIONS**

| <u>Stage I – Mandatory Restrictions</u>   | <u>Stage II – Mandatory Restrictions</u>   | <u>Stage III– Mandatory Restrictions</u><br><b>Critical Stage</b>   |
|---|--|---|
| Goal - 10 % Reduction   | Goal - 20 % Reduction  | Goal - 40 % Reduction   |
| If the triggers identified in the UDCP are met or critical system capacities are being threatened, Aqua Texas will activate <b>Stage I</b> . Comply with <b>TWICE WEEKLY</b> lawn watering schedule: <b>DESIGNATED DAYS &amp; HOURS ONLY</b>  | Whenever production or critical system capacity triggers are reached, Aqua Texas will activate <b>Stage II</b> measures of its UDCP. Comply with <b>TWICE WEEKLY</b> lawn watering schedule: <b>DESIGNATED DAYS &amp; HOURS ONLY</b>   | Whenever system failures are imminent or there are outages, Aqua Texas will activate the <b>Stage III</b> measures of its UDCP. <b>TWICE WEEKLY SCHEDULE DESIGNATED DAYS &amp; HOURS ONLY</b>   |
| <p><b>Actions required of Customers</b></p> <ul style="list-style-type: none"> <li>Continued water conservation practices and voluntary reductions in water use in general. Mandatory compliance with "Required Reductions" listed below.</li> </ul> <p><b>Actions initiated by Aqua Texas</b></p> <ul style="list-style-type: none"> <li>Flushing is limited to dead end mains and then only to maintain water quality.</li> <li>Check for and promptly fix leaks.</li> </ul> <p><b>Required Customer Restrictions</b></p> <ul style="list-style-type: none"> <li>Automatic Irrigation Systems WATERING SCHEDULES<br/><b>Midnight to 4:00 a.m.</b><br/><b>7:00 a.m.-10 a.m. &amp; 8:00 p.m. to Midnight</b></li> <li>Hose End Sprinkler– <u>Same as above</u></li> <li>Hand Held Hose, faucet filled bucket or watering can - Watering landscaped areas allowed <u>ANY DAY at designated hours</u>. Please avoid unattended hoses.<br/><b>Midnight to 10:00 a.m.</b><br/><b>7:00 p.m. to Midnight</b></li> <li>Soaker Hoses – Landscaped areas, <u>ANY DAY</u> from:<br/><b>Midnight to 10:00 a.m.</b><br/><b>8:00 p.m. to Midnight</b></li> <li>Car washing - bucket or hand-held hose with automatic shut-off; 1 time every other week, or use a commercial car wash.</li> <li>No washing of driveways, sidewalks, or streets.</li> <li>No new filling or refilling of pools, but topping off of existing pools allowed on designated days.</li> </ul> | <p><b>Actions required of Customers</b></p> <ul style="list-style-type: none"> <li>Continued water conservation practices and voluntary reductions in water use in general. Mandatory compliance with "Required Reductions" listed below.</li> </ul> <p><b>Actions initiated by Aqua Texas</b></p> <ul style="list-style-type: none"> <li>Flushing is limited to dead end mains and then only to maintain water quality.</li> <li>Check for and fix leaks promptly.</li> </ul> <p><b>Required Customer Restrictions</b></p> <ul style="list-style-type: none"> <li>Automatic Irrigation System WATERING SCHEDULES<br/><b>Midnight to 4:00 a.m.</b><br/><b>8:00 p.m. to Midnight</b></li> <li>Hose End Sprinkler – <b>Midnight to 4:00 a.m.; 7:00 p.m. to Midnight</b></li> <li>Hand Held Hose, faucet filled bucket or watering can - Watering landscaped areas allowed <u>ANY DAY at designated hours</u>. <u>No unattended hoses</u>.<br/><b>7:00 a.m. to 10:00 a.m.</b><br/><b>7:00 p.m. to 10:00 p.m.</b></li> <li>Soaker Hoses – Landscaped areas, <u>no lawns, ANY DAY</u> from:<br/><b>Midnight to 10:00 a.m.</b><br/><b>8:00 p.m. to Midnight</b></li> <li>No washing of <u>cars</u>, driveways, sidewalks, or streets.</li> <li>No new filling or refilling of pools, but topping off of existing pools allowed on designated days.</li> </ul> <p><b>Customer Consumption Limit:</b><br/>Aqua Texas can establish a monthly customer consumption limit if necessary to ensure meeting required reduction.</p> | <p><b>Actions required of Customers</b></p> <ul style="list-style-type: none"> <li>Continued water conservation practices and voluntary reductions in water use in general. Mandatory compliance with "Required Reductions" listed below.</li> </ul> <p><b>Actions initiated by Aqua Texas</b></p> <ul style="list-style-type: none"> <li>Flushing is limited to dead end mains and then only to maintain water quality.</li> <li>Check for and fix leaks promptly.</li> </ul> <p><b>Required Customer Restrictions</b></p> <ul style="list-style-type: none"> <li>Automatic Irrigation System –</li> </ul> <p><b>Prohibited at all times!</b></p> <ul style="list-style-type: none"> <li>Hose End Sprinklers– <b>Prohibited always!</b></li> <li>Hand Held Hose – <b>Prohibited at all times!</b></li> <li>Watering Can - Landscaped areas &amp; pot plants – <b>ONLY DESIGNATED DAYS</b><br/><b>7:00 a.m. to 9:00 a.m.</b><br/><b>7:00 p.m. to 9:00 p.m.</b></li> <li>Soaker Hoses – <b>FOUNDATIONS ONLY DESIGNATED DAYS</b><br/><b>6:00 a.m. to 9:00 a.m.</b><br/><b>7:00 p.m. to 10:00 p.m.</b></li> <li>No washing of cars, drives, streets, sidewalks.</li> <li>No new filling, refilling, or topping off of pools.</li> <li>No non-essential use, i.e., decorative fountains.</li> <li>Newly planted trees or shrubs <u>ANY DAY</u>: soaker bag or watering can.</li> </ul> <p><b>Customer Consumption Limit:</b><br/>Aqua Texas can establish a monthly customer consumption limit if necessary to ensure meeting required reduction.</p> |
| <p><b>Penalties or Consequences</b></p> <ul style="list-style-type: none"> <li>Warnings for excessive consumption.</li> <li>Installation of flow restrictors for <u>2nd violation</u> of Stage I Restrictions.</li> <li>Service cutoff &amp; reconnection fee for <u>3rd violation</u> of Stage I Restrictions</li> </ul>   | <p><b>Penalties or Consequences</b></p> <ul style="list-style-type: none"> <li>Warnings for excessive consumption.</li> <li>Installation of flow restrictors for <u>2nd violation</u> of Stage I Restrictions.</li> <li>Service cutoff &amp; reconnection fee for <u>3rd violation</u> of Stage I Restrictions</li> </ul>  | <p><b>Penalties or Consequences</b></p> <ul style="list-style-type: none"> <li>Installation of flow restrictors for <u>1st violation</u> of Stage III Restrictions.</li> <li>Service cutoff &amp; reconnection fee for <u>2nd violation</u> of Stage III Restrictions.</li> </ul>   |

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CCN 11157 JUL 24 '07

APPROVED TARIFF BY RL/LF



Return Signed Application to:  
 762 W. Lancaster Avenue  
 Attn: Correspondence  
 Bryn Mawr PA 19010 or fax to (866) 530-7560  
 (We must receive front and back page showing signature)

APPLICATION MUST BE COMPLETED, SIGNED AND RETURNED TO AQUA PRIOR TO SERVICE TURN ON

**AQUA TEXAS, INC.**  
 APPLICATION FOR SERVICE/SERVICE AGREEMENT

|                                |                         |                      |  |
|--------------------------------|-------------------------|----------------------|--|
| <b>COMPANY USE ONLY:</b>       |                         |                      |  |
| Dist/System: _____             | Premises No. _____      | W/WW/B _____         |  |
| Cust. No. _____                | Sequence No. _____      | Work Order No. _____ |  |
| Work Order Date ____/____/____ | Date Set ____/____/____ |                      |  |

Name of Applicant(s): \_\_\_\_\_ (Please Print)

Social Security No. \_\_\_\_\_ Driver's License No. \_\_\_\_\_

Employer: \_\_\_\_\_ Spouse's Name: \_\_\_\_\_

Closing/Lease Date: \_\_\_\_\_ Are you \_\_\_\_\_ Buying or \_\_\_\_\_ Renting?

Service Address: \_\_\_\_\_ (Street)

\_\_\_\_\_  
 (City, State, Zip)

Billing Address: \_\_\_\_\_ (Street)

(If different)

\_\_\_\_\_  
 (City, State, Zip)

Telephones: Home: (\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_) \_\_\_\_\_ Cell: (\_\_\_\_) \_\_\_\_\_

Is the water currently on? \_\_\_\_\_ Yes \_\_\_\_\_ No

Have you ever been an Aqua customer? \_\_\_\_\_ Yes \_\_\_\_\_ No

If Yes, at what address? \_\_\_\_\_  
 (Street, City, State, Zip)

**PURPOSE:** Aqua Texas, Inc. (Aqua) is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration and for providing water and/or sewer utility service in accordance with Texas Commission on Environmental Quality (TCEQ) rules and regulations. This service agreement is intended to notify each applicant/customer of applicable plumbing restrictions to protect the public's health and welfare and to establish the terms under which retail water and/or sewer utility service will be provided.

**AGREEMENT BETWEEN AQUA AND APPLICANT/CUSTOMER:**

- A. Each applicant must sign this agreement before Aqua will begin water service (or sewer service where applicable). In addition, when service to an existing connection has been suspended or terminated, Aqua will not reestablish service unless it has a signed copy of this agreement from the customer seeking to be reconnected and the customer has met all other lawful conditions required for the restoration of utility service.
- B. Aqua agrees to sell and deliver water to the applicant/customer and the applicant/customer agrees to purchase and receive water from Aqua in accordance with the rules and regulations of Aqua in its approved tariff on file with the TCEQ, the Chapter 291 Regulations of TCEQ, and any municipality within which Aqua operates.
- C. The applicant/customer grants Aqua the right to install the water meter and the pipe and appurtenances necessary to connect the meter on the property of the applicant/customer at a point mutually agreeable to Aqua and the applicant/customer. The applicant/customer will allow Aqua access at all reasonable times to its property and equipment located upon the applicant/customer's premises for the purpose of reading the water meter, repairing or replacing existing facilities.
- D. The applicant/customer will install, at his own expense, a service line from the water meter including a cutoff valve on the applicant/customer's side of the meter. The applicant/customer will be responsible for the maintenance and repair of this service line.

and will hold Aqua harmless from any claims/demands for damage to real or personal property occurring beyond the point the applicant/customer connects to the water meter.

- E. If the applicant/customer's property does not have a designated easement, the applicant/customer agrees to grant Aqua an easement/right of way for the purpose of installing, maintaining and operating such pipe lines, meters valves and any other equipment which may be deemed necessary for the provision of the utility and service to that applicant/customer. Aqua will restore the applicant/customer's property as nearly as possible to its original condition after installations or repairs. The applicant/customer agrees not to interfere with Aqua's employees in the discharge of their duties. The applicant/customer agrees not to tamper with or interfere with any of the equipment installed on the applicant/customer's premises.
- F. Applicants for water service where service has not been previously provided must submit a completed Customer Service Inspection certificate signed by a licensed inspector within 30 days after service is initiated to certify that there are no cross connections or other potential sources of contamination. Failure to submit the completed form is grounds for termination of service.
- G. The applicant/customer shall grant Aqua access to his property during regular business hours to check the applicant/customer's facilities for illegal connections, unsafe plumbing practices, or cross connections in compliance with the Chapter 290-Regulations of the TCEQ when there is reason to believe that cross connection or other potential contamination hazards exist, or after any alterations to the applicant/customer's plumbing system.
- H. If Aqua notifies a customer in writing of any cross-connection or a potential contamination hazard, the customer shall immediately remove or adequately isolate any cross-connections or potential contamination hazards. If a customer/applicant chooses to isolate a potential hazard, the applicant/customer shall, at his expense, properly install, test and maintain a backflow prevention device required by Aqua. Copies of all required testing and maintenance records shall be provided to Aqua for TCEQ review.
- I. No application, agreement, or contract for service may be assigned or transferred without the written consent of Aqua.
- J. Enforcement: If the applicant/customer fails to comply with the terms of this Service Agreement, Aqua may terminate service in accordance with the Chapter §291 TCEQ Rules. If the customer violates the "RESTRICTIONS" below or if there are potential cross connections or other potential contamination hazards that the customer refuses to immediately remove or adequately isolate, Aqua, at its option, may terminate service or install, test and maintain a backflow prevention device at the service connection. Any costs associated with the installation, testing or maintenance of a backflow device must be paid by the applicant/customer.
- K. All water will be measured and billed by meters, furnished, installed, owned and maintained by Aqua. The meter and/or connection are for the sole use of the applicant/customer to serve water to one dwelling, business or property. The applicant/customer shall not share, resell, or sub-meter water to another dwelling, business, property, etc. without the specific written authorization of Aqua and in compliance with applicable laws and regulations. All meters, water and or/sewer lines and other equipment furnished by Aqua (excepting the applicant/customer's individual service line from the point of connection to the applicant/customer's point of ultimate use) are and shall remain the sole property of Aqua. All tap charges are for the privilege of receiving retail service from Aqua, not purchase of meters or lines.

**RESTRICTIONS:** The following unacceptable practices are prohibited by Aqua and Chapter 290, TCEQ regulations.

- A. No direct connection between the public-drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by air-gap or an appropriate backflow prevention device.
- B. No cross connection between the public-drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
- C. No connection, which allows water to be returned to the public-drinking water supply, is permitted.
- D. No pipe or pipe-fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection, which provides water for human use.
- E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection, which provides water for human use.

**LIMITATION OF PRODUCT/SERVICE LIABILITY:** Public water utilities are required to deliver water to the customer's side of the meter or service connection which meets potability and pressure standards of TCEQ. Aqua will not be damaged by disruption of or fluctuations in water service whatever the cause. Aqua will not accept liability for injuries or damages to persons or property due to disruption of water service caused by: (1) acts of God (2) acts of third parties not subject to the control of the Utility if the Utility has undertaken such preventive measures as are required by TCEQ rules, (3) electrical power failures, or (4) termination of water service pursuant to its tariff and TCEQ rules.

**FIRE PROTECTION:** Aqua is not required by law and does not provide fire protection or fire fighting services and does not accept liability for fire-related injuries or damages to persons or properties caused or aggravated by the availability (or lack thereof) of water or water pressure (or lack thereof) during fire emergencies. Aqua may (but is not required to) contract with individual applicants to provide water service capacities to their properties in excess of the TCEQ's domestic water system regulations so that such water volumes and pressures may be used by the applicant or local fire department (at their sole election and responsibility) for fire fighting purposes. Additional water service capacities shall be provided only in response to and according to plans and specifications prepared by the applicant's registered professional engineer. Aqua does not profess, state, warrant, guarantee, or imply that such additional water service capability is compliant with any state or local fire code or is adequate or sufficient for fire fighting

**SEWER SERVICE:** Aqua only provides "sewage" collection and disposal to the public in certain areas. This service is limited to the collection, treatment and disposal of waterborne human waste from domestic activities such as washing, bathing and food preparation and does not include collection, treatment or disposal of high BOD or TSS waste that cannot be reasonably processed by Aqua's state-approved wastewater treatment within the parameters of its state and federal wastewater discharge permits. This service does not include collection and disposal of storm waters or run off waters. No run off, roof drains, grease, oil, solvent, paint, or other toxic chemical compound may be diverted into or drained into the collection system.

APPLICANT/CUSTOMER SIGNATURE: \_\_\_\_\_ DATE \_\_\_\_\_



Favor de enviar la solicitud firmada a:  
 762 W. Lancaster Avenue  
 Attn: El departamento de transferencia de cuenta de cliente  
 Bryn Mawr PA 19010 ó al número de fax: 1-866-530-7560  
 (Debemos recibir el frente y la contraportada que muestra la firma)

Antes de que el servicio sea conectado llene, firme v envíe esta solicitud.  
 ES ACONSEJADO POR FAVOR QUE UN HONORARIO de ACTIVACION POR SERVICIO ES AÑADIDO A la CUENTA de EL PRIMER MES.

**AQUA TEXAS, INC.**  
**SOLICITUD DE SERVICIO/ACUERDO DE SERVICIO**

Para USO único de la COMPAÑIA:  
 Dist/System: \_\_\_\_\_ Premises No. \_\_\_\_\_ W/WW/B \_\_\_\_\_  
 Cust. No. \_\_\_\_\_ Sequence No. \_\_\_\_\_ Work Order No. \_\_\_\_\_  
 Work Order Date \_\_\_\_/\_\_\_\_/\_\_\_\_ Date Set \_\_\_\_/\_\_\_\_/\_\_\_\_

Nombre del solicitante \_\_\_\_\_  
 (Use letra de molde)

Número de Seguro Social \_\_\_\_\_ Número de licencia. \_\_\_\_\_

Nombre del empleador: \_\_\_\_\_ Nombre del(a) esposo(a) \_\_\_\_\_

Fecha del contrato de compra/renta: \_\_\_\_\_ Esta comprando? \_\_\_\_\_ Esta rentando? \_\_\_\_\_

Dirección de la casa: \_\_\_\_\_ (número y calle)  
 \_\_\_\_\_ (ciudad, estado, código postal)

Dirección a donde desea que se le envíe la factura/recibo: \_\_\_\_\_ (número y calle)  
 \_\_\_\_\_ (ciudad, estado, código postal)

Número del teléfono de la casa: (\_\_\_\_) \_\_\_\_\_

Número de fax: (\_\_\_\_) \_\_\_\_\_ Número de celular: (\_\_\_\_) \_\_\_\_\_

Tiene agua? \_\_\_\_\_ Sí \_\_\_\_\_ No

Ha sido alguna vez cliente de Aqua? \_\_\_\_\_ Sí \_\_\_\_\_ No

Si contesto sí, cuál fue la dirección? \_\_\_\_\_  
 \_\_\_\_\_ (número y calle, ciudad, estado, código postal)

**Propósito:** Aqua Texas, Inc. (Aqua) es responsable de mantener el agua potable libre de contaminación causada por la mala construcción del sistema de plomería y de proveer el servicio de agua y/o drenaje de acuerdo con la normatividad de la Comisión de Calidad Ambiental del Estado de Texas (TCEQ). El propósito o intención de este Acuerdo de Servicio es el de notificar al solicitante o cliente de las restricciones de plomería vigentes para proteger la salud pública y establecer los terminos bajos los cuales los servicios de agua y drenaje serán proporcionados.

**Acuerdo entre Aqua y el cliente:**

- A. Cada solicitante debe de firmar el acuerdo antes de que Aqua proporcione el servicio de agua y/o drenaje. Si el servicio ha sido cortado o desconectado, Aqua no restablecerá el servicio hasta que se haya recibido otra copia de este Acuerdo firmada por el cliente que pida la restauración del servicio y hasta que el cliente haya cumplido con todos los requisitos que la ley require.
- B. Aqua proveerá y venderá agua al solicitante/cliente y el solicitante/cliente está de acuerdo en recibir y comprar agua de Aqua conforme a la normatividad de Aqua, la tarifa aprobada por TCEQ, Capítulo 291 de la Normatividad de TCEQ y la municipalidad operada por Aqua.
- C. El solicitante/cliente otorga el derecho a Aqua a instalar el medidor de agua, tubería y demás equipo necesario para conectar el medidor en la propiedad del solicitante/cliente en un lugar o punto de mutuo acuerdo entre ambas partes. El solicitante/cliente debe permitir al personal de Aqua el acceso, en horas hábiles, a la propiedad y al equipo instalado en la propiedad del solicitante/cliente con el propósito de leer el medidor y/o reparar o cambiar el equipo.
- D. El solicitante/cliente instalará, por su propia cuenta y costo, la línea de servicio del medidor de agua a la residencia incluyendo una válvula para cortar el servicio. El solicitante/cliente será responsable del mantenimiento y reparación de esta línea de servicio y no



promoverá demandas en contra de Aqua por daños y perjuicios causados a propiedad personal o inmobiliaria mas allá del punto de conexión del medidor de agua.

- E. Si la propiedad del solicitante no tiene una zona de servicio (easement), el solicitante/cliente otorgará a Aqua una zona de servicio para instalar, mantener y operar las líneas/tuberías, válvulas y cualquier equipo que sea necesario para proveer el servicio al solicitante/cliente. Aqua restaurará el área afectada a su condición original lo mejor posible una vez terminada la instalación o reparación. El solicitante/cliente estará de acuerdo en no interferir con ningún empleado de Aqua cuando este esté cumpliendo con su deber. El solicitante/cliente estará de acuerdo en no alterar el equipo que esté instalado en la propiedad del solicitante/cliente.
- F. El solicitante del servicio de agua donde no haya habido este servicio con anterioridad deberá proporcionar dentro de los 30 días después de iniciado el servicio, un Certificado de Inspección de Servicio al Cliente (Customer Service Inspection) firmado por un inspector con licencia, para certificar que no existe un "cross connection" u otras formas potenciales de contaminación. Si el certificado no se recibe dentro de los 30 días, el servicio será desconectado. "Cross connection" es una conexión de una línea de agua potable con otra línea de agua de calidad desconocida; por ejemplo, agua de un pozo privado.
- G. El solicitante/cliente permitirá al personal de Aqua el acceso a su propiedad durante horas hábiles para asegurar que no existen conexiones ilegales, plomería que no cumpla con cualquier norma o "cross connections". Esto de conformidad con el Capítulo 290 de la normatividad de TCEQ siempre y cuando exista razón para creer que existe "cross connection" u otra forma potencial de contaminación o modificaciones al sistema interno de plomería en la residencia del solicitante/cliente.
- H. Si Aqua le notifica por escrito de la existencia de un "cross connection" o de otra forma potencial de contaminación, el cliente deberá de quitar o aislar dicha "cross connection" o fuente potencial de contaminación. Si el cliente elige aislar la fuente potencial de contaminación, el cliente deberá instalar, checar y dar mantenimiento a un aparato o equipo de contraflujo "backflow prevention device". Copias de todos los certificados de prueba y registros de mantenimiento deberán ser enviados a Aqua para que TCEQ los revise.
- I. Ninguna Solicitud, Acuerdo o Contrato de Servicio puede ser transferido a otro cliente sin una aprobación de Aqua por escrito.
- J. Si el solicitante/cliente no cumple con todas las cláusulas de este Acuerdo, Aqua podrá poner fin al servicio de acuerdo al Capítulo 291 de la normatividad de TCEQ. Si el cliente viola las "Restricciones" establecidas mas abajo o si existen "cross connections" u otras formas potenciales de contaminación a las cuales el cliente se niega a quitar o aislar de manera satisfactoria, Aqua podría ejercer la opción de poner fin al servicio o instalar, checar y dar mantenimiento a un equipo contra flujo en el punto de conexión. Todos los costos de instalación, pruebas y mantenimiento deberán ser cubiertos o pagados por el solicitante/cliente.
- K. Toda el agua es medida por medidores/contadores propiedad de Aqua. Aqua proveerá, instalará y le dará mantenimiento al medidor. El medidor y/o conexión es para un solo solicitante/cliente y para uso exclusivo de una sola residencia, negocio o propiedad. El solicitante/cliente no podrá compartir o revender agua a otra residencia, negocio o propiedad, etc., sin la autorización por escrito de Aqua y siempre y cuando se cumpla con la normatividad correspondiente. Todos los medidores, líneas de agua y drenaje y cualquier otro equipo de Aqua (excepto la línea del solicitante/cliente que comienza desde el punto de conexión al medidor hasta el lugar donde el cliente la usa) seguirán siendo propiedad de Aqua. Todos los cargos de conexión son costos asociados con el privilegio de comprar agua de Aqua al menudeo y no por la compra del medidor o las líneas de agua.

