

Control Number: 44331



Item Number: 24

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SOAH DOCKET NO. 473-16-0190.WS
DOCKET NO. 44331

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APPLICATION OF MOORELAND § BEFORE THE STATE OFFICE
WATER COMPANY FOR A WATER OR § PUBLIC UTILITY COMMISSION
WASTEWATER RATE/TARIFF CHANGE § FILING CLERK
OF ADMINISTRATIVE HEARINGS

**JOINT NOTICE OF STIPULATION AND MOTION TO ADMIT EVIDENCE AND TO
REMAND THE PROCEEDING TO THE COMMISSION**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and Mooreland Water Company (Mooreland) (collectively, Joint Parties), and file this Joint Notice of Stipulation and Motion to Admit Evidence and to Remand the Proceeding to the Commission (Joint Notice and Motion). Staff represents that it is authorized to file this Joint Notice and Motion on behalf of the Joint Parties. In support of the Joint Notice and Motion, the Joint Parties would show as follows:

I. BACKGROUND

On January 16, 2015, Mooreland filed an application for a rate/tariff change. The Rate/Tariff Change application was filed to pay for repairs, system upgrades required by regulation, increased energy cost, increased chemical cost, increased laboratory fees, and Regulatory fees since the last rate increase in 1997. Mooreland reported an annual revenue increase of \$20,833.00 and proposed an effective date of January 15, 2015.

On September 16, 2015 the Commission referred this case to the State Office of Administrative Hearings (SOAH) for processing. On November 12, 2015, the undersigned Administrative Law Judge (ALJ) convened a prehearing conference in this docket. At the prehearing conference, the ALJ established jurisdiction over the case, admitted parties, and abated the proceeding to allow for ongoing settlement discussions. The only parties admitted in the proceeding were Staff and Mooreland. The Joint Parties have since reached an agreement on the requested rate increase and file this Joint Notice on or before January 12, 2016 as directed in SOAH Order No. 2.

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II. NOTICE OF UNANIMOUS STIPULATION AND SETTLEMENT AGREEMENT

With this Joint Notice and Motion, the Parties are filing a Unanimous Stipulation and Settlement Agreement, with the proposed final order (Attachment A) and agreed tariff (Attachment B), recommending a full and final resolution of all issues in this Docket.

III. MOTION TO ADMIT EVIDENCE

The Joint Parties request that the following evidence be admitted into the record for the purpose of supporting the Commission's final order in this proceeding:

- a. Application of Mooreland Water Company for a Water or Wastewater Rate/Tariff Change, filed on January 16, 2015;
- b. Revised Application for a Water or Wastewater Rate/Tariff Change, filed on February 24, 2015;
- c. Response to Commission Staff's First RFI to Mooreland Water Company Question Nos. Staff 1 - 1 through Staff 1 - 5, filed on March 30, 2015.
- d. Unanimous Stipulation and Settlement Agreement with Agreed Tariff and Proposed Final Order; and
- e. Staff Memorandum of Emily Sears and Heidi Graham, Water Utility Regulation Division, in Support of the Unanimous Stipulation.

IV. MOTION TO REMAND PROCEEDING TO THE COMMISSION

As evidenced by the Unanimous Stipulation and Settlement Agreement, the Joint Parties have fully and finally resolved all issues among them in this proceeding and no hearing is necessary. Therefore, the Joint Parties request this Docket be remanded to the Commission to review and consider the Unanimous Stipulation and Settlement Agreement along with the agreed tariffs and Joint Proposed Final Order.

Dated: January 15, 2016

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director-Legal Division

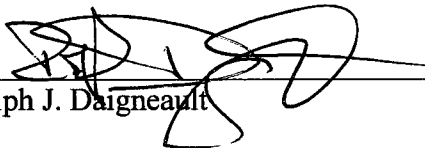
Karen S. Hubbard
Managing Attorney - Legal Division



Ralph J. Daigneault
Attorney-Legal Division
State Bar No. 24040755
(512) 936-7348
(512) 936-7268 (facsimile)
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on January 15, 2016 in accordance with 16 TAC § 22.74.



