

Schedule 5.7

Form of Wholesale Water Services Agreement

**WHOLESALE WATER SERVICES AGREEMENT
BETWEEN BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
AND AQUA TEXAS, INC.**

This WHOLESALE WATER SERVICES AGREEMENT (this “**Agreement**”) is made and entered into by and between BRUSHY CREEK MUNICIPAL UTILITY DISTRICT, a conservation and reclamation Customer created and functioning under Article 16, Section 59 of the Texas Constitution and Chapters 49 and 54, Texas Water Code (“**District**”) and the AQUA TEXAS, INC. dba AQUA TEXAS, a Texas corporation (“**Customer**”).

RECITALS

1. District owns and operates water supply, storage, treatment, transmission and distribution facilities which have been designed to serve the needs of its customers in Williamson County, Texas (collectively, the “**District System**”).
2. District and Customer, a retail public utility furnishing retail water service, have entered into a contract pursuant to which District has agreed to transfer, sell and convey to Customer certain retail water utility transmission and distribution assets that serve within the “Brushy Bend” area of the District, and Customer has agreed to purchase such assets from District;
3. In connection with its acquisition of the retail water utility transmission and distribution assets purchased from District, Customer desires to obtain wholesale water services from District, and District desires to provide wholesale water service to Customer.
4. Customer will be responsible for construction of all improvements necessary to receive and deliver the potable water provided by District under this Agreement from the Delivery Point, as defined herein, to the Customer’s utility system to allow the Customer to supply retail potable water service to the Customer’s customers within the Wholesale Service Area, as defined herein.
5. District and Customer now desire to execute this Agreement to evidence the agreement of District to provide Wholesale Water Services, as more fully defined herein, to Customer under the conditions described in this Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, District and Customer agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Definitions of Terms. In addition to the terms otherwise defined in the above recitals or the provisions of this Agreement, the terms used in this Agreement will have the meanings set forth below.

“Agreement” means this agreement.

“Annual Water Supply Commitment” means quantity of maximum annual quantity of Wholesale Water Services to be made available by District to Customer for the Wholesale Service Area under this Agreement. The Annual Water Supply Commitment shall be 130 acre-feet per annum, to be calculated on a calendar year basis.

“Assets Purchase Agreement” means the “Assets Purchase Agreement” executed by District and Customer providing for the sale and conveyance of certain public water system infrastructure assets by District to Purchase.

“AWWA” means the American Water Works Association.

“BRA” means the Brazos River Authority.

“BRA Participation Agreement” means that certain agreement entitled “Participation Agreement With Respect to Williamson County Raw Water Line” pursuant to which District is obligated to pay to BRA a pro rata share of the debt service, operation and maintenance, equity, management and other costs associated with the Williamson County Raw Water Line, as may be amended from time to time.

“BRA System Agreement” means that certain agreement entitled “System Water Supply Agreement Between the Brazos River Authority and Brushy Creek Municipal Utility District” setting forth the terms and conditions pursuant to which BRA agrees to make available, and District agrees to pay for, surface water from the Brazos River Basin system, as may be amended from time to time.

“Commencement Date” means the date of commencement of Wholesale Water Services by District to Customer, which date shall correspond to the effective date of closing the sale of the Brushy Bend water system assets by District to Customer under the Assets Purchase Agreement. Except as otherwise agreed by the Parties, the Commencement Date shall be the same as the Effective Date.

“Connection Limit” means the cumulative number of customer service connections within the Wholesale Service Area, which shall not exceed 240.

“Costs of the District System” means all of District’s costs of acquiring, constructing, developing, permitting, implementing, expanding, improving, enlarging, bettering, extending, replacing, repairing, maintaining and operating the District System, including, without limiting the generality of the foregoing, the costs of reasonable water losses within the District System as well as the costs of property, costs under the BRA Participation Agreement and the BRA System Agreement, interests in property, capitalized interest, land, easements and rights-of-way, damages to land and property, leases, facilities, equipment, machinery, pumps, pipes, tanks, valves, fittings, mechanical

devices, office equipment, assets, contract rights, wages and salaries, employee benefits, chemicals, stores, material, supplies, power, supervision, engineering, testing, auditing, franchises, charges, assessments, claims, insurance, engineering, financing, consultants, administrative expenses, auditing expenses, legal expenses and other similar or dissimilar expenses and costs required for the District System in accordance with the policies of the District's Board of Directors. The term "Costs of the District System" shall also include any costs incurred by the District associated with providing Wholesale Water Services to Customer during the initial five (5) year period after the Commencement Date in which the District's wholesale rates and fees are fixed, and which are not recovered through such rates and fees, including costs of additional capacity made available to new customers within the Wholesale Service Area. Notwithstanding the foregoing, because District is providing Wholesale Water Services to Customer and retail potable water service to other customers from the District System, the term "Costs of the District System" shall not include retail billing and customer service costs or any costs properly attributable to the provision of retail potable water service for facilities not used and useful by District for the provision of service to the Wholesale Service Area from the District System, such as costs of retail distribution lines, and individual retail customer service lines.

"Customer" means Aqua Texas, Inc. dba Aqua Texas.

"Customer System" means the Customer's water transmission, distribution and delivery systems that provide service to the Customer's retail customers required to extend service to the Wholesale Service Area from Customer's side of the Delivery Point. The Customer System shall be owned, operated and maintained by Customer and shall not include the Master Meter or any facilities on District's side of the Delivery Point.

"Delivery Point" means the point at which District will deliver treated water to Customer under this Agreement, which shall be the location of the existing Master Meter, as depicted on **Exhibit A**.

"District" means Brushy Creek Municipal Utility District or its successor.

"District Service Area" means the service area for the District System, together with such other service areas as may be added by District in the future.

"District System" means the facilities owned and operated by District, together with all extensions, expansions, improvements, enlargements, betterments and replacements to provide retail or wholesale water services to District's customers in the District Service Area. The District System shall include the Delivery Point Improvements, but shall not include the Customer System and, for purposes of this Agreement, does not include any facilities used by District solely to provide retail potable water service, such as costs of retail distribution lines and related valves, pressure reducing devices, pressure boosting facilities and improvements; retail meters and taps and individual retail customer service lines.

"District Water Conservation and Drought Contingency Plan" means, collectively, the District Water Conservation Plan and the District Drought Contingency Plan, as may be amended by the District Board of Directors from time to time.

"Effective Date" means the date this Agreement has been executed by both Customer and District.

“Emergency” means a sudden unexpected happening; an unforeseen occurrence or condition; exigency; pressing necessity; or a relatively permanent condition or insufficiency of service or of facilities resulting from causes outside of the reasonable control of District. The term includes Force Majeure and acts of third parties that cause the District System to be unable to provide the Wholesale Water Services agreed to be provided herein.

“Force Majeure” means acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of any governmental entity other than District or any civil or military authority, acts, orders or delays of any regulatory authorities with jurisdiction over the parties, insurrections, riots, acts of terrorism, epidemics, landslides, lightning, earthquakes, fires, hurricanes, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, or any other conditions which are not within the control of a party.

“Master Meter” means the existing master meter and related equipment located at the Delivery Point which shall measure the quantity of Wholesale Water Service provided by District pursuant to this Agreement.

“Minimum Monthly Charge” means the monthly charge by the District to the Customer for the provision of Wholesale Water Service by the District to the Wholesale Service Area as described in Sections 4.01 and 4.03(b) below.

“TCEQ” means the Texas Commission on Environmental Quality or its successor agency.

“Volume Charges” means the monthly charge assessed by the District to the Customer for the provision of Wholesale Water Service to the Wholesale Service Area determined by the volume of water delivered to the Wholesale Service Area as measured by the Master Meter and as described in Sections 4.01 and 4.03 herein.

“Wholesale Water Services” means the diversion of raw water under the BRA System Agreement and the production of groundwater from District’s municipal groundwater wells, the transmission of such untreated water supplies to District’s water treatment plant, the treatment of the water into potable form, and the transmission of potable water to the Delivery Point.

“Wholesale Service Area” means the territory more particularly described or depicted in **Exhibit B** attached hereto which consists of the real property located within the “Brushy Bend” area.

Section 1.02 Captions. The captions appearing at the first of each numbered section or paragraph in this Agreement are inserted and included solely for convenience and shall never be considered or given any effect in construing this Agreement.

ARTICLE II **PROVISION OF WHOLESALE WATER SERVICES**

Section 2.01 Wholesale Water Services. District agrees to provide Wholesale Water Services to Customer for the Wholesale Service Area in accordance with the flow limitations and other terms and conditions of this Agreement.

Section 2.02 Customer Responsible for Retail Connections. Customer will be solely responsible for providing retail water service within the Wholesale Service Area. Customer shall not provide or sell water received under this Agreement to any entity, private or public, other than the Customer's retail customers located within the Wholesale Service Area. Customer will be solely responsible for ensuring compliance by its retail customers with the applicable terms of this Agreement, for the applicable provisions of the District Service Rules and Policies, and for the proper and lawful application of Customer's policies and regulations governing connection to the Customer System.