**Restricciones:** Lo siguiente está prohibido por Aqua y el Capítulo 290 de la normatividad de TCEQ.

- A. No se permite que exista una conexión directa entre el agua potable y una fuente potencial de contaminación. Cualquier fuente potencial de contaminación debe ser desconectada del sistema de agua potable o aislada con un equipo contraflujo.
- B. No se permiten las "cross connection" entre el agua potable y cualquier sistema de agua privada (por ejemplo pozo privado). Estas fuentes potenciales de contaminación para el agua potable deberán ser eliminadas en el punto de conexión a través de la instalación de un equipo contraflujo con presión reducida o con la desconexión de ambas líneas.
- C. Está prohibido que alguna conexión permita que el agua regrese al sistema de agua potable.
- D. Está prohibido que cualquier tubería o conexiones que sean instaladas o usadas para reparar líneas internas y que suministren agua para consume humano, contengan más de 0.8% de plomo.
- E. Está prohibido el uso de soldadura que contenga más de 0.2% de plomo en la instalación o reparación de plomería que suministre agua para el consumo humano.

**Limitación del producto/responsabilidad de servicio:** Las compañías de agua potable deben entregar al medidor en el lado del cliente agua que cumpla con los estándares de presión y potabilidad establecidos por TCEQ. Aqua no puede ser demandado por interrupciones o fluctuaciones en el servicio de agua cualquiera que fueran las causas. Aqua no aceptará ser responsable por lesiones o daños a personas y propiedad debido a la interrupción del servicio de agua causados por: 1) actos de Dios, 2) actos de terceros no sujetos al control de la compañía de servicio público si la compañía de servicio público ha tomado medidas preventivas requeridas por la normatividad de TCEQ, 3) fallas en el suministro de energía eléctrica o 4) cancelación del servicio debido a la tarifa o normatividad de TCEQ.

**Protección contra fuego:** Aqua no está obligada por la ley a proveer agua para protección en contra de incendios o servicio de bomberos y no acepta responsabilidad en lesiones o daños a personas o propiedades causados por fuego/incendios. Tampoco acepta la responsabilidad de fuegos/incendios causados o agravados por la falta de agua o presión ante emergencias de fuego/incendio. Aqua podrá (mas no está obligada a) acordar con ciertos solicitantes dar servicio de agua a sus propiedades en cantidades mayores a las establecidas por la normatividad de TCEQ para que estas cantidades de agua y de presión de agua puedan ser usados por el solicitante o el departamento local de bomberos (a su completa discreción y responsabilidad) para uso en la lucha contra incendios. Las cantidades adicionales de agua serán dadas unicamente en respuesta a y de acuerdo con los planos y especificaciones preparados por un ingeniero profesional registrado. Aqua no profesa, declara, garantiza, o dice que dicha cantidad adicional de agua cumple con algún código local o estatal contra incendio o es suficiente para luchar en contra de incendios.

**SERVICIO DE DRENAJE:** Aqua ofrece solamente el servicio de drenaje o alcantarillado público en ciertas areas. Este servicio es limitado a la recolección, tratamiento y eliminación de excrementos humanos y de actividades domésticas como bañarse y de la preparación de comida y no incluye la recolección, tratamiento y eliminación de desechos con concentraciones altas de DOB o SST que no puedan ser tratados por las plantas de tratamiento y afecte el cumplimiento de los parámetros de descarga establecidos en los permisos estatales y federales de descarga. Este servicio tampoco incluye la recolección o eliminación de agua pluvial. No se permite que se descargen los desagues de jardines, techos de casas, grasas, aceites, solventes, pinturas u otros compuestos químicos tóxicos en el sistema de drenaje.

Firma de applicant: \_\_\_\_\_

Fecha: \_\_\_\_\_

**Attachment 1**  
**RATE APPLICATION OVERVIEW**  
**Aqua Texas**  
**North Texas Region**

**Overview**

This Application requests a Rate/Tariff Change (“Rate Application”) for Aqua Texas’ water utility operations in its North Texas Region, which consists of about 16,467 active water customer connections in 22 counties throughout north Texas.<sup>1</sup> This is Aqua Texas’ first application for a rate increase in the North Region since May 2004. The Rate Application has been filed with the Texas Commission on Environmental Quality (“TCEQ”) and with the 7 cities in the North Region in which Aqua Texas provides water utility service. The current and proposed rates can be found in the Notice section of this Application. Because this Rate Application is for water utility services only, it does not impact Aqua Texas’ wastewater customers.

**I. Investments and Improvements to Aqua Texas Water Systems in the North Region Since 2004**

Since Aqua Texas’ last rate application in 2004, the company has invested over \$36 million dollars in improvements to water systems throughout the North Region. Most of that amount was spent on capital improvements, such as wells, treatment plants, and water mains, to improve water quality, service and reliability for customers throughout north Texas and to continue meeting increasingly stringent state and federal environmental standards. This Rate Application will allow Aqua Texas to recover approximately \$36.1 million in invested capital. The Rate Application will also include increases in operating costs that have occurred over the past seven years. The Rate Application seeks an overall North Region rate increase of approximately \$4.34 million per year. The capital investments and improvements outlined above account for about 85% of the rate increase.

**II. Regionalization, Rate Design and Bill Impacts**

In 2008, the TCEQ issued a Final Order from the last rate case approving Aqua Texas’ 2004 rate application. The 2008 TCEQ Final Order approved a regional approach to utility rates and services. Among other things, the TCEQ determined that a regional approach to utility rates and services provides important benefits such as economies of scale and cost savings that result in better, more efficient customer service. Aqua Texas has followed the TCEQ’s regional approach in this Rate Application.

In the 2008 Final Order, the TCEQ also approved two surcharges totaling \$12.44. These surcharges were ordered by the TCEQ to allow Aqua Texas to recover certain deferred expenses. The larger of the two surcharges, which was \$9.94 per month, recovered utility operating

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<sup>1</sup> These figures do not include the 772 connections served by Aqua Texas’ Buffalo Creek Utility water system in Rockwall County. Aqua Texas will file a separate rate application for this system as discussed in Section III.E. of this Attachment 1.

expenses that were deferred during the last rate case to prevent customers from having a large rate increase all at once. If those expenses had not been deferred, they would have been included in Aqua Texas' base rate. The \$9.94 surcharge was eliminated from customer bills earlier this year. The second surcharge, which was \$2.50 per month, was eliminated from customer bills over a year ago. Thus, for close to a year, Aqua Texas customer bills have not included surcharges totaling \$12.44 that were approved in its last rate case and collected over a two-year period.

In this Rate Application, Aqua Texas proposes to increase the "base" rate (the basic monthly minimum charge) for most<sup>2</sup> North Region customers by \$11.17. Customers will pay approximately \$1.27 per month less in monthly charges (excluding volumetric usage charges that vary by customer usage) than they paid during the two years of surcharges. Aqua Texas also proposes to increase the overall charges per 1,000 gallons by approximately \$1.54 in part for increases in purchased water and pumping fees and to encourage water conservation.

Aqua Texas is proposing a new rate design which divides the charges per 1,000 gallons used (*i.e.* the volumetric rates) into two separate charges. The proposed charges per 1,000 gallons used will consist of a Gallonage Charge and a separate Regional Pass-Through Gallonage Charge of \$0.2384. The Regional Pass-Through Gallonage Charge will allow recovery of certain types of mandatory costs incurred by Aqua Texas, such as groundwater assessment fees that are assessed by governmental authorities or purchased water charges from third-parties. Aqua Texas will pass those costs and future increases to those costs through directly to the customer. The other Gallonage Charge, along with Aqua Texas' base rate, will serve to recover costs incurred by Aqua Texas not covered by the Regional Pass-Through Gallonage Charge. This rate design provides rate transparency so that the customer can easily determine the basis for any rate increase.

### **III. Rate Application Issues**

This Rate Application includes certain issues that are unique to the North Region. To assist the TCEQ and Aqua Texas' customers in understanding this Rate Application, Aqua Texas is providing additional information and explanation beyond what is required in the TCEQ's application form. Below is a brief discussion and explanation of those issues.

#### **A. Normalization of Water Usage**

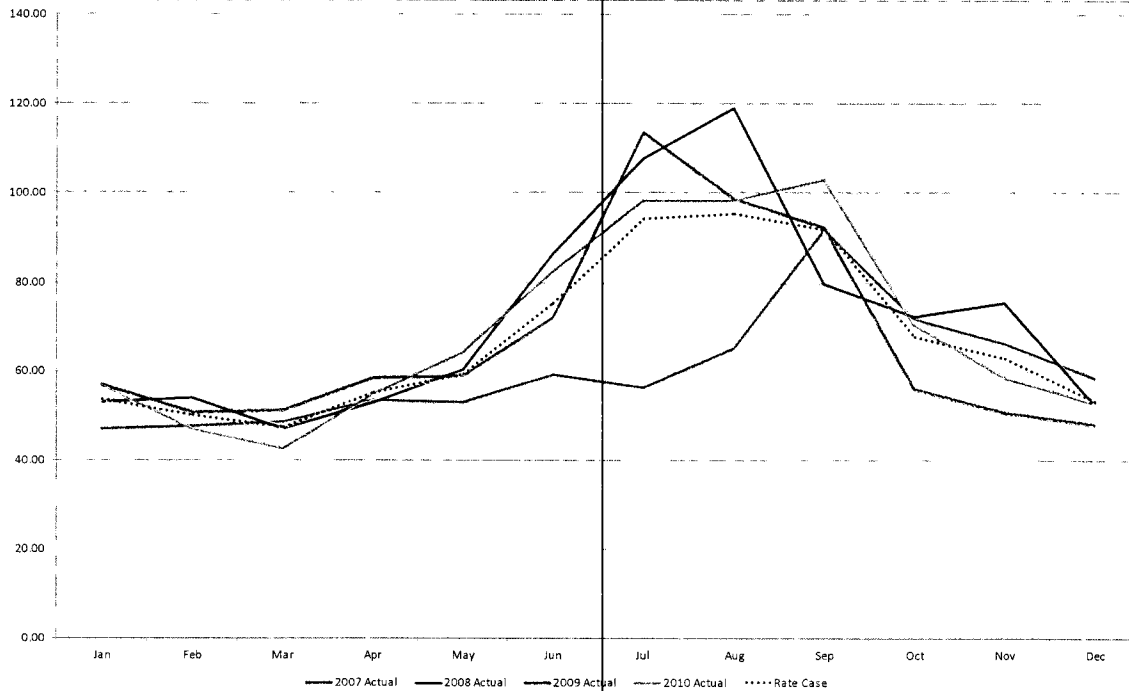
In recent years, Aqua Texas' North Region has seen substantial variation in water use due to extreme weather patterns. At one end of the spectrum, 2007 was a very wet year and generally resulted in water sales that were lower than normal. At the other end of the spectrum, 2009 was extraordinarily hot and dry, which generally resulted in water sales that were higher than normal. This Rate Application uses "normalization" to smooth out the extremes that have been experienced in recent years to create a more consistent and accurate calculation of "normal

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<sup>2</sup> About 11 systems/service areas located in Aqua Texas' North Region and affected by this Rate Application are subject to rates and tariffs that are different than the rest of the North Region. In line with Aqua Texas' regional approach to rates, the Rate Application seeks rates and tariff provisions that will apply to nearly all Aqua Texas' North Region systems. The Notice provides specific bill comparisons that show the rate impact customers served by each of Aqua Texas' acquired systems may expect in addition to the bill comparison provided for the rest of Aqua Texas' affected North Region customers.

water usage”. This practice of normalization to account for weather fluctuations is routinely used in electric and gas rate cases before the Public Utility Commission of Texas and the Texas Railroad Commission and is customary in a number of other jurisdictions across the country as well. The dotted black line below demonstrates the average normalized volumetric usage per customer proposed in this Rate Application which reflects the average of actual usage per customer during 2007, 2008, 2009, and 2010.

**Aqua Texas North Region Average Usage Per Customer (2007 - 2010) vs. Rate Case Average Usage Per Customer**



|             | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul    | Aug    | Sep    | Oct   | Nov   | Dec   |
|-------------|-------|-------|-------|-------|-------|-------|--------|--------|--------|-------|-------|-------|
| 2007 Actual | 47.06 | 47.69 | 48.50 | 53.47 | 53.11 | 59.17 | 56.38  | 65.22  | 91.93  | 71.88 | 66.34 | 58.56 |
| 2008 Actual | 53.32 | 54.09 | 47.33 | 53.05 | 60.51 | 66.65 | 107.95 | 119.13 | 79.93  | 72.60 | 75.67 | 52.74 |
| 2009 Actual | 57.02 | 50.82 | 51.23 | 58.62 | 58.92 | 72.12 | 113.61 | 98.69  | 92.26  | 56.06 | 50.75 | 48.11 |
| 2010 Actual | 56.89 | 47.04 | 42.58 | 54.87 | 64.33 | 82.58 | 98.34  | 98.25  | 102.88 | 70.55 | 58.63 | 52.79 |
| Rate Case   | 53.57 | 49.91 | 47.41 | 55.00 | 59.22 | 75.13 | 84.07  | 95.32  | 91.75  | 67.77 | 62.85 | 53.05 |

**B. Use of NARUC Accounts**

TCEQ rules provide that a Class A Utility (a utility with annual operating revenues exceeding \$750,000.00) is authorized to keep its books and records according to the National Association of Regulatory Utility Commissioners (“NARUC”) chart of accounts. See 30 TEX. ADMIN. CODE §291.72. Aqua Texas’ books and records have been maintained in accordance with the NARUC chart of accounts in accordance with that approved methodology. However, Aqua Texas has presented most of its accounting information in this Rate Application in a manner that accommodates TCEQ’s application form. The TCEQ application form does not fully track the NARUC chart of accounts system. With the exception of plant accounts, the work papers presented in this Rate Application will assist in reconciling the amounts presented in this Rate Application with Aqua Texas’ books and records for the test year period (January 1, 2010 to December 31, 2010). In contrast, plant accounts are presented in summary form according to the NARUC chart of accounts.

Aqua Texas is also submitting a depreciation study with its Rate Application. The study complies with the recently adopted requirements found in 30 TEX. ADMIN. CODE §291.31(c)(2)(B)(i)(II) and supports Aqua Texas' use of group depreciation in conformance with NARUC accounting practices.

#### **C. Aqua Texas' Request for an 8.59% Weighted Rate of Return**

The TCEQ's 2008 Final Order approved a weighted rate of return of 8.44% for Aqua Texas. This Rate Application seeks essentially the same return – a weighted rate of return of 8.59% – that the Commission approved in 2008. This relatively low weighted rate of return reflects Aqua Texas' ability to utilize Aqua America's low interest rates for debt. The benefit of those low interest rates is then passed along to Aqua Texas' customers.

The 8.59% weighted rate of return in this Rate Application reflects the same return on equity as the TCEQ approved in 2008 and a slightly higher cost of debt compared to the last rate application. Attachment 4 is an analysis of Aqua Texas' cost of capital and supports a rate of return on equity of approximately 12%. The analysis reflected in Attachment 4 has been conducted in a manner that is consistent with Texas utility regulations and with regulations in other jurisdictions where Aqua America operates. Notwithstanding the analysis in Attachment 4 supporting a return on equity in excess of 12%, Aqua Texas has applied for the same return on equity that the Commission recently approved in 2008.

#### **D. Acquired Systems**

Several North Region Aqua Texas systems were acquired since Aqua Texas' last rate case. **Aqua Texas is not requesting recovery of acquisition adjustment amounts in this Rate Application.** Instead, in line with the Texas Water Code and TCEQ rules, Aqua Texas has booked the acquired system assets at their original cost when first committed to public service. If original cost records were not available, Aqua Texas used trended original cost studies. These types of studies have been reviewed and accepted by the TCEQ in past rate matters. Consolidation of the acquired systems into Aqua Texas' regional tariff for rate-setting purposes is addressed in Attachment 3.

#### **E. Other Systems**

Aqua Texas notes that it is not seeking a rate/tariff change in this Rate Application for two systems. In the future, Aqua Texas may file separate rate/tariff change application affecting these systems, but not as part of this Rate Application.

Aqua Texas has not included Buffalo Creek Utility water system in this Rate Application. A special rate region is being created for this system, which is located within the City of Rockwall, Texas.

Aqua Texas has not included the recently acquired Carrizo Water Corp Forest Grove ("Carrizo") (PWS ID No. 1070074) water system and interconnected Blue Water Key Water System (Deleted/Dissolved PWS ID No. 1070107) ("Blue Water Key") in this Rate Application. These systems are located in Henderson County, Texas and function as one water system. This system was not acquired until the very end of the test year for this Rate Application.

#### **IV. Miscellaneous Revisions to Current Tariff Service Provisions**

Aqua Texas is proposing a few minor revisions to current tariff service provisions approved in its last rate case. The revisions are presented in a document included with the Application, which compares the proposed tariff with Aqua Texas' current tariff. The changes to the existing tariff are denoted in the colored text.

On pages 17 and 22 Aqua Texas proposes language to further clarify its current service policy that its standard retail water utility service does not include water supply for fire prevention, fire flow, or fire protection. On page 22, Aqua Texas is proposing alternative language to its current "Specific Utility Extension Policy" related to sanitary control that may impact developers submitting service extension requests, but not other types of service extension requests. On page 17, Aqua Texas is proposing an "act of God" exception to its policy of prorating bills for lost service in the event of a service interruption or serious impairment. On page 8, Aqua Texas is proposing language to address additional methods of payment. On pages 15 and 16, Aqua Texas is proposing language to specify policies with respect to electronic billing and payment. Aqua Texas is also proposing other minor revisions to reflect Aqua Texas service policies and to correct typographical and formatting errors that appear in its current tariff.

#### **V. Request for North Region Water Rate Base Determination**

Finally, Aqua Texas was instructed by TCEQ staff to specifically request that TCEQ determine its rate base amount during its review of this application, if desired. Aqua Texas hereby requests a North Region water rate base determination by TCEQ as part of this application.

