

DOCKET NO. **44830** 2015 JUN 11 PM 4:23  
PUBLIC UTILITY COMMISSION  
FILING CLERK

APPLICATION OF ED WALLACE TO §  
ACQUIRE A CONTROLLING §  
INTEREST IN NI AMERICA TEXAS §  
DEVELOPMENT, LLC §

PUBLIC UTILITY COMMISSION  
OF TEXAS

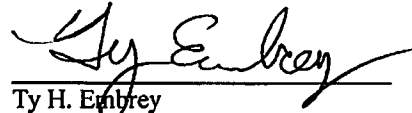
### APPLICATION TO ACQUIRE A CONTROLLING INTEREST IN UTILITY

COMES NOW Ed Wallace, individual, (Ed Wallace) and Ni America Texas, LLC (Ni America Texas) to jointly file this Application To Acquire A Controlling Interest In Ni America Texas Development, LLC (NAT Development), a Texas Limited Liability Company.

1. NAT Development currently has both a retail water Certificate of Convenience and Necessity (CCN) Number 13177 and a retail wastewater CCN Number 21040 granted by the Texas Commission on Environmental Quality (TCEQ) and located in Brazos County, Texas.
2. Ni America Texas is the sole member of NAT Development.
3. Ed Wallace, individual, desires to purchase and acquire 100% (percent) of Ni America Texas's membership interest in NAT Development.
4. Ni America Texas has determined that the retail water and wastewater CCNs (CCN Numbers 13177 and 21040) are not material to its operations or the operation of its affiliates, and it desires to sell its membership interest in NAT Development and its CCNs.
5. Ed Wallace and Ni America Texas entered into the Sale Agreement Between Ed Wallace and Ni America Texas LLC dated December 31, 2014, which is attached hereto as Exhibit A.
6. Ed Wallace files this Application to Acquire a Controlling Interest in NAT Development pursuant to Water Code § 13.302 and 16 TAC § 24.111 in his individual capacity.
7. Ed Wallace is the President of Ni America Texas, a company he founded to operate water and wastewater systems. Beginning in April 2007, Ed Wallace has overseen the acquisition and day-to-day operations of five companies representing over 20,000 customers in three states.
8. The contact information for Ed Wallace is as follows: mailing address is 17036 Cypress Rosehill Road, Cypress, Texas 77429; phone number is (281) 304-7441; fax number is (281) 373-1575; and email address is ewallace@niamerica.com.

Respectfully Submitted,

NI AMERICA TEXAS, LLC

A handwritten signature in black ink, appearing to read "Ty Embrey", written over a horizontal line.

Ty H. Embrey

State Bar No. 24025346

Lloyd, Gosselink, Rochelle, and Townsend, PC

816 Congress Avenue, Suite 1900

Austin, Texas 78701

(512) 322-5829

(512)-472-0532 (facsimile)

[tembrey@lglawfirm.com](mailto:tembrey@lglawfirm.com)

Application of Ed Wallace to Acquire a Controlling Interest in  
Ni America Texas Development, LLC  
June 11, 2015

**Exhibit A**  
**Sale Agreement Between Ed Wallace and**  
**Ni America Texas, LLC**

(b) All taxes of the Company will be estimated as of the Effective Date, prorated between Seller and Buyer and adjusted post-closing based on such actual tax incurred.

(c) Seller agrees to provide to Buyer copies of all records of the Company, including financial records and tax returns and records relating to the CCNs. Seller and Buyer shall each file all documents necessary with the Texas Public Utility Commission to reflect the change of control of the Company from the Seller to the Buyer and the transfer of the CCN related to water to Wellborn Special Utility District pursuant to that certain Settlement Agreement between Seller and Wellborn Special Utility District (the "**Settlement Agreement**"), and Seller shall pay all out-of-pocket expenses incurred to effectuate such change of control and transfer.

4. **Representations and Warranties of Seller.**

(a) Seller represents and warrants to Buyer that Seller is the sole owner of, and has not sold, assigned, encumbered or otherwise transferred (with or without consideration) to any person, any right, title or interest in the Membership Interest.

(b) Seller further represents and warrants to Buyer that, upon payment of the Purchase Price in accordance with the terms hereof, Buyer shall receive all of Seller's interests in the Membership Interest, free and clear of any encumbrances, liens or claims.