Section 2.03 Secondary Source.

(a) The Parties agree that as of the Commencement Date, the sole source of water to Customer for the Wholesale Service Area is Wholesale Water Services furnished by the District. Notwithstanding the foregoing, the Wholesale Water Services shall not be the exclusive source of potable water supply to Customer, and Customer may elect, in its sole discretion, to secure additional or alternative water supplies for the Wholesale Service Area at any time. The Customer shall be solely responsible for securing any such alternative or additional water supplies. The Parties mutually acknowledge and agree that it is their intent for Customer to be solely responsible for compliance with TCEQ's minimum capacity rules.

(b) District, by entering into this Agreement with Customer, does not confer upon Customer, and Customer, as a result of this Agreement, shall never have or claim, any interest in any water owned or controlled by District.

Section 2.04 Title to and Responsibility for Water; Delivery Point.

(c) Title to the water diverted, treated and transported to Customer by District under this Agreement shall remain with District at all times until it reaches the Delivery Point. At the Delivery Point, title, control and dominion of the water shall pass to the Customer.

(d) Customer shall be solely responsible for conveying water from the Delivery Point to the Customer's intended places of use within the Wholesale Service Area.

Section 2.05 Quantity and Pressure.

(a) Subject to the terms of this Agreement, upon completion of construction by the Customer of the Customer Improvements and Delivery Improvements, District agrees to provide Wholesale Water Services in a quantity up to, but not in excess of: (i) the Annual Water Supply Commitment; (ii) the Connection Limit; (iii) a maximum daily flow rate of 400,000 gallons per day; (iv) a maximum hourly rate of 16,000 gallons per hour; and (v) a maximum instantaneous flow rate of 480 gallons per minute. The Parties agree that the water supply shall be delivered at the Delivery Point at a minimum pressure of 35 psi under normal operating conditions, and Customer shall be solely responsible for ensuring that the water service furnished to its customers meets minimum pressure and other regulatory requirements applicable to public water systems established by TCEQ rules.

(b) District reserves the right to install, at its expense, flow restriction devices within the District System or at the Delivery Point if necessary in order to restrict the flow of water to Customer to the specified levels. All costs and expenses incurred by District in connection

therewith , shall qualify as Costs of the District System. District shall provide Customer not less than 3 day prior written notice of its intention to do so.

(c) This Agreement shall not be construed as any guarantee or representation by District that the Wholesale Water Services furnished by District to the Customer will be sufficient for fire protection purposes, and the District expressly disclaims any such responsibility. This provision shall not be construed as an acknowledgment by either party that the Brushy Bend Water System was designed to provide flows that are sufficient for fire service.

(d) Customer, at any time and upon first giving District three hundred sixty five (365) days prior written notice, may reduce the Annual Water Supply Commitment. The written notice furnished by Customer to District shall specify the reduced Annual Water Supply Commitment. In the event of any such reduction, District's obligation to provide Wholesale Water Services shall be reduced accordingly, and District's maximum daily, hourly and instantaneous delivery obligations shall be reduced accordingly.

Section 2.06 Excess Consumption.

(a) If at any time the Annual Water Supply Commitment, the District shall deliver written notice to Customer. Customer shall have a period of thirty days from receipt of the notice to develop and implement a plan to address the cause of the exceedance. If the quantity of Wholesale Water Service again exceeds the Annual Water Supply Commitment within any calendar year within five (5) years of the first exceedance, then unless Customer obtains an alternative source of water service to meet its excess service requirements, District may exercise any of the following remedies, as determined in the sole and absolute discretion of District:

- (1) District may terminate this Agreement to be effective as of a date not less than 365 days after issuance of notice of termination by District to Customer, in which event Customer shall be solely responsible for securing an alternative water supply for the Wholesale Service Area, and District's obligation to provide Wholesale Water Service to Customer shall terminate on the effective date of termination;
- (2) District may pursue any remedy available at law or in equity as a result of Customer's breach; or
- (3) District may elect to acquire and develop additional wholesale water capacity at the sole cost and expense of Customer. In the event of such election, District shall calculate the cost of acquiring an additional water supply, which may include the construction of new groundwater well facilities, the purchase of additional water under the BRA System Agreement (if available) or the purchase of wholesale water service from another purveyor. In such an event, District shall provide six months' written notice of the improvements and costs required to develop additional wholesale water service capacity, and District's method of financing the cost. Unless Customer obtains an alternative source of water service to meet its excess capacity requirements, Customer will be obligated to pay such costs (or, if the improvements will be designed to serve customers in addition to Customer, a pro rata share of such costs) on or before the

expiration of such six-month period. The cost of any improvements required under this Section will include all reasonable and necessary costs of planning, designing, constructing and permitting, and any and all other costs in connection with, the required improvements and securing additional water supplies.

Section 2.07 Quality of Water Delivered to Customer. The water delivered by District at the Delivery Point shall be potable water of a quality conforming to the requirements of any applicable federal or state laws, rules, regulations or orders, including requirements of the TCEQ applicable to water provided for human consumption and other domestic use. Each party agrees to provide to the other party, in a timely manner, any information or data regarding this Agreement or the quality of treated water provided through this Agreement as required for reporting to the TCEQ or other state and federal regulatory agencies. Customer shall be solely responsible for the quality of water once it passes through the Delivery Point, including any degradation of water quality.

Section 2.08 Maintenance and Operation; Future Construction. District shall be responsible for operating, maintaining, repairing, replacing, extending, improving and enlarging the District System, including the Master Meter, in good working condition and shall promptly repair any leaks or breaks in the District System. Customer shall be responsible for operating, maintaining, repairing, replacing, extending, improving and enlarging the Customer System in good working condition and shall promptly repair any leaks or breaks in the Customer System.

Section 2.09 Rights and Responsibilities in Event of Leaks or Breaks. Customer shall be responsible for paying for all water delivered to it under this Agreement at the Delivery Point even if such water passed through the Delivery Point as a result of leaks or breaks in the Customer System. In the event a leak, break, rupture or other defect occurs within the Customer System that could either endanger or contaminate the District System or prejudice District's ability to provide water service to its other customers, District, after providing reasonable notice to Customer and an opportunity for consultation, shall have the right to take reasonable, appropriate action to protect the public health or welfare of the District System or the water systems of District's customers including, without limitation, the right to restrict, valve off or discontinue service to Customer until such leak, break, rupture or other defect has been repaired.

Section 2.10 Wholesale Service Commitment Not Transferable. District's commitment to provide Wholesale Water Services is solely to Customer and solely for the Wholesale Service Area. Customer may not assign or transfer in whole or in part its right to receive Wholesale Water Services without District's prior written approval. Notwithstanding the foregoing, the District reserves the right to provide wholesale water service to other properties, as may be amended from time to time. It shall be a material breach of this Agreement for Customer to provide retail (or wholesale) water service to any lands outside the Wholesale Service Area with water furnished by District under this Agreement. In the event of such breach, Customer agrees that District may terminate this Agreement, or pursue any other right or remedy available at law or in equity, if Customer does not terminate the service connection within 30 days of receipt of written notice from District.

Section 2.11 Conservation and Drought Planning. Customer, by signing below, certifies that it has adopted a water conservation plan and a drought contingency plan in compliance with TCEQ rules, 30 Texas Administrative Code, Chapter 288, and that the provisions of such plans are at least as stringent as the provisions of the District Water Conservation and Drought Contingency Plan.

Any curtailment, prohibitions, or restrictions on watering in effect for District retail customers must be applied to retail customers of Customer in the Wholesale Service Area.

Section 2.12 Plumbing Regulations. To the extent District and Customer have the authority, both covenant and agree to adopt and enforce adequate plumbing regulations with provisions for the proper enforcement thereof, to ensure that neither cross-connection nor other undesirable plumbing practices are permitted, including an agreement with each of their respective water customers that allows it to inspect individual water facilities prior to providing service to ensure that no substandard materials are used and to prevent cross-connection and other undesirable plumbing practices.

Section 2.13 Curtailment of Service.

(a) The Parties agree that if water service is curtailed by District to other customers of the District System, District may impose a like curtailment, with notice to Customer, on Wholesale Water Services delivered to Customer under this Agreement. District will impose such curtailments in a nondiscriminatory fashion. Similarly, in the event of any curtailment of water supply to, or imposition of restrictions upon, District under the BRA System Agreement, including restrictions imposed under the Brazos River Authority's Drought Contingency Plan, Water Conservation Plan or similar measures, then a corresponding percentage reduction in the quantity of Wholesale Water Service available to Customer under this Agreement, shall automatically apply.