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010  
 WP-CIAC Dev

DEVELOPER CIAC DETAIL

| Plant Description                               | Original<br>CIAC   | In<br>Service | Accumulated<br>Amortization | Net<br>CIAC          |
|---|--------------------|---------------|-----------------------------|----------------------|
| 303.50-LAND AND LAND RIGHTS - GENERAL           | (\$142,468)        | Various       | (\$20,402)                  | (\$122,066)          |
| 304.20-STRUCTURES AND IMPROVEMENTS -SOURCE OF : | (\$168,374)        | Various       | (\$65,639)                  | (\$102,735)          |
| 304.40-STRUCTURES AND IMPROVEMENTS -TRANSMISSI  | (\$750)            | Various       | (\$2)                       | (\$748)              |
| 304.50-STRUCTURES AND IMPROVEMENTS -GENERAL     | (\$5,463)          | Various       | (\$1,064)                   | (\$4,398)            |
| 307.00-WELLS AND SPRINGS                        | (\$217,347)        | Various       | (\$48,886)                  | (\$168,460)          |
| 309.00-SUPPLY MAINS                             | (\$45,949)         | Various       | (\$15,143)                  | (\$30,806)           |
| 311.20-PUMPING EQUIPMENT-SOURCE OF SUPPLY AND I | (\$25,834)         | Various       | (\$25,834)                  | \$0                  |
| 311.40-PUMPING EQUIPMENT-TRANSMISSION AND DIST  | (\$72,829)         | Various       | (\$35,846)                  | (\$36,983)           |
| 320.00-WATER TREATMENT EQUIPMENT                | (\$13,418)         | Various       | (\$4,951)                   | (\$8,467)            |
| 330.00-DISTRIBUTION RESERVOIRS AND STANDPIPES   | (\$94,510)         | Various       | (\$25,350)                  | (\$69,160)           |
| 331.00-TRANSMISSION AND DISTRIBUTION MAINS      | (\$3,276,020)      | Various       | (\$340,353)                 | (\$2,935,667)        |
| 348.00-OTHER TANGIBLE PLANT                     | (\$84,389)         |               | (\$39,473)                  |                      |
| <b>Total</b>                                    | <b>(4,147,350)</b> |               | <b>(622,944)</b>            | <b>(\$3,479,490)</b> |

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010  
 WP-Notes & Own Eq

AQUA TEXAS, INC.  
 LONG TERM DEBT -YTD  
 12/31/2010

| ISSUER NAME                   | S<br>E<br>R | %<br>R<br>A<br>T<br>E | ISSUE<br>D<br>A<br>T<br>E | M<br>A<br>T<br>U<br>R<br>E<br>D<br>A<br>T<br>E | O<br>R<br>I<br>G<br>I<br>N<br>A<br>L<br>A<br>M<br>O<br>U<br>N<br>T | T<br>O<br>T<br>A<br>L<br>L<br>T<br>D<br>I<br>N<br>C<br>L<br>U<br>D<br>I<br>N<br>G<br>C<br>U<br>R<br>R<br>E<br>N<br>T<br>P<br>O<br>R<br>T<br>I<br>O<br>N<br>@<br>12/31/2010 | 2010   |   |  | T<br>O<br>T<br>A<br>L<br>L<br>T<br>D<br>I<br>N<br>C<br>L<br>U<br>D<br>I<br>N<br>G<br>C<br>U<br>R<br>R<br>E<br>N<br>T<br>P<br>O<br>R<br>T<br>I<br>O<br>N<br>@<br>12/31/2010 | C<br>U<br>R<br>R<br>E<br>N<br>T<br>P<br>O<br>R<br>T<br>I<br>O<br>N<br>O<br>F<br>L<br>T<br>D<br>@<br>12/31/2010 | N<br>E<br>T<br>L<br>T<br>D<br>E<br>X<br>C<br>L<br>U<br>D<br>I<br>N<br>G<br>C<br>U<br>R<br>R<br>E<br>N<br>T<br>P<br>O<br>R<br>T<br>I<br>O<br>N<br>@<br>12/31/2010 | U<br>N<br>A<br>M<br>O<br>R<br>T<br>I<br>Z<br>E<br>D<br>D<br>E<br>B<br>T | A<br>N<br>N<br>U<br>A<br>L<br>A<br>M<br>O<br>R<br>T. |
|-------------------------------|-------------|-----------------------|---------------------------|--|--|--|--|---|--|--|--|--|---|--|
|                               |             |                       |                           |  |  |  | 2010<br>Y<br>T<br>D<br>N<br>E<br>W<br>I<br>S<br>S<br>U<br>E<br>S | 2010<br>Y<br>T<br>D<br>R<br>E<br>P<br>A<br>Y<br>M<br>E<br>N<br>T<br>S | 2010<br>Y<br>T<br>D<br>O<br>T<br>H<br>E<br>R |  |  |  |   |  |
| Note - Unsecured              |             | 4.87%                 | 7/13/03                   | 7/31/10  | \$10,046,456   | \$10,046,456   | \$0  | \$0   | \$0  | \$10,046,456   | \$0  | \$10,046,456   | \$0   | \$0  |
| Note - Unsecured              |             | 4.87%                 | 7/13/03                   | 7/31/13  | \$8,037,164  | \$8,037,164  | \$0  | \$0   | \$0  | \$8,037,164  | \$0  | \$8,037,164  | \$0   | \$0  |
| Note - Unsecured              |             | 4.87%                 | 7/13/03                   | 7/31/14  | \$10,046,456   | \$10,046,456   | \$0  | \$0   | \$0  | \$10,046,456   | \$0  | \$10,046,456   | \$0   | \$0  |
| Note - Unsecured              |             | 4.87%                 | 7/13/03                   | 7/31/16  | \$4,018,582  | \$4,018,582  | \$0  | \$0   | \$0  | \$4,018,582  | \$0  | \$4,018,582  | \$0   | \$0  |
| Note - Unsecured              |             | 4.87%                 | 7/13/03                   | 7/31/17  | \$4,018,582  | \$4,018,582  | \$0  | \$0   | \$0  | \$4,018,582  | \$0  | \$4,018,582  | \$0   | \$0  |
| Note - Unsecured              |             | 4.87%                 | 7/13/03                   | 7/31/18  | \$4,018,582  | \$4,018,582  | \$0  | \$0   | \$0  | \$4,018,582  | \$0  | \$4,018,582  | \$0   | \$0  |
| Note - Unsecured              |             | 4.87%                 | 7/13/03                   | 7/31/20  | \$6,027,873  | \$6,027,873  | \$0  | \$0   | \$0  | \$6,027,873  | \$0  | \$6,027,873  | \$0   | \$0  |
| Note - Unsecured              |             | 4.87%                 | 7/13/03                   | 7/31/23  | \$4,018,582  | \$4,018,582  | \$0  | \$0   | \$0  | \$4,018,582  | \$0  | \$4,018,582  | \$0   | \$0  |
| Note-TIAA/REF                 |             | 5.01%                 | 2/3/05                    | 2/3/15   | \$6,697,637  | \$3,284,981  | \$0  | \$0   | \$2  | \$3,284,981  | \$0  | \$3,284,981  | \$0   | \$0  |
| Note-TIAA/REF                 |             | 5.20%                 | 2/3/05                    | 2/3/20   | \$4,465,091  | \$0  | \$0  | \$0   | \$0  | \$0  | \$0  | \$0  | \$0   | \$0  |
| Note-Northwestern Mutual      |             | 5.54%                 | 12/28/06                  | 12/31/13                                       | \$3,794,317  | \$3,794,317  | \$0  | \$0   | \$0  | \$3,794,317  | \$0  | \$3,794,317  | \$0   | \$0  |
| Note-Northwestern Mutual      |             | 5.54%                 | 12/28/06                  | 12/31/17                                       | \$3,794,317  | \$3,794,317  | \$0  | \$0   | \$0  | \$3,794,317  | \$0  | \$3,794,317  | \$0   | \$0  |
| Note-Northwestern Mutual      |             | 5.54%                 | 12/28/06                  | 12/31/18                                       | \$3,794,317  | \$3,794,317  | \$0  | \$0   | \$0  | \$3,794,317  | \$0  | \$3,794,317  | \$0   | \$0  |
| Note-Northwestern Mutual      |             | 5.63%                 | 2/28/07                   | 2/28/22  | \$5,581,364  | \$5,581,364  | \$0  | \$0   | \$0  | \$5,581,364  | \$0  | \$5,581,364  | \$0   | \$0  |
| Note-Northwestern Mutual      |             | 5.83%                 | 2/28/07                   | 2/28/17  | \$5,581,364  | \$5,581,364  | \$0  | \$0   | \$0  | \$5,581,364  | \$0  | \$5,581,364  | \$0   | \$0  |
| North Channel Water Authority |             | 4.16% - 5.86%         | 1/0/00                    | 1/0/00   | \$10,420,285   | \$10,116,986   | \$2  | \$0   | \$0  | \$10,020,502   | \$409,893  | \$9,610,609  | \$0   | \$0  |
| TOTALS                        |             |                       |                           |  | \$94,360,969   | \$86,179,925   | \$0  | \$96,484  | \$0  | \$86,083,439   | \$409,893  | \$85,673,546   | \$0   | \$0  |

(0)

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(0)

Owners Equity

Total

\$88,097,993



AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010  
WP-CCNC

| CCNC                                  | Notes          | AU   | Activity    | Description                          | Asset Location                             | Amount      |
|---------------------------------------|----------------|------|-------------|--------------------------------------|--|-------------|
| <b><u>NORTH TEXAS DIRECT CCNC</u></b> |                |      |             |                                      |  |             |
|                                       | Closed 1/27/11 | 7000 | 31700009703 | 515-IT,Drill Well#4, Tanglewood      | Tanglewood Estates WA PWS # 1840011        | \$269,541   |
|                                       | Closed 1/28/11 | 7000 | 31700029437 | 105-NM,7,100l.f.6'SupplyMn,Phoenix   | Phoenix WA PWS # 1070211                   | \$198,653   |
|                                       | Closed 1/28/11 | 7000 | 31700064594 | 900-Laptops to Rpl Handhelds, NTX    | North Texas Utility Ops WA                 | \$120,473   |
|                                       | Closed 1/28/11 | 7000 | 31700015173 | 515-IT,InstlNewPmpStaBldg,QuinlanNo  | Quinlan North WA PWS # 1160063             | \$106,136   |
|                                       | Closed 1/28/11 | 7000 | 31700021453 | 599-OT,InstlGenerator,BlueWtrShores  | Blue Water Shores WA PWS # 1110079         | \$94,703    |
|                                       | Closed 1/28/11 | 7000 | 31700009801 | 599-OTR,InstlGenerator,Foxbane       | Foxbane Combined WA PWS # 0610164          | \$81,516    |
|                                       |                | 7000 | 31700040995 | 515-Imp,BlktEmrgMnBrkRprWTR,NT       | North Texas Utility Ops WA                 | \$77,224    |
|                                       | Closed 1/29/11 | 7000 | 31700059090 | 525-Cnstr a 21K gal GST,WVWWW        | WWWV WA PWS # 2120077                      | \$57,450    |
|                                       | Closed 1/29/11 | 7000 | 31700064593 | Telephony, Avaya - NTX               | North Texas Utility Ops WA                 | \$50,089    |
|                                       | Closed 1/29/11 | 7000 | 31700059089 | 515-I/C w/CityofL ongview,ForestLksE | Forest Lake Subdivision WA PWS # 0920026   | \$45,406    |
|                                       | Closed 1/30/11 | 7000 | 31700009794 | 599-OTR,InstlGenerator,ClearLakes    | Clear Lakes WA PWS # 2500017               | \$43,661    |
|                                       |                | 7000 | 31700040991 | 515-Imp,BlktEmrgPmpMtrs,WTR,NT       | North Texas Utility Ops WA                 | \$30,043    |
|                                       | Closed 1/30/11 | 7000 | 31700070892 | 515-Rpl50HPMotorWell#1,EaglesBluff   | Eagles Bluff WA PWS # 0370052              | \$28,252    |
|                                       | Closed 1/30/11 | 7000 | 31700021454 | 599-OT,Prchs124KWGenerator,NTX       | North Texas Utility Ops WA                 | \$23,791    |
|                                       | Closed 1/30/11 | 7000 | 31700070894 | 515-Rpl7.5HPMtr&PmpWell#1,Barrow     | Barrow Subdivision WA PWS # 1160066        | \$23,368    |
|                                       | Closed 1/30/11 | 7000 | 31700015160 | 599-OT,ResolveIronIssue,MallardPoint | Mallard Point Subdivision WA PWS # 1110112 | \$17,591    |
|                                       | Closed 1/30/11 | 7000 | 31700070895 | 515-Rpl10HPMtr,Well#2,ForestLksEsts  | Forest Lake Subdivision WA PWS # 0920026   | \$16,445    |
|                                       | Closed 1/30/11 | 7000 | 31700009812 | 515-IT,InstlGST&RhbBstrSta, Linkwood | Linkwood Estates WA PWS # 2200061          | \$13,721    |
|                                       | Closed 1/30/11 | 7000 | 31700009699 | 515-IT,Drill Well #2,PonderosaRanch  | Ponderosa Ranch WA PWS # 0610233           | \$12,400    |
|                                       |                | 7000 | 31700066520 | 515-Instl83KGalGST, The Gap          | Gap Water Cd WA PWS # 2210023              | \$11,250    |
|                                       | Closed 1/30/11 | 7000 | 31700061939 | 305-RplMetersW/AMR,VLS Water         | North Texas Utility Ops WA                 | \$9,196     |
|                                       | Closed 1/30/11 | 7000 | 31700068860 | 515-RehabWell#2,Plnt#2,HiddenValley  | Hidden Valley WA PWS # 0610099             | \$9,047     |
|                                       | Closed 1/30/11 | 7000 | 31700070893 | 515-Rpl3HPMtr&PmpWell#2,CountryWood  | Country Wood Estates WA PWS # 1160093      | \$6,108     |
|                                       | Closed 1/29/11 | 7000 | 31700007879 | 515-IT,InstlGenerator, Eagles Bluff  | Eagles Bluff WA PWS # 0370052              | \$2,500     |
|                                       | Closed 1/30/11 | 7000 | 31700069349 | 903-Purchase0 2 Acre,NorthForkCrkII  | North Fork Creek II WA PWS # 1110088       | \$668       |
|                                       | Closed 1/30/11 | 7000 | 31700015172 | 599-OT,SanitaryControlEasements-NTX  | North Texas Utility Ops WA                 | (\$319)     |
|                                       |                |      |             | Total North Direct CCNC              |  | \$1,338,913 |

**TEXAS ADMIN CCNC - SHARED PROJECTS**

|  |                |      |             |                                    |                 |           |
|--|----------------|------|-------------|------------------------------------|-----------------|-----------|
|  |                | 7135 | 31713518250 | Banner 4.2 Planning                | Texas Corporate | \$175,842 |
|  |                |      | W0031       | Aqua Source Texas Overhead         | Texas Corporate | \$68,808  |
|  |                | 7135 | 31713525824 | Banner 4.2 Hardware                | Texas Corporate | \$35,713  |
|  | Closed 1/29/11 | 7135 | 31713561048 | Field Ops Optimization Phase 2     | Texas Corporate | \$32,535  |
|  | Closed 1/29/11 | 7135 | 31713519099 | FIS Improvements - 2009            | Texas Corporate | \$27,744  |
|  | Closed 1/29/11 | 7135 | 31713520654 | CIS - Modifications - 2009         | Texas Corporate | \$27,722  |
|  | Closed 1/29/11 | 7135 | 31713552773 | Chameleon (P1 & P2)                | Texas Corporate | \$20,080  |
|  | Closed 1/29/11 | 7135 | 31713526342 | Enterprise Storage                 | Texas Corporate | \$18,855  |
|  |                | 7135 | 31713522140 | Laptop PCs                         | Texas Corporate | \$11,175  |
|  | Closed 1/29/11 | 7135 | 31713519185 | Network Management Tools           | Texas Corporate | \$9,569   |
|  | Closed 1/29/11 | 7135 | 31713526992 | IT Enterprise Architecture         | Texas Corporate | \$9,100   |
|  |                | 7135 | 31713560611 | INF-FIS Infrastructure Enhancement | Texas Corporate | \$6,793   |
|  | Closed 1/29/11 | 7135 | 31713527150 | Tele - Unified Communications      | Texas Corporate | \$5,214   |
|  | Closed 1/29/11 | 7135 | 31713527215 | SEC - Security Assessment          | Texas Corporate | \$4,522   |
|  | Closed 1/29/11 | 7135 | 31713527184 | SEC - Data Loss Prevention         | Texas Corporate | \$3,778   |
|  | Closed 1/29/11 | 7135 | 31713525979 | Data Center Enhancements           | Texas Corporate | \$3,387   |
|  | Closed 1/29/11 | 7135 | 31713519294 | Server Migration - VMware          | Texas Corporate | \$3,380   |
|  |                | 7135 | 31713563391 | Discovery Accelerator              | Texas Corporate | \$3,200   |
|  | Closed 1/29/11 | 7135 | 31713526938 | IT Service Management Project      | Texas Corporate | \$2,883   |
|  |                | 7135 | 31713518797 | Field Ops Support                  | Texas Corporate | \$2,532   |
|  | Closed 1/29/11 | 7135 | 31713553541 | M-Compass Projects                 | Texas Corporate | \$2,279   |
|  | Closed 1/29/11 | 7135 | 31713518479 | Service Link Modifications - 2009  | Texas Corporate | \$2,248   |
|  | Closed 1/29/11 | 7135 | 31713526139 | FIS Process Flow Integrator        | Texas Corporate | \$1,961   |
|  |                | 7135 | 31713525758 | Backflow Software Rollout          | Texas Corporate | \$1,046   |
|  |                | 7135 | 31713525686 | Field Operations Reports           | Texas Corporate | \$1,042   |
|  | Closed 1/29/11 | 7135 | 31713525548 | Testing Equip (AIMS SL WQ PD)      | Texas Corporate | \$1,028   |
|  | Closed 1/29/11 | 7135 | 31713527169 | SEC - SFTP Server Upgrade          | Texas Corporate | \$873     |
|  | Closed 1/29/11 | 7135 | 31713519372 | Tele - Consulting and Support      | Texas Corporate | \$708     |
|  | Closed 1/29/11 | 7135 | 31713526630 | FIS Power Tax                      | Texas Corporate | \$608     |
|  | Closed 1/29/11 | 7135 | 31713568417 | Implement Maintenance Connection   | Texas Corporate | \$578     |
|  | Closed 1/29/11 | 7135 | 31713519138 | Exchange v2007 Upgrade             | Texas Corporate | \$443     |
|  | Closed 1/29/11 | 7135 | 31713526679 | SEC - RSA Tokens                   | Texas Corporate | \$431     |
|  | Closed 1/29/11 | 7135 | 31713525466 | Acquisitions-Programming           | Texas Corporate | \$325     |
|  | Closed 1/29/11 | 7135 | 31713519804 | PowerPlant Phase 3 - Soft          | Texas Corporate | \$100     |
|  | Closed 1/29/11 | 7135 | 31713519743 | Lawson Version 9 Upgrade - Soft    | Texas Corporate | \$84      |
|  | Closed 1/29/11 | 7135 | 31713562203 | CIS Enterprise Test Env Assessment | Texas Corporate | \$72      |
|  | Closed 1/29/11 | 7135 | 31713518908 | PowerPlant Phase 3 - Hard          | Texas Corporate | \$12      |
|  | Closed 1/29/11 | 7135 | 31713523417 | IT Resource Tracking System        | Texas Corporate | \$6       |
|  | Closed 1/29/11 | 7135 | 31713517206 | ACO - Networking                   | Texas Corporate | (\$1,097) |

% Common assets allocated to North Texas Water

North Texas Water Share of Common Assets

Total CCNC (North Texas Water) 12/31/2010

\$485,583

23.78%

\$115,472

\$1,454,385

**AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010**

**WP-Other WC**

**M&S and Prepayments**

**M&S Inventories**

|                                     |                 |
|-------------------------------------|-----------------|
| 151000 Plant Materials and Supplies | \$13,524        |
| 151010 Plant Materials - Meters     | \$72,990        |
| Total M&S                           | <u>\$86,514</u> |

**Prepays**

|                          |                 |
|--------------------------|-----------------|
| 162000 Prepaid           | \$44,354        |
| 162080 Prepaid Rent      | \$1,632         |
| 162170 Prepaid AWWA Dues | \$416           |
| Total Prepaid            | <u>\$46,402</u> |

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010  
 WP Non Rev Water

| PARAMETER  | QUANTITY  |
|--|-----------|
| <u>WATER</u>   |           |
| Total Water Production incl. Purchased water (1,000 Gallons) | 1,789,484 |
| Total Water Sold (1,000 Gallons)                             | 1,369,586 |
| Total Water - Flushing - Estimated (1,000 Gallons)           | 9,644     |
| Total Water - Leakage - Estimated at 5% (1,000 Gallons)      | 89,474    |
| Total Water - Stolen - Estimated at 4% (1,000 Gallons)       | 71,579    |
| Total Water Distributed (1,000 Gallons)                      | 1,540,283 |
| Total Water Loss (1,000 Gallons)                             | 249,201   |
| Percentage of Water Accountability (%)                       | 86.07%    |
| Percentage of Water Loss (%)                                 | 13.93%    |

Purchased

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010  
 WP-Rev\_Req Summary

AQUA TEXAS NORTH REGION K&M REVENUE REQUIREMENT - WATER

|                                      |        | 12/31/2010<br>Per Books<br>As Adjusted | K&M<br>Adjustments | As Adjusted<br>K&M |
|--------------------------------------|--------|--|--------------------|--------------------|
| <b><u>WATER</u></b>                  |        |  |                    |                    |
| <b><u>Revenue Requirement</u></b>    |        |  |                    |                    |
| Salaries & Wages                     |        | \$999,741                              | \$200,471          | \$1,200,212        |
| Contract Labor                       |        | \$0                                    | \$0                | \$0                |
| Purchased Water                      |        | \$186,364                              | (\$186,364)        | \$0                |
| Chemicals                            |        | \$151,916                              | \$14,767           | \$166,684          |
| Utilities                            |        | \$1,228,961                            | \$124,224          | \$1,353,185        |
| Repairs/Maintenance/Supplies         |        | \$1,180,788                            | \$124,845          | \$1,305,633        |
| Office Expenses                      |        | \$967,190                              | \$57,997           | \$1,025,187        |
| Accounting & Legal Fees              |        | \$118,392                              | \$0                | \$118,392          |
| Insurance                            |        | \$384,980                              | \$6,266            | \$391,246          |
| Rate Case Expense                    |        | \$330,466                              | (\$244,218)        | \$86,248           |
| Miscellaneous                        |        | \$1,158,349                            | \$15,558           | \$1,173,907        |
| Total O&M                            |        | \$6,707,145                            | \$113,547          | \$6,820,692        |
| Payroll Taxes                        |        | \$103,955                              | (\$10,758)         | \$93,197           |
| Property & Other Taxes               |        | \$543,194                              | (\$129,465)        | \$413,730          |
| Annual Depreciation & Amortization   |        | \$4,504,248                            | (\$2,674,344)      | \$1,829,903        |
| Total Expenses Before FIT & ROR      |        | \$11,858,542                           | (\$2,701,020)      | \$9,157,522        |
| Income Taxes Return                  |        |  |                    | \$1,869,866        |
| Total Revenue Requirements           |        | \$11,858,542                           | (\$2,701,020)      | \$15,933,590       |
| Less: Total Other Revenues           |        | \$389,600                              | \$0                | \$389,600          |
| Total Costs for Rates                |        | \$11,468,942                           | (\$2,701,020)      | \$15,543,990       |
| Test Year Per Book Revenues Increase |        |  |                    | \$11,530,083       |
|                                      |        |  |                    | 34.81%             |
| <b><u>Rate Base</u></b>              |        |  |                    |                    |
| Plant                                |        | \$82,946,524                           |                    | \$82,946,524       |
| Accumulated Depreciation             |        | (\$24,791,648)                         |                    | (\$24,791,648)     |
| Net plant                            |        | \$58,154,876                           |                    | \$58,154,876       |
| Net CIAC                             |        | (\$3,479,490)                          |                    | (\$3,479,490)      |
| CCNC                                 |        | \$1,454,385                            |                    | \$1,454,385        |
| Working Capital                      |        | \$838,393                              |                    | \$852,586          |
| Materials & Supplies inventories     |        | \$86,514                               |                    | \$86,514           |
| Prepayments                          |        | \$46,402                               |                    | \$46,402           |
| Total Rate Base                      |        | \$57,101,081                           |                    | \$57,115,274       |
| <b><u>Income tax</u></b>             |        |  |                    |                    |
| Return                               | 8.59%  | \$4,904,983                            |                    | \$4,906,202        |
|                                      | 2.51%  | (\$1,433,237)                          |                    | (\$1,433,593)      |
|                                      |        | \$3,471,746                            |                    | \$3,472,609        |
| Income Taxes                         | 35.00% | \$1,215,111                            |                    | \$1,215,413        |
|                                      |        | 1.5385                                 |                    | 1.5385             |
|                                      |        | \$1,869,402                            |                    | \$1,869,866        |