Ralph J. Daigneault

**SOAH DOCKET NO. 473-16-0190.WS
DOCKET NO. 44331**

APPLICATION OF MOORELAND	§	BEFORE THE STATE OFFICE
WATER COMPANY FOR A WATER OR	§	
WASTEWATER RATE/TARIFF CHANGE	§	OF ADMINISTRATIVE HEARINGS

UNANIMOUS STIPULATION AND SETTLEMENT AGREEMENT

This Unanimous Stipulation and Settlement Agreement (Stipulation) is entered into by the Signatories in this case, who are the Staff (Staff) of the Public Utility Commission of Texas (Commission) and Mooreland Water Company (Mooreland) through their duly authorized representative (collectively, Signatories).

I. BACKGROUND

On January 16, 2015, Mooreland filed an application for a rate/tariff change. The Rate/Tariff Change application was needed to finance repairs, system upgrades required by regulation, increased energy cost, increased chemical cost, increased laboratory fees, and regulatory fees incurred since the last rate increase in 1997. Mooreland reported an annual revenue increase of \$20,833.00 and proposed an effective date of January 15, 2015.

On September 16, 2015 the Commission referred this case to the State Office of Administrative Hearings (SOAH) for processing. On November 12, 2015, the undersigned Administrative Law Judge (ALJ) convened a prehearing conference in this docket. At the prehearing conference, the ALJ established jurisdiction over the case, admitted parties, and abated the proceeding to allow for ongoing settlement discussions. The only parties admitted in the proceeding were Staff and Mooreland. The Signatories believe that a resolution of this docket pursuant to the terms stated below is reasonable and in the public interest. Settlement will also conserve the resources of the Signatories and the Commission and will mitigate controversy.

The Signatories jointly request Commission approval of this Stipulation and entry of orders, findings of fact and conclusions of law consistent with the approval. By this Stipulation, the Signatories resolve all issues among them related to Mooreland's application, and agree as follows:

II. STIPULATION AND AGREEMENT

1. **Agreements as to Retail Water Utility Rates.** The Signatories agree to the following rates:

Monthly Base Rates	
Meter Size	Rate
5/8 or 3/4 inch	\$35.11
Gallorage Charge	
\$3.00 per 1,000 gallons	

2. **Agreements Regarding Miscellaneous Fees.** The Signatories agree to the following miscellaneous fees:

Tap Fee	\$350.00
Reconnect Fee:	
Non-payment (Maximum - \$25)	\$25.00
Customer's Request	\$25.00
Transfer Fee	\$25.00
Late Charge	\$5.00
Returned Check Charge	\$20.00
Customer Deposit	\$50.00
Meter Test Fee	\$25.00

3. **Proposed Order.** The Signatories jointly propose that the Commission issue a final order in the form attached as **Attachment A** and include the agreed tariff attached at **Attachment B**. The Signatories submit the stipulated and agreed-upon Findings of Fact and Conclusions of Law included in the proposed order in **Attachment A** for the Commission's adoption of and inclusion in a final order in this case implementing the terms of this Stipulation.

III. IMPLEMENTATION OF AGREEMENT

1. **Obligation to Support this Stipulation.** The Signatories will support this Stipulation before the Commission and will take reasonable steps to support expeditious entry of orders fully consistent with this Stipulation. This provision shall not preclude any party from taking action that is mandatory and nondiscretionary pursuant to a law enacted after the date this Stipulation is filed at the Commission.
2. **Effect of Stipulation.**
 - a. The Stipulation does not adopt any particular methodology underlying the settlement rates or rate design reflected in the Stipulation.
 - b. The failure to litigate any specific issue in this docket does not waive any Signatory's rights to contest that issue in any other current or future proceeding. The failure to litigate an issue cannot be asserted as a defense or estoppel, or any similar argument, by or against any Signatory in any other proceeding.
 - c. The terms of this Stipulation may not be used either as an admission or concession of any sort or as evidence in any proceeding except to enforce the terms of this Stipulation. Oral or written statements made during the course of the settlement negotiations may not be used for any purposes other than as necessary to support the entry by the Commission of an order implementing this Stipulation. All oral or written statements made during the course of the settlement negotiations are governed by Tex. R. Evid. 408.
 - d. The Signatories arrived at this Stipulation through negotiation and compromise. This Stipulation reflects a compromise, settlement and accommodation among the Signatories, and the Signatories agree that the terms and conditions herein are interdependent. The Signatories agree that this Stipulation is in the public interest.