(b) The Parties agree that they will not construe this Agreement to prohibit District from curtailing service completely in the event of a maintenance operation or Emergency for a reasonable period necessary to complete such maintenance operations or repairs or respond to an Emergency circumstance. The Customer acknowledges and agrees that the District's provision of Wholesale Water Services under this Agreement is subject to applicable provisions of the District Water Conservation and Drought Contingency Plan, and to the availability of raw water under the BRA System Agreement. District will provide reasonable notice of planned maintenance to Customer that is anticipated to materially impact Wholesale Water Services so that Customer can provide reasonable prior notice of potential disruptions to its customers

Section 2.14 Cooperation During Maintenance or Emergency. Customer will reasonably cooperate with District during periods of Emergency or required maintenance. If necessary, upon prior notice, Customer will operate and maintain the Customer System at its expense in a manner reasonably necessary for the safe and efficient completion of repairs or the replacement of facilities, the restoration of service, and the protection of the public health, safety, and welfare.

Section 2.15 Right of Entry. Customer agrees to provide District the right of entry and access to the Customer System at all reasonable times upon prior notice in order to inspect those facilities, to investigate the source of operational or maintenance problems or for preventive purposes intended to detect, minimize, or avert operational or maintenance problems, or for any other purpose reasonably related to the provision of Wholesale Water Service.

Section 2.16 Agreement Conditioned on Closing of Sale. Customer and District acknowledge and agree that this Agreement is to be executed and effective upon the Closing for the sale of certain infrastructure assets of District to Customer under the Assets Purchase Agreement. In the

event the asset sale does not occur in accordance with the Assets Purchase Agreement, this Agreement shall not be executed and shall not take effect.

ARTICLE III
CONSTRUCTION OF IMPROVEMENTS AND METERING PROVISIONS

Section 3.01 Master Meter. The District shall be responsible for ownership, operation, maintenance and repair of the Master Meter.

Section 3.02 Master Meter Accuracy; Calibration.

(a) The Master Meter shall be calibrated each calendar year by the District, and the costs associated with such calibration shall qualify as Costs of the District System. The District shall provide not less than 48 hours prior written notice of each such calibration, and a representative of the Customer may be present to observe each calibration.

(b) In the event any question arises at any time as to the accuracy of the Master Meter, but not more than a frequency of once per consecutive 12-month period without mutual consent of both parties, then the Master Meter shall be tested by District promptly upon demand of Customer. The expense of such test shall be borne by Customer if the Master Meter is found to be within AWWA and manufacturer's standards of accuracy for the type and size of meter and by District if the Master Meter is found to not be within AWWA and manufacturer's standards for the type and size of meter.

(c) If, as a result of any test, the Master Meter is found to be registering inaccurately (in excess of AWWA and manufacturer's standards for the type and size of meter), the readings of the Master Meter shall be corrected at the rate of their inaccuracy for any period which is definitely known or agreed upon and District shall pay for the testing or, if no such period is known or agreed upon, the shorter of:

- (1) a period extending back either 60 days from the date of demand for the test or, if no demand for the test was made, 60 days from the date of the test; or
- (2) a period extending back one-half of the time elapsed since the last previous test;

and the records of the readings, and all payments which have been made on the basis of such readings, shall be adjusted accordingly.

ARTICLE IV
RATES AND CHARGES

Section 4.01 Wholesale Water Rates, Fees and Charges.

(a) Effective as of the Commencement Date, Customer will pay District for the Wholesale Water Service provided under this Agreement based on the following rates, charges and fees for the Wholesale Water Service:

- 1) Minimum Monthly Charge, which initially shall be \$4,750.00 per month; and

2) Volume Charge, which initially shall be \$2.12 per one thousand (1,000) gallons of water.

(b) The rates, fees and charges set forth above shall remain in effect for a period of five (5) years after the Commencement Date regardless of whether the District's Board of Directors amends its rates, charges and fees for water it supplies during such 5 year period.

Section 4.02 Amendment of Wholesale Rates, Fees and Charges, Notice to and Review by Customer.

(a) Upon completion of the five year period that rates, charges and fees are in effect pursuant to Section 4.01, District may amend the Minimum Monthly Charge and the Volume Charge from time to time as approved by the District Board of Directors.

(b) District will provide Customer with at least two (2) months prior written notice of any increases to the Minimum Monthly Charge or the Volume Charge, which may not take effect until completion of the five year period that rates, charges and fees are in effect pursuant to Section 4.01. Written notice shall include the proposed new charges, and an updated cost of service study.

(c) Customer will have the right to inspect and copy, at its expense, District's books and records to verify any statement, billing, charge, computation or demand made to Customer by District. District agrees to make all such information available to Customer for inspection and copying with reasonable promptness during normal business hours.

Section 4.03 Volume Charge, and Minimum Monthly Charge.

(a) The Minimum Monthly and Volume Charge shall be calculated by District in accordance with standard AWWA principles for wholesale service; shall be just, reasonable, and non-discriminatory; and shall be based on Costs of the District System.

(b) District will measure water flows monthly based on monthly readings of the Master Meter. The total of these amounts multiplied by the Volume Charges will be used by District to compute the monthly bill for the Volume Charge as provided in Section 5.02 below.

(c) Upon the commencement of delivery of potable water, Customer will commence payment to the District of the Minimum Monthly Charge and Volume Charge.

(d) If the amount of water delivered to Customer at the Delivery Point in any calendar year exceeds the Annual Water Supply Commitment, as determined by the Master Meter, then Customer agrees to pay an amount of money equal to the rate determined by the Board of Directors of District to then be in effect for use of water in amounts in excess of the Annual Water Supply Commitment during the previous calendar year. Purchaser acknowledges and agrees that the initial volumetric rate in effect as of the Effective Date of this Agreement applicable to consumption in excess of the Annual Water Supply Commitment is \$8.00 per 1,000 gallons.

Section 4.04 Customer Water Rates and Charges. During the term of this Agreement and subject to any required regulatory approvals, Customer will fix and collect rates and charges for retail water service that are sufficient, together with any other revenues available to Customer, to produce the amount necessary to operate, repair, and maintain the Customer System, and to pay the cost of

Wholesale Water Service from District. Customer will be solely responsible for ensuring that its retail rates and charges are determined and collected in accordance with applicable law.

Section 4.05 Verification of Customer Connections. Customer will make available for inspection and copying during regular business hours, at District's expense, all records for retail connections to the Customer System. In addition, District will have the right to inspect the Customer System at any time, at District's sole expense, after giving Customer written notice of its intention to inspect and allowing the opportunity for Customer to be present, to verify the type and amount of retail connections made or the condition of the Customer System and Customer will provide lawful access to District for this purpose. Customer shall not be required to provide proprietary business information developed for Customer's internal use. Records that are prepared to demonstrate compliance with applicable governmental regulations, or that identify the type of retail connections within the Wholesale Service Area and the amount of consumption by each customer in such area, shall not be considered to be proprietary.

ARTICLE V
WHOLESALE BILLING METHODOLOGY; REPORTS
AND OTHER RELATED MATTERS

Section 5.01 Monthly Statement. For each monthly billing period, District will forward to Customer a bill providing a statement of the total Minimum Monthly Charge and Volume Charges owed by Customer for Wholesale Water Service provided to Customer during the previous monthly billing period. Customer will pay District for each bill submitted by District to Customer by check or bank-wire on or before thirty (30) days from the date of the invoice. Payments shall be mailed to the address indicated on the invoice, or can be hand-delivered to District's administrative office at 16318 Great Oaks Drive, Round Rock, Texas. If payments will be made by bank-wire, Customer shall verify wiring instructions. Payment must be received at District's administrative office or bank by the due date in order not to be considered past due or late. In the event Customer fails to make payment of a bill within said thirty (30) day period, Customer shall pay in addition District's then-current late payment charges on the unpaid balance of the invoice.

Section 5.02 Monthly Billing Calculations. District will compute the Minimum Monthly Charge and Volume Charge included in the monthly billing for Wholesale Water Service on the basis of monthly readings of the Master Meter. The total of these amounts multiplied by the wholesale water rates, set from time to time by the District Board of Directors, will be used to compute the monthly bill for the Volume Charge.

Section 5.03 Effect of Nonpayment. With respect to monthly billings, if District has not received payment from Customer for charges authorized pursuant to this Agreement by the due date, the bill will be considered delinquent, unless contested in good faith. In such event, District will notify Customer of such delinquency in writing, if Customer or its assignee fails to make payment of the delinquent billing within 30 calendar days from the date of transmittal of such written notice of delinquency from District, then District may, at its discretion, terminate Wholesale Water Services to Customer until payment is made or exercise any other remedy available at law or in equity. Any delinquent payments shall also be subject to any late payment fees or similar charges adopted by the Board of Directors of the District from time to time.

Section 5.04 Protests, Disputes or Appeals. Nothing in this Agreement is intended to limit, impair or prevent any right of Customer to protest, dispute or appeal with respect to rate making,

the establishment of fees and charges or any other related legal or administrative proceedings affecting services or charges to the Customer under this Agreement.

Section 5.05 Additional Required Notices. Customer shall provide to District by June 1 of every year during the term of this Agreement a report setting forth: (i) the total number of retail water service connections within the Wholesale Service Area as of April 1 of the same year; (ii) the service address for each connection; and, (iii) the total number of new retail water service connections to the Customer System during the prior annual period ending April 1 of the same year.