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010

WP-NYX Wtr Inc. Stmt Detail

**NORTH WATER TOTAL REVENUE REQUIREMENTS**

| REVENUES                         | TEST YEAR PER BOOKS 12/31/2010 (a) | PERIOD AND NORMALIZING ACCOUNTING ADJUSTMENTS (b) | REMOVE BUFFLO CREEK (c) | AS ADJUSTED TEST YEAR PER BOOKS 12/31/2010 (d) | ADJUSTMENTS FOR K & M CHANGES (e) | AS ADJUSTED (f) | REFERENCE                   |
|----------------------------------|------------------------------------|---|-------------------------|--|-----------------------------------|-----------------|-----------------------------|
| 1 Metered Sales-Residential      | \$11,835,899                       |   | (\$512,989)             | \$11,322,909                                   |                                   | \$11,322,909    | Cust Growth/Norm WPs        |
| 2 Metered Sales-Commercial       | \$207,173                          |   |                         | \$207,173                                      |                                   | \$207,173       | Cust Growth/Norm WPs        |
| 3 Misc Srv Rev                   | \$389,600                          |   |                         | \$389,600                                      |                                   | \$389,600       |                             |
| 4 Misc Srv Rev-BAD CHECK FEE     | \$50                               |   |                         | \$50   |                                   | \$50            |                             |
| 5 Other Water Rev-Accrued Util   | (\$10,155)                         | \$10,155  |                         | \$0  |                                   | \$0             |                             |
| 6 Other Water Rev-Franchise      | \$31,500                           |   |                         | \$31,500                                       |                                   | \$31,500        |                             |
| 7 Other Water Rev-Rate Case      | \$2,208,853                        |   |                         | \$2,208,853                                    | (\$2,208,853)                     | \$0             | Remove Rate Case Surcharges |
| 8 Allow Funds Used During Const  | \$6,811                            | (\$6,811)   |                         | \$0  |                                   | \$0             | Remove Non-Utility Revenues |
| 9 Misc NonUtil Exp-Bill Mat&Serv | (\$665)                            | \$665   |                         | \$0  |                                   | \$0             | Remove Non-Utility Revenues |
| 10 Nonutil Inc-Gas&Oil Royalties | \$86,311                           | (\$86,311)  |                         | \$0  |                                   | \$0             | Remove Non-Utility Revenues |
| 11 Nonutil Inc-Other             | \$1,159                            | (\$1,159)   |                         | \$0  |                                   | \$0             | Remove Non-Utility Revenues |
| 12 NU Inc-Net Gain(Loss) Invest  | \$1,496                            | (\$1,496)   |                         | \$0  |                                   | \$0             | Remove Non-Utility Revenues |
| 13 TOTAL                         | \$14,758,031                       | (\$84,956)  |                         | \$14,600,086                                   | (\$2,208,853)                     | \$11,951,232    |                             |

**SALARIES & WAGES**

|                                   |             |     |            |            |           |             |                     |
|-----------------------------------|-------------|-----|------------|------------|-----------|-------------|---------------------|
| 14 WT-A & G Labor-Employ-Rg       | \$353,505   |     | (\$21,119) | \$332,386  | \$76,224  | \$408,610   | WP-Adj1 O&M Payroll |
| 15 WT-Cust Accts Labor-Employ-Rg  | \$109,590   |     | (\$5,594)  | \$103,996  | \$23,849  | \$127,845   | WP-Adj1 O&M Payroll |
| 16 WT-Source Maint LBR-Employ-Rg  | \$4,374     |     | (\$18,304) | (\$13,930) | (\$3,194) | (\$17,124)  | WP-Adj1 O&M Payroll |
| 17 WT-Source Oper LBR-Employ-Rg   | \$288,699   |     |            | \$288,699  | \$66,205  | \$354,904   | WP-Adj1 O&M Payroll |
| 18 WT-T&D Maint LBR-Emp-Sy-GEN-Rg | \$64,913    |     |            | \$64,913   | \$14,886  | \$79,799    | WP-Adj1 O&M Payroll |
| 19 WT-T&D Oper LBR-Emp-Sys-GEN-Rg | \$29,207    |     |            | \$29,207   | \$6,698   | \$35,904    | WP-Adj1 O&M Payroll |
| 20 WT-WTRTRT Maint LBR-Employ-Rg  | \$2,362     |     | (\$1,302)  | \$1,060    | \$243     | \$1,303     | WP-Adj1 O&M Payroll |
| 21 WT-WTRTRT Oper LBR-Employ-Rg   | \$50,449    |     |            | \$50,449   | \$11,569  | \$62,018    | WP-Adj1 O&M Payroll |
| 22 WT-A & G Labor-Employ-OT       | \$6,028     |     | (\$332)    | \$5,696    | (\$254)   | \$5,442     | WP-Adj1 O&M Payroll |
| 23 WT-Cust Accts Labor-Employ-OT  | \$10,142    |     | (\$491)    | \$9,650    | (\$431)   | \$9,219     | WP-Adj1 O&M Payroll |
| 24 WT-Source Maint LBR-Employ-OT  | \$2,248     |     |            | \$2,248    | (\$100)   | \$2,147     | WP-Adj1 O&M Payroll |
| 25 WT-Source Oper LBR-Employ-OT   | \$65,428    |     | (\$6,153)  | \$59,275   | (\$2,647) | \$56,628    | WP-Adj1 O&M Payroll |
| 26 WT-T&D Maint LBR-Emp-Sy-GEN-OT | \$21,276    |     |            | \$21,276   | (\$950)   | \$20,326    | WP-Adj1 O&M Payroll |
| 27 WT-T&D Oper LBR-Emp-Sys-GEN-OT | \$3,359     |     |            | \$3,359    | (\$150)   | \$3,209     | WP-Adj1 O&M Payroll |
| 28 WT-WTRTRT Maint LBR-Employ-OT  | \$1,755     |     |            | \$1,755    | (\$78)    | \$1,677     | WP-Adj1 O&M Payroll |
| 29 WT-WTRTRT Oper LBR-Employ-OT   | \$10,308    |     | (\$4)      | \$10,303   | (\$460)   | \$9,843     | WP-Adj1 O&M Payroll |
| 30 WT-A & G Labor-Bonuses         | \$30,819    |     | (\$1,421)  | \$29,397   | \$9,064   | \$38,461    | WP-Adj1 O&M Payroll |
| 31 TOTAL                          | \$1,054,461 | \$0 | (\$54,720) | \$999,741  | \$200,471 | \$1,200,212 |                     |

**PURCHASED WATER**

|                       |           |           |             |           |             |             |                     |
|-----------------------|-----------|-----------|-------------|-----------|-------------|-------------|---------------------|
| 32 WT-Purchased Water | \$341,762 | (4,391)   | (\$151,007) | \$186,364 | \$1,963     | \$188,326   | WP-Adj4 Purch Water |
| 33 MOVE TO SURCHARGE  | \$0       | 0         |             | \$0       | (\$188,326) | (\$188,326) |                     |
| 34 TOTAL              | \$341,762 | (151,007) |             | \$186,364 | (\$188,364) | \$0         |                     |

**CHEMICALS**

|                                |           |     |     |           |          |           |                      |
|--------------------------------|-----------|-----|-----|-----------|----------|-----------|----------------------|
| 35 WT-Chem-WTRTRT-OPER-GENERAL | \$151,916 |     | \$0 | \$151,916 | \$14,767 | \$166,684 | WP-Adj5-Chem Exp Adj |
| 36 TOTAL                       | \$151,916 | \$0 | \$0 | \$151,916 | \$14,767 | \$166,684 |                      |

**UTILITIES**

|                                   |             |     |         |             |           |             |                     |
|-----------------------------------|-------------|-----|---------|-------------|-----------|-------------|---------------------|
| 37 WT-Purchased Power-SOURCE OPER | \$1,208,713 | \$0 | \$0     | \$1,208,713 | \$123,121 | \$1,331,834 | WP-Adj6-Purch Power |
| 38 WT-Misc-A&G-Utilities          | \$20,248    |     | (\$499) | \$20,248    | \$1,103   | \$21,350    | WP-Adj6-Purch Power |
| 39 TOTAL                          | \$1,228,961 | \$0 | (\$499) | \$1,228,961 | \$124,224 | \$1,353,185 |                     |

**REPAIRS/MAINTENANCE/SUPPLIES**

|                           |          |  |         |          |     |          |  |
|---------------------------|----------|--|---------|----------|-----|----------|--|
| 40 WT-Cont Serv-Eng-A & G | \$17,618 |  | (\$109) | \$17,509 | \$0 | \$17,509 |  |
|---------------------------|----------|--|---------|----------|-----|----------|--|

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010

WP-NTX Wtr Inc. Stmt Detail

**NORTH WATER TOTAL REVENUE REQUIREMENTS**

|    | TEST YEAR<br>PER BOOKS<br>12/31/2010 | PERIOD AND<br>NORMALIZING<br>ACCOUNTING<br>ADJUSTMENTS | REMOVE<br>BUFFLO<br>CREEK | AS ADJUSTED<br>PER BOOKS<br>12/31/2010 | ADJUSTMENTS<br>FOR K & M<br>CHANGES | AS<br>ADJUSTED | REFERENCE                               |
|----|--------------------------------------|--|---------------------------|--|-------------------------------------|----------------|---|
|    | (a)                                  | (b)  | (c)                       | (d)                                    | (e)                                 | (f)            |   |
| 41 | \$32,586                             |  |                           | \$32,586                               | \$0                                 | \$32,586       |   |
| 42 | \$168,588                            |  | (\$7,108)                 | \$161,480                              | \$0                                 | \$161,480      |   |
| 43 | \$3,459                              |  | (\$547)                   | \$2,912                                | \$0                                 | \$2,912        |   |
| 44 | \$402,682                            |  | (\$25,527)                | \$377,154                              | \$0                                 | \$377,154      |   |
| 45 | \$21,827                             |  | (\$168)                   | \$21,659                               | \$0                                 | \$21,659       |   |
| 46 | \$84,628                             |  | (\$3,725)                 | \$80,904                               | \$0                                 | \$80,904       |   |
| 47 | \$25                                 |  |                           | \$25                                   | \$0                                 | \$25           |   |
| 48 | \$118,936                            |  | (\$3,423)                 | \$115,513                              | \$0                                 | \$115,513      |   |
| 49 | \$88,196                             |  | (\$2,686)                 | \$85,510                               | \$0                                 | \$85,510       |   |
| 50 | \$13,524                             |  | (\$1,217)                 | \$12,307                               | \$0                                 | \$12,307       |   |
| 51 | (\$800)                              | \$800  |                           | \$0                                    | \$0                                 | \$0            |   |
| 52 | \$44,760                             |  | (\$1,787)                 | \$42,973                               | \$12,815                            | \$55,788       | WP-Adj15-Other Adj<br>WP-Adj7-Trans Exp |
| 53 | \$126                                |  |                           | \$126                                  | \$0                                 | \$126          |   |
| 54 | \$11,884                             |  | (\$75)                    | \$11,809                               | \$7,285                             | \$19,094       | WP-Adj7-Trans Exp                       |
| 55 | (\$3,800)                            |  | \$363                     | (\$3,437)                              | \$0                                 | (\$3,437)      |   |
| 56 | \$116,100                            |  | (\$4,731)                 | \$111,369                              | \$71,736                            | \$183,105      | WP-Adj7-Trans Exp                       |
| 57 | \$132,795                            |  | (\$6,054)                 | \$126,741                              | \$33,009                            | \$159,750      | WP-Adj7-Trans Exp                       |
| 58 | \$3,767                              |  | (\$118)                   | \$3,648                                | \$0                                 | \$3,648        |   |
| 59 | \$1,235,900                          | \$800  | (\$56,912)                | \$1,180,788                            | \$124,845                           | \$1,305,633    |   |

**OFFICE EXPENSES**

|    |           |     |            |           |           |             |                       |
|----|-----------|-----|------------|-----------|-----------|-------------|-----------------------|
| 60 | \$6,758   |     |            | \$6,758   | \$0       | \$6,758     | WP-Adj8-ACO           |
| 61 | \$186,951 |     | (\$6,228)  | \$180,723 | (\$9,439) | \$169,284   | WP-Adj8-ACO           |
| 62 | \$18,701  |     | (\$823)    | \$17,878  | (\$1,518) | \$16,360    | WP-Adj8-ACO           |
| 63 | \$244,549 |     | (\$12,399) | \$232,150 | \$75,220  | \$307,370   | WP Adj 11 & WP Adj 17 |
| 64 | \$22,089  |     | (\$972)    | \$21,117  | \$0       | \$21,117    |                       |
| 65 | \$8,333   |     | (\$367)    | \$7,967   | \$0       | \$7,967     |                       |
| 66 | \$167,625 |     | (\$5,802)  | \$161,823 | \$0       | \$161,823   |                       |
| 67 | \$200     |     |            | \$200     | \$0       | \$200       |                       |
| 68 | (\$94)    |     | \$17       | (\$77)    | \$0       | (\$77)      |                       |
| 69 | \$85,830  |     | (\$3,794)  | \$82,036  | \$0       | \$82,036    |                       |
| 70 | \$1,455   |     | (\$264)    | \$1,191   | \$0       | \$1,191     |                       |
| 71 | \$3,396   |     | (\$134)    | \$3,262   | \$0       | \$3,262     |                       |
| 72 | \$1,429   |     | (\$3)      | \$1,426   | \$0       | \$1,426     |                       |
| 73 | \$9,417   |     | (\$313)    | \$9,103   | \$0       | \$9,103     |                       |
| 74 | \$19,345  |     | (\$754)    | \$18,591  | \$0       | \$18,591    |                       |
| 75 | \$80,180  |     | (\$1,582)  | \$78,598  | \$0       | \$78,598    |                       |
| 76 | \$49,820  |     | (\$377)    | \$49,443  | \$0       | \$49,443    |                       |
| 77 | \$12,013  |     | (\$752)    | \$11,261  | \$0       | \$11,261    |                       |
| 78 | \$63,803  |     | (\$2,808)  | \$60,994  | (\$1,734) | \$59,260    | WP-Adj8-ACO           |
| 79 | \$25,886  |     | (\$1,139)  | \$24,747  | (\$4,532) | \$20,215    | WP-Adj8-ACO           |
| 80 | \$981,800 | \$0 | (\$40,497) | \$967,190 | \$57,997  | \$1,025,187 |                       |

**ACCOUNTING & LEGAL FEES**

|    |           |     |           |           |     |           |  |
|----|-----------|-----|-----------|-----------|-----|-----------|--|
| 80 | \$29,755  |     | (\$1,310) | \$28,446  | \$0 | \$28,446  |  |
| 81 | \$95,743  |     | (\$5,797) | \$89,946  | \$0 | \$89,946  |  |
| 82 | \$125,498 | \$0 | (\$7,106) | \$118,392 | \$0 | \$118,392 |  |

**INSURANCE**

|    |          |  |         |          |         |          |                  |
|----|----------|--|---------|----------|---------|----------|------------------|
| 83 | \$16,052 |  | (\$739) | \$15,313 | \$5,749 | \$21,063 | WP-Adj9-Benefits |
|----|----------|--|---------|----------|---------|----------|------------------|

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010  
 WP-NTX Wtr Inc. Stmt Detail

**NORTH WATER TOTAL REVENUE REQUIREMENTS**

|    | TEST YEAR                          |            | PERIOD AND NORMALIZING ACCOUNTING |           | REMOVE BUFFER CREEK | AS ADJUSTED TEST YEAR PER BOOKS |            | ADJUSTMENTS FOR K & M CHANGES | AS ADJUSTED |          | REFERENCE                  |
|----|------------------------------------|------------|-----------------------------------|-----------|---------------------|---------------------------------|------------|-------------------------------|-------------|----------|----------------------------|
|    | 12/31/2010                         | 12/31/2010 | ADJUSTMENTS                       | ADJUSTING |                     | 12/31/2010                      | 12/31/2010 |                               | ADJUSTED    | ADJUSTED |                            |
|    | (a)                                | (b)        | (c)                               | (d)       | (e)                 | (f)                             | (g)        | (h)                           | (i)         | (j)      |                            |
| 84 | WT-A&G Emp-GEIS                    | \$4,242    |                                   |           |                     | \$4,052                         |            | \$0                           | \$4,052     |          | WP-Adj9-Benefits           |
| 85 | WT-A&G Emp-GROUP LIFE INS          | \$2,567    |                                   |           | (\$190)             | \$2,443                         |            | \$4,700                       | \$7,143     |          | WP-Adj9-Benefits           |
| 86 | WT-A&G Emp-HEALTH PLANS            | \$258,281  |                                   |           | (\$1,889)           | \$246,392                       |            | \$95,448                      | \$341,840   |          | WP-Adj9-Benefits           |
| 87 | WT-A&G Emp-Insurance Payments      | (\$32,828) |                                   |           | \$1,518             | \$0                             |            | (\$26,840)                    | (\$58,150)  |          | WP-Adj10-Capitlz. Benefits |
| 88 | Capitalized Benefits/Payroll Taxes |            |                                   |           |                     | \$0                             |            | (\$63,587)                    | (\$63,587)  |          | WP-Adj10-Capitlz. Benefits |
| 89 | WT-Ins-Gen Liab-A & G              | \$120,430  |                                   |           | (\$5,300)           | \$115,129                       |            | (\$10,963)                    | \$104,167   |          | WP-Adj12-Insurance         |
| 90 | WT-Ins-Other-A & G                 | \$18,558   |                                   |           | (\$817)             | \$17,741                        |            | (\$2,870)                     | \$14,872    |          | WP-Adj12-Insurance         |
| 91 | WT-Ins-Vehicle-A & G               | \$7,674    |                                   |           | (\$338)             | \$7,336                         |            | \$2,302                       | \$9,638     |          | WP-Adj12-Insurance         |
| 92 | WT-Ins-Work Comp-A & G             | \$8,276    |                                   |           | (\$393)             | \$7,883                         |            | \$2,327                       | \$10,210    |          | WP-Adj12-Insurance         |
| 93 | TOTAL                              | \$403,252  | \$0                               |           | (\$18,273)          | \$384,980                       |            | \$6,266                       | \$391,246   |          |                            |

**RATE CASE EXPENSE**

|    |                                |            |     |  |  |           |  |             |          |  |                        |
|----|--------------------------------|------------|-----|--|--|-----------|--|-------------|----------|--|------------------------|
| 94 | WT-Reg Com-Amort Rate Case-A&G | 330,465.87 |     |  |  | \$330,466 |  | (\$244,218) | \$86,248 |  | WP-Adj13-Rate Case Exp |
| 95 | TOTAL                          | \$330,466  | \$0 |  |  | \$330,466 |  | (\$244,218) | \$86,248 |  |                        |

**MISCELLANEOUS**

|     |                                |             |            |       |             |             |  |            |             |  |                              |
|-----|--------------------------------|-------------|------------|-------|-------------|-------------|--|------------|-------------|--|------------------------------|
| 96  | WT-A&G Emp-FLOWERS & FRUIT     | \$49        |            |       |             | \$49        |  | (\$49)     | \$0         |  | WP-Adj15-Other Adj           |
| 97  | WT-A&G Emp-CONTRIB THRIFT PL   | \$28,557    |            |       | (\$1,314)   | \$27,243    |  | \$6,247    | \$33,490    |  | WP-Adj1 O&M Payroll          |
| 98  | WT-A&G Emp-EDUCATION           | \$4,469     |            |       | (\$90)      | \$4,379     |  | \$0        | \$4,379     |  |                              |
| 99  | WT-Corp Mgmt Fees Only         | \$395,784   |            |       |             | \$260,946   |  | \$102,562  | \$363,508   |  | WP-TX Admin Inc Stmt Detail  |
| 100 | WT-Cont Serv-Mgmt F.A & G      | \$637,226   |            |       | (\$134,838) | \$402,373   |  | (\$27,901) | \$374,473   |  | WP-TX Admin Inc Stmt Detail  |
| 101 | WT-Region Mgmt Fees            | \$19,441    |            |       | (\$234,853) | \$370,480   |  | (\$64,770) | \$305,710   |  | WP-NTX Admin Inc Stmt Detail |
| 102 | WT-Misc-A&G-Civic Org Events   |             |            |       | \$0         | \$0         |  | \$0        | \$0         |  |                              |
| 103 | WT-Misc-A&G-Claims             | \$25,699    |            |       | (\$127)     | \$25,572    |  | \$0        | \$25,572    |  |                              |
| 104 | WT-Misc-A&G-CONTRIB            | \$300       |            |       |             | \$300       |  | (\$300)    | \$0         |  | WP-Adj15-Other Adj           |
| 105 | WT-Misc-A&G-DUES               | \$6,467     |            |       | (\$229)     | \$6,238     |  | \$0        | \$6,238     |  |                              |
| 106 | WT-Misc-A&G-FINES&PENALTIES    | \$259       |            |       | (\$36)      | \$223       |  | (\$223)    | \$0         |  | WP-Adj15-Other Adj           |
| 107 | WT-Misc-A&G-LIC&PER            | \$40,827    |            |       | (\$1,707)   | \$39,120    |  | \$0        | \$39,120    |  |                              |
| 108 | WT-Misc-A&G-MEALS 100% DED     | \$497       |            |       | (\$2)       | \$495       |  | \$0        | \$495       |  |                              |
| 109 | WT-Misc-A&G-MEALS 50% DED      | \$338       |            |       | (\$3)       | \$334       |  | \$0        | \$334       |  |                              |
| 110 | WT-Misc-A&G-SEMINARS           | (\$200)     |            | \$200 |             | \$0         |  | \$0        | \$0         |  |                              |
| 111 | WT-Misc-A&G-TRV                | \$544       |            |       | (\$72)      | \$472       |  | \$0        | \$472       |  |                              |
| 112 | WT-Misc-A&G-TRV-Auto Mile Reim | \$927       |            |       |             | \$927       |  | \$0        | \$927       |  |                              |
| 113 | WT-Misc-A&G-TRV-HOTEL          | \$374       |            |       |             | \$374       |  | \$0        | \$374       |  |                              |
| 114 | WT-Misc-A&G-TRV-RENTAL CAR     | \$865       |            |       | (\$51)      | \$815       |  | \$0        | \$815       |  |                              |
| 115 | WT-Misc-A&G-UNIFORMS           | \$19,052    |            | \$0   | (\$1,074)   | \$17,978    |  | \$0        | \$17,978    |  |                              |
| 116 | WT-Misc-WTRTRT OPER            | \$28        |            |       | (\$5)       | \$23        |  | \$0        | \$23        |  |                              |
| 117 | Misc NonUtil Exp-CHARIT CONTR  | \$9         |            |       |             | \$9         |  | (\$9)      | \$0         |  | WP-Adj15-Other Adj           |
| 118 | Misc NonUtil Exp-OTHER         | \$38,648    |            |       | (\$38,648)  | \$0         |  | \$0        | \$0         |  | WP-Adj15-Other Adj           |
| 119 | TOTAL                          | \$1,220,159 | (\$57,095) |       | (\$4,711)   | \$1,158,349 |  | \$15,558   | \$1,173,907 |  |                              |

