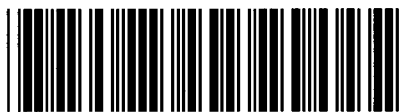




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Addendum StartPage: 0

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SOAH DOCKET NO. 473-16-1848.WS
DOCKET NO. 44809

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PUBLIC UTILITY COMMISSION
CLERK

APPLICATION OF QUADVEST, L.P. FOR
RATE/TARIFF CHANGE

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PUBLIC UTILITY COMMISSION

OF

TEXAS

UNANIMOUS STIPULATION AND SETTLEMENT AGREEMENT

This Unanimous Stipulation and Settlement Agreement (Stipulation) is entered into by the parties in this case, who are the Staff of the Public Utility Commission ("Staff"), Quadvest LP ("Quadvest" or "Company"), the Office of Public Utility Counsel ("OPUC"), Tommie Breedlove ("Breedlove") and True Vine Missionary Church ("TVMC"), through their duly authorized representatives (collectively "Signatories").

I. BACKGROUND

On June 6, 2015, Quadvest filed its application with the Public Utility Commission of Texas ("Commission") requesting authority for rate and tariff changes ("Application"). On January 12, 2016, the Commission referred the case to the State Office of Administrative Hearings ("SOAH"). On May 25, 2016, SOAH convened a preliminary hearing in which Quadvest announced it was withdrawing its request for Phase II rates and recovery of Advanced Meter Readers as part of this proceeding. The parties also announced they had reached a unanimous stipulation in this case. The Signatories believe that a resolution of this docket pursuant to the terms stated below is reasonable and in the public interest. Settlement will also conserve the resources of the parties and the Commission and will mitigate controversy.

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

II. STIPULATION AND AGREEMENT

1. **Retail Water Utility Rates.** The Signatories agree that Quadvest should implement the retail water utility rates contained in Section 1.0 of the tariff included as Attachment A to this Stipulation, effective June 1, 2016.
2. **Tariff Provisions.** The Signatories agree that Quadvest should be allowed to implement the other tariff provisions included in Attachment A to this Stipulation. The Signatories agree that Attachment A to this Stipulation should be the governing water utility rates, terms, treatments, and conditions for Quadvest customers of the public water systems and service areas specified in Attachment A.
3. **Agreements as to Other Rate Matters**
 - a. **Refunds/Credits.** The Signatories agree that Quadvest will issue refunds to customers in the amount of \$200,000 over a six month period beginning with the bills rendered in the next billing cycle after the effective date of the Final Order in this case.
 - b. **Rate Case Expenses.** The Signatories agree that the rate case expenses relating to this rate case are to be set at \$0.
4. **Proposed Order.** The Signatories jointly propose that the Commission issue a final order in the form attached as Attachment B. The Signatories submit the stipulated and agreed-upon Findings of Fact and Conclusions of Law included in the proposed order in

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

III. IMPLEMENTATION OF THE AGREEMENT

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

- accommodation among the Signatories, and the Signatories agree to its terms.
- e. The terms and conditions herein are interdependent. The Signatories agree that this Stipulation is in the public interest. All actions by the Signatories contemplated or required by this Stipulation are conditioned upon entry by the Commission of a final order fully consistent with this Stipulation. If the Commission does not accept this Stipulation as presented or enters an order inconsistent with any term of this Stipulation, any Signatory shall be released from all commitments and obligations, and shall have the right to seek hearing on all issues, present evidence, and advance any positions it desires, as if it had not been a Signatory.
 - f. This Stipulation is binding on each of the Signatories only for the purpose of settling the issues as set forth herein and for no other purposes. It is acknowledged that a Signatory's support of the matters contained in this Stipulation may differ from the position taken or testimony presented by it in this proceeding or other proceedings. To the extent that there is a difference, a Signatory does not waive its position in any other proceedings. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Stipulation in other proceedings, whether those proceedings present the same or a different set of circumstances, except as may otherwise be explicitly provided in this Stipulation.
 - g. There are no third party beneficiaries of this Stipulation. Although this Stipulation represents a settlement among the Signatories with respect to the issues presented in this docket, this Stipulation is merely a settlement proposal submitted to the Commission, which has the authority to enter an order resolving these issues.
 - h. This Stipulation supersedes any prior written or oral agreement in this docket regarding the subject matter of this Stipulation.

- i. The final resolution of this docket does not impose any conditions, obligations or limitations on Quadvest's right to file a rate application and obtain rate relief in accordance with the Texas Water Code except as specifically provided in this Stipulation.
3. Except to the extent that the Stipulation expressly governs a Signatory's rights and obligations for future periods, this Stipulation shall not be binding or precedential upon a Signatory outside this docket, and Signatories retain their rights to pursue relief to which they may be entitled in other proceedings.
4. **Execution.** The Signatories agree that this Stipulation may be executed in multiple counterparts and filed with facsimile or computer image signatures.

Executed as shown below:

Dated this 1st day of ~~October~~ ^{November}, 2016.

By: 

Margaret Uhlig Pemberton
Division Director - Legal Division
Stephen Mack
Managing Attorney – Legal Division
Douglas M. Brown
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ATTORNEYS FOR QUADVEST, L.P.