ARTICLE VI **REGULATORY COMPLIANCE**

Section 6.01 Agreement Subject to Applicable Law. The Agreement will be subject to all valid rules, regulations, and applicable laws of the United States of America, the State of Texas and/or any other governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them. District shall be solely responsible for regulatory compliance associated with the District System, and Customer shall be solely responsible for regulatory compliance associated with the Customer System.

ARTICLE VII **TERM, TERMINATION, DEFAULT, REMEDIES**

Section 7.01 Term and Termination. This Agreement shall become effective upon the Effective Date and shall extend for a term of forty (40) years unless terminated earlier as provided herein.

Section 7.02 Default.

(a) In the event Customer shall default in the payment of any amounts due to District under this Agreement, or in the performance of any material obligation to be performed by Customer under this Agreement, then District shall give Customer at least 30 days' written notice of such default and the opportunity to cure same. Thereafter, District shall have the right to temporarily limit Wholesale Water Services to Customer under this Agreement pending cure of such default by Customer and also to pursue any remedy available at law or in equity, pending cure of such default by Customer.

(b) In the event District shall default in the performance of any material obligation to be performed by District under this Agreement, then Customer shall give District at least 30 days' written notice of such default and the opportunity to cure same. Thereafter, in the event such default remains uncured, the Customer shall have the right to pursue any remedy available at law or in equity, pending cure of such default by District.

Section 7.03 Additional Remedies Upon Default. It is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies existing at law or in equity may be availed of by any party and shall be cumulative of the remedies provided. Recognizing however, that District's undertaking to provide and maintain the services of the District System is an obligation, failure in the performance of which cannot be adequately compensated in money damages alone, District agrees, in the event of any default on its part, that Customer shall have available to it the equitable remedies of mandamus

and specific performance in addition to any other legal or equitable remedies (other than termination of this Agreement) that may also be available. In recognition that failure in the performance of Customer's obligations could not be adequately compensated in money damages alone, Customer agrees in the event of any default on its part that District shall have available to it the equitable remedy of specific performance in addition to any other legal or equitable remedies that may also be available to District. If either party institutes legal proceedings to seek adjudication of an alleged default under this Agreement, the prevailing party in the adjudication shall be entitled to its reasonable and necessary attorneys' fees.

ARTICLE VIII **GENERAL PROVISIONS**

Section 8.01 Assignability. Assignment of this Agreement by either party is prohibited without the prior written consent of the other party, which consent shall not be unreasonably withheld, delayed or conditioned. Provided, however, that Customer may assign this Agreement to Aqua Texas, Inc. or to another wholly owned subsidiary of Aqua America, Inc. by simply providing written notice of such assignment to District within thirty (30) days after the effective date of such assignment. Such notice must include evidence of an assumption of all rights, duties and obligations of Customer hereunder by the assignee, the effective date of such assignment and assumption, and the notice address for the assignee. Any attempted assignment that is not undertaken in accordance with the foregoing requirements shall be null and void.

Section 8.02 Amendment. This Agreement may be amended or modified only by written agreement duly authorized by Customer and District and executed by duly authorized representatives of each.

Section 8.03 Necessary Documents and Actions. Each Party agrees to execute and deliver all such other and further instruments and undertake such actions as are or may become necessary or convenient to effectuate the purposes and intent of this Agreement.

Section 8.04 Entire Agreement. This Agreement constitutes the entire agreement of the Parties regarding its subject matter, and this Agreement supersedes any prior or contemporaneous oral or written understandings or representations of the Parties regarding the subject matter.

Section 8.05 Applicable Law. This Agreement will be construed under and in accordance with the laws of the State of Texas.

Section 8.06 Venue. All obligations of the Parties created in this Agreement are performable in Williamson County, Texas, and venue for any action arising under this Agreement will be in Williamson County, Texas.

Section 8.07 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer upon any person or entity, other than to the Parties, any rights, benefits, or remedies under or by reason of this Agreement.

Section 8.08 Duplicate Originals. This Agreement may be executed in duplicate originals each of equal dignity.

Section 8.09 Notices. Any notice required under this Agreement may be given to the respective Parties by deposit in regular first-class mail or by hand-delivery to the address of the other party shown below:

Customer:

Aqua Texas, Inc.
Robert L. Laughman, President
1106 Clayton Lane, Suite 400W
Austin, Texas 78723

District:

Brushy Creek Municipal Utility District
Attn: General Manager
16318 Great Oaks Drive
Round Rock, Texas 78681

Notices shall be deemed received on the date of hand delivery or within three days of deposit in first-class mail.

Section 8.10 Severability. Should any court declare or determine that any provisions of this Agreement is invalid or unenforceable under present or future laws, that provision shall be fully severable; this Agreement shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never comprised a part of this Agreement and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, in place of each such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable. Texas law shall govern the validity and interpretation of this Agreement.

Section 8.11 Force Majeure. If any party is rendered unable, wholly or in part, by Force Majeure to carry out any of its obligations under this Agreement, other than an obligation to pay or provide money, then such obligations of that party to the extent affected by such Force Majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. Such cause, as far as possible, shall be remedied with all reasonable diligence. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the affected party, and that the above requirements that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demand of the opposing party or parties when such settlement is unfavorable to it in the judgment of the affected party.

Section 8.12 Authority of Parties Executing Agreement, Validity. By their execution, each of the individuals executing this Agreement on behalf of a party represents and warrants to the other party that he or she has the authority to execute the document in the capacity shown on this document. Each of the parties further represent and warrant that this Agreement constitutes a valid and binding contract, enforceable against it in accordance with its terms.

Section 8.13 Exhibits. The following exhibits are attached to and incorporated into this Agreement for all purposes:

- Exhibit A** Delivery Point
- Exhibit B** Wholesale Service Area
- Exhibit C** Service Connection Addresses within Wholesale Service Area

Section 8.14 Effective Date. This Agreement will be effective from and after the last date of due execution by all Parties.