(c) Seller further represents and warrants to Buyer that Seller is authorized to sell the Membership Interest to Buyer pursuant to the terms of this Agreement and otherwise comply with its obligations under this Agreement. The person signing this Agreement on behalf of Seller has all power and authority, as a member, manager, director, officer, trustee, executor or other similar functionary of such entity, to enter into, execute and deliver this Agreement on behalf of Seller. This Agreement has been duly and validly executed and delivered by the Seller and constitutes the valid and binding obligations of the Seller, enforceable against the Seller in accordance with its terms.

5. **Representations and Warranties of Buyer.**

(a) This Agreement has been duly and validly executed and delivered by Buyer and constitutes valid and binding obligations of Buyer, enforceable against Buyer in accordance with its terms.

(b) As an officer of the Company and Seller, Buyer had access to such information, books and records as necessary to make him familiar with the business affairs and financial condition of the Company and related matters. Buyer has had the opportunity to obtain all the information necessary to make an informed judgment regarding the transactions contemplated herein. Further, Buyer has had the opportunity to ask questions of, and receive satisfactory answers from, the Company and the Seller regarding the Company and the transactions contemplated herein. In addition, as an officer of the Company and the Seller, and because of his knowledge and experience in financial business matters generally, Buyer has sufficient understanding of the business of the Company to enable him to fully understand and

12. **Successors and Assigns.** Except as otherwise provided herein, this Agreement shall inure to the benefit of and be binding on the Parties hereto and their respective successors and permitted assigns. No Party may assign its rights hereunder without the approval of the other Party, but any such assignment shall in no way relieve or release such assigning Party from any obligations hereunder, whether accrued or un-accrued, unless agreed to in writing by the non-assigning Party.

13. **Counterpart Execution.** This Agreement, and/or any amendment hereto, may be executed in multiple counterparts, each of which shall be deemed an original Agreement upon the signature by each of the Parties on at least one counterpart, but all of which shall be deemed to be one and the same document. Delivery of an executed signature page of this Agreement by facsimile or e-mail transmission shall be effective as delivery of a manually executed counterpart hereof.

**No Third Party Beneficiaries.** Nothing in this Agreement, expressed or implied, shall give or be construed to give any person, other than the Parties hereto (including their affiliates) and their successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect to this Agreement or under any covenant, condition or provision contained herein; and all such covenants, conditions and provisions shall be for the sole benefit of the Parties hereto.

15. **Titles and Headings.** The titles and headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

16. **Further Assurance.** Each Party, upon the request of the other Party, agrees to perform any further acts and execute and deliver any other documents which may be necessary to carry out the provisions of this Agreement, including the recordation of the transfers and assignments contemplated by this Agreement.

17. **Independent Legal Advice.** Buyer acknowledges the law firm of Gardere Wynne Sewell LLP has represented the Seller in connection with the negotiation of this Agreement and the transactions contemplated hereby, and that he has entered into this Agreement freely, based on his own judgment and with the advice of such legal counsel or other advisors as he has deemed necessary or advisable.

*[Signature Page Immediately Follows]*

**Exhibit A**

**Form of Assignment and Assumption of Membership Interest**

Attached.


IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment to be effective as of the Effective date.

ASSIGNEE:

  
ED WALLACE

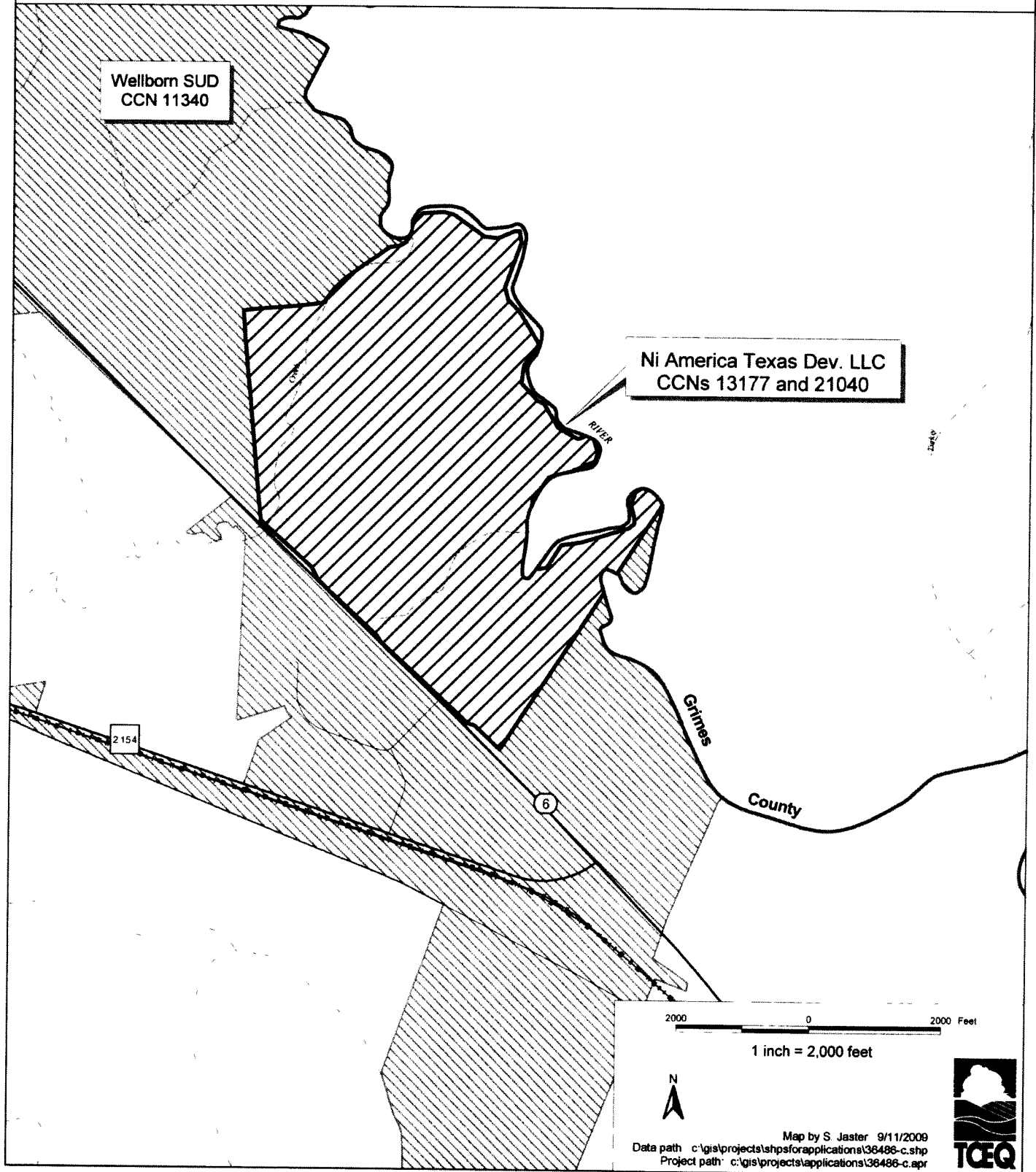
ASSIGNOR:

NI AMERICA TEXAS, LLC

By:   
Name: MARIE S. ANTONY  
Title: VICE PRESIDENT

Signature Page to  
Assignment and Assumption of Membership Interests  
(Ni America Texas Development LLC)

Ni America Texas Development, LLC  
Water and Sewer Service Area  
CCN Nos. 13177 and 21040  
Application Nos. 36486-C and 36487-C  
Brazos County





# WATER UTILITY TARIFF FOR

Ni America Texas Development, LLC  
(Utility Name)

10913 Metronome  
(Business Address)

Houston, Texas 77043  
(City, State, Zip Code)

(713) 574-5952  
(Area Code/Telephone)

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

13177

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

Brazos

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

N/A

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

Myers Reserve: PWS ID pending

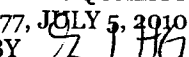
## TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE.....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES .....	5
SECTION 3.0 -- EXTENSION POLICY .....	12
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN .....	16

APPENDIX A -- SAMPLE SERVICE AGREEMENT

APPENDIX B -- APPLICATION FOR SERVICE

TEXAS COMM. ON ENVIRONMENTAL QUALITY  
36486-C, CCN 13177, JULY 5, 2010  
APPROVED TARIFF BY 

SECTION 1.0 -- RATE SCHEDULE (Continued)

TRANSFER FEE.....\$45.00  
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME  
SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) .....10%  
TCEQ RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE  
CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A  
PREVIOUS BILLING.

RETURNED CHECK CHARGE .....\$25.00  
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

COMMERCIAL & NON-RESIDENTIAL DEPOSIT .....1/6TH OF ESTIMATED ANNUAL BILL

METER TEST FEE.....\$25.00  
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER  
REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT  
THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

SEASONAL RECONNECTION FEE  
BASE RATE FOR METER SIZE TIMES NUMBER OF MONTHS OFF THE SYSTEM NOT TO EXCEED SIX  
MONTHS WHEN LEAVE AND RETURN WITHIN A TWELVE-MONTH PERIOD.

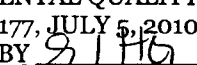
METER RELOCATION FEE .....Actual Relocation Cost, Not to Exceed Tap Fee  
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE  
RELOCATED.