**PAYROLL TAXES**

|     |                    |           |     |     |           |           |  |            |          |  |                       |
|-----|--------------------|-----------|-----|-----|-----------|-----------|--|------------|----------|--|-----------------------|
| 120 | Payroll Taxes-FICA | \$98,168  |     | \$0 |           | \$98,168  |  | (\$4,852)  | \$93,316 |  | WP-Adj3-Payroll_Taxes |
| 121 | Payroll Taxes-FUTA | \$1,725   |     | \$0 |           | \$1,725   |  | (\$300)    | \$1,425  |  | WP-Adj3-Payroll_Taxes |
| 122 | Payroll Taxes-SUTA | \$9,136   |     | \$0 |           | \$9,136   |  | (\$5,606)  | \$3,530  |  | WP-Adj3-Payroll_Taxes |
| 123 | TOTAL              | \$109,030 | \$0 |     | (\$5,075) | \$103,955 |  | (\$10,758) | \$93,197 |  |                       |

**OTHER TAXES**

|     |                         |           |  |  |  |           |  |             |             |  |                           |
|-----|-------------------------|-----------|--|--|--|-----------|--|-------------|-------------|--|---------------------------|
| 124 | Assessment-Pumping Fees | \$173,069 |  |  |  | \$173,069 |  | (\$31,304)  | \$141,765   |  | WP-Adj14-Pumping Fees Adj |
| 125 | Move To Surcharge       |           |  |  |  | \$0       |  | (\$140,857) | (\$140,857) |  |                           |

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010  
 WP-NTX W tr Inc. Stmt Detail

**NORTH WATER TOTAL REVENUE REQUIREMENTS**

|     | TEST YEAR<br>PER BOOKS<br>12/31/2010<br>(a) | PERIOD AND<br>NORMALIZING<br>ACCOUNTING<br>ADJUSTMENTS<br>(b) | REMOVE<br>BUFFLO<br>CREEK<br>(c) | AS ADJUSTED<br>TEST YEAR<br>PER BOOKS<br>12/31/2010<br>(d) | ADJUSTMENTS<br>FOR K & M<br>CHANGES<br>(e) | AS<br>ADJUSTED<br>(f) | REFERENCE             |
|-----|---|---|----------------------------------|--|--|-----------------------|-----------------------|
| 125 | Property Taxes                              | \$0   | \$0                              | \$246,411  | \$4,363                                    | \$250,774             | WP-Adj16-Pit Expenses |
| 127 | State Income Tax                            | \$0   | (\$11,344)                       | \$124,623  | \$38,333                                   | \$162,956             | WP Adj 11 & WP Adj 17 |
|     | <b>TOTAL</b>                                | <b>\$0</b>  | <b>(\$12,253)</b>                | <b>\$543,194</b>   | <b>(\$129,465)</b>                         | <b>\$413,730</b>      |                       |

**DEPRECIATION & AMORTIZATION**

|     |                          |                     |                   |                     |                      |                    |                       |
|-----|--------------------------|---------------------|-------------------|---------------------|----------------------|--------------------|-----------------------|
| 128 | Amort Regulatory Debits  | \$1,873,522         | \$0               | \$1,873,522         | (\$1,873,522)        | \$0                | WP-Adj15-Other Adj    |
| 129 | Amort-CIAC               | (\$156,266)         | \$0               | \$0                 | \$0                  | \$0                | WP-Adj15-Other Adj    |
| 130 | Deprec Exp-Utility Plant | \$2,630,725         | \$0               | \$2,630,725         | (\$832,355)          | \$1,798,371        | WP-Plant              |
| 131 | Depreciation--CCNC       |                     |                   |                     | \$31,533             | \$31,533           | WP-Adj16-Pit Expenses |
| 132 | <b>TOTAL</b>             | <b>\$4,347,981</b>  | <b>\$156,266</b>  | <b>\$4,504,248</b>  | <b>(\$2,674,344)</b> | <b>\$1,829,903</b> |                       |
| 133 | <b>GRAND TOTAL</b>       | <b>\$11,963,010</b> | <b>(\$51,040)</b> | <b>\$11,858,542</b> | <b>(\$2,701,020)</b> | <b>\$9,157,522</b> |                       |



AQUA TEXAS RATE APPLICATION - NORTH REGION - TY 12/31/2010  
 WP-N TX Admin Inc Stmtnt Detail

**NORTH TEXAS ADMIN TOTAL REVENUE REQUIREMENTS**

|                                     | (a)                                  | (b)  | (c)   | (d)                                 | (e)            | (f)                   |
|-------------------------------------|--------------------------------------|--|---|-------------------------------------|----------------|-----------------------|
|                                     | TEST YEAR<br>PER BOOKS<br>12/31/2010 | OUT OF<br>PERIOD AND<br>NORMALIZING<br>ADJUSTMENTS | AS ADJUSTED<br>TEST YEAR<br>PER BOOKS<br>12/31/2010 | ADJUSTMENTS<br>FOR K & M<br>CHANGES | AS<br>ADJUSTED | REFERENCE             |
| <b>SALARIES &amp; WAGES</b>         |                                      |  |   |                                     |                |                       |
| 1                                   | WT-A & G Labor-Employ-Rg             | \$122,244  | \$122,244   | \$22,360                            | \$144,604      | WP-Adj2 Admin_Payroll |
| 2                                   | WT-Source Oper LBR-Employ-Rg         | \$908  | \$908   | \$166                               | \$1,074        | WP-Adj2 Admin_Payroll |
| 3                                   | WT-A & G Labor-Employ-OT             | \$731  | \$731   | \$1,642                             | \$2,373        | WP-Adj2 Admin_Payroll |
| 4                                   | WT-A & G Labor-Bonuses               | \$6,622  | \$6,622   | \$1,513                             | \$8,134        | WP-Adj2 Admin_Payroll |
| 5                                   | TOTAL                                | \$130,505  | \$130,505   | \$25,680                            | \$156,186      |                       |
| <b>UTILITIES</b>                    |                                      |  |   |                                     |                |                       |
| 6                                   | WT-Purchased Power-SOURCE OPER       | \$8,578  | \$8,578   | \$0                                 | \$8,578        |                       |
| 7                                   | WT-Purchased Power-A & G EXPS        | (\$1,214)  | (\$1,214)   | \$0                                 | (\$1,214)      |                       |
| 8                                   | WT-Misc-A&G-Utilities                | \$17,300   | \$17,300  | \$8,706                             | \$26,006       | WP-Adj6-Purch Power   |
| 9                                   | TOTAL                                | \$24,663   | \$24,663  | \$8,706                             | \$33,370       |                       |
| <b>REPAIRS/MAINTENANCE/SUPPLIES</b> |                                      |  |   |                                     |                |                       |
| 10                                  | WT-Mat&Sup-T&D MAINT-Gen             | \$668  | \$668   | \$0                                 | \$668          |                       |
| 11                                  | WT-Trans-T&D OP-GASOLINE             | \$98   | \$98  | \$6,199                             | \$6,297        | WP-Adj7-Trans Exp     |
| 12                                  | WT-Trans-T&D OP-LICENSES             | \$874  | \$874   | \$0                                 | \$874          |                       |
| 13                                  | WT-Trans-T&D OP-CAR WASH TCK         | \$32   | \$32  | \$0                                 | \$32           |                       |
| 14                                  | SW-Cont Serv-Test-T&D Oper           | \$225  | \$225   | \$0                                 | \$225          |                       |
| 15                                  | WT-Cont Serv-Oth-Source MAINT        | \$4,588  | \$4,588   | \$0                                 | \$4,588        |                       |
| 16                                  | TOTAL                                | \$6,484  | \$6,484   | \$6,199                             | \$12,684       |                       |
| <b>OFFICE EXPENSES</b>              |                                      |  |   |                                     |                |                       |
| 17                                  | WT-Rent Bldg/RP-A & G                | \$37,306   | \$37,306  | \$0                                 | \$37,306       |                       |
| 18                                  | WT-Rent Equip-A & G                  | \$8,116  | \$8,116   | \$0                                 | \$8,116        |                       |
| 19                                  | WT-Mat&Sup-A & G                     | \$4,475  | \$4,475   | \$0                                 | \$4,475        |                       |
| 20                                  | WT-Trans-A & G                       | \$1,255  | \$1,255   | \$0                                 | \$1,255        |                       |
| 21                                  | WT-Misc-A&G-COPIES                   | \$65   | \$65  | \$0                                 | \$65           |                       |
| 22                                  | WT-Misc-A&G-MAIL&POST                | \$2,309  | \$2,309   | \$0                                 | \$2,309        |                       |
| 23                                  | WT-Misc-A&G-Office Supplies          | \$6,138  | \$6,138   | \$0                                 | \$6,138        |                       |
| 24                                  | WT-Cont Serv-Oth-Security            | \$3,934  | \$3,934   | \$0                                 | \$3,934        |                       |
| 25                                  | SW-Mat&Sup-A&G                       | \$115  | \$115   | \$0                                 | \$115          |                       |
| 26                                  | WT-Cont Serv-Oth-A&G-DIS RECOV       | \$420  | \$420   | \$0                                 | \$420          |                       |
| 27                                  | TOTAL                                | \$64,135   | \$64,135  | \$0                                 | \$64,135       |                       |
| <b>ACCOUNTING &amp; LEGAL FEES</b>  |                                      |  |   |                                     |                |                       |
| 28                                  | WT-Cont Serv-Legi-A & G              | \$2,411  | \$2,411   | \$0                                 | \$2,411        |                       |
| 29                                  | WT-Misc-A&G-COMM EXP                 | \$10,907   | \$10,907  | \$0                                 | \$10,907       |                       |
| 30                                  | TOTAL                                | \$13,318   | \$13,318  | \$0                                 | \$13,318       |                       |

**NORTH TEXAS ADMIN TOTAL REVENUE REQUIREMENTS**

|                      | (a)                                  | (b)  | (c)   | (d)                                 | (e)            | (f)                         |
|----------------------|--------------------------------------|--|---|-------------------------------------|----------------|-----------------------------|
|                      | TEST YEAR<br>PER BOOKS<br>12/31/2010 | OUT OF<br>PERIOD AND<br>NORMALIZING<br>ADJUSTMENTS | AS ADJUSTED<br>TEST YEAR<br>PER BOOKS<br>12/31/2010 | ADJUSTMENTS<br>FOR K & M<br>CHANGES | AS<br>ADJUSTED | REFERENCE                   |
| <b>INSURANCE</b>     |                                      |  |   |                                     |                |                             |
| 31                   | WT-A&G Emp-DENTAL PLAN               |  | \$3,385   |                                     | \$3,385        | WP-Adj9-Benefits            |
| 32                   | WT-A&G Emp-GEIS                      |  | \$896   | \$198                               | \$896          |                             |
| 33                   | WT-A&G Emp-GROUP LIFE INS            |  | \$545   | \$0                                 | \$545          | WP-Adj9-Benefits            |
| 34                   | WT-A&G Emp-HEALTH PLANS              |  | \$54,255  | \$1,181                             | \$54,255       | WP-Adj9-Benefits            |
| 35                   | WT-A&G Emp-Insurance Payments        |  | (\$6,889)   | \$46,783                            | \$101,039      | WP-Adj9-Benefits            |
| 36                   | Capitalized Benefits/Payroll Taxes   |  | \$0   | (\$3,844)                           | (\$10,733)     | WP-Adj10-Capitaliz_Benefits |
| 37                   | WT-Ins-Work Comp-A & G               |  | \$1,556   | (\$45,649)                          | (\$45,649)     | WP-Adj12-Insurance          |
| 38                   | TOTAL                                | \$0  | \$53,748  | \$314                               | \$1,871        |                             |
|                      |                                      |  |   | (\$1,015)                           | \$52,733       |                             |
| <b>MISCELLANEOUS</b> |                                      |  |   |                                     |                |                             |
| 39                   | WT-A&G Emp-FLOWERS & FRUIT           |  | \$226   |                                     | \$226          | WP-Adj15-Other Adj          |
| 40                   | WT-A&G Emp-EMPLOY X-MAS GIFTS        |  | \$50  | (\$226)                             | \$0            | WP-Adj15-Other Adj          |
| 41                   | WT-A&G Emp-CONTRIB THRIFT PL         |  | \$6,108   | (\$50)                              | \$7,225        | WP-Adj2 Admin_Payroll       |
| 42                   | WT-A&G Emp-EDUCATION                 |  | \$878   | \$1,117                             | \$878          |                             |
| 43                   | SW-Cont Serv-MgtFree-A&G             |  | (\$26,175)  | \$0                                 | \$0            |                             |
| 44                   | WT-Cont Serv-Mgmt F.A & G            |  | (\$273,378)   | \$26,175                            | \$0            |                             |
| 45                   | SW-Misc-A&G-Claims                   |  | \$814   | \$0                                 | \$814          |                             |
| 46                   | WT-Misc-A&G-TRV-RENTAL CAR           |  | \$674   | \$0                                 | \$674          |                             |
| 47                   | SW-Misc-A&G-MEALS 100% DED           |  | \$35  | \$0                                 | \$35           |                             |
| 48                   | SW-Misc-A&G-TRV-HOTEL                |  | \$471   | \$0                                 | \$471          |                             |
| 49                   | WT-Misc-A&G                          |  | \$704   | \$0                                 | \$704          |                             |
| 50                   | WT-Misc-A&G-Claims                   |  | \$130   | \$0                                 | \$130          |                             |
| 51                   | WT-Misc-A&G-DUES                     |  | \$367   | \$0                                 | \$367          |                             |
| 52                   | WT-Misc-A&G-TRV                      |  | \$10  | \$0                                 | \$10           |                             |
| 53                   | WT-Misc-A&G-MEALS 100% DED           |  | \$1,965   | \$0                                 | \$1,965        |                             |
| 54                   | WT-Misc-A&G-MEALS 50% DED            |  | \$382   | \$0                                 | \$382          |                             |
| 55                   | WT-Misc-A&G-TRV-Auto Mile Reim       |  | \$222   | \$0                                 | \$222          |                             |
| 56                   | WT-Misc-A&G-TRV-HOTEL                |  | \$1,218   | \$0                                 | \$1,218        |                             |
| 57                   | WT-Misc-A&G-UNIFORMS                 |  | (\$7,604)   | \$0                                 | (\$7,604)      |                             |
| 58                   | WT-Misc-A&G-CO Exp-All Other         |  | \$50  | \$0                                 | \$50           |                             |
| 59                   | TOTAL                                | \$299,553  | \$6,699   | \$841                               | \$7,540        |                             |
|                      |                                      |  |   |                                     |                |                             |
| <b>PAYROLL TAXES</b> |                                      |  |   |                                     |                |                             |
| 60                   | Payroll Taxes-FICA                   |  | \$0   | \$10,915                            | \$10,915       | WP-Adj3-Payroll_Taxes       |
| 61                   | Payroll Taxes-FUTA                   |  | (0.00)  | \$0                                 | \$138          | WP-Adj3-Payroll_Taxes       |
| 62                   | Payroll Taxes-SUTA                   |  | (0.00)  | \$0                                 | \$324          | WP-Adj3-Payroll_Taxes       |
| 63                   | TOTAL                                | \$0  | \$0   | \$11,377                            | \$11,377       |                             |
| 64                   | TOTAL NTX ADMIN ALLOCABLE COSTS      | \$0  | \$299,553   | \$51,789                            | \$351,342      |                             |
| 64                   | WATER                                |  | \$260,946   | 87.01%                              | \$305,710      |                             |
| 65                   | SEWER                                |  | \$17,168  | 5.73%                               | \$21,369       |                             |

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010  
 WP-TX Admin Inc Stmt Detail

TEXAS ADMIN TOTAL REVENUE REQUIREMENTS

|                             | TEST YEAR PERIOD AND           |                  | OUT OF      |             | AS ADJUSTED      |           | ADJUSTMENTS    |         | AS               |                       | REFERENCE |
|-----------------------------|--------------------------------|------------------|-------------|-------------|------------------|-----------|----------------|---------|------------------|-----------------------|-----------|
|                             | PER BOOKS                      | 12/31/2010       | NORMALIZING | ADJUSTMENTS | TEST YEAR        | PER BOOKS | FOR K & M      | CHANGES | ADJUSTED         | ADJUSTED              |           |
|                             | (a)                            | (b)              | (c)         | (d)         | (e)              | (f)       | (g)            | (h)     | (i)              | (j)                   |           |
| <b>SALARIES &amp; WAGES</b> |                                |                  |             |             |                  |           |                |         |                  |                       |           |
| 1                           | WT-A & G Labor-Employ-Rg       | \$696,375        |             |             | \$696,375        |           | \$60,000       |         | \$756,375        | WP-Adj2 Admin_Payroll |           |
| 2                           | WT-Cust Accts Labor-Employ-Rg  | \$1,573          |             |             | \$1,573          |           | \$135          |         | \$1,708          | WP-Adj2 Admin_Payroll |           |
| 3                           | WT-Source Oper LBR-Employ-Rg   | \$3,794          |             |             | \$3,794          |           | \$327          |         | \$4,121          | WP-Adj2 Admin_Payroll |           |
| 4                           | WT-A & G Labor-Employ-OT       | \$6,500          |             |             | \$6,500          |           | \$4,476        |         | \$10,975         | WP-Adj2 Admin_Payroll |           |
| 5                           | WT-Cust Accts Labor-Employ-OT  | \$157            |             |             | \$157            |           | \$108          |         | \$265            | WP-Adj2 Admin_Payroll |           |
| 6                           | WT-A & G Labor-Bonuses         | \$28,856         |             |             | \$28,856         |           | \$6,967        |         | \$35,823         | WP-Adj2 Admin_Payroll |           |
| 7                           | WT-A & G Labor-Dividend Equiv  | \$12,685         |             |             | \$12,685         |           | (\$12,685)     |         | \$0              | WP-Adj2 Admin_Payroll |           |
| 8                           | WT-A & G Labor-Stock Option Co | \$82,501         |             |             | \$82,501         |           | (\$50,229)     |         | \$32,272         | WP-Adj2 Admin_Payroll |           |
| 9                           | WT-A & G Restricted Stock Amnr | \$14,010         |             |             | \$14,010         |           | \$0            |         | \$14,010         | WP-Adj2 Admin_Payroll |           |
| 10                          | <b>TOTAL</b>                   | <b>\$846,450</b> |             |             | <b>\$846,450</b> |           | <b>\$9,099</b> |         | <b>\$855,548</b> |                       |           |
| <b>OFFICE EXPENSES</b>      |                                |                  |             |             |                  |           |                |         |                  |                       |           |
| 11                          | SW-ACO Lockbox Fees            | \$135            |             |             | \$135            |           | \$0            |         | \$135            |                       |           |
| 12                          | SW-Misc-A&G-MAIL OVERTNIGHT    | \$241            |             |             | \$241            |           | \$0            |         | \$241            |                       |           |
| 13                          | SW-Misc-A&G-Office Supplies    | \$114            |             |             | \$114            |           | \$0            |         | \$114            |                       |           |
| 14                          | WT-ACC Allocation              | (\$61)           |             |             | (\$61)           |           | \$0            |         | (\$61)           |                       |           |
| 15                          | WT-ACC Lockbox Fees            | (\$61)           |             |             | (\$61)           |           | \$0            |         | (\$61)           |                       |           |
| 16                          | WT-Other ACO Direct costs      | \$79,845         |             |             | \$79,845         |           | \$0            |         | \$79,845         |                       |           |
| 17                          | WT-Cont Serv-Oth-A&G           | \$22,363         |             |             | \$22,363         |           | \$0            |         | \$0              | WP-Adj15-Other Adj    |           |
| 18                          | WT-Mat&Sup-T&D OPER-Gen        | \$118,802        |             |             | \$118,802        |           | \$0            |         | \$0              | WP-Adj15-Other Adj    |           |
| 19                          | WT-Mat&Sup-A & G               | (\$150,199)      |             |             | (\$150,199)      |           | \$0            |         | \$0              | WP-Adj15-Other Adj    |           |
| 20                          | WT-Cont Serv-Oth-Source OPER   | (\$58)           |             |             | (\$58)           |           | \$0            |         | (\$58)           |                       |           |
| 21                          | WT-Cont Serv-Oth-Source MAINT  | \$1,000          |             |             | \$1,000          |           | \$0            |         | \$1,000          |                       |           |
| 22                          | SW-Cont Serv-Oth-A&G           | \$9,006          |             |             | \$9,006          |           | \$0            |         | \$9,006          |                       |           |
| 23                          | WT-Cont Serv-Oth-Misc Computer | \$1,008          |             |             | \$1,008          |           | \$0            |         | \$1,008          |                       |           |
| 24                          | WT-Misc-A&G-Bank Fees          | \$4,131          |             |             | \$4,131          |           | \$0            |         | \$4,131          |                       |           |
| 25                          | WT-Misc-A&G-COPIES             | \$275            |             |             | \$275            |           | \$0            |         | \$275            |                       |           |
| 26                          | WT-Cont Serv-Oth-T&D OPER-Metr | \$467            |             |             | \$467            |           | \$0            |         | \$467            |                       |           |
| 27                          | WT-Misc-A&G-MAINT              | \$820            |             |             | \$820            |           | \$0            |         | \$820            |                       |           |
| 28                          | WT-Misc-A&G-MAIL&POST          | \$19,218         |             |             | \$19,218         |           | \$0            |         | \$19,218         |                       |           |
| 29                          | WT-Misc-A&G-Office Supplies    | \$25,341         |             |             | \$25,341         |           | \$0            |         | \$25,341         |                       |           |
| 30                          | WT-Rent Equip-Source MAINT     | \$250            |             |             | \$250            |           | \$0            |         | \$250            |                       |           |
| 31                          | WT-Rent Bldg/RP-A & G          | \$78,815         |             |             | \$78,815         |           | \$0            |         | \$78,815         |                       |           |
| 32                          | WT-Rent Equip-A & G            | \$9,798          |             |             | \$9,798          |           | \$0            |         | \$9,798          |                       |           |
| 33                          | WT-Trans-A & G                 | \$5,112          |             |             | \$5,112          |           | \$0            |         | \$5,112          |                       |           |
| 34                          | WT-Trans-T&D MAINT             | \$1,228          |             |             | \$1,228          |           | \$1,061        |         | \$2,289          | WP-Ad7-Trans Exp      |           |
| 35                          | WT-Trans-T&D OP-CAR WASH TCK   | \$184            |             |             | \$184            |           | \$0            |         | \$184            |                       |           |
| 36                          | WT-Trans-T&D OP-DIESEL         | (\$1,779)        |             |             | (\$1,779)        |           | \$0            |         | (\$1,779)        |                       |           |
| 37                          | WT-Trans-T&D OP-GAIN LEASED EQ | (\$64,000)       |             |             | (\$64,000)       |           | \$0            |         | (\$64,000)       |                       |           |
| 38                          | WT-Trans-T&D OP-GAIN SALE ASST | (\$6,280)        |             |             | (\$6,280)        |           | \$0            |         | (\$6,280)        |                       |           |
| 39                          | WT-Trans-T&D OP-GASOLINE       | \$10,664         |             |             | \$10,664         |           | \$4,896        |         | \$15,560         | WP-Ad7-Trans Exp      |           |
| 40                          | WT-Trans-T&D OP-PARTS AUTO&MCH | \$38             |             |             | \$38             |           | \$0            |         | \$38             |                       |           |
| 41                          | WT-Trans-T&D OP-LEASE          | \$12,847         |             |             | \$12,847         |           | \$1,676        |         | \$14,523         | WP-Ad7-Trans Exp      |           |
| 42                          | WT-Trans-T&D OP-LICENSES       | \$363            |             |             | \$363            |           | \$0            |         | \$363            |                       |           |
| 43                          | <b>TOTAL</b>                   | <b>\$178,625</b> |             |             | <b>\$188,659</b> |           | <b>\$7,634</b> |         | <b>\$196,293</b> |                       |           |