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

By: _____
Rebecca Tullos, President
Board of Directors

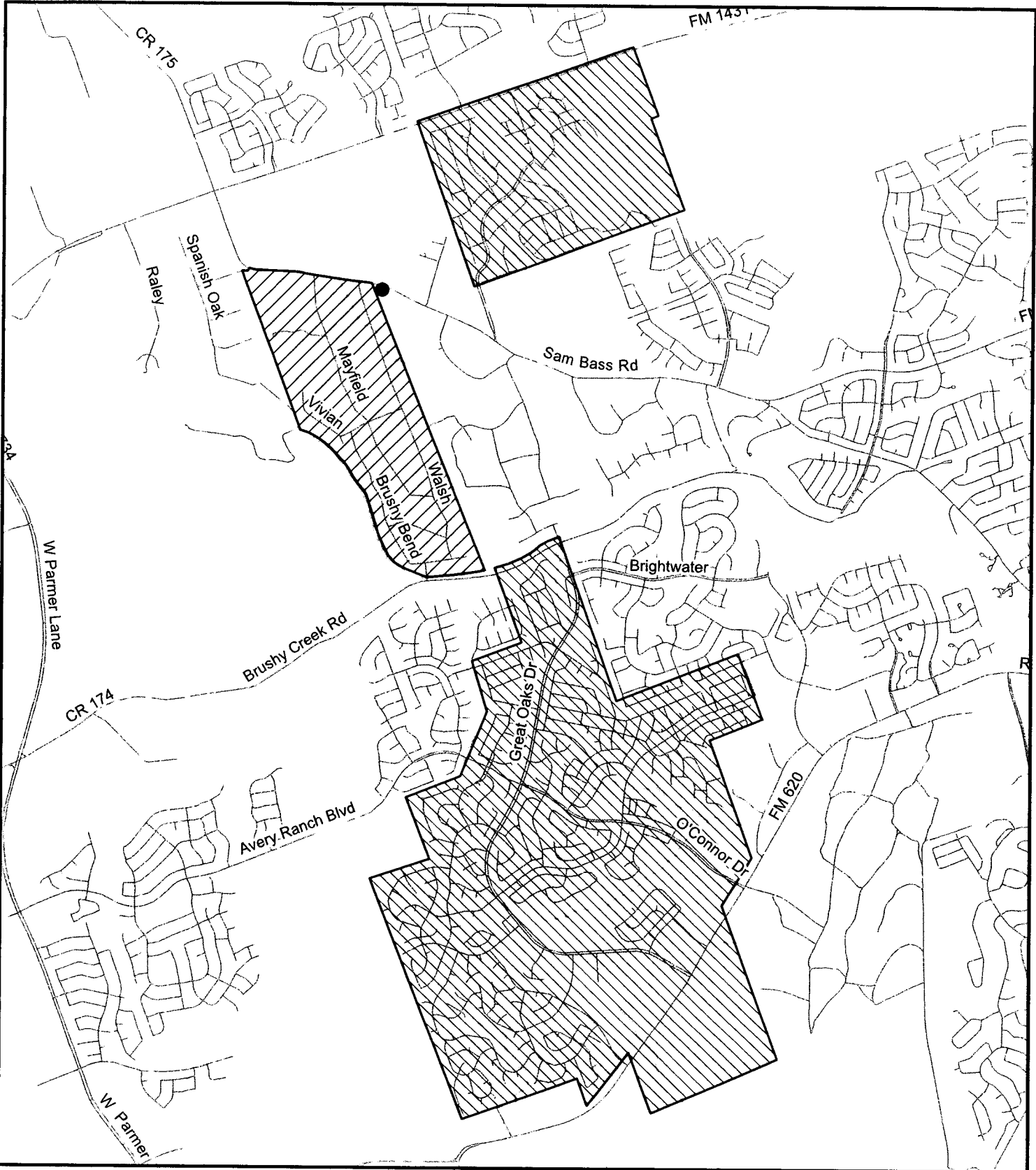
Date: _____

ATTEST: _____
Secretary

AQUA TEXAS, INC. dba AQUA TEXAS



By: _____
Robert L. Laughman, President

Date: _____



Delivery Point Location Map

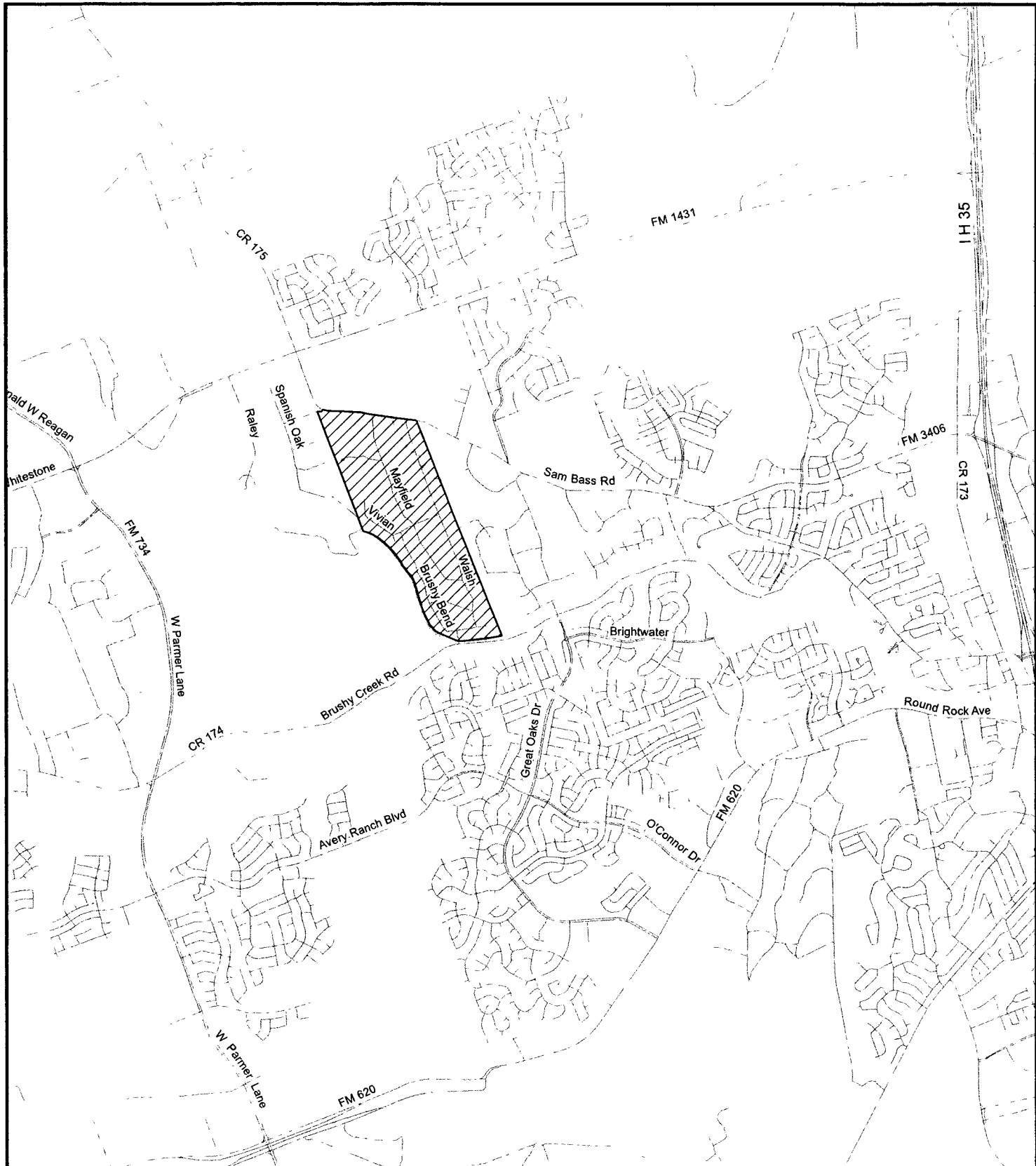
Exhibit A

- Delivery Point / Existing Master Meter Location
-  Brushy Bend Park Subdivision Service Area
-  Retained Brushy Creek MUD Service Area



Map by: S. Burt
 Date created: November 7, 2015
 Project: Delivery Point Location.mxd

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Aqua Texas, Inc. d/b/a Aqua Texas
 To Transfer a Portion of Brushy Creek MUD, CCN No. 11773
 in Williamson County

Exhibit B

 Proposed Area to Transfer



Map by: S. Burt
 Date created: November 4, 2015

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Location Address	Location Address	Location City, State, Zip
1903 BRUSHY BEND - BARN	BRUSHY BEND - BARN	ROUND ROCK, TX-78681
1904 BRUSHY BEND DR.	BRUSHY BEND DR.	ROUND ROCK, TX-78681
4301 CRESTRIDGE DR	CRESTRIDGE DR	ROUND ROCK, TX-78681
4304 CRESTRIDGE DR	CRESTRIDGE DR	ROUND ROCK, TX-78681
4305 CRESTRIDGE DR	CRESTRIDGE DR	ROUND ROCK, TX-78681
4308 CRESTRIDGE DR	CRESTRIDGE DR	ROUND ROCK, TX-78681
4309 CRESTRIDGE DR	CRESTRIDGE DR	ROUND ROCK, TX-78681
4401 CRESTRIDGE DR	CRESTRIDGE DR	ROUND ROCK, TX-78681
4402 CRESTRIDGE DR	CRESTRIDGE DR	ROUND ROCK, TX-78681
4404 CRESTRIDGE DR	CRESTRIDGE DR	ROUND ROCK, TX-78681
4405 CRESTRIDGE DR	CRESTRIDGE DR	ROUND ROCK, TX-78681
4500 CRESTRIDGE DR	CRESTRIDGE DR	ROUND ROCK, TX-78681
4501 CRESTRIDGE DR	CRESTRIDGE DR	ROUND ROCK, TX-78681
4504 CRESTRIDGE DR	CRESTRIDGE DR	ROUND ROCK, TX-78681
4508 CRESTRIDGE DR	CRESTRIDGE DR	ROUND ROCK, TX-78681
4604 HIGHTOWER	HIGHTOWER	ROUND ROCK, TX-78681
4606 HIGHTOWER	HIGHTOWER	ROUND ROCK, TX-78681
4609 HIGHTOWER	HIGHTOWER	ROUND ROCK, TX-78681
4701 KNOLLWOOD	KNOLLWOOD	ROUND ROCK, TX-78681
4704 KNOLLWOOD	KNOLLWOOD	ROUND ROCK, TX-78681
4705 KNOLLWOOD	KNOLLWOOD	ROUND ROCK, TX-78681
4707 KNOLLWOOD	KNOLLWOOD	ROUND ROCK, TX-78681
4709 KNOLLWOOD	KNOLLWOOD	ROUND ROCK, TX-78681
4710 KNOLLWOOD	KNOLLWOOD	ROUND ROCK, TX-78681
4711 KNOLLWOOD	KNOLLWOOD	ROUND ROCK, TX-78681
4712 KNOLLWOOD	KNOLLWOOD	ROUND ROCK, TX-78681
4713 KNOLLWOOD	KNOLLWOOD	ROUND ROCK, TX-78681
4707 KNOLLWOOD - GARAGE	KNOLLWOOD - GARAGE	ROUND ROCK, TX-78681
4713 KNOLLWOOD 1/2	KNOLLWOOD /	ROUND ROCK, TX-78681
1600 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
1601 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
1604 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
1607 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
1608 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
1702 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
1703 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
1800 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
1804 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
1805 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
1808 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
1900 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
1901 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2000 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2001 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2002 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2003 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2005 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2007 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2013 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2100 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2103 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2104 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2105 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2107 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2108 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681