METER CONVERSION FEE .....Actual Conversion Cost, Not to Exceed Tap Fee  
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS CHANGE OF SIZE OF AN EXISTING METER  
OR CHANGE IS REQUIRED BY MATERIAL CHANGE IN CUSTOMER'S SERVICE DEMAND.

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

LINE EXTENSION AND CONSTRUCTION CHARGES:  
REFER TO SECTIONS 2.0 and 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN  
NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE

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

TEXAS COMM. ON ENVIRONMENTAL QUALITY  
36486-C, CCN 13177, JULY 5, 2010  
APPROVED TARIFF BY 

SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Texas Commission on Environmental Quality Rules, Chapter 291, Water Utility Regulation, 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 2.01 - Application for 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), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

Section 2.02 - Refusal of Service

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

Section 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected

(A) 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 - Miscellaneous Fees of this tariff. The utility will keep records of the deposit and credit interest in accordance with TCEQ 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.

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 residential customer who has paid 18 consecutive billings without being delinquent.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers may be required to install and maintain a cutoff valve on their side of the meter.

No direct connection between a public water supply system and any potential source of contamination or between a public water supply system and a private water source (ex. private well) will be allowed. A customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises.

Section 2.06 - Customer Service Inspections

Applicants for new service connections or facilities which have undergone extensive plumbing modifications are required to furnish the utility a completed customer service inspection certificate. The inspection certificate shall certify that the establishment is in compliance with the Texas Commission on Environmental Quality Rules and Regulations for Public Water Systems, Section 290.46(j). The Utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

Section 2.07 - Back Flow Prevention Devices

No water connection shall be allowed to any residence or establishment where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination by either an approved air gap, backflow prevention assembly, or other approved device. The type of device or backflow prevention assembly required shall be determined by the specific potential hazard identified in §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems.

The use of a backflow prevention assembly at the service connection shall be considered as additional backflow protection and shall not negate the use of backflow protection on internal hazards as outlined and enforced by local plumbing codes. When a customer service inspection certificate indicates that an adequate internal cross-connection control program is in effect, backflow protection at the water service entrance or meter is not required.

At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in Section 290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems, then a backflow prevention assembly or device is not required. Outside hose bibs do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

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 2.10 - Billing

(A) Regular Billing

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

(B) Late Fees

A late penalty of either \$5.00 or 10.0% 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.

(C) Information on Bill

Each bill will provide all information required by the TCEQ Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a local or toll-free telephone number (or numbers) to which customers can direct questions about their utility service.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.14 - 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.

Section 2.15 - Quality of Service

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

Section 2.16 - 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 TCEQ 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. 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 2.17 - Customer Liability

Customer shall be liable for any damage or injury to utility-owned property shown to be caused by the customer.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Exceptions may be granted by the TCEQ Executive Director if:

- 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;
- or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

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 certified 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.

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection beyond 200 feet and throughout his property including the cost of all necessary transmission facilities.

The utility will bear the full cost of any over-sizing 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.

Section 3.03 - Contributions in Aid of Construction

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 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.

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

SECTION 3.0 -- EXTENSION POLICY (Continued)

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.

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. A diagram, map, plat, 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 may also be required with the tap request. 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. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. 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, the applicant may refer the matter to the TCEQ for resolution.

Section 3.06 - Qualified Service Applicant

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

The Utility shall serve each qualified service applicant within its certified 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 by TCEQ rules.

Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, 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.



# **Texas Commission on Environmental Quality**

## **INTEROFFICE MEMORANDUM**

**To:** Heidi Graham  
Utilities Financial Review Team  
Water Supply Division

**From:** Trent Jennings  
Resource Protection Team  
Water Supply Division

**Subject:** Review of IOU Drought Contingency Plan for Administrative Completeness  
Ni America Texas Development, LLC

Date: July 16, 2009

*TJ 7/16/09*

The Drought Contingency Plan for Ni America Texas Development, LLC Water System has been reviewed and has been found to be administratively complete per 30 TAC §288.20.

This plan has not been reviewed for compliance with 30 TAC §291 Subchapter B.

No further review is required by the Water Conservation Staff of the Resource Protection Team.