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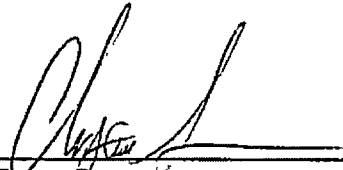
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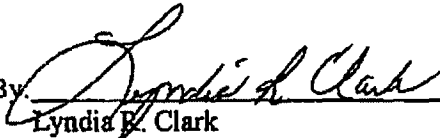
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By 
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Chairman of Trustees
Truevine Missionary Baptist Church
27307 Oak Street
Spring, TX 77373

ATTACHMENT A



WATER UTILITY INTERIM TARIFF

Docket Number: 44809

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, Walker 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	4
SECTION 2.0 -- SERVICE RULES AND POLICIES	7
SECTION 3.0 -- EXTENSION POLICY	14
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	1700678	Montgomery
Benders Landing Estates	1700678	Montgomery
Bridlewood Estates	0790350	Fort Bend
Brazos Lakes	0790363	Fort Bend
Caddo Village	1700473	Montgomery
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 Estates	1700605	Montgomery
Estates of Clear Creek	1700576	Montgomery
Grande San Jacinto	1460179	Liberty
Indigo Lake Estates	1700576	Montgomery
Jacobs Reserve	1700609	Montgomery
Lake Windcrest	1700624	Montgomery
Live Oak Landing	1610129	Matagorda
Lone Star Ranch	1700655	Montgomery
Lakes of Magnolia	1700736	Montgomery
Magnolia Reserve	1700864	Montgomery
McCall Sound	1700763	Montgomery
Montgomery Trace	1700577	Montgomery
Mostyn Manor	1700669	Montgomery
Northerest Ranch	1700623	Montgomery
Oaks of Suncreek	0200640	Brazoria
Red Oak Ranch	1700609	Montgomery
Rancho San Vicente	1460178	Liberty
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
Texas Grand Ranch	2360088	Walker
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
Windercrest 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>	
8"	<u>\$2,300.00</u>	
10"	<u>\$3,306.25</u>	
12"	<u>\$6,181.25</u>	

*The Monthly Minimum Charge for any meter sizes larger than 12" will be calculated using American Water Works Association approved meter equivalency factors.

An additional pass through gallage charge of \$2.60 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 GCD, Brazoria County GCD, City of Rosenberg, North Fort Bend Water Authority, West Harris County Regional Water Authority, North Harris County Regional Water Authority, Harris-Galveston Subsidence District, Lone Star GCD, San Jacinto River Authority (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.

TAP FEE (Unique Costs) Actual Cost
 FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE A SUBDIVISION IS A UNIQUE COST. UNIQUE COSTS WILL BE DETERMINED ON A CASE BY CASE BASIS.

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.

ILLEGAL RECONNECTION, LOCK REMOVAL OR DAMAGE FEE.....\$100.00

THIS FEE MAY BE CHARGED TO A DISCONNECTED CUSTOMER FOR DAMAGE CAUSED BY CUSTOMER'S ATTEMPT TO RESTORE WATER SERVICE BY CUTTING OR BREAKING LOCK, REMOVAL OR BYPASS OF METER.

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:

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

WPC = Water pass-through gallonage charge per 1,000 gallons, rounded to the nearest cent.

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

AP = Actual payments by utility for prior 12 months for purchased water, district costs and fees.

AC = Actual collections by utility in prior 12 months from water pass-through gallonage charge.

JC = Year end customer connections.

AU = Average annual usage per connection, in 1,000 gallons from most recent year.

The WPC must be trueed up and adjusted every twelve months.

To implement, all notice requirements must be met. The utility may begin to charge the new filed WPC on the proposed effective date in the notice. Implementation of this WPC adjustment provision shall be governed by P.U.C. Subst. R. 24.21(h).

With each annual WPC adjustment, the utility must file a true-up report that shows the calculation for the next 12-month WPC reflected in the notice. The report shall contain up to five years' worth of data, as available, showing the annual and accumulated difference between WPC amounts collected from customers and amounts actually paid to the entities whose charges are included in the WPC.

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 1.02 of this tariff. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1.02 of this tariff. 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 (CONTINUED)

If the services of a registered professional engineer are required as a result of an application for service received by the Utility for service to that applicant's service extension only, such engineer will be selected by the Utility and the applicant, and the applicant shall bear all expenses incurred therein.

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. Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction (as may be allowed by PUC rule) for the actual costs of, any additional facilities required to maintain compliance with the Texas Commission on Environmental Quality minimum design criteria for water production, treatment, pumping storage and transmission.

Fees in addition to the regular tap fee may be charged if listed specifically in Section 1.02 of this tariff 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

SECTION 2.0 -- SERVICE RULES AND POLICIES (CONTINUED)

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 2.07 - 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.

The Utility adopts the Uniform Plumbing Code pursuant to TCEQ Rule 290.46(i). The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the PUC and/or TCEQ, the Uniform Plumbing Code and with the service rules and regulations of the Utility. The customer will bring out his service line to his property line at the point on the customer's property mutually acceptable to the customer and the Utility subject to such requirements as may exist by PUC and/or TCEQ rule. No water service smaller than 5/8" will be

SECTION 2.0 -- SERVICE RULES AND POLICIES (CONTINUED)

connected. No pipe or pipe fitting 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. No solder or flux which contains more than 0.25% lead can be used at any connection which provides water for human use.

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.

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.

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

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

SECTION 2.0 -- SERVICE RULES AND POLICIES (CONTINUED)

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.

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.

(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. If the customer elects to receive electronic communications, the disconnect notice may be emailed in lieu of mailing or hand delivery.

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 2.0 -- SERVICE RULES AND POLICIES (CONTINUED)

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 2.15 - 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 And Utility Liability

Customer shall be liable for any damage or injury to utility-owned property shown to be caused by the customer, his invitees, his agents, his employees, or other directly under his control.

Limitation on Product/Service Liability - Public water utilities are required to deliver water to the customer's side of the meter or service connection that meets the potability and pressure standards of the Texas Commission on Environmental Quality. The utility will not accept liability for any injury or damage to individuals or their property occurring on the customer's side of the meter when the water delivered meets these state standards. The utility makes no representations or warranties (expressed or implied) that customer's appliances will not be damaged by disruptions of or fluctuations in water service.

SECTION 2.0 -- SERVICE RULES AND POLICIES (CONTINUED)

whatever the cause. The utility will not accept liability for injuries or damages to persons or property due to disruption of water service caused by: (1) acts of God, (2) acts of third parties not subject to the control of the utility if the utility has undertaken such preventive measures as are required by TCEQ rules, (3) electrical power failures in water systems not required by TCEQ rule to have auxiliary power supplies, or (4) termination of water service pursuant to the utility's tariff and the TCEQ's rules.