Location Address	Location Address	Location City, State, Zip
2200 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2201 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2202 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2207 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2211 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2300 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2301 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2302 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2304 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2400 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2404 MAYFIELD	MAYFIELD	ROUND ROCK, TX-78681
2060 MAYFIELD DR	MAYFIELD DR	ROUND ROCK, TX-78681
2070 MAYFIELD DR	MAYFIELD DR	ROUND ROCK, TX-78681
2205 MAYFIELD DR	MAYFIELD DR	ROUND ROCK, TX-78681
4607 SAM BASS RD	SAM BASS RD	ROUND ROCK, TX-78681
4701 SAM BASS RD	SAM BASS RD	ROUND ROCK, TX-78681
4703 SAM BASS RD	SAM BASS RD	ROUND ROCK, TX-78681
4705 SAM BASS RD	SAM BASS RD	ROUND ROCK, TX-78681
4709 SAM BASS RD	SAM BASS RD	ROUND ROCK, TX-78681
4713 SAM BASS RD	SAM BASS RD	ROUND ROCK, TX-78681
4717 SAM BASS RD	SAM BASS RD	ROUND ROCK, TX-78681
100 STEVENS TRL	STEVENS TRL	ROUND ROCK, TX-78681
101 STEVENS TRL	STEVENS TRL	ROUND ROCK, TX-78681
104 STEVENS TRL	STEVENS TRL	ROUND ROCK, TX-78681
105 STEVENS TRL	STEVENS TRL	ROUND ROCK, TX-78681
108 STEVENS TRL	STEVENS TRL	ROUND ROCK, TX-78681
109 STEVENS TRL	STEVENS TRL	ROUND ROCK, TX-78681
1896 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
1900 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
1902 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
2001 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
2002 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
2003 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
2004 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
2005 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
2006 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
2007 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
2008 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
2010 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
2012 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
2013 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
2014 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
2100 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
2101 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
2102 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
2103 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
2105 VIVIAN	VIVIAN	ROUND ROCK, TX-78681
1303 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1401 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1405 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1500 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1501 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1504 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1507 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1508 WALSH DR	WALSH DR	ROUND ROCK, TX-78681

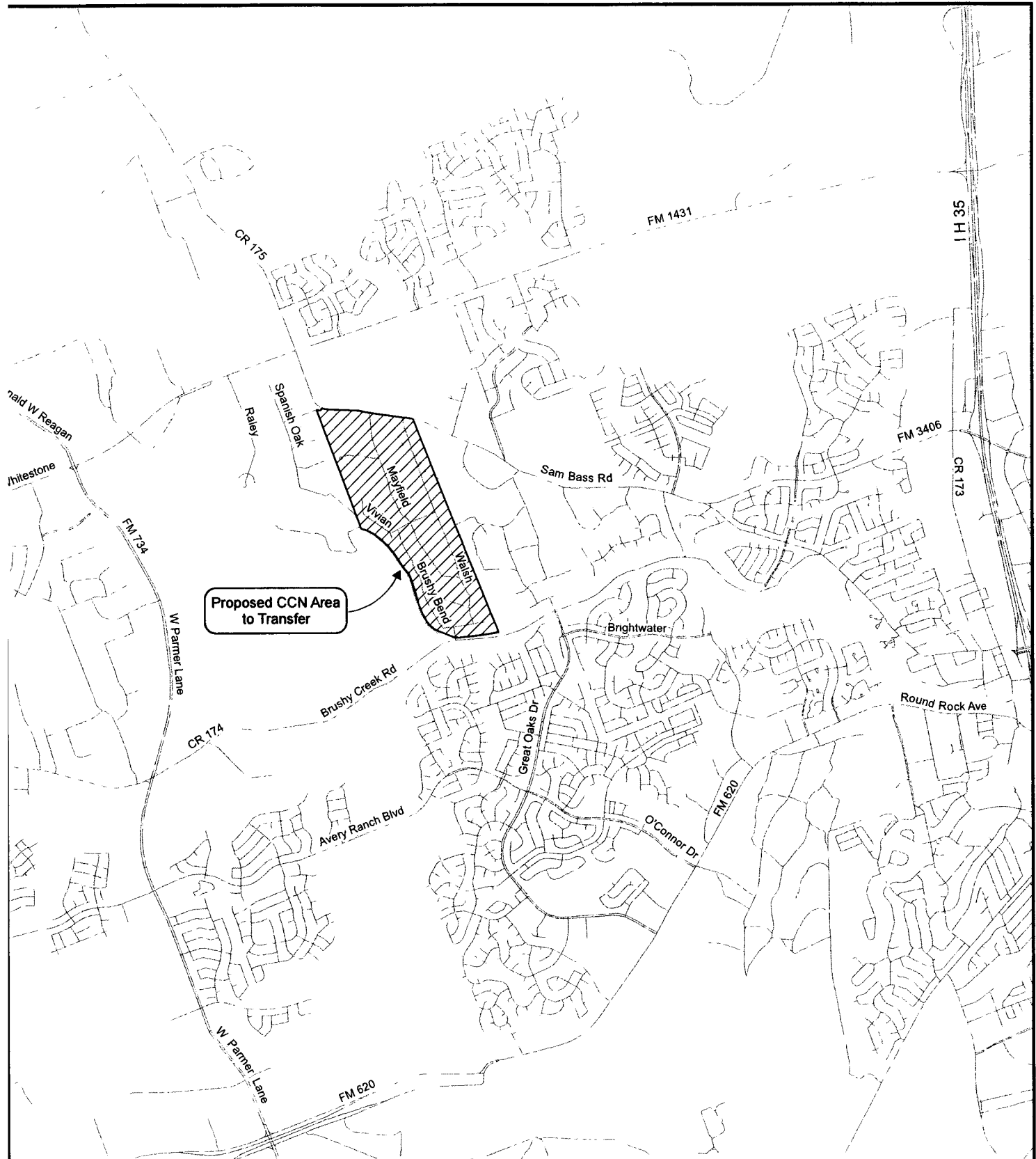
Location Address	Location Address	Location City, State, Zip
1511 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1601 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1605 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1700 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1701 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1705 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1706 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1800 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1801 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1806 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1807 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1900 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1901 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1905 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1906 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1907 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
1910 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2001 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2003 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2004 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2005 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2008 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2009 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2012 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2015 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2100 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2101 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2110 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2200 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2204 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2299 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2300 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2301 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2303 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2307 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2308 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2400 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2401 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2402 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2404 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2405 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2406 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2409 WALSH DR	WALSH DR	ROUND ROCK, TX-78681
2412 WALSH DR	WALSH DR	ROUND ROCK, TX-78681

Schedule 6.2

Exceptions to Seller's Representations and Warranties

None

Exhibit 1
Service Area Map



**Aqua Texas, Inc. d/b/a Aqua Texas
 To Transfer a Portion of Brushy Creek MUD, CCN No. 11773
 in Williamson County**

 **Proposed CCN Area to Transfer**



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Attachment

4

**WATER UTILITY TARIFF
FOR
Southwest Region – Brushy Bend Park only**

Aqua Texas, Inc. dba Aqua Texas
(Utility Name)

1106 Clayton Lane, Suite 400W
(Business Address)

Austin, Texas 78723
(City, State, Zip Code)

(512) 990-4400
(Area Code/Telephone)

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

[NEW]

This tariff is effective in the following counties:

Williamson

The following is a list of cities where Aqua Texas – Southwest Region (Brushy Bend only) provides water service:

None

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

Brushy Bend Park Subdivision (PWS ID No. 2460050)

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE.....	2-6
SECTION 2.0 -- SERVICE RULES AND POLICIES	6
SECTION 3.0 -- EXTENSION POLICY	17
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN	25
APPENDIX A -- SAMPLE SERVICE AGREEMENT AND APPLICATION FOR SERVICE	

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>
5/8" x 3/4"	<u>\$37.42</u> (Includes 0 gallons)
1"	<u>\$93.55</u>
1 1/2 "	<u>\$187.10</u>
2"	<u>\$299.36</u>
3"	<u>\$598.72</u>
4"	<u>\$935.50</u>
6"	<u>\$1,871.00</u>
8"	<u>\$2,993.60</u>
10"	<u>\$4,303.30</u>
12"	<u>\$9,355.00</u>

Gallage Charge

<u>Peak Season Volumetric Rates (June-Sept)</u>	\$2.75 per 1,000 gallons
<u>Off Peak Season Volumetric Rates (Oct-May)</u>	\$2.10 per 1,000 gallons

Monthly Minimum Charge for any meter size larger than 12" will be calculated using American Water Works Association (AWWA) approved meter equivalency factors.

SECTION 1.0 -- RATE SCHEDULE (Continued)

FORM OF PAYMENT: The utility will accept the following forms of payment:
Cash X (If in person at designated locations), Check X, Money Order X, Credit Card X,
Other (specify) Electronic Billing and Payment (See Section 2.06 Billing)

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.

UNAFFILIATED THIRD PARTIES WHO ACCEPT AND PROCESS CASH, CREDIT CARD, OR ELECTRONIC PAYMENTS FOR UTILITY BILLS MAY REQUIRE PAYMENT OF AN ADDITIONAL CONVENIENCE CHARGE FOR THIS SERVICE.

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$900.00
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 (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.

