

Control Number: 44794



Item Number: 39

Addendum StartPage: 0

DOCKET NO. 44794

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APPLICATION OF QUADVEST, L.P.
AND WESTSIDE WATER, LLC FOR
SALE, TRANSFER, OR MERGER OF
FACILITIES AND CERTIFICATE
RIGHTS IN HARRIS, WALLER, AND
FORT BEND COUNTIES

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PUBLIC UTILITY COMMISSION
FILING CLERK
OF TEXAS

NOTICE OF APPROVAL

This Notice addresses the application of Quadvest, L.P. (Quadvest) and Westside Water, LLC (Westside) for sale, transfer, or merger of facilities and certificated service areas in Harris, Waller, and Fort Bend Counties. Public Utility Commission of Texas (Commission) Staff recommended approval of the application. The application is approved.

The Commission adopts the following findings of fact and conclusions of law:

I. Findings of Fact

Procedural History

1. On June 3, 2015, Quadvest and Westside filed an application for the sale, transfer, or merger of a retail public utility with the Commission pursuant to the criteria in Tex. Water Code Ann. §§ 13.241, 13.246 and 13.301 (West 2008 and Supp. 2015) (TWC) and 16 Tex. Admin. Code §§ 24.102, 24.104-.107, 24.109, and 24.112 (TAC).
2. Westside holds water certificate of convenience and necessity (CCN) No. 12942 and sewer CCN No. 20878.
3. Quadvest holds water CCN No. 11612 and sewer CCN No. 20952.
4. Quadvest requests approval to purchase the facilities and transfer the customers and service area of Westside's CCN Nos. 12942 and 20878 and to amend its CCN Nos. 11612 and 20952.
5. The area to be transferred includes the Lakes of Fairhaven subdivision in Harris County, the Lake Pointe Estates subdivision in Fort Bend County, and the Cane Island subdivision in Harris/Waller Counties, comprising an area of approximately 1126 acres and 621 current customers.

39

6. As a result of the transaction, Quadvest's water and sewer CCNs will be expanded to include the proposed area and Westside's CCNs will be cancelled. Westside will no longer be in the retail water or sewer utility business.
7. On June 8, 2015, Order No. 1 was issued, establishing a procedural schedule.
8. On July 1, 2015, Commission Staff responded to Order No. 1, recommending that the application be deemed administratively complete.
9. On July 7, 2015, Order No. 2 was issued, finding the application sufficient and complete and establishing a procedural schedule for issuing notice.
10. On August 10, 2015, George Bravenec requested a public hearing on the application, but subsequently withdrew the request on August 25, 2015.
11. On August 26, 2015, Quadvest filed supplemental notice information confirming notice information regarding Harris County MUD 519, Waller County MUD 9, and Cy-Fair Community Improvement District.
12. On September 11, 2015, Commission Staff responded to Order No. 2, recommending that the notice provided by Quadvest was proper.
13. On September 14, 2015, Order No. 3 was issued, finding notice to be proper and establishing a further procedural schedule.
14. On October 16, 2015, Commission Staff responded to Order No. 3, recommending that Quadvest had demonstrated adequate financial, managerial, and technical capability to provide continuous and adequate service to the proposed area and any existing area served by Westside. However, Commission Staff recommended that in addition to approving the sale, Quadvest would need to receive a determination from the Texas Commission on Environmental Quality (TCEQ) as to whether Lake Pointe Estates would meet the definition of a public water system (PWS), and thus would need to seek as-built approval of the water system from the TCEQ and receive PWS designation.
15. On October 20, 2015, Order No. 4 was issued, approving the sale and transfer transaction to proceed and instructing Quadvest and Westside to provide monthly status reports and documents evidencing the consummation upon conclusion of the transaction.

16. On November 18, 2015, Quadvest and Westside filed a joint status report and notice of transactions with a Bill of Sale showing that the transaction was finalized, effective November 6, 2015.
17. On November 25, 2015, Westside filed, pursuant to 16 TAC § 22.142(c), a confidential Customer Deposits Report and accompanying affidavit addressing the November 6, 2015 transfer of customer deposits to Quadvest for management and refund in due course of business under Commission rules.
18. On June 6, 2016, and amended on June 7, 2016, Quadvest submitted documentation from the TCEQ showing that Lake Pointe Estates did not need a separate PWS designation and the system was combined with the Bridlewood Estates PWS No. 0790350.
19. On July 1, 2016, Commission Staff responded to Order No. 4, recommending that the closing documents be found sufficient and complete and that Quadvest submitted documentation showing that Lake Pointe Estates did not need a separate PWS designation.
20. On July 5, 2016, Order No. 5 was issued, finding the closing documentation sufficient and complete and establishing a procedural schedule for the remainder of the proceeding.
21. On July 19, 2016, Quadvest and Westside filed consent forms reflecting their consent to the maps and certificates transmitted from Commission Staff.
22. The certificates and maps described in Findings of Fact No. 21, and associated water and sewer tariffs are attached to this Notice.
23. On August 5, 2016, Commission Staff recommended that the application be approved.
24. On August 16, 2016, Order No. 6 was issued, admitting evidence into the record of this proceeding.

Notice

25. The Commission caused notice of this application to be published in the *Texas Register* on June 19, 2015.
26. On July 6, 2015, Quadvest mailed notice to all neighboring utilities and affected parties.

27. On July 30, 2015, Quadvest filed an affidavit providing proof that notice of the application was mailed to neighboring utilities and affected parties on July 6, 2015, and published in the *Houston Chronicle* on July 3 and 10, 2015.

Informal Disposition

28. More than 15 days have passed since completion of all notice required for this docket.
29. No protests or motions to intervene were filed in this docket and the only request for hearing was subsequently withdrawn.
30. Quadvest, Westside, and Commission Staff are the only parties to this proceeding.

II. Conclusions of Law

1. The Commission has jurisdiction over this proceeding pursuant to TWC §§ 13.041, 13.246, 13.251, and 13.301.
2. Westside and Quadvest are water and sewer utilities as defined in TWC § 13.002(23).
3. Public notice of the application was provided as required by TWC §§ 13.301(a)(2) and 13.246.
4. The application was processed in accordance with the requirements of the TWC and Commission rules.
5. Quadvest and Westside completed the sale within one year from the date of the Commission's written approval, consistent with 16 TAC § 24.112(e).
6. The Commission notified the parties that a public hearing on the application was not requested and would not be held, consistent with TWC § 13.301(f) and 16 TAC § 24.109(f).
7. After consideration of the factors in TWC § 13.246(c), Quadvest has demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to every consumer within the proposed service area and approval of the application serves the public interest.
8. Pursuant to TWC § 13.257(r) and 16 TAC § 24.106(f), Quadvest is required to record a certified copy of the approved CCNs and maps, along with a boundary description of the service area, in the real property records of each county in which the service area or a

portion of the service area is located, and submit to the Commission evidence of the recording.