All actions by the Signatories contemplated or required by this Stipulation are conditioned upon entry by the Commission of a final order fully consistent with this Stipulation. If the Commission does not accept this Stipulation as presented or enters an order inconsistent with any term of this Stipulation, any Signatory shall be released from all commitments and obligations, and shall have the right to seek hearing on all issues, present evidence, and advance any positions it desires, as if it had not been a Signatory.

- e. This Stipulation is binding on each of the Signatories only for the purpose of settling the issues as set forth herein and for no other purposes. It is acknowledged that a Signatory's support of the matters contained in this Stipulation may differ from the position taken or testimony presented by it in this proceeding or other proceedings. To the extent that there is a difference, a Signatory does not waive its position in any other proceedings. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Stipulation in other proceedings, whether those proceedings present the same or a different set of circumstances, except as may otherwise be explicitly provided in this Stipulation.
- f. There are no third party beneficiaries of this Stipulation. Although this Stipulation represents a settlement among the Signatories with respect to the issues presented in this docket, this Stipulation is merely a settlement proposal submitted to the Commission, which has the authority to enter an order resolving these issues.
- g. This Stipulation supersedes any prior written or oral agreement in this docket regarding the subject matter of this Stipulation.
- h. The final resolution of this docket does not impose any conditions, obligations or limitations on Mooreland's right to file a rate application and obtain rate relief in accordance with the Texas Water Code except as specifically provided in this Stipulation.
- i. Except to the extent that the Stipulation expressly governs a Signatory's rights and obligations for future periods, this Stipulation shall not be binding or


precedential upon a Signatory outside this docket, and Signatories retain their rights to pursue relief to which they may be entitled in other proceedings.

3. **Execution.** The Signatories agree that this Stipulation may be executed in multiple counterparts and filed with facsimile or computer image signatures.

Executed as shown below:

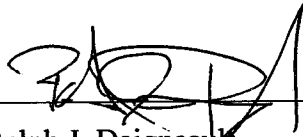
Dated this 15th day of January, 2016.

MOORELAND WATER COMPANY

By:  ^{with permission}
Kenneth Swaim
Mooreland Water Company

Date: 1/15/16

STAFF OF THE PUBLIC UTILITY COMMISSION OF TEXAS

By: 
Ralph J. Daigneault
Attorney for Staff of the Public Utility Commission of Texas

Date: 1/15/16

**DOCKET NO. 44331
SOAH DOCKET NO. 473-16-0190.WS**

APPLICATION OF MOORELAND	§	PUBLIC UTILITY COMMISSION OF
WATER COMPANY FOR A WATER OR	§	TEXAS
WASTEWATER RATE/TARIFF CHANGE	§	

PROPOSED FINAL ORDER

This Order addresses the application of Mooreland Water Company (Mooreland) for an increase in water rates charged to customers in Hood County, Texas, effective on January 15, 2015. The parties, Mooreland and Staff of the Public Utility Commission (Staff) (together, Signatories), entered into a Unanimous Stipulation (Stipulation) that resolves all issues in this proceeding.

The Public Utility Commission of Texas (Commission) adopts the following findings of fact and conclusions of law:

I. Findings of Fact

Procedural History

1. On January 16, 2015, Mooreland filed an application for a rate/tariff change (Application). The Application was filed to pay for repairs, system upgrades required by regulation, increased energy cost, increased chemical cost, increased laboratory fees, and Regulatory fees since the last rate increase in 1997.
2. On January 21, 2015, the Commission's Administrative Law Judge (ALJ) issued Order No. 1 addressing the procedural matters and requiring a recommendation from Staff on whether the application and notice were administratively complete and propose a schedule for processing by February 6, 2015.
3. On February 6, 2015, Staff filed its Response to Order No. 2 recommending that the notice of the application provided by Mooreland was insufficient and that the effective date and the rate change be suspended.