TAP FEE (Larger meter) Actual Cost
THIS TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" x 3/4" METERS. UNIQUE COSTS, SUCH AS ROAD BORES, WILL BE CHARGED IN ADDITION TO THIS TAP FEE AT THEIR ACTUAL COST OF INSTALLATION.

RECONNECTION FEE

THE RECONNECTION 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..... \$75.00

TRANSFER FEE \$50.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHERE THE SERVICE IS NOT DISCONNECTED

LATE CHARGE 10%
TCEQ RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

SECTION 1.0 -- RATE SCHEDULE (Continued)

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

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

CUSTOMER DEPOSIT - COMMERCIAL & NON-RESIDENTIAL 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/SERVICE RELOCATION FEE (Customer's Request) Actual Cost
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

STANDARD METER INSTALLATION FEE \$150.00
TO BE CHARGED WHEN UNMETERED SERVICE EXISTS ON THE SYSTEM THAT SHOULD BE METERED TO BE IN COMPLIANCE WITH THE UTILITY'S TARIFF BUT THE CONVERSION OF THE SERVICE WOULD NOT REQUIRE A FULL TAP AND ALL OF ITS COSTS. THIS FEE WILL BE A SHARING OF COSTS BETWEEN THE CUSTOMER AND THE UTILITY. THE CUSTOMER MAY HAVE THE OPTION OF PAYING THE FEE OVER NO MORE THAN THREE (3) MONTHS.

CUSTOMER SERVICE INSPECTION FEE \$100.00
SERVICE APPLICANTS MAY CHOOSE TO HAVE CUSTOMER SERVICE INSPECTIONS REQUIRED BY TCEQ RULE 290.46(j) PERFORMED BY ANY STATE LICENSED INSPECTOR OF THEIR CHOICE. UNLESS THE SERVICE APPLICANT CHOOSES TO ARRANGE FOR AND PAY FOR THE INSPECTION INDEPENDENTLY, THE UTILITY MAY CHARGE SERVICE APPLICANTS THE CUSTOMER SERVICE INSPECTION FEE AT THE TIME THEY APPLY FOR SERVICE. IF A RE-INSPECTION IS REQUIRED TO BRING PLUMBING INTO COMPLIANCE WITH APPLICABLE REQUIREMENTS OR IF AN EXTRA INSPECTION APPOINTMENT IS REQUIRED BECAUSE A CUSTOMER DOES NOT PERMIT PERFORMANCE OF AN INSPECTION AT A PREVIOUSLY AGREED UPON APPOINTMENT TIME, THE CUSTOMER MAY CHOOSE TO HAVE ANY STATE LICENSED INSPECTOR OF THEIR CHOICE PERFORM THE INSPECTION. IF THE CUSTOMER CHOOSES TO HAVE THE UTILITY PERFORM THE INSPECTION OR RE-INSPECTION, THE CUSTOMER WILL BE CHARGED \$100.00 FOR EACH REQUIRED INSPECTION, RE-INSPECTION OR AGREED UPON INSPECTION APPOINTMENT AND WILL PAY THE UTILITY THE TOTAL AMOUNT OWED AT THE TIME AN INSPECTION OR RE-INSPECTION IS PERFORMED. THE UTILITY MAY, AT ITS OPTION, INCLUDE THE ADDITIONAL CHARGE OR CHARGES ON THE NEXT MONTH'S UTILITY BILL RATHER THAN REQUIRING PAYMENT AT THE TIME OF THE INSPECTION OR RE-INSPECTION. THE UTILITY MAY USE UTILITY EMPLOYEES OR MAY HAVE THE INSPECTION PERFORMED BY A LICENSED THIRD PARTY CONTRACTOR.

SECTION 1.0 -- RATE SCHEDULE (Continued)

ILLEGAL RECONNECTION, LOCK REMOVAL OR DAMAGE FEE \$85.00

IN ORDER TO REIMBURSE THE UTILITY WITHOUT BURDENING OTHER CUSTOMERS WITH HIGHER RATES FOR THE ADDITIONAL COST OF SERVICE TRIPS TO DISCONNECT A CUSTOMER/ACCOUNT HOLDER WHO HAS BEEN DISCONNECTED FOR NONPAYMENT AND TO PAY FOR THE COST OF BROKEN OR CUT LOCKS AND SERVICE TIME, THIS FEE SHALL BE ASSESSED TO THE ACCOUNT HOLDER OF ANY DELINQUENT ACCOUNT THAT HAS BEEN DISCONNECTED FOR NONPAYMENT BY VALVING OFF, LOCKING OR REMOVING THE METER WHEN SERVICE TO THE PREMISES IS SUBSEQUENTLY RECONNECTED BY NON-UTILITY PERSONNEL BY CUTTING OR REMOVING THE LOCK, REOPENING THE VALVE, OR REMOVING OR BYPASSING THE METER WITHOUT AUTHORIZATION BY THE UTILITY. THIS FEE MAY BE CHARGED EACH TIME AN EVENT OCCURS AND SERVICE WILL NOT BE RECONNECTED UNTIL THIS FEE IS PAID IN ADDITION TO ANY OTHER BALANCES AND RECONNECT FEES. THIS FEE SHALL NOT BE CHARGED IF A FEE FOR A DAMAGED METER IS CHARGED OR IF THE ACCOUNT HOLDER OR HIS/HER REPRESENTATIVE INFORMS THE UTILITY WITHIN 24 HOURS AFTER DISCOVERING THAT SERVICE HAS BEEN RESTORED WITHOUT AUTHORIZATION OF THE UTILITY: (1) THAT SERVICE WAS RECONNECTED WITHOUT THE ACCOUNT HOLDER'S PERMISSION; AND (2) THE ACCOUNT HOLDER AGREES TO PAY FOR ALL WATER USED.

DAMAGED METER AND APPURTENANCES FEE Actual cost

THIS FEE SHALL BE ASSESSED TO THE ACCOUNT HOLDER OF ANY DELINQUENT ACCOUNT THAT HAS BEEN DISCONNECTED FOR NONPAYMENT BY VALVING OFF OR LOCKING THE METER WHEN THE METER AND/OR METER APPURTENANCES, SUCH AS AN AMR UNIT OR CURB STOP, ARE DAMAGED IN ORDER TO RESTORE WATER SERVICE TO THE ACCOUNT HOLDER'S ORIGINAL PLACE OF SERVICE REQUIRING THE UTILITY TO REPAIR OR REPLACE THEM. THE ACCOUNT HOLDER SHALL BE CHARGED THE FULL COST OF REPAIRING AND/OR REPLACING ALL DAMAGED PARTS AS THE UTILITY DEEMS NECESSARY, INCLUDING LABOR AND VEHICLE COSTS. THIS WILL INCLUDE REPLACEMENT OF VALVES OR CURB STOPS THAT HAVE HAD THEIR LOCKING EYES BROKEN OFF THE FLANGES.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

REGIONAL TEMPORARY WATER RATE:

UNLESS OTHERWISE SUPERSEDED BY TCEQ ORDER OR RULE, IF THE UTILITY IS ORDERED BY A COURT OR GOVERNMENTAL BODY OF COMPETENT JURISDICTION TO REDUCE ITS PUMPAGE, PRODUCTION OR WATER SALES, AQUA TEXAS SHALL BE AUTHORIZED TO INCREASE ITS APPROVED LINE ITEM CHARGES PER 1,000 GALLONS USED (GALLONAGE CHARGE & REGIONAL PASS-THROUGH GALLONAGE CHARGE) BY THE AMOUNT OF THE REGIONAL TEMPORARY WATER RATE INCREASE ("RTWR") CALCULATED ACCORDING TO THE FORMULA:

$$RTWR = (((PRR)(CGC)(R))/(1-R))*((APV)/(RPV))$$

Where:

- RTWR = Regional Temporary Water Rate increase per 1,000 gallons
- CGC = current total volume charge per 1,000 gallons used (Gallonage Charge + Regional Pass-Through gallonage charge)
- R = water use reduction expressed as a decimal fraction (the pumping restriction)
- PRR = percentage of revenues to be recovered expressed as a decimal fraction, for this tariff PRR shall equal 0.5.
- APV = Annual Pumped and/or Purchased volume from the most recent rate application for the system or systems where the temporary restrictions are imposed; or the most recent 12 months if more than 3 years have passed since the most recent rate application was filed; and
- RPV = Annual Pumped and Purchased volume for Region from the most recent rate application; or the most recent 12 months if more than 3 years have passed since the most recent rate application was filed

To implement the Regional Temporary Water Rate, Aqua Texas must comply with all notice and other requirements of 30 T.A.C. 291.21(l).

SECTION 2.0 - SERVICE RULES AND REGULATIONS

Section 2.01 - Texas Commission on Environmental Quality Rules

The utility will have the most current Texas Commission on Environmental Quality (TCEQ) Rules, Chapter 291, Water Rates, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.02 - Application for and Provision of Water Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff) and will be signed by the applicant before water service is provided by the utility. A separate application or contract will be made for each service location.