The utility is not required by law and does not provide fire prevention or fire fighting services. The utility therefore does not accept liability for fire-related injuries or damages to persons or property caused or aggravated by the availability (or lack thereof) of water or water pressure (or lack thereof) during fire emergencies. Utility may (but is not required to) contract with individual customers/applicants to provide water service capacities to their properties in excess of the TCEQ's domestic water system regulations so that such water volumes and pressures may be used by the customer/applicant or local fire department (at their sole election and responsibility) for fire fighting purposes. Such additional water service capacities shall be provided only in response to and according to design criteria and/or plans prepared by the customer/applicant's registered professional engineer. Notwithstanding any understanding or intent of such customer/applicant for the use of such excess water service capacity, Utility does not profess, state, warrant, guarantee, or imply that such additional water service capacity is, or shall ever be, adequate or sufficient for fire fighting. Utility neither possesses nor claims to possess knowledge or expertise in fire fighting or the requirements of fire fighting. No statement or action of Utility shall ever be implied or meant to suggest that any facilities of Utility comply with any state or local fire code.

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(c)(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 can be sent by mail, email, or fax upon request. Completed applications can be returned by mail, email or fax.

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.

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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
(Utility Must Attach Blank Copy)

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

Section 1 Declaration of Policy, Purpose, and Intent

In cases of extreme drought, periods of abnormally high usage, system contamination, or extended reduction in ability to supply water due to equipment failure, temporary restrictions may be instituted to limit non-essential water usage. The purpose of the Drought Contingency Plan is to encourage customer conservation in order to maintain supply, storage, or pressure or to comply with the requirements of a court, government agency or other authority.

Please note: Water restriction is not a legitimate alternative if water system does not meet the Texas Commission on Environmental Quality's (TCEQ) capacity requirements under normal conditions **or** if the utility fails to take all immediate and necessary steps to replace or repair malfunctioning equipment.

Section 2 Public Involvement

Opportunity for the public to provide input into the preparation of the Plan was provided by *POA (Home Owners Association Meetings)*

Section 3 Public Education

Quadvest, LP will periodically provide the public with information about the Plan, including information about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage. Drought plan information will be provided by:

Utility bill memos, Delivered Flyers, website, Posted Signs at Subdivision entrances, emails, and/or phone calls.

Section 4 Coordination with Regional Water Planning Groups

The service area of Quadvest, LP is located within: Regional Water Planning Group (RWPG) San Jacinto River Authority, Lone Star Groundwater, Brazoria County Groundwater Subsidence District, City of Rosenberg, Fort Bend Water Authority, Bluebonnet Groundwater Conservation District, and Harris Galveston Coastal Subsidence District

Quadvest, LP has mailed a copy of this Plan to the above listed groups.

Section 5 Notice Requirements

Notice will be provided to each customer **prior to implementation or termination of each stage of the water restriction program**. Notice must be given to each customer 72 hours prior to the start of water restriction. If notice is hand delivered, the utility cannot enforce the provisions of the plan for 24 hours after notice is provided. The notice to customers will contain the following information:

Quadvest, L.P.

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

The utility must notify the TCEQ by telephone at (512) 239- 6020, or electronic mail at watermon@TCEQ.state.tx.us prior to implementing the program and must notify in writing the Public Drinking Water Section at MC - 155, P.O. Box 13087, Austin, Texas 78711-3087 within five (5) working days of implementation including a copy of the utility's restriction notice. The utility must file a status report of its restriction program with the TCEQ every 30 days that restriction continues.

Section 6 Violations

1. First violation - The customer will be notified by written or verbal notice of their specific violation.
2. Subsequent violations:
 1. After written notice, the utility may install a flow restricting device in the line to limit the amount of water which will pass through the meter in a 24 hour period. The utility may charge the customer for the actual cost of installing and removing the flow restricting device, not to exceed \$50.00, Or
 2. After written notice, the utility may discontinue service at the meter for a period of seven (7) days, or until the end of the calendar month, whichever is LESS. The normal reconnect fee of the utility will apply for restoration of service.

Section 7 Exemptions or Variances

The utility may grant any customer an exemption or variance from the drought contingency plan for good cause **upon written request**. A customer who is refused an exemption or variance may appeal such action of the utility in writing to the Texas Commission on Environmental Equality. The utility will treat all customers equally concerning exemptions and variances, and shall not discriminate in granting exemptions and variances. No exemption or variance shall be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of the variance.

Section 8 Response Stages

Unless there is an immediate and extreme reduction in water production, or other absolute necessity to declare an emergency or severe condition, the utility will initially declare Stage I restrictions. If, after a reasonable period of time, demand is not reduced enough to

alleviate outages, reduce the risk of outages, or comply with restrictions required by a court, government agency or other authority, Stage II may be implemented with Stage III to follow if necessary.

Voluntary Water Use Restrictions:

Water customers are requested to voluntarily limit the use of water for non-essential purposes and to practice water conservation at all times, but especially during the peak period of April 1 to September 30,

STAGE I - VOLUNTARY WATER USE RESTRICTIONS:

Stage 1 will begin:

Demand- or Capacity-Based Triggers

Total daily demand=> than 66.6% of Production

Upon initiation and termination of Stage 1, the utility will notify customers and the TCEQ.

Requirements for termination

Stage 1 of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of seven (7) consecutive days.

Utility Measures

Visually inspect lines and repair leaks on a daily basis.

Voluntary Water Use Restrictions:

Restricted Days/Hours: Water customers are requested to voluntarily limit the irrigation of landscaped areas to Tuesdays, Thursdays, and Saturdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8), and Monday, Wednesday, and Fridays for water customers with a street address ending in an odd number (1, 3, 5, 7 or 9), and to irrigate landscapes only between the hours of midnight and 10:00 a.m. and 8:00 p.m. to midnight on designated watering days.