4. On February 10, 2015, the ALJ issued Order No. 2 finding the application incomplete and the notice deficient, and suspending the effective date and rate changes. In Order No. 3, the ALJ directed Mooreland to cure the identified deficiencies by March 6, 2015.
5. On February 24, 2015, Mooreland filed revised notice documents in response to Staff's recommendation.
6. On March 6, 2015, Staff filed its first requests for information to Mooreland.
7. On March 11, 2015, Staff filed its response to Order No. 2 recommending that the notice of the application provided by Mooreland was sufficient and that the new rates may go into effect on May 14, 2015.
8. On March 13, 2015, the ALJ issued Order No. 3 finding the application administratively complete and the notice sufficient, adopting the procedural schedule to govern the proceeding, and setting the proposed effective date of the rate change to May, 14, 2015.
9. On March 30, 2015, Mooreland responded to Staff's first requests for information to Mooreland.
10. On September 11, 2015, Staff requested that the proceeding be referred to the State Office of Administrative Hearings (SOAH).
11. On September 16, 2015, the Commission issued an Order of Referral referring this proceeding to the State Office of Administrative Hearings (SOAH), setting a prehearing conference date of November 12, 2015, and directing Staff to file a list of issues to be addressed in the docket by September 24, 2015.
12. On September 24, 2015, Staff filed its proposed list of issues to be addressed in the proceeding.
13. At the open meeting held on October 8, 2015, the Commission considered a preliminary order containing the list of issues to be addressed in this docket.
14. On October 8, 2015, the Commission issued a Preliminary Order for this proceeding.
15. On November 11, 2015, Mooreland filed an affidavit attesting that it mailed notice of the prehearing conference to its customers.

16. On November 12, 2015, the SOAH ALJ conducted a prehearing conference in which the ALJ established jurisdiction over the proceeding and admitted Mooreland and Staff as parties.
17. On November 18, 2015, the SOAH ALJ issued SOAH Order No. 1 memorializing the prehearing conference and abated the proceeding until December 11, 2015.
18. On December 11, 2015, Staff filed its Response to Order No. 1 stating that Staff and Mooreland were engaged in settlement discussions and requesting that the proceeding be abated until October 16, 2015 to allow for continued discussions.
19. On August 31, 2015, the SOAH ALJ issued SOAH Order No. 2 abating the proceeding until January 12, 2015 and directing Staff to file a status report of the proceeding on or before that date.
20. On January 12, 2015, the Signatories filed a Joint Notice of Stipulation and Motion to Admit Evidence and to Remand the Proceeding to the Commission, with attachments consisting of the Stipulation, agreed proposed tariff, proposed final order, and memorandum of Commission Staff in support of the Stipulation.
21. On [date], the ALJ granted the parties' Joint Notice of Stipulation and Motion to Admit Evidence and to Remand the Proceeding to the Commission. The following evidence was admitted into the record in support of the Settlement:
 - a. Application of Mooreland Water Company for a Water or Wastewater Rate/Tariff Change, filed on January 16, 2015;
 - b. Revised Application for a Water or Wastewater Rate/Tariff Change, filed on February 24, 2015;
 - c. Response to Commission Staff's First RFI to Mooreland Water Company Question Nos. Staff 1 - 1 through Staff 1 – 5, filed on March 30, 2015.
 - d. Unanimous Stipulation and Settlement Agreement with Agreed Tariff and Proposed Final Order; and
 - e. Staff Memorandum of Emily Sears and Heidi Graham, Water Utility Regulation Division, in Support of the Unanimous Stipulation.

22. On [date], the Commission considered the Application, Stipulation and proposed final order during an open meeting.

Description of the Stipulation

23. **Agreements as to Retail Water Utility Rates.** The Signatories agree to the following rates:

Monthly Base Rates	
Meter Size	Rate
5/8 or 3/4 inch	\$35.11
Gallonage Charge	
\$3.00 per 1,000 gallons	

24. **Agreements Regarding Miscellaneous Fees.** The Signatories agree to the following miscellaneous fees:

Tap Fee	\$350.00
Reconnect Fee:	
Non-payment (Maximum - \$25)	\$25.00
Customer's Request	\$25.00
Transfer Fee	\$25.00
Late Charge	\$5.00
Returned Check Charge	\$20.00
Customer Deposit	\$50.00
Meter Test Fee	\$25.00

25. **Proposed Order.** The Signatories jointly propose that the Commission issue a final order in the form attached as **Attachment A**. The Signatories submit the stipulated and agreed-upon Findings of Fact and Conclusions of Law included in the proposed order in

Attachment A for the Commission's adoption of and inclusion in a final order in this case implementing the terms of this Stipulation.