9. Quadvest and Westside have demonstrated that the certificate transfer requested in this application is necessary for the service, accommodation, convenience, or safety of the public.
10. The requirements for informal disposition pursuant to 16 TAC § 22.35 have been met in this proceeding.


III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following order:

1. The application is approved.
2. Quadvest's water CCN No. 11612 and sewer CCN No. 20952 are amended to include the service areas transferred from Westside.
3. Westside's water CCN No. 12942 and sewer CCN No. 20878 are cancelled.
4. Quadvest shall serve every customer and applicant for service within the area covered by its water CCN No. 11612 and sewer CCN No. 20952 and such service shall be continuous and adequate.
5. Quadvest shall comply with the recording requirements of TWC § 13.257(r) for the areas in Harris, Waller, and Fort Bend counties affected by this application and submit to the Commission evidence of the recording no later than 31 days after receipt of this Notice.
6. All other motions, requests for entry of specific findings of fact or conclusions of law, and any other requests for general or specific relief, if not expressly granted herein, are hereby denied.

Signed at Austin, Texas the 22nd day of August 2016.

PUBLIC UTILITY COMMISSION OF TEXAS



JEFFREY J. HUHN
ADMINISTRATIVE LAW JUDGE

W2013

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Public Utility Commission of Texas

By These Presents Be It Known To All That
Quadvest, L.P.

having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Quadvest, L.P., is entitled to this

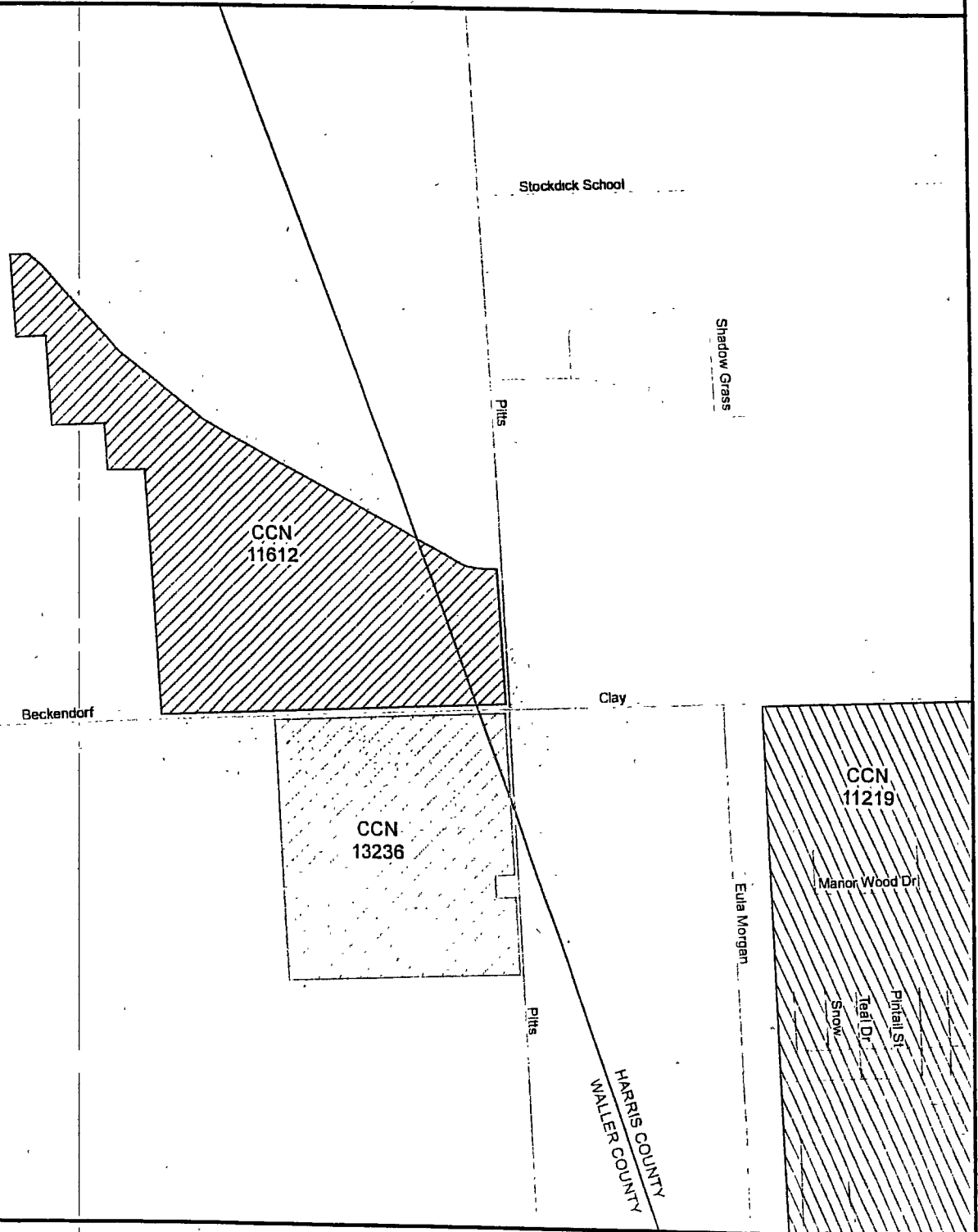
Certificate of Convenience and Necessity No. 11612

to provide continuous and adequate water utility service to that service area or those service areas in Aransas, Brazoria, Fort Bend, Harris, Jackson, Liberty, Matagorda, Montgomery, and Waller Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 44794 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Quadvest, L.P., to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this 22nd day of August 2016.




Quadvest LP
Portion of Water Service Area
CCN No. 11612
PUC Docket No. 44794

Transferred and Cancelled Westside Water, LLC., CCN No. 12942 in Harris and Waller Counties



Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78701

Water CCN Service Areas

-  11612 - Quadvest LP
-  13236 - August Lakes WSC
-  11219 - City of Katy

0 800 1,600
Feet



Map by: Komal Patel
Date created: July 1, 2016
Project Path: n:\finalmapping\44794QuadvestWaterWaller.mxd

Portion of Water Service Area

CCN No. 11612




PUC Docket No. 44794

Transferred and Cancelled Westside Water, LLC., CCN No. 12942 in Fort Bend County



Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78701

Water CCN Service Areas

-  11612 - Quadvest LP
-  13203 - Aqua Texas Inc
-  11219 - City of Katy

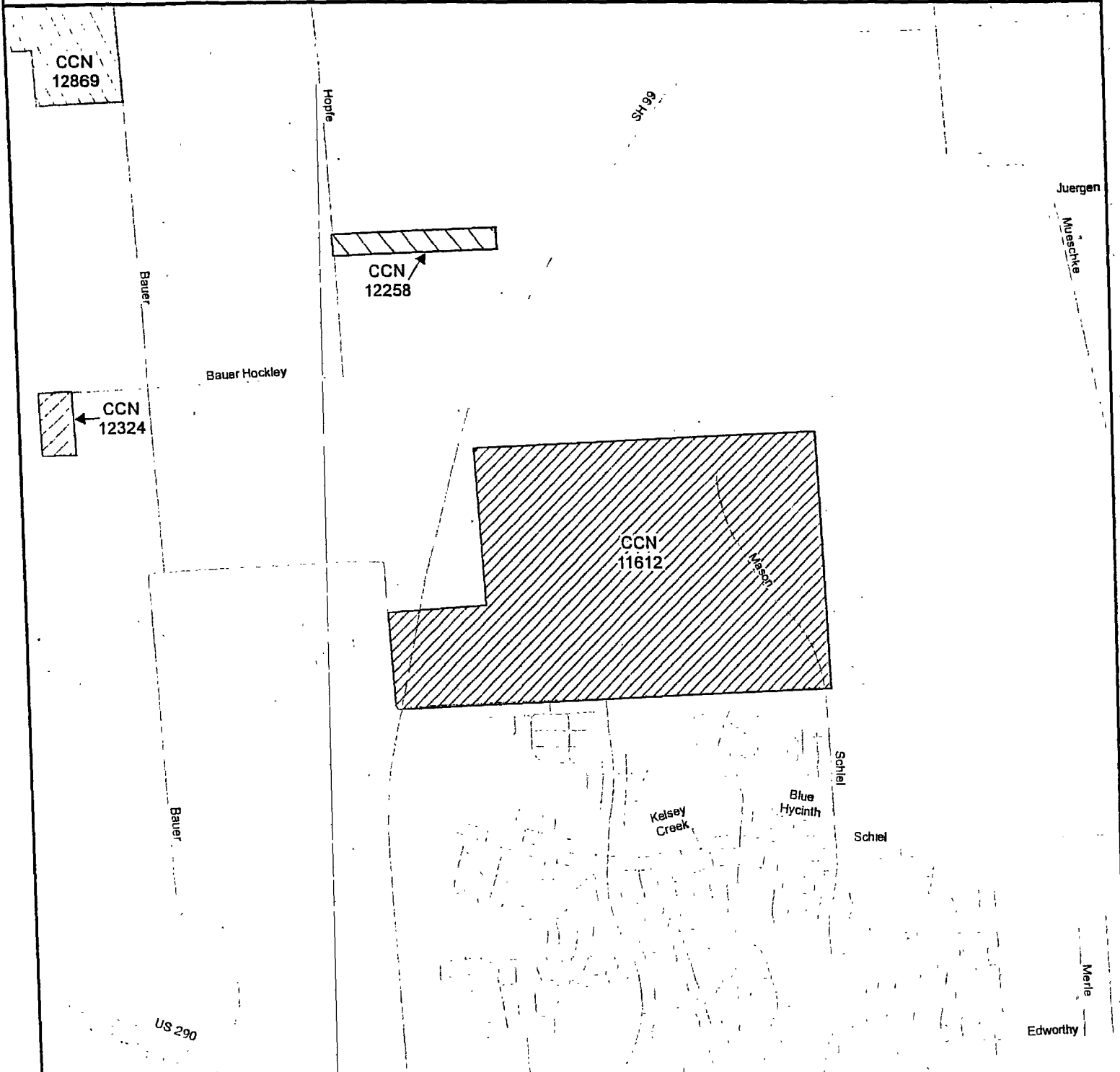
0 800 1,600
Feet



Map by: Komal Patel
Date created: July 1, 2016
Project Path: n:\finalmapping\44794QuadvestWaterFtBend.mxd





Quadvest LP
Portion of Water Service Area
CCN No. 11612
PUC Docket No. 44794

Transferred and Cancelled Westside Water, LLC., CCN No. 12942 in Harris County



Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78701

Water CCN Service Areas

-  11612 - Quadvest LP
-  12258 - Lass Water Company
-  12324 - Ranger Utility Company Inc
-  12869 - Bayou Shadows

0 1,250 2,500
Feet



Map by: Komal Patel
Date created: July 1, 2016
Project Path: n:\finalmapping\44794QuadvestWaterHarris.mxd



WATER UTILITY TARIFF

Docket Number: 44794

Quadvest, L.P.
(Utility Name)

26926 FM 2978
(Business Address)

Magnolia, Texas 77354
(City, State, Zip Code)

281/356-5347
(Area Code/Telephone)

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

11612

This tariff is effective in the following counties:

Aransas, Brazoria, Fort Bend, Harris, Jackson, Liberty, Matagorda, Montgomery and Waller

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

Richmond (portion of Bridlewood Estates only - same rates)

This tariff is effective in the following subdivisions or systems:

See attached chart.

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	4
SECTION 3.0 - EXTENSION POLICY	10
APPENDIX A - DROUGHT CONTINGENCY PLAN	
APPENDIX B - SAMPLE SERVICE AGREEMENT	
APPENDIX C - APPLICATION FOR SERVICE	

SUBDIVISION	PWS ID NUMBER	COUNTY
Bauer Landing	1013526	Harris
Bayer Utility (Old Town Spring)	1010212	Harris
Bella vista	1460175	Liberty
Benders Landing I, II	1700678	Montgomery
Benders Landing Estates	1700678	Montgomery
Bridlewood Estates	0790350	Fort Bend
Brazos Lakes	0790363	Fort Bend
Cane Island	2370111	Waller
Canterbury Ranch	1700624	Montgomery
Campwood	1700624	Montgomery
Clear Creek Forest	1700576	Montgomery
Chenango Ranch	0200656	Brazoria
The Colony	1011806	Harris
Creeside Village	1700742	Montgomery
Decker Oaks Subdivision	1700605	Montgomery
Estates of Clear Creek	1700576	Montgomery
Grande San Jacinto	1460179	Liberty
Indigo Lakes Estates	1700576	Montgomery
Jacobs Reserve	1700609	Montgomery
Lakes of Fairhaven	1013288	Harris
Lake Pointe Estates	0790350	Fort Bend
Lake Windcrest	1700624	Montgomery
Live Oak Landing	1610129	Matagorda
Lone Star Ranch	1700655	Montgomery
Magnolia Lakes	1700736	Montgomery
McCall Sound	1700763	Montgomery
Montgomery Trace	1700577	Montgomery
Mostyn Manor I, II, III	1700669	Montgomery
Northcrest Ranch Section I, II, III	1700623	Montgomery
Oaks of Suncreek	0200640	Brazoria
Red Oak Ranch	1700609	Montgomery
Rocky Creek	1013393	Harris
Sawmill Estates	1700576	Montgomery
Sendera Ranch	1700577	Montgomery
Shaw Acres	1013468	Harris
Sierra Woods	1700624	Montgomery

SUBDIVISION	PWS ID NUMBER	COUNTY
Sonoma Ridge	1700763	Montgomery
Stonecrest Ranch	1700611	Montgomery
Summerset Estates	1700655	Montgomery
Suncreek Estates	0200640	Brazoria
Suncreek Ranch	0200616	Brazoria
Sunrise Bay	1200037	Jackson
Sunset Bay	0040055	Aransas
Telge Terrace	1011805	Harris
Timberdale	1011810	Harris
Vaquero River Estates	1610129	Matagorda
Village of Decker Oaks	1700605	Montgomery
Waterstone Estates	1013389	Harris
Waypoint Landing	1610137	Matagorda
Westwood	2370042	Waller
Windcrest Farms	1700577	Montgomery
Yesterdays Crossing	1700758	Montgomery

The rates set or approved by the city for the systems entirely within its corporate boundary are not presented in this tariff. Those rates are not under the original jurisdiction of the PUC and will have to be obtained from the city or utility.