Water customers are requested to practice water conservation and to minimize or discontinue non-essential water use. **No irrigation of landscaped areas on Sunday.**

STAGE II - MILD WATER USE RESTRICTIONS:

Stage 2 will begin:

Demand- or Capacity-Based Triggers

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Total Daily Usage => 650 gal. Per meter X # Active meters on System Well(s)

Upon initiation and termination of Stage 2, the utility will mail a public announcement to its customers and the TCEQ.

Requirements for termination

Stage 2 of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of seven (7) consecutive days. Upon termination of Stage 2, Stage 1 becomes operative.

Utility Measures

Visually inspect lines and repair leaks on a daily basis.

Mandatory Water Use Restrictions: The following water use restrictions shall apply to all customers:

- (a) Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited to Tuesdays, Thursdays, and Saturdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8), and Monday, Wednesdays, Fridays for water customers with a street address ending in an odd number (1, 3, 5, 7 or 9), and irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or watering can of five gallons or less, or drip irrigation system. **No irrigation of landscaped areas on Sunday.**
- (b) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.
- (c) Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or Jacuzzi-type pools is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight.
- (d) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.

Quadvest, L.P.

(e) Use of water from hydrants shall be limited to fire fighting, related activities, or other activities necessary to maintain public health, safety, and welfare.

(f) Use of water for the irrigation of golf course greens, tees, and fairways is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight. However, if the golf course utilizes a water source other than that provided by the utility, the facility shall not be subject to these regulations.

STAGE III - MODERATE WATER USE RESTRICTIONS:

Stage 3 will begin

Demand- or Capacity-Based Triggers

Total daily usage => 850 gal. Per meter X # Active Meters on System Well(s).

Upon initiation and termination of Stage 3, the utility will mail a public announcement to its customers and the TCEQ.

Requirements for termination

Stage 3 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of seven (7) consecutive days. Upon termination of Stage 3, Stage 2 becomes operative.

Utility Measures

Visually inspect lines and repair leaks on a daily basis. Flushing is prohibited except for dead end mains.

Mandatory Water Use Restrictions:

(a) Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems **shall be limited to Mondays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8), outside watering will be permitted on Tuesdays and Fridays for water customers with a street address ending in an odd number (1, 3, 5, 7 or 9).** Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. to midnight on designated watering days. **No irrigation of landscaped areas on Wednesday, Saturday and Sunday.** However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.

(b) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours

of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rinses. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.

(c) Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or Jacuzzi-type pools is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight.

(d) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.

(e) Use of water from hydrants shall be limited to fire fighting, related activities, or other activities necessary to maintain public health, safety, and welfare, except that use of water from designated fire hydrants for construction purposes may be allowed under special permit from Quadvest, LP.

(f) Use of water for the irrigation of golf course greens, tees, and fairways is prohibited except on designated watering days between the hours 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight. However, if the golf course utilizes a water source other than that provided by Quadvest, LP., the facility shall not be subject to these regulations.

(g) All restaurants are prohibited from serving water to patrons except upon request of the patron.

(h) The following uses of water are defined as non-essential and are prohibited:

1. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
2. use of water to wash down buildings or structures for purposes other than immediate fire protection;
3. use of water for dust control;
4. flushing gutters or permitting water to run or accumulate in any gutter or street; and
5. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s).

STAGE IV - SEVERE WATER USE RESTRICTIONS:

Stage 4 will begin:

Quadvest, L.P.

Demand- or Capacity-Based Triggers

Total daily usage =>1000 gal. Per meter X # Active Meters on System Well(s).

Upon initiation and termination of Stage 4, the utility will notify customer and TCEQ.

Requirements for termination

Stage 4 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of seven (7) consecutive days. Upon termination of Stage 4, Stage 3 becomes operative.

Operational Measures

The utility shall visually inspect lines and repair leaks on a daily basis. Flushing is prohibited except for dead end mains and only between the hours of 9:00 p.m. and 3:00 a.m.. All meters shall be read as often as necessary to insure compliance with this program for the benefit of all the customers.

Mandatory Water Use Restrictions

All requirements of Stage 3 shall remain in effect during Stage 4 except:

(a) Irrigation of landscaped areas shall be limited to designated watering days between the hours of 8 p.m. and 12:00 midnight and shall be by means of hand-held hoses, hand-held buckets, drip irrigation, or permanently installed automatic sprinkler system only. The use of hose-end sprinklers is prohibited at all times.

(b) The watering of golf course tees is prohibited unless the golf course utilizes a water source other than that provided by Quadvest, LP.

(c) The use of water for construction purposes from designated fire hydrants under special permit is to be discontinued.

STAGE V - CRITICAL WATER USE RESTRICTIONS:

Stage 5 will begin:

Demand- or Capacity-Based Triggers

Total daily usage =>1100 gal. Per meter X # Active Meters on System Well(s).

Upon initiation and termination of Stage 5, the utility will notify customers and TCEQ.

Requirements for termination

Quadvest, L.P.

Stage 5 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of seven (7) consecutive days. Upon termination of Stage 5, Stage 4 becomes operative.

Operational Measures

The utility shall visually inspect lines and repair leaks on a daily basis. Flushing is prohibited except for dead end mains and only between the hours of 9:00 p.m. and 3:00 a.m. All meters shall be read as often as necessary to insure compliance with this program for the benefit of all the customers.

Mandatory Water Use Restrictions

- 1. Irrigation of landscaped areas is absolutely prohibited.**
- 2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited.**

Submitted to TCEQ as an amendment to existing tariff #11612/20952

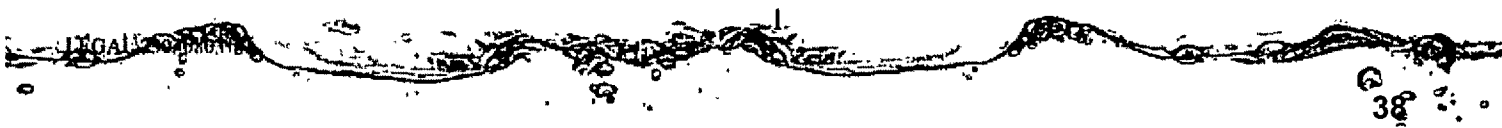
Quadvest, LP
PO Box 409
Tomball, Tx 77377-0409
Ph: 281-356-5347
Fax: 281-356-5381



Quadvest, L.P.
26926 FM 2978
Magnolia, TX 77354

Main: 281-356-5347
Fax: 281-356-5382
Quadvest.com

Appendix B & C





Quadvest, L.P.
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APPLICATION FOR SERVICE AND CUSTOMER SERVICE AGREEMENT

This Application for Utility Service/Customer Service Agreement is by and between Quadvest, L.P. ("Utility"), and the applicant ("Customer"), whose name and signature appear on the last page of this document.