Consistency of the Stipulation with the Texas Water Code and Commission Requirements

26. Considered in light of Mooreland's application, responses to discovery requests, and information exchanged through confidential privileged settlement negotiations, the Stipulation is the result of compromise from each party, and these efforts, as well as the overall result of the Stipulation, support the reasonableness and benefits of the terms of the Stipulation.
27. The rates, terms, and conditions of the tariff at **Attachment B** resulting from the Stipulation are just and reasonable and consistent with the public interest when the benefits of avoiding an expensive contested case hearing are considered.

II. Conclusions of Law

1. Mooreland is a "public utility" as defined in Tex. Water Code Ann. § 13.002(23).
2. The Commission has jurisdiction to consider Mooreland's Application for a rate increase and conduct both formal and informal ratemaking hearings pursuant to Tex. Water Code Ann. §§ 13.041, 13.181, and 13.187 using procedures set forth in 16 TAC Chapter 24.
3. This docket was processed in accordance with the requirements of the Texas Water Code and the Texas Administrative Procedure Act.
4. Proper notice of the Application was given by Mooreland as required by Tex. Water Code § 13.187; 30 Tex. Admin. Code §§ 291.22 and 291.28; and Tex. Gov't Code §§ 2001.051 and 2001.052.
5. This docket contains no remaining contested issues of fact or law.
6. The Stipulation, taken as a whole, is a just and reasonable resolution of all issues it addresses, results in just and reasonable rates, terms and conditions, is consistent with the relevant provisions of Tex. Water Code Ann., Chapter 13, is consistent with the public interest, and should be approved.

7. The rates agreed to in the Stipulation are just and reasonable, comply with the ratemaking provisions in Tex. Water Code Ann., Chapter 13, and are not unreasonably discriminatory, preferential, or prejudicial.
8. The rates resulting from the Stipulation are just and reasonable, and consistent with Tex. Water Code Ann., Chapter 13.

III. Ordering Paragraphs

1. The rates in Mooreland's application and tariff are approved consistent with the above Findings of Fact and Conclusions of Law and the Stipulation.
2. Rates, terms, and conditions consistent with the Stipulation are approved.
3. The proposed tariff submitted with the Stipulation as **Attachment B** is approved.
4. The entry of this Order consistent with the Stipulation does not indicate the Commission's endorsement of any principle or method that may underlie the Stipulation. Neither should entry of this Order be regarded as a precedent as to the appropriateness of any principle or methodology underlying the Stipulation.
5. All other motions, requests for entry of specific findings of fact, conclusions of law, and ordering paragraphs, and any other requests for general or specific relief, if not expressly granted in this Order, are denied.



WATER UTILITY TARIFF
Docket Number: 44331

Kenneth Swaim dba Mooreland Water Company
(Utility Name)

1011 Ross Lane
(Business Address)

Granbury, Texas 76048
(City, State, Zip Code)

(817) 759-1743
(Area Code/Telephone)

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

11603

This tariff is effective in the following counties:

Hood

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

None

This tariff is effective in the following subdivisions or public water systems:

Mooreland Water Company: PWS No. 1110006

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

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APPENDIX A – APPLICATION FOR SERVICE

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 – Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons)	<u>Gallonge Charge</u>
5/8" x 3/4"	<u>\$35.11</u>	<u>\$3.00</u> per 1,000 gallons

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

Cash Check Money Order Credit Card Other (specify)

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$350
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" x 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

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

- a) Non-payment of bill (Maximum \$25.00) \$25.00
- b) Customer's request \$25.00
- c) Other reasons listed under Section 2.0 of this tariff \$25.00

TRANSFER FEE \$25.00
 THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE (Not more than \$5.00 or 10%) \$5.00
 A ONE TIME PENALTY MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE \$20.00

CUSTOMER DEPOSIT (Maximum \$50)..... \$50.00

METER TEST FEE \$25.00
 THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY.

CUSTOMER REQUESTED METER SIZE CHANGE OUT FEE..... Actual Cost
 ACTUAL COST MAY NOT EXCEED THE STANDARD TAP FEE AMOUNT OF \$595. THE CUSTOMER WILL BE RESPONSIBLE FOR FURNISHING AND LAYING THE NECESSARY CUSTOMER SERVICE PIPE FROM THE METER LOCATION TO THE PLACE OF CONSUMPTION AS REQUIRED BY SECTION 2.05 OF THE SERVICE RULES AND POLICIES INCLUDED IN THIS TARIFF.