SECTION 1.0 – RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$28.75</u> (Includes 0 gallons)	<u>\$1.75</u> per 1000 gallons for the first 10,000 gallons
1"	<u>\$71.88</u>	<u>\$2.00</u> per 1,000 gallons from 10,001 to 20,000 gallons
1½"	<u>\$143.75</u>	<u>\$2.25</u> per 1,000 gallons from 20,001 to 30,000 gallons
2"	<u>\$230.00</u>	<u>\$2.93</u> per 1,000 gallons thereafter
3"	<u>\$431.25</u>	
4"	<u>\$718.75</u>	
6"	<u>\$1,437.50</u>	

An additional pass through gallage charge of \$2.39 per 1,000 gallons of water will be added for fees imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the utility. Bluebonnet GRP, Brazoria GRP, City of Rosenberg GRP, North Fort Bend GRP, West Harris Regional, Harris-Galveston Subsidence District, San Jacinto River Authority GRP (Docket No. 45548). **SEE PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE.**

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

Cash X Check X Money Order X Credit Card X Other (specify) Bank Draft
 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.....\$810.00
 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.

TAP FEE.....\$910.00
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD 3/4" and 1" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Large meter).....Actual Cost
 TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

SECTION 1.0 – RATE SCHEDULE (CONTINUED)

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..... \$50.00
- OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF

SEASONAL RECONNECTION FEE:

BASE RATE TIMES NUMBER OF MONTHS OFF THE SYSTEM NOT TO EXCEED SIX MONTHS WHEN LEAVE AND RETURN WITHIN A TWELVE MONTH PERIOD.

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%

PUC 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.

METER RELOCATION FEE..... Actual Cost to Relocate the existing Meter

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING METER.

METER CONVERSION FEE. Actual Cost to Convert the existing Meter

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS CHANGE OF SIZE OF AN EXISTING METER OR CHANGE IS REQUIRED BY MATERIAL CHANGE IN CUSTOMERS SERVICE DEMAND.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [PUC Subst. R. 24.21(K)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 1.0 – RATE SCHEDULE (CONTINUED)

TEMPORARY WATER RATE:

Unless otherwise superseded by PUC order or rule, if the Utility is ordered by a court or government body of competent jurisdiction to reduce its pumpage, production or water sales, the Utility shall be authorized to increase its approved gallonage charge according to the formula:

$$TGC = \frac{cgc + (pr)(cgc)(r)}{(1.0 - r)}$$

Where:

TGC = temporary gallonage charge

cgc = current gallonage charge

r = water use reduction expressed as a decimal fraction (the pumping restriction)

pr = percentage of revenues to be recovered expressed as a decimal fraction, for this tariff pr shall equal 0.5

To implement the Temporary Water Rate, the Utility must comply with all notice and other requirements of 16 TAC 24.21(l).

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

Changes in fees imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula:

$$RVP = (E + (AP - AC)) / (JC \times AU), \text{ Where:}$$

RVP = Adjusted gallonage charge, rounded to the nearest cent

E = Estimated sum of upcoming 12 months of purchase water and groundwater conservation district costs

AP = Actual payments up to 12 months (February through January of previous year)

AC = Actual collections up to 12 months (February through January of previous year)

JC = January month end customer connections

AU = Average annual usage per connection from most recent rate case

The adjusted gallonage charge must be true up and adjusted every twelve months.

To implement, all notice requirements must be met.

With the annual true up report adjusting the pass through for the next 12 months, the utility shall provide a five year report showing the annual and accumulated difference between pass through amounts collected from customers and amounts actually paid to the entities whose charges are included in the pass through and the formula for the estimates included in the pass through charge, the definition of all variables used in the estimate, the basis for any projections and any standard operating procedures of the utility for estimating.

SECTION 1.0 – RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8"	<u>\$17.85</u> (Includes 0 gallons)	<u>\$1.50</u> per 1000 gallons, Residential
3/4"	<u>\$26.80</u>	<u>\$2.00</u> per 1000 gallons, Non-Residential
1"	<u>\$44.65</u>	
1½"	<u>\$89.25</u>	
2"	<u>\$142.80</u>	
3"	<u>\$267.75</u>	
4"	<u>\$535.50</u>	

PLUS:

Pass Through Fees:

North Harris County Regional Water Authority (NHCRWA) for

Lakes of Fairhaven..... \$2.47 per 1,000 gallons
(Docket No. 46074)

North Fort Bend Water Authority (NFBWA) for

Lake Point Estates..... \$2.81 per 1,000 gallons
(Docket No. 46073)

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

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

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

REGULATORY ASSESSMENT.....1.0%

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

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$500.00

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

TAP FEE (Unique costs).....Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large meter).....Actual Cost
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

SECTION 1.0 – RATE SCHEDULE (Continued)

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 TEST FEE \$25.00

REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

RECONNECTION FEE

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

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

TRANSFER FEE \$40.00

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 \$35.00

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

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 1.0 – RATE SCHEDULE (Continued)

PASS THROUGH PROVISION:

For utilities subject to changes in cost imposed by any non-affiliated provider of purchased water or sewer or a groundwater conservation district having jurisdiction over the Utility, these increases (decreases) shall be passed through as an adjustment to the gallonage charge according to the formula:

$AG = G + B / (1 - L)$, Where:

AG = adjusted gallonage charge, rounded to the nearest one cent

G = approved gallonage charge per 1,000 gallons

B = change in fee (per 1,000 gallons)

L = water or sewer line loss from preceding 12 months, not to exceed 0.15 (15%)

SECTION 2.0 – SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission of Texas (PUC or Commission) Commission Rules, Chapter 24, 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 PUC 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 PUC 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 customer who has paid 18 consecutive billings without being delinquent.

(B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer 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 request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the PUC 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 or existing customer's property(ies) is located.