Name of Applicant(s):

Social Security #

DL#:

State:

Social Security #

DL#:

State:

Service Address:

(street)

(city, zip)

Subdivision:

Lot:

Block

Section

Applicant is:

☐ Tenant

☐ Landowner

Date Service is to begin:

(Please allow 2 business days to activate service)

Choose only one:

☐ Paperless
Billing

☐ Paper
Bill

Mailing Address:

(street)

(city, zip)

Email:

Email:

Best contact #

Circle One: Home, work, cell

Secondary contact #

Circle One: Home, work, cell

Type of Service:

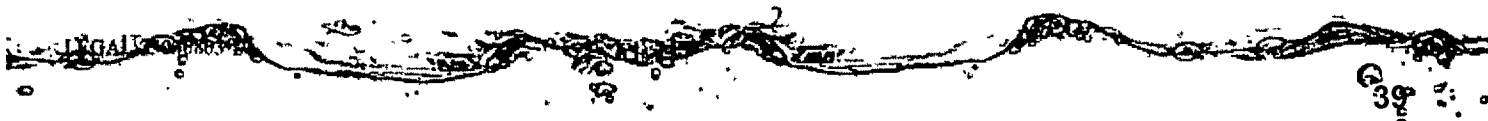
☐ Residential

☐ Commercial

☐ Industrial

☐ Developer

For commercial service only, list all toxic or hazardous chemicals to be used at this service location, excluding any normal domestic cleaning agents.





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PURPOSE: Quadvest, L.P. ("Utility") is responsible for protecting the drinking water supply from contamination or pollution, which could result from improper plumbing practices. The purpose of this Customer Service Agreement is to notify each customer of the plumbing restrictions, which are in place to provide this protection. The Utility has adopted the Uniform Plumbing Code. Any extension and/or new facilities shall comply with that code and all standards established by the TCEQ. Where conflicts arise, the more stringent standard must be followed. The piping and other equipment on the premises furnished by the Customer will be maintained by the Customer at all times in conformity with the requirements of the applicable regulatory authorities and all tariffed service rules of Utility. No other water service will be used by the Customer on the same property in conjunction with Utility's service, either by means of a cross-over valve or any other connection. Customer shall not connect, or allow any other person or party to connect onto any water lines on his premises. The Utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this Agreement before the Utility will begin service. In addition, when the service to an existing connection has been suspended or terminated the Utility will not re-establish service unless it has a signed copy of this agreement.

CUSTOMER LIABILITY: Customer shall be liable for any damage or injury to Utility owned property or personnel by the customer or others under his control. Customer agrees to take no action to create a health or safety hazard or otherwise endanger, injure, damage, or threaten Utility's plant, its personnel, or its customers. Customer agrees to indemnify the Utility from all claims arising out of, or related to, Customer's damage to Utility-owned property.

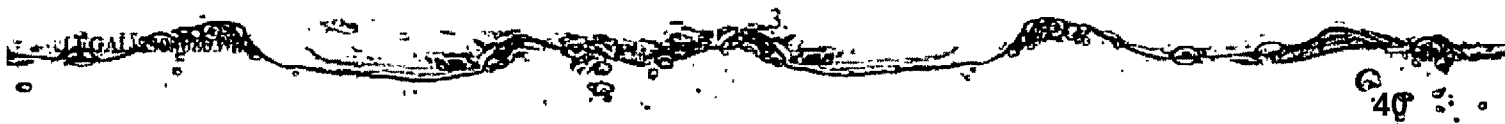
RIGHT OF ACCESS AND EASEMENTS: Utility will have the right of access and use of the Customer's premises at all times for the purpose of installing, inspecting or repairing water and or sewer mains, meters, and all other equipment used in connection with its provision of water and or sewer service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the Utility's system. The customer will install, at his own expense, a service line from the water meter, including a cut off valve on the customer's side of the meter. The customer will be responsible for the maintenance and repair of this service line and will release and hold Utility harmless from any claims/demands for damage to real or personal property occurring beyond the point the customer connects to the water meter.

PLUMBING INSPECTION: Applicants for service at new consuming facilities or facilities which have undergone extensive plumbing modifications, including remodeling, are required to deliver to the Utility a certificate that their facilities have been inspected by a state-licensed inspector and that they are in compliance with all applicable plumbing codes are free of potential hazards to public health and safety. Service may be denied until the Customer Service Inspection (CSI) is received or any identified violations or hazards are remedied. When potential sources of contamination are identified that require the installation of a backflow prevention device, such backflow flow prevention device shall be installed, tested, and maintained at the customer's expense.

SEWER REGULATIONS: The Utility provides sewage collection and disposal to the public in certain areas. This service is limited to the collection, treatment and disposal of waterborne human waste and waste from domestic activities such as washing, bathing, and food preparation. This service does not include the collection, treatment or disposal of high BOD or TSS waste that cannot be reasonably processed by Utility's state-approved wastewater treatment within the parameters of its state and federal wastewater discharge permits. **THIS SERVICE DOES NOT INCLUDE THE COLLECTION AND DISPOSAL OF STORM WATERS OR RUN OFF WATERS, WHICH MAY NOT BE DIVERTED INTO OR DRAINED INTO THE UTILITY'S COLLECTION SYSTEM. NO GREASE, OIL, SOLVENT, PAINT, OR OTHER TOXIC CHEMICAL COMPOUND MAY BE DIVERTED INTO OR DRAINED INTO THE UTILITY'S COLLECTION SYSTEM.** It shall be the customer's responsibility to maintain the service line and appurtenances in good operating condition, i.e. clear of obstruction, defects, or blockage. If there is excessive infiltration of inflow or failure to provide proper pretreatment, the Utility may require the customer to repair the line or eliminate the infiltration or inflow or take such actions necessary to correct the problem.