**TABLE OF CONTENTS**

Section 1	Declaration of Policy, Purpose and Intent	1
Section II	Public Involvement	1
Section III	Public Education	1
Section IV	Coordination with Regional Water Planning Groups	1
Section V	Authorization	1
Section VI	Notice Requirements	2
Section VII	Definitions	2
Section VIII	Triggering Criteria for Initiation and Termination of Drought Response Stages	3
Section IX	Drought Response Stages	6
Section X	Water Rationing	9
Section XI	Enforcement	11
Section XII	Variances	12
Section XIII	Severability	13
	Plumbing Code	14

TEXAS COMM. ON ENVIRONMENTAL QUALITY

# 00013177 JUL 5 2010

APPROVED TARIFF BY

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

The utility must notify the TCEQ by telephone at 512/239-6020 or electronic mail at [watermon@TCEQ.state.tx.us](mailto:watermon@TCEQ.state.tx.us) before implementing Stage III and must notify in writing the Public Drinking Water Section at MC-155, P. O. Box 13087, Austin, Texas 78711-3087 within five (5) working days of implementation including a copy of the utility's restriction notice. The utility must file a status report of its restriction program with the TCEQ at the initiation and termination of mandatory water use restrictions (i.e., Stages III and IV).

## **Section VII. Definitions**

For the purposes of this Plan, the following definitions shall apply:

**Aesthetic water use:** water use for ornamental or decorative purposes such as fountains, reflecting pools and water gardens.

**Application:** The provisions of this Plan shall apply to all persons, customers and property utilizing water provided by NI AMERICA TEXAS DEVELOPMENT, LLC... The terms "person" and "customer," as used in the Plan, include individuals, corporations, partnerships, associations and all other legal entities.

**Business Office or Office:** The term "business office" or "office" shall refer to NI AMERICA TEXAS DEVELOPMENT, LLC's offices at 10913 Metronome, Houston Texas 77043.

**Commercial and institutional water use:** water use that is integral to the operations of commercial and non-profit establishments and governmental entities such as retail establishments, hotels and motels, restaurants and office buildings.

**Conservation:** those practices, techniques and technologies that reduce the consumption of water, reduce the loss or waste of water, improve the efficiency in the use of water or increase the recycling and reuse of water so that a supply is conserved and made available for future or alternative uses.

**Customer:** any person, company or organization using water supplied by NI AMERICA TEXAS DEVELOPMENT, LLC...

**Domestic water use:** water use for personal needs or for household or sanitary purposes such as drinking, bathing, heating, cooking, sanitation or for cleaning a residence, business, industry or institution.

**Even number address:** street addresses, box numbers or rural postal route numbers ending in 0, 2, 4, 6 or 8 and locations without addresses.

**Industrial water use:** the use of water in processes designed to convert materials of lower value into forms having greater usability and value.

**Landscape irrigation use:** water used for irrigation and maintenance of landscaped areas, whether publicly or privately owned, including residential and commercial lawns, gardens, golf courses, parks and rights-of-way and medians.

**Non-essential water use:** water uses that are not essential nor required for the protection of public, health, safety and welfare, including:

- (a) irrigation of landscape areas, including parks, athletic fields and golf courses, except otherwise provided under this Plan;

TEXAS COMM. ON ENVIRONMENTAL QUALITY

18177 JUE 5 2010

## Contingency Plan.

Example 4: When the static water level in the NI AMERICA TEXAS DEVELOPMENT, LLC.. well(s) is equal to or less than 40 feet below normal.

Example 5: When the specific capacity of the NI AMERICA TEXAS DEVELOPMENT, LLC.. well(s) is equal to or less than 70% of the well's original specific capacity.

Example 6: When total daily water demand equals or exceeds three (3) consecutive days of "safe" operating capacity of water supply facilities.

Example 7: Continually falling treated water reservoir levels which do not refill above 50% overnight (e.g., based on an evaluation of minimum treated water storage required to avoid system outage).

Requirements for termination - Stage 1 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days.

(b) **Stage 2 - Moderate Water Shortage Conditions:**

Requirements for initiation - Customers shall be required to comply with the requirements and restrictions on certain non-essential water used provided in Section VII of this Plan when Examples 1 through 4, above, are exceeded.

Requirements for termination - Stage 2 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 2, Stage 1 becomes operative.

(c) **Stage 3 - Severe Water Shortage Conditions:**

Requirements for initiation - Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses for Stage 3 of this Plan when Examples 1 through 7, above, are exceeded.

Requirements for termination - Stage 3 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 3, Stage 2 becomes operative.

(d) **Stage 4 - Critical Water Shortage Conditions:**

Requirements for initiation - Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses for Stage 4 of this Plan when Examples 1 through 7, above, are exceeded.

Requirements for termination - Stage 4 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 4, Stage 3 becomes operative.