SECTION 2.0 – SERVICE RULES AND POLICIES

Fees in addition to the regular tap fee may be charged if listed specifically in Section 1 to cover unique costs not normally incurred as permitted by 16 TAC 24.86(a)(1)(C). For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

(C) Easement Requirement

Where recorded public utility easements on the service applicant's property do not exist or public road right-of-way easements are not available to access the applicant's property, the Utility may require the applicant to provide it with a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant. Such easement(s) shall not be used for the construction of production, storage, transmission or pressure facilities unless they are needed for adequate service to that applicant.

Section 2.04 - Utility Response to Applications for Service

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.

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

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will not be allowed to use the utility's cutoff valve on the utility's side of the meter. Existing 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 (TCEQ) 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 2.0 – SERVICE RULES AND POLICIES**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. All backflow prevention assemblies or devices shall be tested upon installation by a TCEQ certified backflow prevention assembly tester and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against health hazards must also be tested and certified to be operating within specifications at least annually by a certified backflow prevention assembly tester.

If the utility determines that a backflow prevention assembly or device is required, the utility will provide the customer or applicant with a list of TCEQ certified backflow prevention assembly testers. The customer will be responsible for the cost of installation and testing, if any, of backflow prevention assembly or device. The customer should contact several qualified installers to compare prices before installation. The customer must pay for any required maintenance and annual testing and must furnish a copy of the test results demonstrating that the assembly is functioning properly to the utility within 30 days after the anniversary date of the installation unless a different date is agreed upon.

Section 2.08 - Access to Customer's Premises

The utility will have the right of access to the customer's premises at all reasonable times for the purpose of installing, testing, inspecting or repairing water mains or other equipment used in connection with its provision of water service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the utility and its personnel access to the customer's property to conduct any water quality tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours and the utility personnel will attempt to notify the customer that they will be working on the customer's property. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

SECTION 2.0 – SERVICE RULES AND POLICIES

All customers or service applicants shall provide access to meters and utility cutoff valves at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply.

Section 2.09 - Meter Requirements, Readings, and Testing

One meter is required for each residential, commercial, or industrial connection. 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.

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 PUC 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**(D) 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 2.11 - Payments

All payments for utility service shall be delivered or mailed to the utility's business office. If the business office fails to receive payment prior to the time of noticed disconnection for non-payment of a delinquent account, service will be terminated as scheduled. Utility service crews shall not be allowed to collect payments on customer accounts in the field. Payment of an account by any means that has been dishonored and returned by the payer or payee's bank, shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid money order. If a customer has two returned payments within a twelve month period, the customer shall be required to pay a deposit if one has not already been paid.

Section 2.12 - Service Disconnection**(A) With Notice**

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 PUC Rules.

(B) Without Notice

Utility service may also be disconnected without notice for reasons as described in the PUC 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 36 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 2.0 – SERVICE RULES AND POLICIES

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 TCEQ 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 PUC 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

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 PUC rules and policies, and upon extension of the Utility's certified service area boundaries by the PUC.

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.

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 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 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 PUC, the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution and pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.

Exceptions may be granted by the PUC 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 overriding 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.

SECTION 3.0 – EXTENSION POLICY (Continued)

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 additional facilities required to maintain compliance with the TCEQ 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 16 TAC 24.86(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 TCEQ minimum design criteria. As provided by 16 TAC 24.85(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 utility's 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.
- 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 3.0 – EXTENSION POLICY (Continued)**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, PUC 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 PUC 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(is) is located.

Section 3.05 - Applying for Service

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

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 PUC 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, PUC rules and/or PUC 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.

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 PUC 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 PUC service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by PUC rules.

Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, the Utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property.

APPENDIX A – DROUGHT CONTINGENCY PLAN

“This page incorporates by reference the utility’s Drought Contingency Plan, as approved and periodically amended by the Texas Commission on Environmental Quality.”

APPENDIX B -- 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 re-inspection.
 - D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.

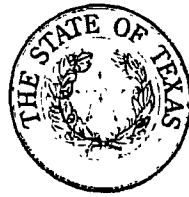
E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Water System. Copies of all testing and maintenance records shall be provided to the Water System.

IV. ENFORCEMENT. If the Customer fails to comply with the terms of the Service Agreement, the Water 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: _____

APPENDIX C – APPLICATION FOR SERVICE
(Utility Must Attach Blank Copy)



Public Utility Commission of Texas

By These Presents Be It Known To All That

Quadvest, L.P.

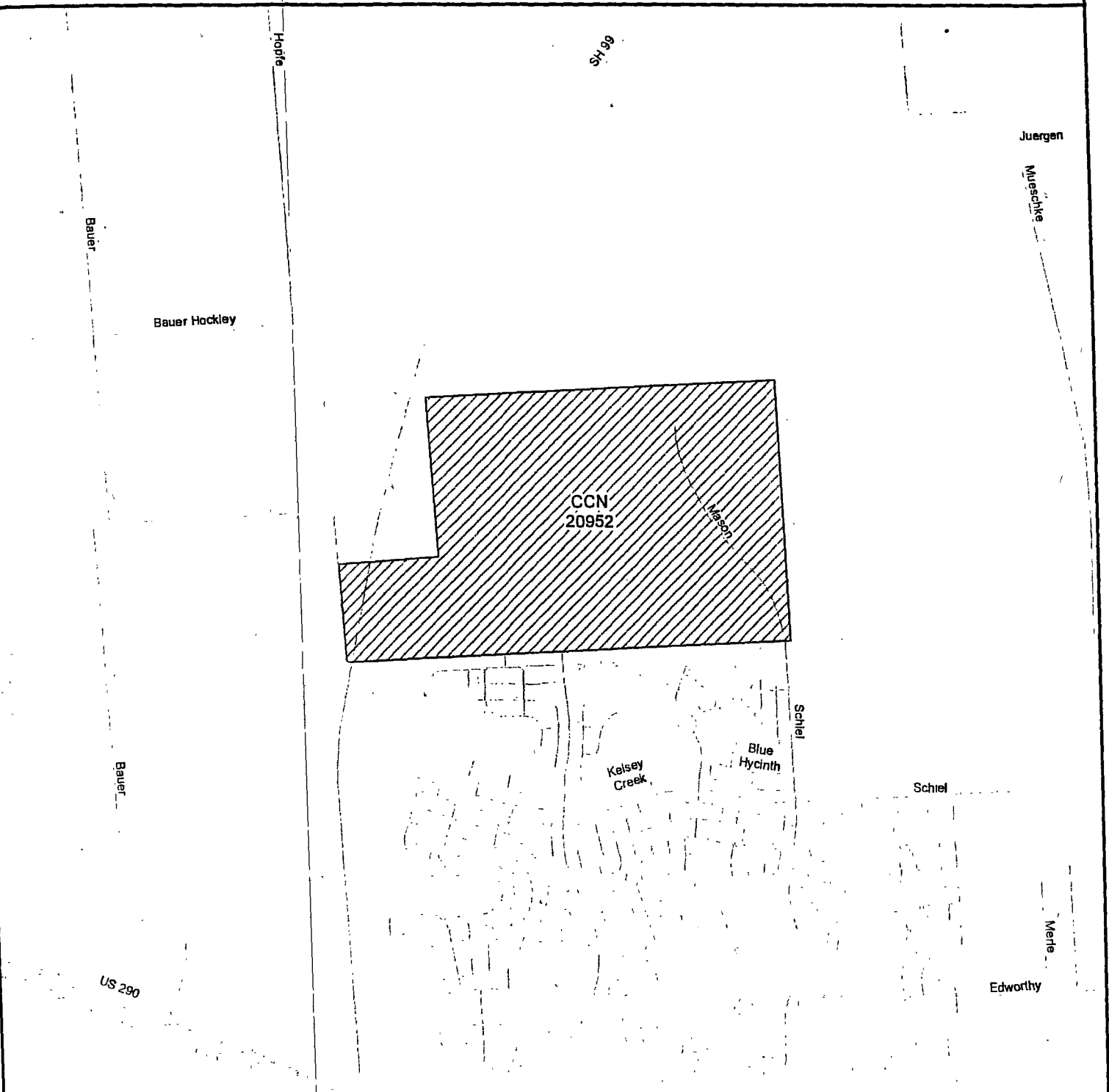
having obtained certification to provide sewer utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Quadvest, L.P., is entitled to this