LIMITATION ON UTILITY'S PRODUCT/SERVICE LIABILITY: Public water utilities are required to deliver water to the customer's side of the meter or service connection which meets the potability and pressure standards of the PUC & TCEQ. The Utility makes no representation or warranties (expressed or implied) that customer's appliances will not be damaged or disruptions of or fluctuations in sewer service whatever the cause.

The Utility shall not be liable for injuries and/or damages caused by or resulting from the failure to furnish water or sewer services of any kind and amount contracted for. Customer agrees to indemnify Utility from and against all claims arising from Utility's furnishing of water and/or sewer service to Customer. Under no circumstances shall Utility be liable for special, indirect, or consequential damages.





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FORCE MAJEURE: The Utility shall not be liable for service interruptions due to Acts of God, governmental authority, action of the elements, public enemy, accident, strikes, labor trouble, maintenance, repair or upgrading work, or any cause beyond the reasonable control of the Utility.

PLUMBING RESTRICTIONS: The Utility adopts the Uniform Plumbing Code pursuant to TCEQ Rule 290.46(i). The following unacceptable plumbing 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 Utility by an air-gap or an appropriate backflow prevention device.
- b) No cross-connection between public drinking water supply and a private Utility 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 of which allows water to be returned to the public drinking water is permitted.
- d) No pipe or pipe fitting which contains more than 8-0.2% 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 0.25% lead, can be used for installation or repair of plumbing at any connection which provides water for human use.

CUSTOMER SERVICE AGREEMENT: Customer and Utility further agree that:

- i. The Utility will maintain a copy of the Agreement as long as the Customer and/or the premises are connected to the Utility.
- ii. The Customer shall allow his property to be inspected for possible cross-connection and other unacceptable plumbing practices. These inspections will be conducted by the Utility or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other unacceptable plumbing practices exist; or after any major changes to the private plumbing facilities. The inspections shall be conducted during the Utility's normal business hours.
- iii. The Utility shall notify the Customer in writing of any cross-connection or unacceptable plumbing practice, which has been identified during the initial inspection or the periodic re-inspection.
- iv. The Customer shall immediately correct any unacceptable plumbing on these premises.
- v. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Utility. Copies of all testing and maintenance records shall be provided to the Utility.

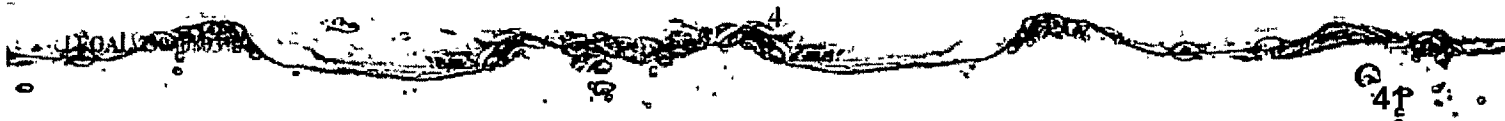
ENFORCEMENT: If the Customer fails to comply with the terms of the Customer Service Agreement, Quadvest, L.P. shall, at its option, terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection at Customer's expense. Any expenses associated with the enforcement of this Agreement shall be billed to the customer.

BY SIGNING THIS APPLICATION FOR PUBLIC UTILITY SERVICE I AGREE TO COMPLY WITH THE UTILITY'S RULES AND TARIFF AND ALL RULES AND REGULATION OF THE PUC, TCEQ AND OTHER APPLICABLE REGULATORY AGENCIES. I AGREE TO REMAIN RESPONSIBLE FOR THE UTILITY BILLS, AND PROVIDE PROMPT PAYMENT OF ALL UTILITY BILLS FOR THIS SERVICE ADDRESS FROM THE DATE SERVICE IS STARTED UNTIL THE DAY SERVICE IS TERMINATED. I ACKNOWLEDGE THAT NONPAYMENT OF AMOUNTS DUE TO QUADVEST WILL RESULT IN DISCONNECTION OF THE WATER SERVICE TO THE SERVICE ADDRESS AND A FEE SET BY QUADVEST IN ITS TARIFF WILL BE CHARGED AND MUST BE PAID BEFORE SERVICE WILL BE RECONNECTED. BY YOUR SIGNATURE BELOW, YOU AGREE, IN ORDER FOR US TO SERVICE YOUR ACCOUNT OR TO COLLECT ANY AMOUNTS YOU MAY OWE, WE MAY CONTACT YOU BY TELEPHONE AT ANY NUMBER ASSOCIATED WITH YOUR ACCOUNT, INCLUDING WIRELESS TELEPHONE NUMBERS, WHICH COULD RESULT IN CHARGES TO YOU. WE MAY ALSO CONTACT YOU BY SENDING TEXT MESSAGES OR EMAILS, USING ANY EMAIL ADDRESS YOU PROVIDE TO US. METHODS OF CONTACT MAY INCLUDE USING PRE-RECORDED/ARTIFICIAL VOICE MESSAGE AND/OR AN AUTOMATED DIALING DEVICE. THE UTILITY SHALL MAINTAIN A COPY OF THIS AGREEMENT AS LONG AS THE CUSTOMER AND/OR THE CUSTOMER'S PREMISES ARE CONNECTED TO THE UTILITY. I ACKNOWLEDGE THAT THE RATES AND/OR TERMS OF SERVICE IN THE TARIFF MAY BE CHANGED BY FUTURE ORDER OF THE PUC OR OTHER REGULATORY AUTHORITY HAVING JURISDICTION OVER THE UTILITIES RATES. I AGREE TO ABIDE BY SUCH CHANGES AS THEY OCCUR.