AQUA TEXAS RATE APPLICATION - NORTH REGION-TY 12/31/2010  
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TEXAS ADMIN TOTAL REVENUE REQUIREMENTS

|                                    | TEST YEAR<br>PER BOOKS<br>12/31/2010        | OUT OF<br>PERIOD AND<br>NORMALIZING<br>ADJUSTMENTS | AS ADJUSTED<br>TEST YEAR<br>PER BOOKS<br>12/31/2010 | ADJUSTMENTS<br>FOR K & M<br>CHANGES | AS<br>ADJUSTED | REFERENCE                 |
|------------------------------------|---|--|---|-------------------------------------|----------------|---------------------------|
|                                    | (a)   | (b)  | (c)   | (d)                                 | (e)            | (f)                       |
| <b>ACCOUNTING &amp; LEGAL FEES</b> |   |  |   |                                     |                |                           |
| 44                                 | WT-Cont Serv-Acct-A & G                     |  | \$1,482   | \$0                                 | \$1,482        |                           |
| 45                                 | WT-Cont Serv-Legl-A & G                     |  | \$200,952   | \$0                                 | \$200,952      |                           |
| 46                                 | TOTAL                                       | \$0  | \$202,433   | \$0                                 | \$202,433      |                           |
| <b>INSURANCE</b>                   |   |  |   |                                     |                |                           |
| 47                                 | WT-A&G Emp-DENTAL PLAN                      |  | \$17,321  | (\$8,953)                           | \$8,368        | WP-Adj9-Benefits          |
| 48                                 | WT-A&G Emp-GEIS                             |  | \$4,372   | \$0                                 | \$4,372        | WP-Adj9-Benefits          |
| 49                                 | WT-A&G Emp-GROUP LIFE INS                   |  | \$2,734   | \$5,497                             | \$8,231        | WP-Adj9-Benefits          |
| 50                                 | WT-A&G Emp-HEALTH PLANS                     |  | \$276,732   | (\$181,854)                         | \$94,878       | WP-Adj9-Benefits          |
| 51                                 | WT-A&G Emp-Insurance Payments               |  | (\$117,356)   | \$95,065                            | (\$22,292)     | WP-Adj9-Benefits          |
| 52                                 | WT-A&G Emp-US HEALTHCARE                    |  | (\$207,953)   | \$47,227                            | (\$160,726)    | WP-Adj10-Capitiz_Benefits |
| 53                                 | WT-A&G Emp-INTERCO BENEFITS                 |  | \$148   | \$0                                 | \$148          |                           |
| 54                                 | WT-Ins-Gen Lieb-A & G                       |  | \$11,401  | \$0                                 | \$11,401       | WP-Adj15-Other Adj        |
| 55                                 | WT-Ins-Vehide-A & G                         |  | \$6   | \$0                                 | \$6            |                           |
| 56                                 | WT-Ins-Work Comp-A & G                      |  | \$6,275   | \$3,120                             | \$9,395        | WP-Adj12-Insurance        |
| 57                                 | TOTAL                                       | (\$29,120)   | (\$17,720)  | (\$39,898)                          | (\$57,618)     |                           |
| <b>MISCELLANEOUS</b>               |   |  |   |                                     |                |                           |
| 58                                 | TY Corporate Management Fees                |  | \$0   | \$80,678                            | \$80,678       | WP-Adj15-Other Adj        |
| 59                                 | WT-Region Mgmt Fees                         |  | \$1,447,950   | \$0                                 | \$1,447,950    | WP-Adj15-Other Adj        |
| 60                                 | SW-Cont Serv-MgtFee-A&G                     |  | \$20,024  | \$0                                 | \$20,024       | WP-Adj15-Other Adj        |
| 61                                 | WT-Cont Serv-Mgmt F-A & G                   |  | \$227,652   | \$0                                 | \$227,652      | WP-Adj15-Other Adj        |
| 62                                 | WT-Corp Mgmt Fees Only                      |  | \$1,114,530   | \$0                                 | \$1,114,530    | WP-Adj15-Other Adj        |
| 63                                 | WT-Bad Debt Expense-Guest-Accts             |  | \$396   | (\$396)                             | \$0            | WP-Adj15-Other Adj        |
| 64                                 | WT-Misc-A&G-Claims                          |  | (\$66,423)  | \$0                                 | (\$66,423)     | WP-Adj15-Other Adj        |
| 65                                 | WT-A&G Emp-CONTRIB THRIFT PL                |  | \$20,018  | \$0                                 | \$20,018       | WP-Adj15-Other Adj        |
| 66                                 | SW-A&G Emp-CONTRIB THRIFT PL                |  | \$30,875  | \$1,397                             | \$32,272       | WP-Adj15-Other Adj        |
| 67                                 | WT-A&G Emp-Pension Paid                     |  | (\$1,163)   | \$0                                 | (\$1,163)      |                           |
| 68                                 | WT-A&G Emp-POSTRT BENIFAS 106)              |  | \$14,338  | \$0                                 | \$14,338       |                           |
| 69                                 | WT-A&G Emp-INTERCO BENEFITS                 |  | \$322   | \$0                                 | \$322          |                           |
| 70                                 | SW-Misc-A&G                                 |  | \$148   | \$0                                 | \$148          |                           |
| 71                                 | WT-Misc-A&G-SERVICE CLEARING                |  | \$1,697   | \$0                                 | \$1,697        |                           |
| 72                                 | SW-Misc-A&G-MEALS 100% DED                  |  | \$247   | \$0                                 | \$247          |                           |
| 73                                 | SW-Misc-A&G-MEALS 50% DED                   |  | \$155   | \$0                                 | \$155          |                           |
| 74                                 | SW-Misc-A&G-TRV                             |  | \$84  | \$0                                 | \$84           |                           |
| 75                                 | SW-Misc-A&G-SEMINARS                        |  | \$574   | \$0                                 | \$574          |                           |
| 76                                 | SW-Misc-A&G-TRV-HOTEL                       |  | \$14  | \$0                                 | \$14           |                           |
| 77                                 | WT-A&G Emp-EMPLOY X-MAS GIFTS               |  | \$599   | \$0                                 | \$599          |                           |
| 78                                 | WT-A&G Emp-FLOWERS & FRUIT                  |  | \$7,526   | (\$7,526)                           | \$0            | WP-Adj15-Other Adj        |
| 79                                 | WT-A&G Emp-EDUCATION                        |  | \$590   | (\$590)                             | \$0            | WP-Adj15-Other Adj        |
| 80                                 | WT-A&G Emp-MISC                             |  | \$2,790   | \$0                                 | \$2,790        |                           |
| 81                                 | WT-A&G Emp-SEMINARS                         |  | \$240   | \$0                                 | \$240          |                           |
| 82                                 | WT-Misc-A&G                                 |  | \$60  | \$0                                 | \$60           |                           |
| 83                                 | WT-Misc-A&G-Civic Org Events (Aqua Connects |  | \$5,275   | \$0                                 | \$5,275        |                           |
| 84                                 | WT-Misc-A&G-COMM EXP                        |  | \$20,528  | (\$20,528)                          | \$0            | WP-Adj15-Other Adj        |
| 85                                 | WT-Misc-A&G-DUES                            |  | \$197,092   | (\$5,911)                           | \$191,181      | WP-Adj15-Other Adj        |
| 86                                 | SW-Misc-A&G-DUES                            |  | \$476   | \$0                                 | \$476          |                           |
|                                    |   |  | \$338   | \$0                                 | \$338          |                           |

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010

WP-TX Admin Inc Stmt Detail

TEXAS ADMIN TOTAL REVENUE REQUIREMENTS

|                      | TEST YEAR PERIOD AND |             | OUT OF      |             | AS ADJUSTED |          | ADJUSTMENTS |             | REFERENCE             |
|----------------------|----------------------|-------------|-------------|-------------|-------------|----------|-------------|-------------|-----------------------|
|                      | PER BOOKS            | PERIOD AND  | PERIOD AND  | PER BOOKS   | FOR K & M   | AS       | CHANGES     | ADJUSTED    |                       |
|                      | 12/31/2010           | ADJUSTMENTS | ADJUSTMENTS | 12/31/2010  | CHANGES     | ADJUSTED | (d)         | (e)         | (f)                   |
| 87                   | \$20                 |             |             | \$20        |             |          | (\$20)      | \$0         | WP-Adj15-Other Adj    |
| 88                   | \$274                |             |             | \$274       |             |          | (\$274)     | \$0         | WP-Adj15-Other Adj    |
| 89                   | \$5,977              |             |             | \$5,977     |             |          |             | \$5,977     |                       |
| 90                   | \$2,835              |             |             | \$2,835     |             |          |             | \$2,835     |                       |
| 91                   | \$10,619             |             |             | \$10,619    |             |          |             | \$10,619    |                       |
| 92                   | \$338                |             |             | \$338       |             |          |             | \$338       |                       |
| 93                   | \$111                |             |             | \$111       |             |          |             | \$111       |                       |
| 94                   | \$513                |             |             | \$513       |             |          |             | \$513       |                       |
| 95                   | \$5,389              |             |             | \$5,389     |             |          |             | \$5,389     |                       |
| 96                   | \$5,576              |             |             | \$5,576     |             |          |             | \$5,576     |                       |
| 97                   | \$13,300             |             |             | \$13,300    |             |          |             | \$13,300    |                       |
| 98                   | \$4,899              |             |             | \$4,899     |             |          |             | \$4,899     |                       |
| 99                   | \$100                |             |             | \$100       |             |          |             | \$100       |                       |
| 100                  | (\$1,075,458)        |             | \$2,876,183 | \$1,800,725 |             |          | \$47,228    | \$1,847,951 |                       |
| <b>PAYROLL TAXES</b> |                      |             |             |             |             |          |             |             |                       |
| 101                  | \$0                  |             |             | \$0         |             |          | \$56,913    | \$56,913    | WP-Adj3-Payroll_Taxes |
| 102                  | \$0                  |             |             | \$0         |             |          | \$552       | \$552       | WP-Adj3-Payroll_Taxes |
| 103                  | \$0                  |             |             | \$0         |             |          | \$1,295     | \$1,295     | WP-Adj3-Payroll_Taxes |
| 104                  | \$0                  |             |             | \$0         |             |          | \$58,759    | \$58,759    |                       |
| <b>OTHER TAXES</b>   |                      |             |             |             |             |          |             |             |                       |
| 105                  | \$0                  |             |             | \$0         |             |          |             | \$0         |                       |
| 106                  | \$0                  |             |             | \$0         |             |          |             | \$0         |                       |

AQUA TEXAS RATE APPLICATION - NORTH REGION-TY 12/31/2010  
 WP-TX Admin Inc Stmt Detail

TEXAS ADMIN TOTAL REVENUE REQUIREMENTS

|  | (a)                                  | (b)  | (c)   | (d)                                 | (e)                | (f)                |
|--|--------------------------------------|--|---|-------------------------------------|--------------------|--------------------|
|  | TEST YEAR<br>PER BOOKS<br>12/31/2010 | OUT OF<br>PERIOD AND<br>NORMALIZING<br>ADJUSTMENTS | AS ADJUSTED<br>TEST YEAR<br>PER BOOKS<br>12/31/2010 | ADJUSTMENTS<br>FOR K & M<br>CHANGES | AS<br>ADJUSTED     | REFERENCE          |
| <b>DEPRECIATION &amp; AMORTIZATION</b> |                                      |  |   |                                     |                    |                    |
| 107                                    | \$167,156                            | (\$167,156)  | \$0   | \$0                                 | \$0                | WP-Adj15-Other Adj |
| 108                                    | (\$13,511)                           | \$13,511   | \$0   | \$0                                 | \$0                | WP-Adj15-Other Adj |
| 109                                    | \$153,645                            | (\$167,156)  | \$0   | \$0                                 | \$0                |                    |
| 110                                    | <b>\$277,574</b>                     | <b>\$2,729,461</b>                                 | <b>\$3,020,546</b>                                  | <b>\$82,820</b>                     | <b>\$3,103,366</b> |                    |
| 111                                    | \$277,574                            | \$2,729,461  | \$3,020,546   | \$82,820                            | \$3,103,366        |                    |
| 112                                    | (\$1,361,810)                        | \$2,809,759  | \$1,447,950   | \$80,678                            | \$1,528,628        |                    |
| 113                                    | \$1,485,739                          | (\$80,298)   | \$1,572,597   | \$2,141                             | \$1,574,738        |                    |
| 114                                    | \$153,645                            | (\$167,156)  | \$0   | \$0                                 | \$0                |                    |
| <b>TEXAS ADMIN ALLOCABLE COSTS</b>     |                                      |  |   |                                     |                    |                    |
| 115                                    |                                      | 25.59%   | <b>\$402,373</b>                                    | 23.78%                              | <b>\$374,473</b>   |                    |
| 116                                    |                                      | 1.68%  | <b>\$26,473</b>                                     | 1.66%                               | <b>\$26,175</b>    |                    |
| <b>CORP ADMIN ALLOCABLE COSTS</b>      |                                      |  |   |                                     |                    |                    |
| 117                                    |                                      | 25.59%   | <b>\$370,480</b>                                    | 23.78%                              | <b>\$363,508</b>   |                    |
| 118                                    |                                      | 1.68%  | <b>\$24,375</b>                                     | 1.66%                               | <b>\$25,409</b>    |                    |

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010  
 WP-NTX Admin Alloc Change Rec

|  | TEST YEAR                          | NTX Admin Office K&M       |                           |
|--|------------------------------------|----------------------------|---------------------------|
|  | 12/31/2010                         | Allocation of 87.01% Minus | Test Year Alloc of 87.11% |
|  | (a)                                | (b)                        | (c)                       |
| <b><u>SALARIES &amp; WAGES</u></b>         |                                    |                            |                           |
| 1  | WT-A & G Labor-Employ-Rg           | \$ 22,244                  | -0.10% (\$121.50)         |
| 2  | WT-Source Oper LBR-Employ-Rg       | \$908                      | -0.10% (\$0.90)           |
| 3  | WT-A & G Labor-Employ-OT           | \$731                      | -0.10% (\$0.73)           |
| 4  | WT-A & G Labor-Bonuses             | \$6,622                    | -0.10% (\$6.58)           |
| <b><u>UTILITIES</u></b>                    |                                    |                            |                           |
| 5  | WT-Purchased Power-SOURCE OPER     | \$8,578                    | -0.10% (\$8.53)           |
| 6  | WT-Purchased Power-A & G EXPS      | (\$1,214)                  | -0.10% \$1.21             |
| 7  | WT-Misc-A&G-Utilities              | \$17,300                   | -0.10% (\$17.19)          |
| <b><u>REPAIRS/MAINTENANCE/SUPPLIES</u></b> |                                    |                            |                           |
| 8  | WT-Mat&Sup-T&D MAINT-Gen           | \$668                      | -0.10% (\$0.66)           |
| 9  | WT-Trans-T&D OP-GASOLINE           | \$98                       | -0.10% (\$0.10)           |
| 10   | WT-Trans-T&D OP-LICENSES           | \$874                      | -0.10% (\$0.87)           |
| 11   | WT-Trans-T&D OP-CAR WASH TCK       | \$32                       | -0.10% (\$0.03)           |
| 12   | SW-Cont Serv-Test-T&D Oper         | \$225                      | -0.10% (\$0.22)           |
| 13   | WT-Cont Serv-Oth-Source MAINT      | \$4,588                    | -0.10% (\$4.56)           |
| <b><u>OFFICE EXPENSES</u></b>              |                                    |                            |                           |
| 14   | WT-Rent Bldg/RP-A & G              | \$37,306                   | -0.10% (\$37.08)          |
| 15   | WT-Rent Equip-A & G                | \$8,116                    | -0.10% (\$8.07)           |
| 16   | WT-Mat&Sup-A & G                   | \$4,475                    | -0.10% (\$4.45)           |
| 17   | WT-Trans-A & G                     | \$1,255                    | -0.10% (\$1.25)           |
| 18   | WT-Misc-A&G-COPIES                 | \$65                       | -0.10% (\$0.06)           |
| 19   | WT-Misc-A&G-MAIL&POST              | \$2,309                    | -0.10% (\$2.30)           |
| 20   | WT-Misc-A&G-Office Supplies        | \$6,138                    | -0.10% (\$6.10)           |
| 21   | WT-Cont Serv-Oth-Security          | \$3,934                    | -0.10% (\$3.91)           |
| 22   | SW-Mat&Sup-A&G                     | \$115                      | -0.10% (\$0.11)           |
| 23   | WT-Cont Serv-Oth-A&G-DIS RECOV     | \$420                      | -0.10% (\$0.42)           |
| <b><u>ACCOUNTING &amp; LEGAL FEES</u></b>  |                                    |                            |                           |
| 24   | WT-Cont Serv-Legl-A & G            | \$2,411                    | -0.10% (\$2.40)           |
| 25   | WT-Misc-A&G-COMM EXP               | \$10,907                   | -0.10% (\$10.84)          |
| <b><u>INSURANCE</u></b>                    |                                    |                            |                           |
| 26   | WT-A&G Emp-DENTAL PLAN             | \$3,385                    | -0.10% (\$3.36)           |
| 27   | WT-A&G Emp-GEIS                    | \$896                      | -0.10% (\$0.89)           |
| 28   | WT-A&G Empl-GROUP LIFE INS         | \$545                      | -0.10% (\$0.54)           |
| 29   | WT-A&G Empl-HEALTH PLANS           | \$54,255                   | -0.10% (\$53.93)          |
| 30   | WT-A&G Empl-Insurance Payments     | (\$6,889)                  | -0.10% \$6.85             |
| 31   | Capitalized Benefits/Payroll Taxes | \$0                        | -0.10% \$0.00             |
| 32   | WT-Ins-Work Comp-A & G             | \$1,556                    | -0.10% (\$1.55)           |
| <b><u>MISCELLANEOUS</u></b>                |                                    |                            |                           |
| 33   | WT-A&G Emp-FLOWERS & FRUIT         | \$226                      | -0.10% (\$0.22)           |
| 34   | WT-A&G Emp-EMPLY X-MAS GIFTS       | \$50                       | -0.10% (\$0.05)           |
| 35   | WT-A&G Empl-CONTRIB THRIFT PL      | \$6,108                    | -0.10% (\$6.07)           |
| 36   | WT-A&G Empl-EDUCATION              | \$878                      | -0.10% (\$0.87)           |
| 37   | SW-Cont Serv-MgtFee-A&G            | \$0                        | -0.10% \$0.00             |
| 38   | WT-Cont Serv-Mgmt F-A & G          | \$0                        | -0.10% \$0.00             |
| 39   | SW-Misc-A&G-Claims                 | \$814                      | -0.10% (\$0.81)           |
| 40   | WT-Misc-A&G-TRV-RENTAL CAR         | \$674                      | -0.10% (\$0.67)           |
| 41   | SW-Misc-A&G-MEALS 100% DED         | \$35                       | -0.10% (\$0.03)           |
| 42   | SW-Misc-A&G-TRV-HOTEL              | \$471                      | -0.10% (\$0.47)           |
| 43   | WT-Misc-A&G                        | \$704                      | -0.10% (\$0.70)           |
| 44   | WT-Misc-A&G-Claims                 | \$130                      | -0.10% (\$0.13)           |
| 45   | WT-Misc-A&G-DUES                   | \$367                      | -0.10% (\$0.36)           |
| 46   | WT-Misc-A&G-TRV                    | \$10                       | -0.10% (\$0.01)           |
| 47   | WT-Misc-A&G-MEALS 100% DED         | \$1,965                    | -0.10% (\$1.95)           |
| 48   | WT-Misc-A&G-MEALS 50% DED          | \$382                      | -0.10% (\$0.38)           |
| 49   | WT-Misc-A&G-TRV-Auto Mile Reim     | \$222                      | -0.10% (\$0.22)           |
| 50   | WT-Misc-A&G-TRV-HOTEL              | \$1,218                    | -0.10% (\$1.21)           |
| 51   | WT-Misc-A&G-UNIFORMS               | (\$7,604)                  | -0.10% \$7.56             |
| 52   | WT-Misc-A&G-CO Exp-All Other       | \$50                       | -0.10% (\$0.05)           |
| <b><u>PAYROLL TAXES</u></b>                |                                    |                            |                           |
| 53   | Payroll Taxes-FICA                 | \$0                        | -0.10% \$0.00             |
| 54   | Payroll Taxes-FUTA                 | \$0                        | -0.10% \$0.00             |
| 55   | Payroll Taxes-SUTA                 | \$0                        | -0.10% \$0.00             |
|  |                                    | <b>\$299,553</b>           | <b>(\$298)</b>            |

**AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010**  
**WP-TX Admin Alloc Change Rec**

|   |                                | TEST YEAR<br>12/31/2010 | AquaTX Admin K&M Alloc of<br>23.78% Minus Test Year Alloc<br>of 25.59% |                  |
|---|--------------------------------|-------------------------|--|------------------|
|   |                                | (a)                     | (b)  | (c)<br>(a) X (b) |
| <b><u>SALARIES &amp; WAGES</u></b>        |                                |                         |  |                  |
| 1   | WT-A & G Labor-Employ-Rg       | \$696,375               | -1.81%   | (\$12,580.42)    |
| 2   | WT-Cust Accts Labor-Employ-Rg  | \$1,573                 | -1.81%   | (\$28.41)        |
| 3   | WT-Source Oper LBR-Employ-Rg   | \$3,794                 | -1.81%   | (\$68.53)        |
| 4   | WT-A & G Labor-Employ-OT       | \$6,500                 | -1.81%   | (\$117.42)       |
| 5   | WT-Cust Accts Labor-Employ-OT  | \$157                   | -1.81%   | (\$2.83)         |
| 6   | WT-A & G Labor-Bonuses         | \$28,856                | -1.81%   | (\$521.30)       |
| 7   | WT-A & G Labor-Dividend Equiv  | \$12,685                | -1.81%   | (\$229.16)       |
| 8   | WT-A & G Labor-Stock Option Co | \$82,501                | -1.81%   | (\$1,490.43)     |
| 9   | WT-A & G Restricted Stock Amor | \$14,010                | -1.81%   | (\$253.09)       |
| <b><u>OFFICE EXPENSES</u></b>             |                                |                         |  |                  |
| 10  | SW-ACO Lockbox Fees            | \$135                   | -1.81%   | (\$2.44)         |
| 11  | SW-Misc-A&G-MAIL OVERNIGHT     | \$241                   | -1.81%   | (\$4.34)         |
| 12  | SW-Misc-A&G-Office Supplies    | \$114                   | -1.81%   | (\$2.06)         |
| 13  | WT-ACO Allocation              | (\$61)                  | -1.81%   | \$1.11           |
| 14  | WT-ACO Lockbox Fees            | (\$61)                  | -1.81%   | \$1.11           |
| 15  | WT-Other ACO Direct costs      | \$79,845                | -1.81%   | (\$1,442.44)     |
| 16  | WT-Cont Serv-Oth-A&G           | \$0                     | -1.81%   | \$0.00           |
| 17  | WT-Mat&Sup-T&D OPER-Gen        | \$0                     | -1.81%   | \$0.00           |
| 18  | WT-Mat&Sup-A & G               | \$0                     | -1.81%   | \$0.00           |
| 19  | WT-Cont Serv-Oth-Source OPER   | (\$58)                  | -1.81%   | \$1.06           |
| 20  | WT-Cont Serv-Oth-Source MAINT  | \$1,000                 | -1.81%   | (\$18.07)        |
| 21  | SW-Cont Serv-Oth-A&G           | \$9,006                 | -1.81%   | (\$162.70)       |
| 22  | WT-Cont Serv-Oth-Misc Computer | \$1,008                 | -1.81%   | (\$18.21)        |
| 23  | WT-Misc-A&G-Bank Fees          | \$4,131                 | -1.81%   | (\$74.63)        |
| 24  | WT-Misc-A&G-COPIES             | \$275                   | -1.81%   | (\$4.97)         |
| 25  | WT-Cont Serv-Oth-T&D OPER-Metr | \$467                   | -1.81%   | (\$8.44)         |
| 26  | WT-Misc-A&G-MAINT              | \$820                   | -1.81%   | (\$14.81)        |
| 27  | WT-Misc-A&G-MAIL&POST          | \$19,218                | -1.81%   | (\$347.19)       |
| 28  | WT-Misc-A&G-Office Supplies    | \$25,341                | -1.81%   | (\$457.81)       |
| 29  | WT-Rent Equip-Source MAINT     | \$250                   | -1.81%   | (\$4.51)         |
| 30  | WT-Rent Bldg/RP-A & G          | \$78,815                | -1.81%   | (\$1,423.83)     |
| 31  | WT-Rent Equip-A & G            | \$9,798                 | -1.81%   | (\$177.01)       |
| 32  | WT-Trans-A & G                 | \$5,112                 | -1.81%   | (\$92.36)        |
| 33  | WT-Trans-T&D MAINT             | \$1,228                 | -1.81%   | (\$22.18)        |
| 34  | WT-Trans-T&D OP-CAR WASH TCK   | \$184                   | -1.81%   | (\$3.32)         |
| 35  | WT-Trans-T&D OP-DIESEL         | (\$1,779)               | -1.81%   | \$32.14          |
| 36  | WT-Trans-T&D OP-GAIN LEASED EQ | (\$64,000)              | -1.81%   | \$1,156.20       |
| 37  | WT-Trans-T&D OP-GAIN SALE ASST | (\$6,280)               | -1.81%   | \$113.45         |
| 38  | WT-Trans-T&D OP-GASOLINE       | \$10,664                | -1.81%   | (\$192.66)       |
| 39  | WT-Trans-T&D OP-PARTS AUTO&MCH | \$38                    | -1.81%   | (\$0.69)         |
| 40  | WT-Trans-T&D OP-LEASE          | \$12,847                | -1.81%   | (\$232.09)       |
| 41  | WT-Trans-T&D OP-LICENSES       | \$363                   | -1.81%   | (\$6.55)         |
| <b><u>ACCOUNTING &amp; LEGAL FEES</u></b> |                                |                         |  |                  |
| 41  | WT-Cont Serv-Acct-A & G        | \$1,482                 | -1.81%   | (\$26.77)        |
| 42  | WT-Cont Serv-Legl-A & G        | \$200,952               | -1.81%   | (\$3,630.31)     |
| <b><u>INSURANCE</u></b>                   |                                |                         |  |                  |
| 43  | WT-A&G Emp-DENTAL PLAN         | \$17,321                | -1.81%   | (\$312.91)       |
| 44  | WT-A&G Emp-GEIS                | \$4,372                 | -1.81%   | (\$78.99)        |
| 45  | WT-A&G Empl-GROUP LIFE INS     | \$2,734                 | -1.81%   | (\$49.40)        |
| 46  | WT-A&G Empl-HEALTH PLANS       | \$276,732               | -1.81%   | (\$4,999.32)     |
| 47  | WT-A&G Empl-Insurance Payments | (\$117,356)             | -1.81%   | \$2,120.11       |
| 48  | WT-A&G Emp-US HEALTH CARE      | (\$207,953)             | -1.81%   | \$3,756.79       |
| 49  | WT-A&G Empl-INTERCO BENEFITS   | \$148                   | -1.81%   | (\$2.68)         |



AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010  
 WP-TX Admin Alloc Change Rec

|                      |   | TEST YEAR<br>12/31/2010 | AquaTX Admin K&M Alloc of<br>23.78% Minus Test Year Alloc<br>of 25.59% |                   |
|----------------------|---|-------------------------|--|-------------------|
|                      |   | (a)                     | (b)  | (c)               |
| 50                   | WT-Ins-Gen Liab-A & G                   | \$0                     | -1.81%   | \$0.00            |
| 51                   | WT-Ins-Vehicle-A & G                    | \$6                     | -1.81%   | (\$0.11)          |
| 52                   | WT-Ins-Work Comp-A & G                  | \$6,275                 | -1.81%   | (\$113.37)        |
| <b>MISCELLANEOUS</b> |   |                         |  |                   |
| 52                   | TY Corporate Management Fees            | \$1,447,950             | -1.81%   | (\$26,158.05)     |
| 53                   | WT-Region Mgmt Fees                     | \$0                     | -1.81%   | \$0.00            |
| 54                   | SW-Cont Serv-MgtFee-A&G                 | \$0                     | -1.81%   | \$0.00            |
| 55                   | WT-Cont Serv-Mgmt F-A & G               | \$0                     | -1.81%   | \$0.00            |
| 56                   | WT-Corp Mgmt Fees Only                  | \$0                     | -1.81%   | \$0.00            |
| 57                   | WT-Bad Debt Expense-Cust Accts          | \$0                     | -1.81%   | \$0.00            |
| 58                   | WT-Misc-A&G-Claims                      | \$20,018                | -1.81%   | (\$361.64)        |
| 59                   | WT-A&G Empl-CONTRIB THRIFT PL           | \$30,875                | -1.81%   | (\$557.78)        |
| 60                   | SW-A&G Empl-CONTRIB THRIFT PL           | (\$1,163)               | -1.81%   | \$21.01           |
| 61                   | WT-A&G Emp-Pension Paid                 | \$14,338                | -1.81%   | (\$259.02)        |
| 62                   | WT-A&G Emp-POSTRT BEN(FAS 106)          | \$322                   | -1.81%   | (\$5.82)          |
| 63                   | WT-A&G Empl-INTERCO BENEFITS            | \$148                   | -1.81%   | (\$2.68)          |
| 64                   | SW-Misc-A&G                             | \$1,697                 | -1.81%   | (\$30.66)         |
| 65                   | WT-Misc-A&G-SERVICE CLEARING            | \$247                   | -1.81%   | (\$4.47)          |
| 66                   | SW-Misc-A&G-MEALS 100% DED              | \$155                   | -1.81%   | (\$2.80)          |
| 67                   | SW-Misc-A&G-MEALS 50% DED               | \$84                    | -1.81%   | (\$1.52)          |
| 68                   | WT-Misc-A&G-SEMINARS                    | \$574                   | -1.81%   | (\$10.37)         |
| 69                   | SW-Misc-A&G-TRV                         | \$14                    | -1.81%   | (\$0.25)          |
| 70                   | SW-Misc-A&G-TRV-HOTEL                   | \$599                   | -1.81%   | (\$10.82)         |
| 71                   | WT-A&G Emp-EMPLY X-MAS GIFTS            | \$7,526                 | -1.81%   | (\$135.97)        |
| 72                   | WT-A&G Emp-FLOWERS & FRUIT              | \$590                   | -1.81%   | (\$10.67)         |
| 73                   | WT-A&G Empl-EDUCATION                   | \$2,790                 | -1.81%   | (\$50.41)         |
| 74                   | WT-A&G Empl-MISC                        | \$240                   | -1.81%   | (\$4.34)          |
| 75                   | WT-A&G Emp-SEMINARS                     | \$60                    | -1.81%   | (\$1.08)          |
| 76                   | WT-Misc-A&G                             | \$5,275                 | -1.81%   | (\$95.29)         |
| 77                   | WT-Misc-A&G-Civic Org Events (Aqua Conn | \$20,528                | -1.81%   | (\$370.86)        |
| 78                   | WT-Misc-A&G-COMM EXP                    | \$197,092               | -1.81%   | (\$3,560.57)      |
| 79                   | WT-Misc-A&G-DUES                        | \$476                   | -1.81%   | (\$8.60)          |
| 80                   | SW-Misc-A&G-DUES                        | \$338                   | -1.81%   | (\$6.11)          |
| 81                   | WT-Misc-A&G-ENTERTAIN                   | \$20                    | -1.81%   | (\$0.35)          |
| 82                   | WT-Misc-A&G-FINES&PENALTIES             | \$274                   | -1.81%   | (\$4.94)          |
| 83                   | WT-Misc-A&G-LIC&PER                     | \$5,977                 | -1.81%   | (\$107.98)        |
| 84                   | WT-Misc-A&G-MEALS 100% DED              | \$2,835                 | -1.81%   | (\$51.21)         |
| 85                   | WT-Misc-A&G-MEALS 50% DED               | \$10,619                | -1.81%   | (\$191.84)        |
| 86                   | SW-Misc-A&G-DUES                        | \$338                   | -1.81%   | (\$6.11)          |
| 87                   | SW-Misc-A&G-TRV-Mile Reim               | \$111                   | -1.81%   | (\$2.00)          |
| 88                   | WT-Misc-A&G-TRV                         | \$513                   | -1.81%   | (\$9.27)          |
| 89                   | WT-Misc-A&G-TRV-Airplane                | \$5,389                 | -1.81%   | (\$97.35)         |
| 90                   | WT-Misc-A&G-TRV-Auto Mile Reim          | \$5,576                 | -1.81%   | (\$100.73)        |
| 91                   | WT-Misc-A&G-TRV-HOTEL                   | \$13,300                | -1.81%   | (\$240.28)        |
| 92                   | WT-Misc-A&G-TRV-RENTAL CAR              | \$4,899                 | -1.81%   | (\$88.51)         |
| 93                   | WT-Misc-A&G-UNIFORMS                    | \$100                   | -1.81%   | (\$1.81)          |
| <b>PAYROLL TAXES</b> |   |                         |  |                   |
| 94                   | Payroll Taxes-FICA                      | \$0                     | -1.81%   | \$0.00            |
| 95                   | Payroll Taxes-FUTA                      | \$0                     | -1.81%   | \$0.00            |
| 96                   | Payroll Taxes-SUTA                      | \$0                     | -1.81%   | \$0.00            |
| <b>OTHER TAXES</b>   |   |                         |  |                   |
| 97                   | Property Taxes                          | \$0                     | -1.81%   | \$0.00            |
| 97                   | Deprec Exp-Utility Plant                | \$0                     | -1.81%   | \$0.00            |
|                      |   | <b>\$3,020,546</b>      |  | <b>(\$54,568)</b> |

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010  
 WP-Adj1-O&M\_Payroll

| Line                                    | Status Category Code                      | Hire Date | Region | 2011 Annual Salary | K&M Annual Salary with 4% increase | Bonus     |
|---|---|-----------|--------|--------------------|------------------------------------|-----------|
|   | (a)                                       | (b)       | (c)    | (d)                | (e)                                | (f)       |
| <b><u>NORTH WATER/SEWER O&amp;M</u></b> |   |           |        |                    |                                    |           |
| 1                                       | Total K&M Reg Payroll/Bonus               |           |        |                    | \$1,178,488                        | \$40,540  |
| 2                                       | Remove Contract Ops Payroll (3)           |           |        |                    | (\$50,272)                         | (\$1,729) |
| 3                                       | New Positions :                           |           |        |                    |                                    |           |
| 4                                       | 4 Operator Positions & \$35k each         |           |        |                    | \$140,000                          | \$4,816   |
| 4                                       | K&M Reg Gross Payroll (Lines 30 + 31 +32) |           |        |                    | \$1,268,216                        | \$43,627  |
| 5                                       | 2011 Reg Payroll Expense Rate (1)         |           |        |                    | 89.80%                             | 100.00%   |
| 6                                       | K&M Payroll Expense                       |           |        |                    | \$1,138,840                        | \$43,627  |

|   | Test Year  | Alloc % |
|---|------------|---------|
| <b><u>Allocate Reg Time to Water/Sewer:</u></b> |            |         |
| 7 WT-A & G Labor-Employ-Rg                      | \$332,386  | 35.88%  |
| 8 WT-Cust Accts Labor-Employ-Rg                 | \$103,996  | 11.23%  |
| 9 WT-Source Maint LBR-Employ-Rg                 | (\$13,930) | -1.50%  |
| 10 WT-Source Oper LBR-Employ-Rg                 | \$288,699  | 31.16%  |
| 11 WT-T&D Maint LBR-Emp-Sy-GEN-Rg               | \$64,913   | 7.01%   |
| 12 WT-T&D Oper LBR-Emp-Sys-GEN-Rg               | \$29,207   | 3.15%   |
| 13 WT-WTRTRT Maint LBR-Employ-Rg                | \$1,060    | 0.11%   |
| 14 WT-WTRTRT Oper LBR-Employ-Rg                 | \$50,449   | 5.45%   |
| 15 Sewer Regular Pay                            | \$69,615   | 7.51%   |
| 16 Total  | \$926,396  | 100.00% |

|   |            |  |
|---|------------|--|
| 17 2011 Overtime Rate Line 33 X 12% (2)             | \$152,186  |  |
| 18 Remove Contract Ops Overtime (4)                 | (\$17,167) |  |
| 19 2011 OT Payroll Expense Rate (1)                 | 93.30%     |  |
| 20 Total K&M OT Expense ((Lines 46 + 47) X Line 48) | \$125,975  |  |

|   | Test Year | Alloc % |
|---|-----------|---------|
| <b><u>Allocate OT to Water/Sewer:</u></b> |           |         |
| 21 WT-A & G Labor-Employ-OT               | \$5,696   | 4.32%   |
| 22 WT-Cust Accts Labor-Employ-OT          | \$9,650   | 7.32%   |
| 23 WT-Source Maint LBR-Employ-OT          | \$2,248   | 1.70%   |
| 24 WT-Source Oper LBR-Employ-OT           | \$59,275  | 44.95%  |
| 25 WT-T&D Maint LBR-Emp-Sy-GEN-OT         | \$21,276  | 16.13%  |

|          |
|----------|
| \$5,442  |
| \$9,219  |
| \$2,147  |
| \$56,628 |
| \$20,326 |

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010  
 WP-Adj1-O&M\_Payroll

| Line   | Status Category Code                         | Hire Date | Region | 2011 Annual Salary | K&M Annual Salary with 4% increase | Bonus    |
|--|--|-----------|--------|--------------------|------------------------------------|----------|
|  | (a)  | (b)       | (c)    | (d)                | (e)                                | (f)      |
| 26   | WT-T&D Oper LBR-Emp-Sys-GEN-OT               |           |        | \$3,359            | \$3,209                            |          |
| 27   | WT-WTRTRT Maint LBR-Employ-OT                |           |        | \$1,755            | \$1,677                            |          |
| 28   | WT-WTRTRT Oper LBR-Employ-OT                 |           |        | \$10,303           | \$9,843                            |          |
| 29   | Sewer OT Pay                                 |           |        | \$18,302           | \$17,484                           |          |
| 30   | Total  |           |        | \$131,865          | \$125,975                          |          |
| <b>Allocate K&amp;M Bonus to Water/Sewer (Line 35, Column (f))</b> |  |           |        |                    |                                    |          |
| 31   | WT-A & G Labor-Bonuses (Line 35 X Line 61 %) |           |        | \$29,397           |                                    | \$38,461 |
| 32   | SW-A & G Labor-Bonuses                       |           |        | \$3,948            |                                    | \$5,166  |
| 33   | Total  |           |        | \$33,346           |                                    |          |
| <b>Calculate K&amp;M 401k Contributions</b>                        |  |           |        |                    |                                    |          |
| 34   | TY Water 401k Costs                          |           |        | \$27,243           |                                    |          |
| 35   | TY Water Regular Payroll                     |           |        | \$856,781          |                                    |          |
| 36   | TY Effective Rate Line 64/Line 65            |           |        | 3.18%              |                                    |          |
| 37   | K&M 401k Costs (Line 66 X Lines 36 thru 43)  |           |        |                    |                                    | \$33,490 |

- (1) See WP Support Adj 1
- (2) Proxy 12% rate - Test Year rate: 18.69%
- (3) Total NTX Regular b/f ConOps \$1,012,106  
 ConOps Regular \$43,175  
 Alloc Percent 4.27%
- (4) Total NTX Overtime b/f ConOps \$156,498  
 ConOps Overtime \$17,653  
 Alloc Percent 11.28%

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010

WP-A 12-Admin\_Payroll

|   | (a)                                     | (b)       | (c)              | (d)                | (e)                                 | (f)             |
|---|---|-----------|------------------|--------------------|-------------------------------------|-----------------|
|   | Status Category Code                    | Hire Date | Region           | 2011 Annual Salary | K&M- Annual Salary with 4% increase | Bonus           |
| 1   | Rates (1)                               |           |                  |                    | 4.00%                               | 3.44%           |
| <u>NORTH ADMIN PAYROLL</u>                  |   |           |                  |                    |                                     |                 |
| 2   | Gross K&M Reg Payroll/Bonus             |           |                  |                    | \$236,467                           | \$8,134         |
| 3   | 2011 Reg Payroll Expense Rate (1)       |           |                  |                    | 61.61%                              |                 |
| 4   | K&M WT-A & G Labor-Employ-Rg            |           |                  |                    | <b>\$145,679</b>                    |                 |
| 5   | 2011 Overtime Rate (1)                  |           |                  |                    | 1.14%                               |                 |
| 6   | 2011 OT Payroll Expense Rate (1)        |           |                  |                    | 87.87%                              |                 |
| 7   | Total K&M OT Expense (Lines 6 X 9 X 10) |           |                  |                    | <b>\$2,373</b>                      |                 |
| 8   | K&M Bonus                               |           |                  |                    |                                     | <b>\$8,134</b>  |
| <u>Calculate K&amp;M 401k Contributions</u> |   |           |                  |                    |                                     |                 |
| 9   | TY NTX Admin 401k Costs                 | \$6,108   |                  |                    |                                     |                 |
| 10  | TY NTX Admin Regular Payroll            | \$123,153 |                  |                    |                                     |                 |
| 11  | TY Effective Rate Line 13/Line 14       |           | 4.96%            |                    |                                     |                 |
| 12  | K&M 401k Costs (Line 8 X Line 15)       |           |                  |                    |                                     | <b>\$7,225</b>  |
| <u>TEXAS ADMIN PAYROLL</u>                  |   |           |                  |                    |                                     |                 |
| 13  | Total K&M Reg Payroll/Bonus             |           |                  |                    | \$1,083,014                         | \$35,823        |
| 14  | 2011 Payroll Expense Rate (1)           |           |                  |                    | 70.38%                              |                 |
| 15  | K&M Payroll Expense                     |           |                  |                    | <b>\$762,204</b>                    |                 |
| <u>Allocate to Tx Admin</u>                 |   |           |                  |                    |                                     |                 |
| 16  | SW-Collect Oper-LBR-Employ-Rg           |           | \$696,375        | 99.24%             | <b>\$756,375</b>                    |                 |
| 17  | WT-A & G Labor-Employ-Rg                |           | \$1,573          | 0.22%              | <b>\$1,708</b>                      |                 |
| 18  | WT-Cust Accts Labor-Employ-Rg           |           | \$3,794          | 0.54%              | <b>\$4,121</b>                      |                 |
| 19  | Total                                   |           | <b>\$701,741</b> |                    | \$762,204                           |                 |
| 19  | 2011 Overtime Rate (1)                  |           |                  | 1.04%              |                                     |                 |
| 20  | 2011 OT Payroll Expense Rate (1)        |           |                  | 100.00%            |                                     |                 |
| 21  | K&M OT Expense                          |           |                  |                    | <b>\$11,240</b>                     |                 |
| <u>Allocate to OT Expense Tx Admin</u>      |   |           |                  |                    |                                     |                 |
| 22  | WT-A & G Labor-Employ-OT                |           | \$6,500          | 97.65%             | <b>\$10,975</b>                     |                 |
| 23  | WT-Cust Accts Labor-Employ-OT           |           | \$157            | 2.35%              | <b>\$265</b>                        |                 |
| 24  | Total                                   |           | <b>\$6,656</b>   |                    |                                     |                 |
| 24  | K&M Bonus                               |           |                  |                    |                                     | <b>\$35,823</b> |
| <u>Calculate K&amp;M 401k Contributions</u> |   |           |                  |                    |                                     |                 |
| 25  | TY TX Admin 401k Costs                  |           | \$29,712         |                    |                                     |                 |
| 26  | TY TX Admin Regular Payroll             |           | \$701,741        |                    |                                     |                 |
| 27  | TY Effective Rate Line 42/Line 43       |           |                  | 4.23%              |                                     |                 |
| 28  | K&M 401k Costs (Line 44 X Line 33)      |           |                  |                    |                                     | <b>\$32,272</b> |