Certificate of Convenience and Necessity No. 20952

to provide continuous and adequate sewer utility service to that service area or those service areas in Fort Bend, Harris, Montgomery, Liberty and Waller Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 44794 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Quadvest, L.P., to provide such utility service in accordance with the laws of this State and Rules of this Commission; subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.


Issued at Austin, Texas, this 22nd day of August 2016.

Quadvest LP
Portion of Sewer Service Area
CCN No. 20952
PUC Docket No. 44794
Transferred and Cancelled Westside Water, LLC., CCN No. 20878 in Harris County



Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78701

Sewer CCN Service Area

 20952 - Quadvest LP

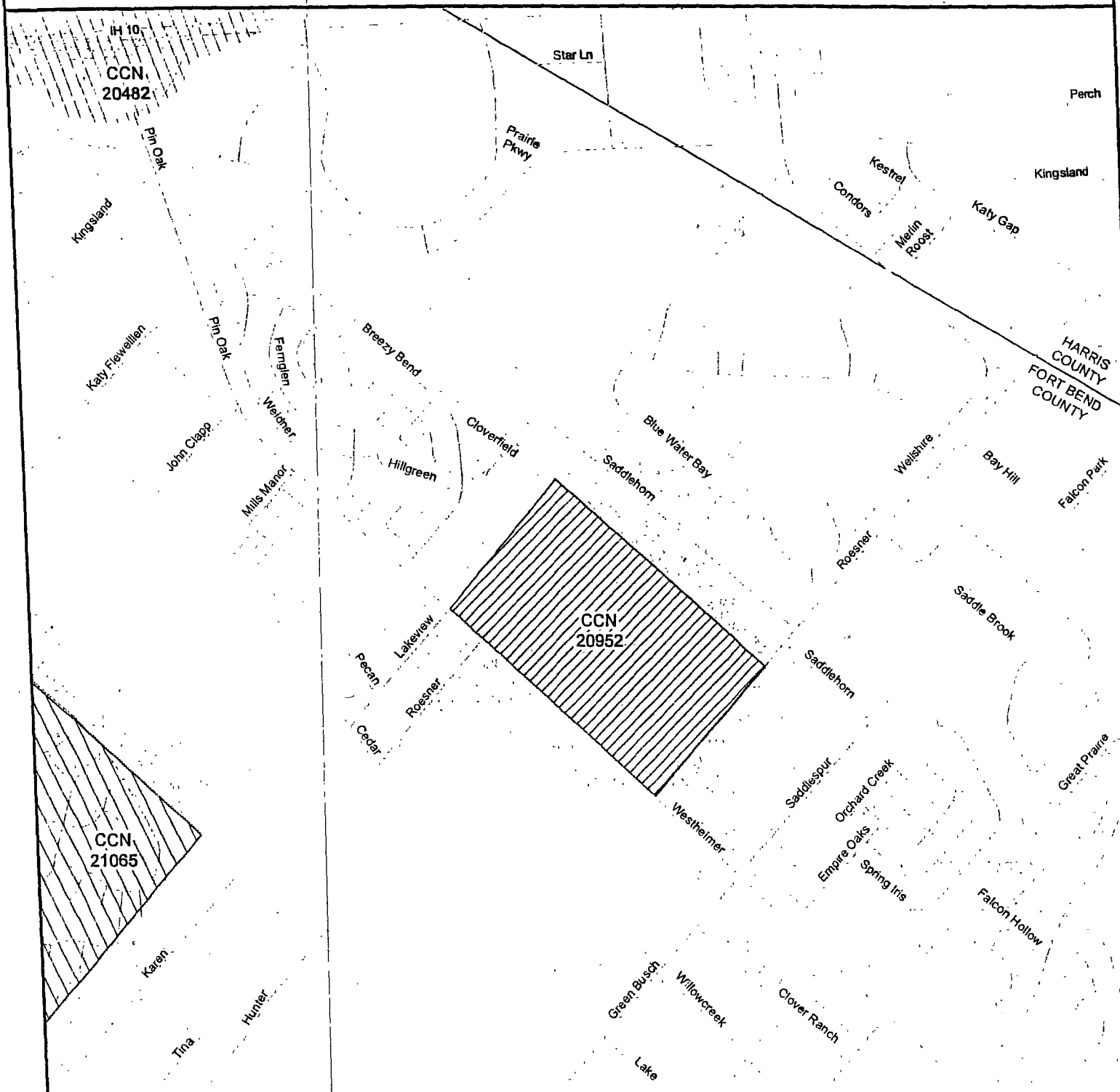
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Map by: Komal Patel
Date created: July 1, 2016
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


Quadvest LP
Portion of Sewer Service Area
CCN No. 20952
PUC Docket No. 44794

Transferred and Cancelled Westside Water, LLC., CCN No. 20878 in Fort Bend County



Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78701

Sewer CCN Service Areas

-  20952 - Quadvest LP
-  21065 - Aqua Texas Inc
-  20482 - City of Katy

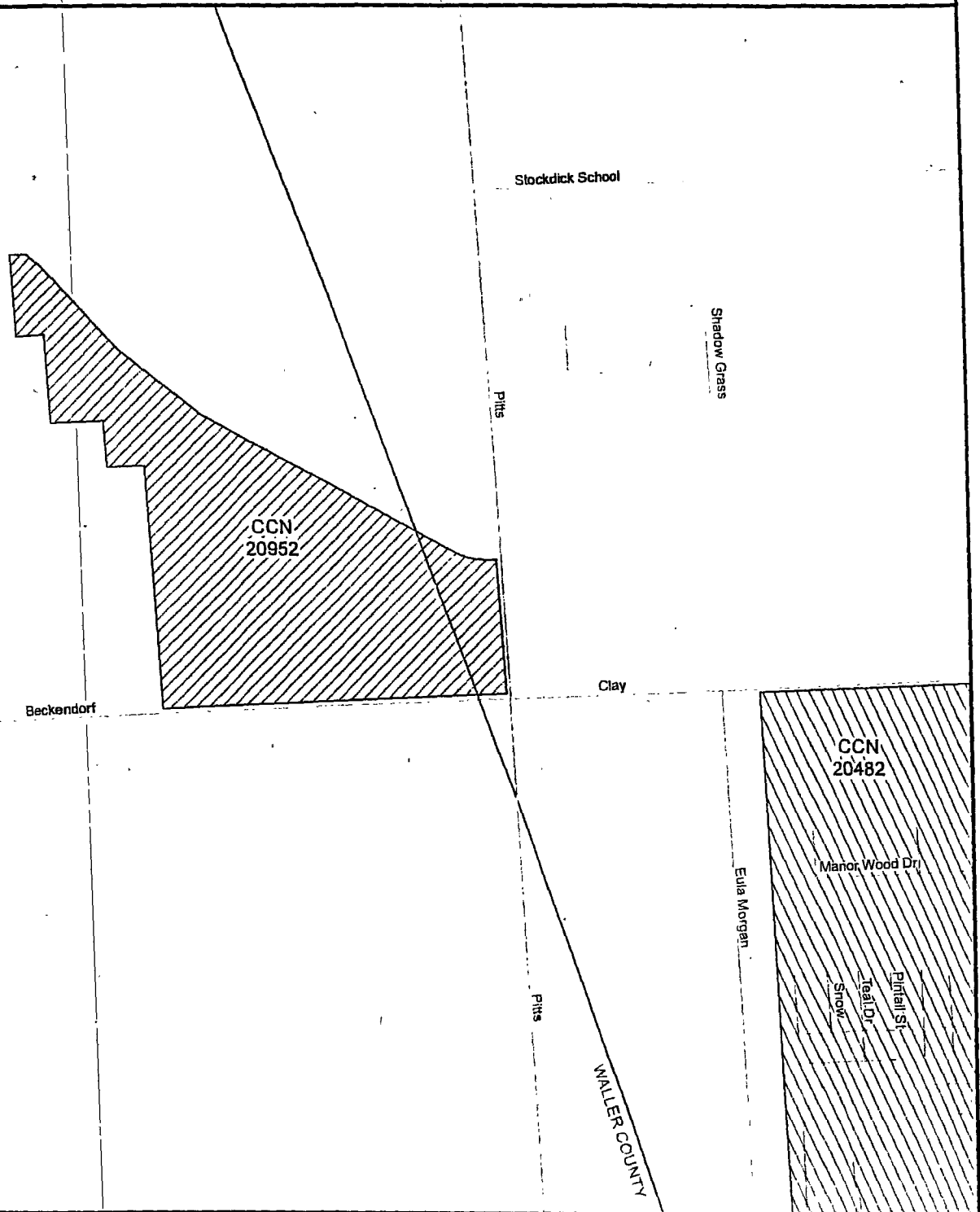
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Map by: Komal Patel
Date created: July 1, 2016
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

Quadvest LP
Portion of Sewer Service Area
CCN No. 20952
PUC Docket No. 44794

Transferred and Cancelled Westside Water, LLC., CCN No. 20878 in Harris and Waller Counties



Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78701

Sewer CCN Service Areas

-  20952 - Quadvest LP
-  20482 - City of Katy

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Map by: Komal Patel
Date created: July 1, 2016
Project Path: n:\finalmapping\44794QuadvestSewerWaller.mxd



SEWER UTILITY TARIFF

Docket Number: 44794

Quadvest, L.P.
(Utility Name)

P.O. Box 409
(Business Address)

Tomball, Texas 77377
(City, State, Zip Code)

281/356-5347
(Area Code/Telephone)

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

20952

This tariff is effective in the following county:

Harris, Fort Bend, Montgomery, Liberty, Waller

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

None

This tariff is effective in the following subdivisions and water quality permit numbers:

See attached list.

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE.....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	5
SECTION 3.0 -- EXTENSION POLICY	10

LIST OF SUBDIVISION AND SYSTEMS

Bauer Road	WQ0014675-001
Bella Vista Water Treatment Facility	WQ0013863-002
Benders Landing	WQ0014755-001
Cane Island	WQ0015101-001
Creekside Village	WQ0014531-001
Decker Oaks Subdivision	WQ0013863-001
Grand San Jacinto	WQ0015192-001
Lakes of Fairhaven	WQ0014434-001
Lake Pointe Estates	WQ0012370-001
Lonestar Ranch Section III, Lonestar Ranch Section IV and Somerset	WQ0014029-001
Magnolia ISD, Mostyn Manor	WQ0014711-001
Magnolia Lakes	WQ001452-001
Victoria Station	WQ0014266-001

SECTION 1.0 - RATE SCHEDULE

Rates Effective April 8, 2013

<u>Meter Size</u>	<u>Monthly Flat Rate</u> (Includes 0 gallons)
5/8" x 3/4"	<u>\$67.50</u>
3/4"	<u>\$67.50</u>
1"	<u>\$67.50</u>
1½"	<u>\$337.50</u>
2"	<u>\$540.00</u>
3"	<u>\$1,012.50</u>
4"	<u>\$1,687.50</u>
6"	<u>\$3,375.00</u>
8"	<u>\$5,400.00</u>
10"	<u>\$7,762.50</u>

Residential sewer service will be billed the monthly flat rate only.

Non-residential service connections will be billed the monthly flat rate plus \$3.33 per 1,000 gallons of actual water meter usage as supplied by the water utility.

Rates Effective January 8, 2014

<u>Meter Size</u>	<u>Monthly Flat Rate</u> (Includes 0 gallons)
5/8" x 3/4"	<u>\$76.00</u>
3/4"	<u>\$76.00</u>
1"	<u>\$76.00</u>
1½"	<u>\$380.00</u>
2"	<u>\$608.00</u>
3"	<u>\$1,140.00</u>
4"	<u>\$1,900.00</u>
6"	<u>\$3,800.00</u>
8"	<u>\$6,080.00</u>
10"	<u>\$8,740.00</u>

Residential sewer service will be billed the monthly flat rate only.

Non-residential service connections will be billed the monthly flat rate plus \$3.33 per 1,000 gallons of actual water meter usage as supplied by the water utility.

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

Cash X, Check X, Money Order X, Credit Card X, Other (specify) Bank Draft

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 ASSESSMENT1.0%
PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND TO REMIT FEE TO THE TCEQ.

SECTION 1.0 - RATE SCHEDULE CONT.