TEXAS COMM. ON ENVIRONMENTAL QUALITY

13177 JUL 5 2010

- (c) Water customers are requested to practice water conservation and to minimize or discontinue water use for non-essential purposes.

**Stage 2 - Moderate Water Shortage Conditions:**

Goal: achieve a voluntary 15% reduction in daily water demand.

Supply Management Measures: NI AMERICA TEXAS DEVELOPMENT, LLC is to manage limited water supplies and/or reduce water demand. Examples include reduced or discontinued flushing of water mains, reduced or discontinued irrigation of public landscaped areas; use of an alternative supply source(s).

Voluntary Water Use Restrictions: Under threat of penalty for violation, the following water use restrictions shall apply to all persons:

- (a) Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited to Sundays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8) and Saturdays and Wednesdays for water customers with a street address ending in an odd number (1, 3, 5, 7 or 9), and irrigation of landscaped areas is further limited to the hours of midnight until 6:00 AM on designated watering days. However, irrigation of landscaped areas is permitted at any time if it is by means of a hand-held hose, a faucet-filled bucket or watering can of five (5) gallons or less, or drip irrigation system.
- (b) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 8:00 PM and midnight. Such washing, when allowed, shall be done with hand-held buckets or hand-held hoses equipped with a positive shutoff nozzle for quick rises. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety and welfare of the public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.
- (c) Use of water to fill, refill or add to any indoor or outdoor swimming pools, wading pools or Jacuzzi-type pools is prohibited except on designated watering days between the hours of 8:00 PM and midnight.
- (d) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
- (e) Use of water from hydrants shall be limited to firefighting, related activities or other activities necessary to maintain public health, safety and welfare, except that use of water from designated fire hydrants for construction purposes may be allowed under special permit from NI AMERICA TEXAS DEVELOPMENT, LLC.
- (f) All restaurants are prohibited from serving water to its patrons except when requested.
- (g) The following uses of water are defined as non-essential and are prohibited:
  - 1. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts or other hard-surfaced areas;
  - 2. use of water to wash down buildings or structures for purposes

TEXAS COMM. ON ENVIRONMENTAL QUALITY

65113177 JUL 5 2010

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- (c) The filling, refilling or adding of water to swimming pools, wading pools and Jacuzzi-type pools is prohibited.
- (d) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
- (e) No applications for new, additional, expanded or increased-in-size water service connections, meters, service lines, pipeline extensions, mains or water service facilities of any kind shall be allowed or approved.

**Stage 5 - Emergency Water Shortage Conditions:**

Goal: achieve an 80% reduction in daily water demand.

Supply Management Measures: NI AMERICA TEXAS DEVELOPMENT, LLC is to manage limited water supplies and/or reduce water demand. Examples include reduced or discontinued flushing of water mains, reduced or discontinued irrigation of public landscaped areas; use of an alternative supply source(s).

Water Use Restrictions: All requirements of Stages 2, 3 and 4 shall remain in effect during Stage 5 except:

- (a) Irrigation of landscaped areas is absolutely prohibited.
- (b) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited.

**Section X. Water Rationing**

In the event that water shortage conditions threaten public health, safety and welfare, the Utility in consultation with the Utility is hereby authorized to ration water according to the following water allocation plan:

**Single-Family Residential Customers**

The allocation to residential water customers residing in a single-family dwelling shall be as follows:

<u>Persons Per Household</u>	<u>Gallons Per Month Allocation</u>
1 or 2	6,000
3 or 4	7,000
5 or 6	8,000
7 or 8	9,000
9 or 10	10,000
11 or more	12,000

"Household" means the residential premises served by the customer's meter. "Persons Per Household" includes only those persons currently physically residing at the premises and expected to reside there for the entire billing period. It shall be assumed that a particular customer's household is comprised of two (2) persons unless the customer notifies NI AMERICA TEXAS DEVELOPMENT, LLC of a greater number of persons per household on a form prescribed by the Utility. The Utility shall give its best effort to see that such forms are mailed, otherwise provided or made available to every residential customer. If, however, a customer does not receive such a form, it shall be the customer's responsibility to go to NI

TEXAS COMM. ON ENVIRONMENTAL QUALITY

100413177 JUL 5 2010

responsibility to contact NI AMERICA TEXAS DEVELOPMENT, LLC to determine the allocation, and the allocation shall be fully effective notwithstanding the lack of receipt of written notice. Upon request of the customer or at the initiative of the Utility, the allocation may be reduced or increased if: (1) the designated period does not accurately reflect the customer's normal water usage because the customer had shut down a major processing unit for repair or overhaul during the period, (2) the customer has added or is in the process of adding significant additional processing capacity, (3) the customer has shut down or significantly reduced the production of a major processing unit, (4) the customer has previously implemented significant permanent water conservation measures such that the ability to further reduce usage is limited, (5) the customer agrees to transfer part of its allocation to another industrial customer or (6) other objective evidence demonstrates that the designated allocation is inaccurate under present conditions. A customer may appeal an allocation established hereunder to the Utility.