Customer Printed Name Tommye B. Stoltz

Customer Signature Tommye B. Stoltz

Date OCT 31-2014



ATTACHMENT B

SOAH DOCKET NO. 473-16-1848.WS
DOCKET NO. 44809

APPLICATION OF QUADVEST, L.P. FOR	§	PUBLIC UTILITY COMMISSION
RATE/TARIFF CHANGE	§	
	§	
	§	OF
	§	
	§	
	§	TEXAS

PROPOSED ORDER

This Order addresses the application of Quadvest LP (“Quadvest”) for a two-phase increase in water rates charged to the Quadvest customers in Aransas Pass, Brazoria, Fort Bend, Harris, Jackson, Liberty, Matagorda, Montgomery, Waller, and Walker counties. The Phase I rates were effective August 8, 2015. Quadvest withdrew its request for Phase II rates, proposed to be effective on January 1, 2016. A Unanimous Stipulation (Stipulation) was executed that resolves all of the issues in this proceeding. Quadvest’s application is approved solely to the extent consistent with the Stipulation.

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

I. Findings of Fact

Procedural History

1. On June 5, 2015, Quadvest filed an application requesting authority for rate and tariff changes (Application). The Commission designated it Docket No. 44809. The application sought an overall revenue increase of \$1,001,860, to be implemented in two phases: Phase I would increase the revenues by \$632,932 per year, and Phase II would increase the revenues an additional \$368,928 per year for a total revenue requirement of \$7,044,989, inclusive of volumetric revenues. The 12-month test year employed in Quadvest’s filing ended on December 31, 2014.
2. Quadvest mailed notice of the proposed rate change to all of its customers on or about June 5, 2016.

3. On July 31, 2015, Commission Staff filed its recommendation on the sufficiency of Quadvest's Application, finding it administratively complete.
4. On December 4, 2015, Commission Staff requested that the case be referred to the State Office of Administrative Hearings ("SOAH").
5. On January 12, 2016, the Commission referred this case to SOAH for processing.
6. On January 15, 2016, the SOAH ALJ (ALJ) issued Order No. 1, which established jurisdiction over the case, set a date for a prehearing conference and permitted discovery.
7. On January 22 and 25, 2016, Quadvest sent notice of the prehearing conference to its customers.
8. On February 2, 2016, SOAH convened a prehearing conference, where Quadvest, Staff, and OPUC appeared.
9. On February 22, 2016, Quadvest filed its Direct Testimony.
10. On February 29, 2016, SOAH issued Order No. 2 Extending Deadline to Intervene, Adopting Procedural Schedule, Issuing Protective Order, and Notice of Hearing on the Merits. The intervention deadline was set for March 15, 2016. The hearing on the merits was set for May 24-26, 2016.
11. On February 29, 2016, Quadvest mailed supplemental notice to its customers, with instructions on how to intervene.
12. The following persons filed motions to intervene in this case: Office of Public Utility Council ("OPUC"); True Vine Missionary Baptist Church ("True Vine"); Tommie Breedlove ("Breedlove"); and Rogelio Malvaiz ("Malvaiz").
13. On April 1, 2016, SOAH issued Order No. 4 Information Regarding Filing of Statement of Position or Direct Testimony by Intervenors and Attendance at Settlement Conference.
14. True Vine filed its statement of position with its request to intervene.
15. OPUC filed its Direct Testimony on April 6, 2016. Malvaiz filed its statement of position on the same date.
16. A settlement conference was convened on April 11, 2016.

17. Quadvest, Commission Staff, OPUC, Breedlove, and Malvaiz appeared at the Settlement Conference on April 11, 2016. At the settlement conference, Breedlove and Malvaiz announced that they no longer wished to be parties to the case.
18. On April 25, 2016, SOAH issued Order No. 5, admitting OPUC and True Vine as Parties to this case.
19. On May 5, 2016, Breedlove filed "Plaintiff's Rebuttal", asking to be reinstated as an intervenor in this proceeding.
20. On May 10, 2016, SOAH issued Order No. 6, setting a prehearing conference to determine whether Breedlove should be granted intervenor status.
21. On May 11, 2016, Commission Staff filed its Direct Testimony.
22. On May 18, 2016, a prehearing conference was convened. Quadvest, Commission Staff, and OPUC announced that they did not object to the reinstatement of Breedlove as an intervenor.
23. Quadvest filed its rebuttal testimony on May 18, 2016.
24. On May 19, 2016, the SOAH issued Order No. 7, reinstating intervenor.
25. Commission Staff submitted four sets of requests for information to Quadvest; OPUC submitted five sets of requests for information to Quadvest, resulting in Quadvest responding to over 165 individual requests for information (not including subparts).
26. On May 24, 2016, a prehearing conference was convened in which the parties announced they had reached a unanimous settlement. Commission Staff, OPUC, and Breedlove appeared at the prehearing and announced agreement with the Stipulation. True Vine, which was not present at the prehearing conference, was contacted via telephone to determine whether it was in agreement with the settlement. True Vine, through its duly authorized representative, Lyndia Clark, represented that it approved of the Stipulation.
27. On May 24, 2016, Quadvest withdrew its request for Phase II rates reserving its right to request recovery of the associated investment in a future proceeding. Phase II rates involved an alternative rate mechanism to recover costs associated with capital improvements made after the close of the test year in this case.

28. On May 31, 2016, SOAH Order No. 8 granted interim rates and Quadvest was authorized to institute those rates effective June 1, 2016.
29. On October 31, 2016, Quadvest filed a notice of stipulation and motion to admit evidence and to remand the proceeding to the Commission, with attachments consisting of the Stipulation, agreed proposed tariff, proposed final order, and testimonies of the Commission Staff and Quadvest in support of the Stipulation.
30. On _____, 2016, the SOAH ALJ issued Order No. ____, which dismissed the SOAH docket, returned the matter to the Commission, and admitted the following evidence into the record in support of the Settlement:
- a. Application of Quadvest, LP for a Rate/Tariff Change, Docket No. 44809, filed June 5, 2015;
 - b. Unanimous Stipulation and Settlement Agreement with Attachments, filed November 1, 2016;
 - c. Quadvest testimony of Jeffery Eastman, in support of the Stipulation; and
 - d. Direct testimony of Sean Scaff, Water Utilities Division, in support of Stipulation.