(1) See WP Support Adj 1

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010  
 WP-Adj3-Payroll\_Taxes

| Title  | Total Comp Salary + OT + Bonus | Medicare wages and tips Expense 1.45% of Total Labor | Social Security 6.2% on all wages below \$106,800 | FUTA Expense 0.8% (7K max) Tax set at maximum | SUTA Expense 1.46% (9K max) Tax set at maximum |
|--|--------------------------------|--|---|---|--|
| <b><u>NORTH WATER/SEWER O&amp;M PAYROLL TAXES</u></b>    |                                |  |   |   |  |
| 1 Total Payroll Taxes                                    |                                | \$20,870   | \$89,238  | \$1,624                                       | \$3,811  |
| 2 Remove Contract Ops Payroll Taxes (2)                  |                                | (\$1,086)  | (\$4,645)   | (\$85)  | (\$198)  |
| <i>New Positions:</i>                                    |                                |  |   |   |  |
| 3 4 Operator Positions & \$35k each                      |                                | \$2,020  | \$10,020  | \$224   | \$467  |
| 4 Total Gross K&M Payroll Taxes (Lines 30-32)            | \$161,616                      | \$21,804   | \$94,613  | \$1,763                                       | \$4,079  |
| 5 2011 Reg Payroll Expense Rate (1)                      |                                | 89.80%   | 89.80%  | 89.80%  | 89.80%   |
| 6 Total K&M Payroll Tax Expense North                    | \$104,387                      | \$18,604   | \$80,790  | \$1,508                                       | \$3,485  |
| <b><u>Allocate Payroll Taxes to Water/Wastewater</u></b> |                                |  |   |   |  |
| 7 TY Water Payroll Exp.                                  | \$765,134                      | \$16,610   | \$72,130  | \$1,346                                       | \$3,112  |
| 8 TY Sewer Payroll Exp.                                  | \$91,865                       | \$1,994  | \$8,660   | \$162   | \$374  |
| 9 Total  | \$857,000                      |  |   |   |  |
| <b><u>NORTH WATER/SEWER ADMIN PAYROLL TAXES</u></b>      |                                |  |   |   |  |
| 10 Total Payroll Taxes                                   |                                | \$3,586  | \$14,131  | \$224   | \$526  |
| 11 2011 Reg Payroll Expense Rate (1)                     |                                | 61.61%   | 61.61%  | 61.61%  | 61.61%   |
| 12 K&M Payroll Tax NTX Admin                             |                                | \$2,209  | \$8,706   | \$138   | \$324  |
| <b><u>AQUA TEXAS ADMIN PAYROLL TAXES</u></b>             |                                |  |   |   |  |
| 13 Total Payroll Taxes                                   |                                | \$16,386   | \$64,481  | \$784   | \$1,840  |
| 14 2011 Payroll Expense Rate (1)                         |                                | 70.38%   | 70.38%  | 70.38%  | 70.38%   |
| 15 K&M Payroll Tax Expense                               |                                | \$11,532   | \$45,381  | \$552   | \$1,295  |

(1) See WP Support Adj 1

|                       |             |
|-----------------------|-------------|
| (2) Total NTX Regular | \$1,012,106 |
| Total NTX Overtime    | \$156,498   |
| Total                 | \$1,168,604 |
| ConOps Regular        | \$43,175    |
| ConOps Overtime       | \$17,653    |
| Total                 | \$60,828    |
| Total Con Ops         | \$60,828    |
| Total IOU             | \$1,168,604 |
| Allocation            | 5.21%       |

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010  
 WP-Adj4-Purch Water

Purchase Water K&M Adjustment

| Source                          | Test Year<br>Volumes<br>Mgals<br>(a) | Test Year<br>Cost<br>(b) | K&M<br>Adjust (1)<br>(c) | K&M<br>Expense<br>(d) | Normalizing<br>Adjust. (2)<br>(e) | K&M<br>Expense<br>(f) |
|---------------------------------|--------------------------------------|--------------------------|--------------------------|-----------------------|-----------------------------------|-----------------------|
| 1 Bethesda Water Supply (21920) | 1,982                                | \$6,972                  | \$0                      | \$6,972               | \$58                              | \$7,030               |
| 2 Cash Special Utility District | 14,656                               | \$68,835                 | \$0                      | \$68,835              | \$577                             | \$69,412              |
| 3 Ft. Worth, City of (25480)    | 8                                    | \$23,154                 | \$0                      | \$23,154              | \$194                             | \$23,348              |
| 4 Granbury, City of (23349)     | 763                                  | \$8,239                  | \$0                      | \$8,239               | \$69                              | \$8,308               |
| 5 Kilgore, City of (22125)      | 2,421                                | \$21,678                 | \$0                      | \$21,678              | \$182                             | \$21,860              |
| 6 MacBee SUD (37499)            | 4,069                                | \$16,222                 | \$0                      | \$16,222              | \$136                             | \$16,358              |
| 7 Palesine, City of (23261)     | 10,668                               | \$29,473                 | \$398                    | \$29,870              | \$250                             | \$30,121              |
| 8 Waco, City of (21968)         | 21                                   | \$6,666                  | \$0                      | \$6,666               | \$56                              | \$6,721               |
| 9 Walnut Creek SUD (21784)      | 188                                  | \$4,228                  | \$0                      | \$4,228               | \$35                              | \$4,264               |
| 10 Lake Cities MUA (29206)      |                                      | \$896                    | \$0                      | \$896                 | \$8                               | \$904                 |
| 11 Total                        | 34,777                               | \$186,363                | \$398                    | \$186,761             | \$1,565                           | \$188,326             |

(1) Based on noticed and anticipated increases.

(2) Normalizing Adjustment

|   |           |
|---|-----------|
| Line 15, Column (d) Total Cost          | \$186,761 |
| Volumetric Normalization Percent Change | 0.84%     |
| K&M Adjustment                          | \$1,565   |
| Impact of Excess Volumes over 15%       | 0.00%     |
| K&M Adjustment                          | \$0       |
| Total K&M Adjustment                    | \$1,565   |

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010  
 WP-Adj5-Chem Exp Adj

Chemicals K&M Adjustment

|                         | Test Year<br>Cost | Estimated<br>Supplier<br>Price<br>Increases |     | K&M<br>Expense | Normalizing<br>Adjust. (2) | K&M<br>Expense |
|-------------------------|-------------------|---|-----|----------------|----------------------------|----------------|
|                         | (a)               | (b)   |     | (c)            | (d)                        | (e)            |
| 1 Total Test Year Costs | \$151,916         | \$7,596                                     | (1) | \$159,512      | \$7,171                    | \$166,684      |

(1) Reflects 2011 estimate of price increases in chlorine costs and acquisitions of 5%

(2) Normalizing Adjustment

|                                     |           |
|-------------------------------------|-----------|
| Line 3, Column (a) + Column (b)     | \$159,512 |
| Total Mgals Pumped/Treated          | 1,754,707 |
| Chemical Rate Per Mgal              | \$0.0909  |
| Normalization Volumetric Adjustment | 78,890    |
| Nonrevenue Water Loss               | 0         |
| Total Volumes for Adjustment        | 78,890    |
| Normalizing Adjustment              | \$7,171   |

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010

WP-Adj6-Purch Power

Purchase Power K&M Adjustment

|                                  | Test Year<br>Cost<br>(a) | Estimated<br>Average<br>Rate/Energy<br>Increase (1)<br>(b) | K&M<br>Power<br>Expense<br>(c) | Normalizing<br>Adjust. (2)<br>(d) | K&M<br>Power<br>Expense<br>(e) |
|----------------------------------|--------------------------|--|--------------------------------|-----------------------------------|--------------------------------|
| <b>WATER</b>                     |                          |  |                                |                                   |                                |
| <i>Purchased Pumping Power:</i>  |                          |  |                                |                                   |                                |
| 1 WT-Purchased Power-SOURCE OPER | \$1,208,713              | \$65,819   | \$1,274,533                    | \$57,302                          | <b>\$1,331,834</b>             |
| <i>Misc A&amp;G Utilities:</i>   |                          |  |                                |                                   |                                |
| 2 WT-Misc-A&G-Utilities          | \$20,248                 | \$1,103  | \$21,350                       | \$0                               | <b>\$21,350</b>                |
| <b>NORTH ADMIN</b>               |                          |  |                                |                                   |                                |
| 3 WT-Misc-A&G-Utilities          | \$24,663                 | \$1,343  | \$26,006                       | \$0                               | <b>\$26,006</b>                |

(1) Average Actual Increase in all sectors ERCOT Electric Rates from 1999 through 2009 per Energy Information Administration "Annual Electric Power Industry Report." 5.45%

(2) *Normalizing Adjustment:*

|                                  |                 |
|----------------------------------|-----------------|
| K&M Pumping Power Expense        |                 |
| Line 1, Column (a) + Column (b)  | \$1,274,533     |
| Total Mgals Pumped               | 1,754,707       |
| Avg Purchase Power Rate Per Mgal | <u>\$0.7264</u> |

|   |                        |
|---|------------------------|
| <u>Vols</u>   | <u>Vols X Avg Rate</u> |
| Adjust for Norm - See WP Adj Bills&Vols Summary       | 78,890 \$57,302        |
| Adjust for over 15% water loss - See WP Non Rev Water | 0 \$0                  |
| K&M Adjustment  | <u>\$57,302</u>        |



AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010  
WP-Adj6-Purch Power2

Table 8. Retail Sales, Revenue, and Average Retail Price by Sector, 1990 Through 2009

Texas

| Sector  | 1990    | 1991    | 1992    | 1993    | 1994    | 1995    | 1996    | 1997    | 1998    | 1999    | 2000    | 2001    | 2002    |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Retail Sales (thousand megawatthours)</b>  |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Residential                                   | 82,548  | 84,088  | 81,934  | 87,686  | 89,793  | 92,831  | 99,656  | 101,094 | 110,434 | 108,591 | 116,895 | 117,343 | 121,435 |
| Commercial                                    | 62,238  | 61,447  | 61,696  | 66,331  | 66,467  | 68,580  | 70,866  | 72,042  | 77,231  | 79,368  | 84,848  | 87,912  | 87,746  |
| Industrial                                    | 84,087  | 84,122  | 85,421  | 86,933  | 90,329  | 90,093  | 95,308  | 100,429 | 102,702 | 99,741  | 101,588 | 98,208  | 102,251 |
| Other   | 8,542   | 10,694  | 10,381  | 11,134  | 11,591  | 11,775  | 12,619  | 13,138  | 14,337  | 14,124  | 14,931  | 14,581  | 9,414   |
| Transportation                                | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| All Sectors                                   | 237,415 | 240,352 | 239,431 | 250,084 | 258,190 | 263,279 | 278,450 | 286,704 | 304,705 | 301,844 | 318,263 | 318,044 | 320,846 |
| <b>Retail Revenue (million dollars)</b>       |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Residential                                   | 5,947   | 6,361   | 6,343   | 7,017   | 7,255   | 7,162   | 7,740   | 7,905   | 8,448   | 8,201   | 9,305   | 10,399  | 9,778   |
| Commercial                                    | 3,843   | 4,041   | 4,152   | 4,467   | 4,678   | 4,556   | 4,756   | 4,852   | 5,074   | 5,179   | 5,835   | 6,807   | 6,995   |
| Industrial                                    | 3,391   | 3,489   | 3,587   | 3,757   | 3,858   | 3,590   | 3,842   | 4,071   | 4,047   | 3,964   | 4,491   | 5,174   | 4,761   |
| Other   | 534     | 663     | 658     | 743     | 786     | 758     | 813     | 848     | 917     | 899     | 1,011   | 1,103   | 616     |
| Transportation                                | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| All Sectors                                   | 13,715  | 14,554  | 14,740  | 15,984  | 16,577  | 16,066  | 17,151  | 17,676  | 18,486  | 18,243  | 20,642  | 23,484  | 21,251  |
| <b>Average Retail Prices (cents/KWh)</b>      |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Residential                                   | 7.20    | 7.57    | 7.74    | 8.00    | 8.08    | 7.71    | 7.77    | 7.82    | 7.65    | 7.55    | 7.96    | 8.86    | 8.05    |
| Commercial                                    | 6.17    | 6.58    | 6.73    | 6.94    | 7.04    | 6.64    | 6.71    | 6.74    | 6.57    | 6.52    | 6.88    | 7.74    | 6.95    |
| Industrial                                    | 4.03    | 4.15    | 4.20    | 4.32    | 4.27    | 3.98    | 4.03    | 4.05    | 3.94    | 3.97    | 4.42    | 5.27    | 4.66    |
| Other   | 6.25    | 6.20    | 6.34    | 6.68    | 6.79    | 6.44    | 6.44    | 6.45    | 6.40    | 6.36    | 6.77    | 7.56    | 6.55    |
| Transportation                                | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| All Sectors                                   | 5.78    | 6.06    | 6.16    | 6.39    | 6.42    | 6.10    | 6.16    | 6.47    | 6.07    | 6.04    | 6.49    | 7.38    | 6.62    |
| <b>Retail Revenue (2009 million dollars)</b>  |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Residential                                   | 8,459   | 8,742   | 8,520   | 9,213   | 9,327   | 9,023   | 9,570   | 9,613   | 10,162  | 9,724   | 10,797  | 11,785  | 10,891  |
| Commercial                                    | 5,466   | 5,553   | 5,577   | 5,864   | 6,014   | 5,740   | 5,881   | 5,901   | 6,104   | 6,141   | 6,772   | 7,714   | 6,788   |
| Industrial                                    | 4,822   | 4,794   | 4,819   | 4,933   | 4,960   | 4,522   | 4,750   | 4,951   | 4,868   | 4,700   | 5,211   | 5,863   | 5,303   |
| Other   | 759     | 911     | 884     | 976     | 1,011   | 955     | 1,005   | 1,031   | 1,103   | 1,066   | 1,173   | 1,250   | 686     |
| Transportation                                | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| All Sectors                                   | 19,506  | 20,001  | 19,800  | 20,986  | 21,312  | 20,241  | 21,206  | 21,497  | 22,237  | 21,631  | 23,954  | 26,612  | 23,669  |
| <b>Average Retail Prices (2009 cents/KWh)</b> |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Residential                                   | 10.25   | 10.40   | 10.40   | 10.51   | 10.39   | 9.72    | 9.60    | 9.51    | 9.20    | 8.95    | 9.24    | 10.04   | 8.97    |
| Commercial                                    | 8.78    | 9.04    | 9.04    | 9.12    | 9.05    | 8.37    | 8.30    | 8.19    | 7.90    | 7.74    | 7.98    | 8.77    | 7.74    |
| Industrial                                    | 5.73    | 5.70    | 5.64    | 5.67    | 5.49    | 5.02    | 4.98    | 4.93    | 4.74    | 4.71    | 5.13    | 5.97    | 5.19    |
| Other   | 8.88    | 8.52    | 8.52    | 8.76    | 8.72    | 8.11    | 7.96    | 7.85    | 7.70    | 7.54    | 7.85    | 8.57    | 7.29    |
| Transportation                                | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| All Sectors                                   | 8.22    | 8.32    | 8.27    | 8.39    | 8.25    | 7.69    | 7.62    | 7.50    | 7.30    | 7.17    | 7.53    | 8.37    | 7.38    |

\* = Value is less than half of the smallest unit of measure (e.g., for values with no decimals, the smallest unit is 1 and values under 0.5 are shown as \*).

-(dash) = Data not available.

Source: U.S. Energy Information Administration, Form EIA-861, "Annual Electric Power Industry Report."

AQUA TEXAS RATE APPLICATION -NORTH REGION-TY 12/31/2010  
 WP-Adj6-Purch Power2

Table 8. Retail Sales, Revenue, and Average

Texas

| Sector  | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    | Percentage Share |       |
|---|---------|---------|---------|---------|---------|---------|---------|------------------|-------|
|   |         |         |         |         |         |         |         | 1999             | 2009  |
| <b>Retail Sales (thousand megawatthours)</b>  |         |         |         |         |         |         |         |                  |       |
| Residential                                   | 121,355 | 120,330 | 126,562 | 126,843 | 124,921 | 127,712 | 129,797 | 36.0             | 37.6  |
| Commercial                                    | 96,694  | 99,616  | 110,784 | 111,130 | 110,540 | 113,473 | 118,497 | 26.3             | 34.3  |
| Industrial                                    | 104,547 | 100,588 | 96,841  | 104,689 | 108,300 | 105,806 | 96,931  | 33.0             | 28.1  |
| Other   | -       | -       | -       | -       | -       | -       | -       | 4.7              | -     |
| Transportation                                | 90      | 81      | 71      | 62      | 67      | 69      | 71      | -                | -     |
| All Sectors                                   | 322,686 | 320,615 | 334,258 | 342,724 | 343,829 | 347,059 | 345,296 | 100.0            | 100.0 |
| <b>Retail Revenue (million dollars)</b>       |         |         |         |         |         |         |         |                  |       |
| Residential                                   | 11,111  | 11,707  | 13,832  | 16,307  | 15,419  | 16,649  | 16,072  | 45.0             | 47.2  |
| Commercial                                    | 7,591   | 7,867   | 9,810   | 10,951  | 10,910  | 12,193  | 11,444  | 28.4             | 33.6  |
| Industrial                                    | 5,512   | 5,902   | 6,916   | 8,185   | 8,439   | 9,301   | 6,534   | 21.7             | 19.2  |
| Other   | -       | -       | -       | -       | -       | -       | -       | 4.9              | -     |
| Transportation                                | 6       | 6       | 6       | 5       | 6       | 6       | 7       | -                | -     |
| All Sectors                                   | 24,211  | 25,482  | 30,564  | 35,448  | 34,773  | 38,150  | 34,056  | 100.0            | 100.0 |
| <b>Average Retail Prices (cents/KWh)</b>      |         |         |         |         |         |         |         |                  |       |
| Residential                                   | 9.16    | 9.73    | 10.93   | 12.86   | 12.34   | 13.04   | 12.38   | -                | -     |
| Commercial                                    | 7.84    | 7.90    | 8.85    | 9.85    | 9.87    | 10.75   | 9.66    | -                | -     |
| Industrial                                    | 5.27    | 5.87    | 7.14    | 7.82    | 7.79    | 8.79    | 6.74    | -                | -     |
| Other   | -       | -       | -       | -       | -       | -       | -       | -                | -     |
| Transportation                                | 6.62    | 7.02    | 8.45    | 8.42    | 8.40    | 8.64    | 9.83    | -                | -     |
| All Sectors                                   | 7.50    | 7.95    | 9.14    | 10.34   | 10.11   | 10.99   | 9.86    | -                | -     |
|   | 13.29%  | 6.00%   | 14.97%  | 13.13%  | -2.22%  | 8.70%   | -10.28% | 5.45%            | -     |
| <b>Retail Revenue (2009 million dollars)</b>  |         |         |         |         |         |         |         |                  |       |
| Residential                                   | 12,118  | 12,415  | 14,237  | 16,307  | -       | -       | -       | 45.0             | -     |
| Commercial                                    | 8,268   | 8,343   | 10,097  | 10,951  | -       | -       | -       | 28.4             | -     |
| Industrial                                    | 6,012   | 6,259   | 7,119   | 8,185   | -       | -       | -       | 21.7             | -     |
| Other   | -       | -       | -       | -       | -       | -       | -       | 4.9              | -     |
| Transportation                                | 6       | 6       | 6       | 5       | -       | -       | -       | -                | -     |
| All Sectors                                   | 26,404  | 27,023  | 31,460  | 35,448  | -       | -       | -       | 100.0            | -     |
| <b>Average Retail Prices (2009 cents/KWh)</b> |         |         |         |         |         |         |         |                  |       |
| Residential                                   | 9.99    | 10.32   | 11.25   | 12.86   | -       | -       | -       | -                | -     |
| Commercial                                    | 8.55    | 8.38    | 9.11    | 9.85    | -       | -       | -       | -                | -     |
| Industrial                                    | 5.75    | 6.22    | 7.35    | 7.82    | -       | -       | -       | -                | -     |
| Other   | -       | -       | -       | -       | -       | -       | -       | -                | -     |
| Transportation                                | 7.21    | 7.45    | 8.69    | 8.42    | -       | -       | -       | -                | -     |
| All Sectors                                   | 8.18    | 8.43    | 9.41    | 10.34   | -       | -       | -       | -                | -     |

\* = Value is less than half of the smallest unit c

- (dash) = Data not available.

Source: U.S. Energy Information Administration