SECTION 2.0 -- SERVICE RULES AND POLICIES

Section 2.01 – Public Utility Commission Rules

The utility will have the most current Public Utility Commission of Texas (PUC or Commission) rules relating to Water and Wastewater Utility regulations, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.02 - Application for and Provision of Water Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff) and will be signed by the applicant before water service is provided by the utility. A separate application or contract will be made for each service location. After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, meter and utility cut-off valve and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the utility will provide the applicant with a written explanation of the construction required and an expected date of service.

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

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

Section 2.03 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the Commission Rules. In the event that the utility refuses to serve an applicant, the utility will inform the applicant in writing of the basis of its refusal. The utility is also required to inform the applicant a complaint may be filed with the Commission.

Section 2.04 - Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit as provided for in Section 1.02 of this tariff. The utility will keep records of the deposit and credit interest in accordance with Commission Rules.

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the utility or another water or sewer utility which accrued within the last two years.

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SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.04 - Customer Deposits (cont.)

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

Refund of deposit - If service is not connected, or after disconnection of service, the utility will promptly refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund the deposit at any time prior to termination of utility service but must refund the deposit plus interest for any customer who has paid 18 consecutive billings without being delinquent

Section 2.05 - Meter Requirements, Readings, and Testing

All water sold by the utility will be billed based on meter measurements. The utility will provide, install, own and maintain meters to measure amounts of water consumed by its customers. One meter is required for each residential, commercial or industrial facility in accordance with the PUC Rules.

Service meters will be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period unless otherwise authorized by the Commission.

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible, the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

Section 2.06 - Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next work day after the due date.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.06 – Billing (Cont.'d)

A late penalty of either \$2.00 or 5.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

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

In the event of a dispute between a customer and a utility regarding any bill for utility service, the utility will conduct an investigation and report the results to the customer. If the dispute is not resolved, the utility will inform the customer that a complaint may be filed with the Commission.

Section 2.07 - Service Disconnection

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered.

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

Notice of termination must be a separate mailing or hand delivery in accordance with the Commission Rules.

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

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

Section 2.08 - Reconnection of Service

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

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SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.09 - Service Interruptions

The utility will make all reasonable efforts to prevent interruptions of service. If interruptions occur, the utility will re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, the utility will keep a complete record of all interruptions, both emergency and scheduled and will notify the Commission in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice will explain the cause of the interruptions.

Prorated Bills - If service is interrupted or seriously impaired for 24 consecutive hours or more, the utility will prorate the monthly base bill in proportion to the time service was not available to reflect this loss of service.

Section 2.10 - Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the Texas Commission on Environmental Quality (TCEQ) Rules or in the TCEQ's "Rules and Regulations for Public Water Systems."

Section 2.11 - Customer Complaints and Disputes

If a customer or applicant for service lodges a complaint, the utility will promptly make a suitable investigation and advise the complainant of the results. Service will not be disconnected pending completion of the investigation. If the complainant is dissatisfied with the utility's response, the utility must advise the complainant that he has recourse through the Texas Natural Resource Conservation Commission complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

The utility will maintain a record of all complaints which shows the name and address of the complainant, the date and nature of the complaint and the adjustment or disposition thereof, for a period of two years after the final settlement of the complaint.

Section 2.20 - Specific Utility Service Rules and Regulations

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

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 UTILITIES SHALL BEAR. Within its certificate area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision. However, if the residential customer requesting service purchased the property after the developer was notified of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

Developers may be required to provide contributions in aid of construction in amounts to furnish the system with all facilities necessary to comply with the TCEQ "Rules and Regulations for Public Water Systems."

This section contains the utility's specific extension policy which complies with the requirements already stated under Section 3.01. It must be reviewed and approved by the Commission and in compliance with Commission 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 will 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 TCEQ minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or TCEQ minimum requirements. For purposes of this subsection, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

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SECTION 4.0 -- DROUGHT CONTINGENCY PLAN
(Utility must attach copy of TCEQ approved Drought Contingency Plan)

**APPENDIX A -- APPLICATION FOR SERVICE
(Utility Must Attach Blank Copy)**