Description of the Stipulation

31. The parties stipulated that Quadvest should be allowed an increase to its revenue requirement of \$360,000,.
32. The parties further stipulated that this revenue requirement would result in the following base rates, for the first four meter equivalents:

5/8" or 3/4"	<u>\$28.75</u> (Includes 0 gallons)	4"	<u>\$718.75</u>
1"	<u>\$71.88</u>	6"	<u>\$1,437.50</u>
1½"	<u>\$143.75</u>	8"	<u>\$2,300.00</u>
2"	<u>\$230.00</u>	10"	<u>\$3,306.25</u>
3"	<u>\$431.25</u>	12"	<u>\$6,181.25</u>

And the following rate tiers:

\$1.75 per 1000 gallons for the first 10,000 gallons

\$2.00 per 1,000 gallons from 10,001 to 20,000 gallons

\$2.25 per 1,000 gallons from 20,001 to 30,000 gallons

\$2.93 per 1,000 gallons thereafter

33. These retail water utility rates are contained in Section 1.0 of the agreed proposed tariff included in Attachment A to the Stipulation, effective for bills rendered on or after June 1, 2016.
34. The parties stipulated that Quadvest should be allowed to implement the other tariff provisions included in the agreed proposed tariff in Attachment A to the Stipulation.
35. The parties stipulated that the proposed tariff included with the Stipulation as Attachment A should be the governing water utility rates, terms, treatments, and conditions for Quadvest environs ratepayer customers of the public water systems and service areas specified in the tariff. Pursuant to 16 TAC § 24.29(i), unless otherwise agreed to by the parties to the rate proceeding, the retail public utility shall be authorized by the commission to collect the difference, in a reasonable number of monthly installments, corresponding to the time of under or over collection, from its customers for the amounts by which the rate finally ordered exceeds the interim rates.¹
36. The parties stipulated that Quadvest refund to all customers the total amount of \$200,000 over a six month period beginning with bills rendered in the next billing cycle after the effective date of this Order.
37. The parties agree that the rate case expenses relating to this rate case are to be set at \$0.

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

38. In light of Quadvest's application, testimony, responses to discovery requests, and information exchanged through confidential privileged settlement negotiations, the Stipulation is the result of compromise from each party, and these efforts, as well as the

¹ While the motion for interim rates and order accepting those rates reflects the rates actually agreed to by the parties, there was an administrative error in one portion of the tariff relating to the groundwater pass through fee. The fee was listed as \$2.39. However, the approved tariff on file identified a pass through fee of \$2.60.

overall result of the Stipulation, support the reasonableness and benefits of the terms of the Stipulation.

39. The rates, terms, and conditions of the tariff resulting from the Stipulation are just and reasonable and consistent with the public interest when the benefits of avoiding an expensive contested case hearing are considered.

II. Conclusions of Law

1. Quadvest is a public utility as defined in TEX. WATER CODE ANN. § 13.002(23).
2. The Commission has jurisdiction to consider Quadvest's Application for a rate increase and conduct both formal and informal ratemaking hearings pursuant to TEX. WATER CODE ANN. §§ 13.041, 13.181, and 13.187 using procedures adopted by the Commission as P.U.C. Substantive Rule, Chapter 24, effective September 1, 2014.²
3. This docket was processed in accordance with the requirements of the Texas Water Code and the Texas Administrative Procedure Act, and Commission rules.
4. Proper notice of the Application was given by Quadvest as required by TEX. WATER CODE § 13.187; 16 TEX. ADMIN. CODE § 24.22; and TEX. GOV'T CODE §§ 2001.051 and 2001.052.
5. This docket contains no remaining contested issues of fact or law.
6. The Stipulation, taken as a whole, is a just and reasonable resolution of all issues it addresses, results in just and reasonable rates, terms and conditions, is consistent with the relevant provisions of TEX. WATER CODE ANN., Chapter 13, is consistent with the public interest, and should be approved.
7. The rates agreed to in the Stipulation are just and reasonable, comply with the ratemaking provisions in TEX. WATER CODE ANN., Chapter 13, and are not unreasonably discriminatory, preferential, or prejudicial.

² Amendments to Chapter 24 were made effective September 1, 2015. However, because Quadvest filed this proceeding prior to the effective date of those amendments, the amendments do not apply to this proceeding.

8. The rates resulting from the Stipulation are just and reasonable, and consistent with TEX. WATER CODE ANN., Chapter 13.

III. Ordering Paragraphs

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

1. Quadvest's application seeking authority to (a) change its rates and tariff, and (b) for other related relief is approved consistent with the above findings of fact and conclusions of law and the Stipulation.
2. Rates, terms, and conditions consistent with the Stipulation are approved.
3. The proposed tariff submitted with the Stipulation as Attachment A and provided with this Order is approved. Pursuant to 16 TAC § 24.29(i) the retail public utility shall be authorized by the commission to collect the difference, in a reasonable number of monthly installments, corresponding to the time of under or over collection, from its customers for the amounts by which the rate finally ordered exceeds the interim rates.
4. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the Stipulation. Entry of this Order shall not be regarded as binding holding or precedent as to the appropriateness of any principle or methodology underlying the Stipulation.
5. All other motions, requests for entry of specific findings of fact, conclusions of law, and ordering paragraphs, and any other requests for general or specific relief, if not expressly granted are denied.

SIGNED AT AUSTIN, TEXAS the _____ day of _____, 2016.

PUBLIC UTILITY COMMISSION OF TEXAS

DONNA L. NELSON, CHAIRMAN

KENNETH W. ANDERSON, JR., COMMISSIONER

BRANDY MARTY MARQUEZ, COMMISSIONER

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