#### **Section XI. Enforcement**

- (a) No person shall knowingly or intentionally allow the use of water from NI AMERICA TEXAS DEVELOPMENT, LLC.. for residential, commercial, industrial, agricultural, governmental or any other purpose in a manner contrary to any provision of this Plan, or in an amount in excess of that permitted by the drought response stage in effect at the time pursuant to action taken by the Utility in accordance with provisions of this Plan.
- (b) Any person, including a person classified as a water customer of NI AMERICA TEXAS DEVELOPMENT, LLC.. in apparent control of the property where a violation occurs or originates shall be presumed to be the violator and proof that the violation occurred on the person's property shall constitute a rebuttable presumption that the person in apparent control of the property committed the violation, but any such person shall have the right to show that he did not commit the violation. Parents shall be presumed to be responsible for violations of their minor children and proof that a violation, committed by a child, occurred on property within the parents' control shall constitute a rebuttable presumption that the parent committed the violation, but any such parent may be excused if he proves that he had previously directed the child not to use the water as it was used in violation of this Plan and that the parent could not have reasonably known of the violation.
- (c) Enforcement for violations will be as follows:
  - 1. First violation - The customer will be notified by written notice of their specific violation.
  - 2. Subsequent violations:
    - a. After written notice, the utility may install a flow restriction device in the line to limit the amount of water that will pass through the meter in a 24-hour period. The utility may charge the customer for the actual cost of installing and removing the flow-restricting device, not to exceed \$50.00.
    - b. After written notice, the utility may discontinue service at the meter for a period of seven (7) days, or until the end of the calendar month, whichever is LESS. The normal reconnect fee of the utility will apply for restoration of service.

#### **Section XII. Variances**

The Utility, or his designee, may, in writing, grant temporary variance for existing water uses otherwise prohibited under this Plan if it is determined that failure to grant such variance would cause an emergency

TEXAS COMM. ON ENVIRONMENTAL QUALITY

REC'D 13177 JUL 5 2010

APPENDIX A – SAMPLE SERVICE AGREEMENT  
From 30 TAC Chapter 290.47(b), Appendix B

SERVICE AGREEMENT

- I. **PURPOSE.** The NAME OF WATER SYSTEM is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF WATER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the water system will not re-establish service unless it has a signed copy of this agreement.
- II. **RESTRICTIONS.** The following unacceptable practices are prohibited by State 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 an 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.
- III. **SERVICE AGREEMENT.** The following are the terms of the service agreement between the NAME OF WATER SYSTEM (the Water System) and NAME OF CUSTOMER (the Customer).
- A. The Water System will maintain a copy of this agreement as long as the Customer and/or the premises is connected to the Water System.
  - B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Water System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Water System's normal business hours.
  - C. The Water System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic reinspection.
  - D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.



Application of Ed Wallace to Acquire a Controlling Interest in  
Ni America Texas Development, LLC  
June 11, 2015

# **Exhibit D**

## **Wastewater Tariff for Ni America Texas Development, LLC**

## SECTION 1.0 -- RATE SCHEDULE

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	\$35.00 (Includes 0 gallons)	\$3.00 per 1000 gallons
1"	\$72.00	
1½ "	\$145.00	
2"	\$230.00	
3"	\$430.00	

Volume charges are determined based on average consumption for winter period which includes the following months: \_\_\_\_\_N/A\_\_\_\_\_

FORM OF PAYMENT: The utility will accept the following form(s) of payment:

Cash X, Check X, Money Order X, Credit Card \_\_\_\_\_, Other (specify) \_\_\_\_\_

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

REGULATORY ASSESSMENT .....1.0%

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

### Section 1.02 - Miscellaneous Fees

TAP FEE.....\$550.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Large Connection Tap) .....Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR TAP SIZE INSTALLED.

### RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00) .....\$25.00
- b) Customer's request that service be disconnected.....\$45.00

TRANSFER FEE.....\$45.00

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

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

TEXAS COMM. ON ENVIRONMENTAL QUALITY  
36487-C, CCN 21040, JULY 5, 2010  
APPROVED BY 2/1/16

## SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Texas Commission on Environmental Quality Rules, Chapter 291, Water Utility Regulation, 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 2.01 - Application for Sewer Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

### Section 2.02 - Refusal of Service

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

### Section 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected

#### (A) 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 - Miscellaneous Fees of this tariff. The utility will keep records of the deposit and credit interest in accordance with TCEQ 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.

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

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the tap location to the place of consumption. Customers will not be allowed to use the utility's cutoff.

2.06 Access to Customer's Premises

All customers or service applicants shall provide access to utility cutoffs 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.

Section 2.07 - Back Flow Prevention Devices

No water connection shall be made to any establishment where an actual or potential contamination or system hazard exists without an approved air gap or mechanical backflow prevention assembly. The air gap or backflow prevention assembly shall be installed in accordance with the American Water Works Association (AWWA) standards C510, C511 and AWWA Manual M14 or the University Of Southern California Manual Of Cross-Connection Control, current edition. The backflow assembly installation by a licensed plumber shall occur at the customer's expense.

The back flow assembly shall be tested upon installation by a recognized prevention assembly tester and certified to be operating within specifications. Back flow prevention assemblies which are installed to provide protection against high health hazards must be tested and certified to be operating within specifications at least annually by a recognized back flow prevention device tester. The maintenance and testing of the back flow assembly shall occur at the customer's expense.

Section 2.10 - Billing

(A) Regular Billing

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

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

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

(B) Without Notice

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

Section 2.13 - Reconnection of Service

Utility personnel must be available during normal business hours to accept payments on the day service is disconnected and the following day unless service was disconnected at the customer's request or due to a hazardous condition.

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

Section 2.14 - 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.

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain and operate production, treatment, storage, transmission, and collection facilities of sufficient size and capacity to provide continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge effluent of the quality required by its discharge permit issued by the Commission. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the TCEQ Rules.

Section 2.16 - Customer Complaints and Disputes

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

## SECTION 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 Utility is not required to extend service to any applicant outside of its certified service area and will only do so under terms and conditions mutually agreeable to the Utility and the applicant, in compliance with TCEQ rules and policies, and upon extension of the Utility's certified service area boundaries by the TCEQ.

The applicant for service 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 is not required to extend service to any applicant outside of its certificated service area and will only do so under terms and conditions mutually agreeable to the Utility and the applicant, in compliance with TCEQ rules and policies, and upon extension of the Utility's certificated service area boundaries by the TCEQ.

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

Within its certified 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 in writing 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.

Residential customers will be charged the equivalent of the costs of extending service to their property from the nearest collection 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 additional 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.

Unless an exception is granted by the TCEQ's Executive Director, the residential service applicant shall not be required to pay for costs of main extensions greater than 6" in diameter for gravity wastewater lines.

## SECTION 3.0 -- EXTENSION POLICY (Continued)

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.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 30 TAC 291.86(d). 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 for facilities which must be committed to such extension compliant with the Texas Commission on Environmental Quality minimum design criteria. As provided by 30 T.A.C. 291.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

A utility may only charge a developer standby fees for unrecovered costs of facilities committed to a developer's property under the following circumstances:

- Under a contract and only in accordance with the terms of the contract; or
- if service is not being provided to a lot or lots within two years after installation of facilities necessary to provide service to the lots has been completed and if the standby fees are included on the utilities approved tariff after a rate change application has been filed. The fees cannot be billed to the developer or collected until the standby fees have been approved by the commission or executive director.
- for purposes of this section, a manufactured housing rental community can only be charged standby fees under a contract or if the utility installs the facilities necessary to provide individually metered service to each of the rental lots or spaces in the community.

Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy 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 given 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 be informed of 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.

SECTION 3.0 -- EXTENSION POLICY (Continued)

The Utility shall serve each qualified service applicant within its certified 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 by TCEQ rules.

Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, 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.



III. SERVICE AGREEMENT. The following are the terms of the service agreement between the NAME OF SEWER SYSTEM (the Sewer System) and NAME OF CUSTOMER (the Customer).

- A. The Sewer System will maintain a copy of this agreement as long as the Customer and/or the premises are connected to the Sewer System.
- B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Sewer System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Sewer System's normal business hours.
- C. The Sewer System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic reinspection.
- D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.
- E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Sewer System. Copies of all testing and maintenance records shall be provided to the Sewer System.

IV. ENFORCEMENT. If the Customer fails to comply with the terms of the Service Agreement, the Sewer System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

CUSTOMER'S SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_