Section 1.02 - Miscellaneous Fees

TAP FEE (Gravity Sewer) for 5/8 x 3/4-inch water meter \$790.00
 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 \$870.00
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD 3/4" and 1" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Large Meter) Actual Cost
 TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR TAP SIZE INSTALLED.

TAP FEE (Unique costs) Actual Cost
 FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

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 \$50.00

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

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

SERVICE RELOCATION FEE Actual Cost to relocate that service connection
 THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING SERVICE CONNECTION

SEASONAL RECONNECTION FEE:

BASE RATE TIMES NUMBER OF MONTHS OFF THE SYSTEM NOT TO EXCEED SIX MONTHS WHEN LEAVE AND RETURN WITHIN A TWELVE MONTH PERIOD.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING.
 [PUC Subst. R. 24.21(K)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 1.0 - RATE SCHEDULE

<u>Meter Size</u>	<u>Monthly Flat Rate</u>
5/8" x 3/4"	<u>\$33.00</u>
1"	<u>\$55.00</u>
1½"	<u>\$110.00</u>
2"	<u>\$176.00</u>
2½"	<u>\$264.00</u>
3"	<u>\$330.00</u>
4"	<u>\$550.00</u>

Residential sewer service will be billed the monthly flat rate plus \$7.00 per 1,000 gallons of actual water meter usage.

For sewer rate purposes, residential water usage is based on the average water consumption for December, January and February and is reset annually. Users without usage experience for those months shall be billed \$63.00 per month, based on a 5/8" meter. Non-residential customers are billed on each month's metered water consumption.

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

Cash X, Check X, Money Order X, Credit Card X, Other (specify) Bank Draft

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 ASSESSMENT1.0%
PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND TO REMIT FEE TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE (Standard) for 5/8 x 3/4-inch water meter\$750.00
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 (Non-Standard)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

TRANSFER FEE\$25.00
THE TRANSFER FEE WILL BE CHARGED FOR AN APPLICANT FOR SERVICE WHO IS A TRANSFEREE FROM AN EXISTING UTILITY CUSTOMER.

SECTION 1.0 - RATE SCHEDULE CONT.

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

EQUIPMENT DAMAGE FEE: Actual Costs
IF FACILITIES OR EQUIPMENT HAVE BEEN DAMAGED DUE TO TAMPERING, NEGLIGENCE, OR UNAUTHORIZED USE OF EQUIPMENT, RIGHT-OF-WAY, OR DUE TO OTHER ACTS FOR WHICH THE UTILITY INCURS LOSSES OR DAMAGES SHOWN TO BE CAUSED BY THE CUSTOMER, THE CUSTOMER SHALL BE LIABLE FOR THE ACTUAL COSTS FOR ALL LABOR, MATERIAL, AND EQUIPMENT USE FEES, NECESSARY FOR REPAIR, REPLACEMENT, OR OTHER CORRECTIVE ACTIONS TAKEN BY THE UTILITY. THE UTILITY SHALL PROVIDE AN ITEMIZED BILL OF SUCH CHARGES TO THE CUSTOMER. EXCEPT IN CASES OF METER TAMPERING OR SERVICE DIVERSION, THE UTILITY MAY NOT DISCONNECT SERVICE, OR REFUSE RECONNECTION, OF A CUSTOMER REFUSING TO PAY DAMAGE CHARGES.

CUSTOMER SERVICE INSPECTION FEE \$75.00
SERVICE APPLICANTS MAY CHOOSE TO HAVE CUSTOMER SERVICE INSPECTIONS REQUIRED BY TCEQ RULE 290.46(j) PERFORMED BY ANY STATE LICENSED INSPECTOR OF THEIR CHOICE. UNLESS THE SERVICE APPLICANT CHOOSES TO ARRANGE FOR AND PAY FOR THE INSPECTION INDEPENDENTLY, THE UTILITY MAY CHARGE SERVICE APPLICANTS THE CUSTOMER SERVICE INSPECTION FEE AT THE TIME THEY APPLY FOR SERVICE.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE: ...
WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [PUC Subst. R. 24.21(K)(2)]

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

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8"	\$70.00 (Includes all gallons - Residential)	\$4.50 per 1000 gallons for
3/4"	\$70.00	all gallons - Non-residential
1"	\$70.00	
1½ "	\$70.00	
2"	\$373.36	
3"	\$700.05	
4"	\$1400.10	

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

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

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

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$750.00

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

TAP FEE (Unique costs) Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large meter) Actual Cost
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

SECTION 1.0 – RATE SCHEDULE (Continued)

RECONNECTION FEE

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

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

TRANSFER FEE.....\$40.00

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%

PUC 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\$35.00

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

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [30 TAC 24.21(K)(2)].

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 2.0 – SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission of Texas (PUC or Commission) Rules, Chapter 24, 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 PUC Rules. In the event that the utility refused 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 PUC 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 without being delinquent.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)**(B) Tap or Reconnect Fees**

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer 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 request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rate in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

Fees in addition to the regulate tap fee may be charged to cover unique costs not normally incurred as permitted by 30 TAC 24.86(a)(1)(C) if they are listed on this approved tariff. For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

(C) Easement Requirement

Where recorded public utility easements on the service applicant's property do not exist or public road right-of-way easements are not available to access the applicant's property, the Utility may require the applicant to provide it with a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant. Such easement(s) shall not be used for the construction of production, storage, transmission or pressure facilities unless they are needed for adequate service to that applicant.

Section 2.04 - Utility Response to Applications for Service

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap and utility cut-off 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.

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

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.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)**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.

(B) Late Fees

A late penalty of either \$5.00 or 10% 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 PUC 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)

(D) 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 2.11 - Payments

All payments for utility service shall be delivered or mailed to the utility's business office. If the business office fails to receive payment prior to the time of noticed disconnection for non-payment of a delinquent account, service will be terminated as scheduled. Utility service crews shall not be allowed to collect payments on customer accounts in the field.

Payment of an account by any means that has been dishonored and returned by the payor or payee's bank, shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid money order. If a customer has two returned payments within a twelve month period, the customer shall be required to pay a deposit if one has not already been paid.

Section 2.12 - Service Disconnection

(A) With Notice

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 PUC Rules.

(B) Without Notice

Utility service may also be disconnected without notice for reasons as described in the PUC 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 2.0 – 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 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 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

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 PUC rules and policies, and upon extension of the Utility's certified service area boundaries by the PUC.

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.

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 PUC, 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)

Exceptions may be granted by the PUC 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.

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 sewer mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional 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, collection, transmission, pumping, or treatment of sewage 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.

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 TCEQ 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 24.86(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 TCEQ minimum design criteria. As provided by 30 TAC 24.85(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 utility's 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, PUC 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 PUC 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 3.05 - Applying for Service

The Utility will provide a written service application form to the applicant for each request for service received by the Utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Service application forms will be available at the Utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

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 PUC 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, PUC rules and/or PUC 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 PUC 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 PUC service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by PUC rules.

Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, the Utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property.