After the applicant has met all the requirements, conditions and regulations for service, the utility will install a 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 ten 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. Notwithstanding any statement in this tariff to the contrary, the utility will serve each qualified applicant for service within the time limits prescribed in 30 TAC 291.85 (a)-(b) as that rule may be amended by the TCEQ.

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

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

Section 2.03 - Refusal of Service

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.04 - Customer Deposits

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

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

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

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

Section 2.05 - Meter Requirements, Readings, and Testing

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

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

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.06 - Billing

Bills from the Utility will be mailed monthly unless authorized by the Commission or the customer voluntarily elects to be billed through a paperless electronic billing system which uses standard forms, protocols and conformation processes established and maintained by the utility or unaffiliated third parties providing online billing and payment services that are approved by the Utility. The due date to pay bills for utility service will be at least 21 days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing or electronic mailing by the Utility or the Utility's billing service 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 processor by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next work day after the due date.

A late penalty of 10% will be charged on delinquent bills. Customer payments post marked by the due date will not incur a late penalty. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

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

Cash Payments at Non-utility payment locations or Credit Card Payments – The Utility may use unaffiliated third parties to accept and process utility bill cash payments at non-utility payment locations or to accept and process utility bill credit card payments. Any charges required by the third party to accept and process such utility bill payments are the responsibility of the customer and are in addition to utility bill amounts.

Electronic Billing and Payment – A customer may voluntarily elect to be billed through a paperless electronic billing system which uses standard forms, protocols and conformation processes established and maintained by the Utility or unaffiliated third parties providing online billing and payment services that are approved by the Utility. Any charges required by the third party to process the electronic bill or payment are the responsibility of the customer and are in addition to utility bill amounts. In administering this electronic billing option, the Utility does not send the customer paper bills. Customers may sign up for electronic billing at www.aquaamerica.com. Required information that otherwise accompanies a paper bill is transmitted to the customer electronically, or an Internet link access to such information is transmitted electronically to the customer. Any applicable disconnection notice continues to be sent to the customer via United States mail. The Utility may utilize unaffiliated third parties

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

to electronically transmit bills to the customer. The Utility is not responsible for any loss resulting from the customer's election to receive bills electronically, including but not limited to, any loss associated with damage to the customer's computer equipment or facilities and any loss associated with a third party's unauthorized use of the customer's information. Either the Utility or customer may, upon thirty (30) days notice to the other party, terminate electronic transmission of bills without any liability to the terminating party resulting from such termination, and without affecting the customer's obligation to pay all amounts due to the Utility. In such event, the Utility will begin to issue paper bills via United States mail to the customer as soon as reasonably practical. The Utility reserves the right to determine whether or not a customer is eligible to be billed through its paperless electronic billing system. A customer that elects electronic billing, who is a combination water and sewer service customer of the Utility, will receive electronic billing for both services.

Third party charges for processing utility bill payments- Any charges required by a third party to accept or process a cash utility bill payment at a non-utility payment location, a credit card utility bill payment, or an electronic utility bill or payment are the responsibility of the customer and are in addition to utility bill amounts.

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

Section 2.07 - Service Disconnection

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

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 31 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 TCEQ Rules.

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

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.08 – Reconnection of Service

Service will be reconnected within 36 hours after the past due bill and any other outstanding charges are paid or correction of the conditions which caused service to be disconnected.

Section 2.09 - Service Interruptions

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

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

Section 2.10 - Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the TCEQ Rules or in the TCEQ's "Rules and Regulations for Public Water Systems." The utility will not provide supply for fire prevention, fire flow, or fire fighting services as part of standard retail water utility service.

Section 2.11 - Customer Complaints and Disputes

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

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

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

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

The utility adopts the administrative rules of the TCEQ, as the same may be amended from time to time, as its company specific service rules and regulations. These rules will be kept on file at the company's offices for customer inspection during regular business hours. In the event of a conflict between the TCEQ's amended rules and the provisions of this tariff, the amended rules shall prevail. Where necessary, any conflicting provision of this tariff shall be deemed to have been superseded by the TCEQ rule in question to the degree that the utility may conduct its lawful business in conformance with all requirements of said rule.

All payments for utility service shall be delivered or mailed to the remittance address on the utility bill received or paid using any method described on the utility bill received. Cash payments are only accepted in person at designated payment locations as described in the utility bill received. If the utility or its authorized agent fails to receive payment prior to the time of noticed disconnection for non-payment of a delinquent account, service will be terminated as scheduled. Utility service crews shall not be allowed to collect payments on customer accounts in the field.

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

Customers shall 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 must install customer-owned and maintained cutoff valves on their side of the meter.

No water connection from any public drinking water supply system shall be made to any establishment where an actual or potential contamination or system hazard exists without an air gap separation between the drinking water supply and the source of potential contamination. The containment air gap is sometimes impractical and, instead, reliance must be placed on individual "internal" air gaps or mechanical backflow prevention devices.

Under these conditions, additional protection shall be required at the meter in the form of a backflow prevention device (in accordance with AWWA Standards C510 and C511, and AWWA Manual M14) on those establishments handling substances deleterious or hazardous to the public health. The water purveyor need not require backflow protection at the water service entrance if an adequate cross-connection control program is in effect that includes an annual inspection and testing by a certified

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (CONT.)

backflow prevention device tester. It will be the responsibility of the water purveyor to ensure that these requirements are met.

Customer shall be liable for any damage or injury to utility-owned property or personnel shown to be caused by the customer, his invitees, his agents, his employees, or others 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 TCEQ. 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 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, fire flow, 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. The utility will accept liability for any injury or damage to individuals or their property directly caused by defective utility plant facilities (*e.g.*, leaking water lines or meters) or the repairs to or construction of the utility's facilities.

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 TCEQ rule) 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 applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant or

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (CONT.)

existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall have the right to appeal such costs to the TCEQ or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

Tap fees may be increased by unique costs not normally incurred as may be permitted by 30 TAC 291.86(a)(1)(C).

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 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 TCEQ rule. No meters smaller than those identified in Section 1.0 of this tariff will be connected. No pipe or pipe fitting which contains more than 8.0% 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 0.2% lead can be used at any connection which provides water for human use.

The utility will have the right of access to the customer's premises at all times reasonable 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. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry to identify themselves, their affiliation with the utility, and the purpose of their entry.

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

Except in cases where the customer has a contract with the utility for reserve or auxiliary service, no other water service will be used by the customer on the same installation in conjunction with the utility's service, either by means of a cross-over valve or any other connection. Customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises. Two places shall not be permitted to be supplied with one service pipe where there is a water main abutting the premises.

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (CONT.)

No connection shall be allowed which allows water to be returned to the public drinking water supply. No backflow prevention device shall be permitted to be installed in the customer's plumbing without notice to and written permission from the utility. Any backflow prevention devices so installed shall be inspected annually by a licensed backflow prevention device inspector or appropriately licensed plumber and a written report of such inspection delivered to the utility.

No application, agreement or contract for service may be assigned or transferred without the written consent of the utility.

It is agreed and understood that any and all meters, water lines and other equipment furnished by the utility (excepting the customer's individual service lines from the point of connection to customer's structures on customer's premises) are and shall remain the sole property of the utility, and nothing contained herein or in a contract/application for service shall be construed to reflect a sale or transfer of any such meters, lines or equipment to any customer. All tap and extension charges shall be for the privilege of connecting to said water lines and for installation, not purchase, of said meters and lines.

Applicants for service at new consuming facilities or facilities which have undergone extensive plumbing modifications are required to deliver to the utility a certificate that their facilities have been inspected by a state-licensed inspector and that they are in compliance with all applicable plumbing codes and are free of potential hazards to public health and safety. Service may be denied until the certificate is received or any identified violations or hazards are remedied. The utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer to locate and obtain the services of a licensed inspector in a timely manner. When potential sources of contamination are identified which, in the opinion of the inspector or the utility, require the installation of a state-approved backflow prevention device, such back flow prevention device shall be installed on the customer's service line or other necessary plumbing facilities by an appropriately licensed plumber/backflow prevention device specialist at the customer's expense. The backflow prevention device shall be maintained by the customer at his expense and inspected annually by a licensed inspector. Copies of the annual inspection report must be provided to the utility. Failure to comply with this requirement may constitute grounds for termination of water service with notice.

All customers or service applicants shall provide access to meters and utility cutoff valves at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply. Access to meters and cutoff valves shall be controlled by the provisions of 30 T.A.C. 291.89(c).

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (CONT.)

Where necessary to serve an applicant's property, the utility may require the applicant to provide it a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant.

Service applicants may be required to comply with any pre-condition to receiving service not printed herein as may exist under TCEQ rule (customer service, health and safety, water conservation, or environmental), USEPA rule, TWDB rule, local water or conservation district rule or health department rule. Existing customers shall be required to comply with such rules, including modification of their plumbing and/or consumption patterns, after notice.

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

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

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

SECTION 3.0 - EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

LINE EXTENSION AND CONSTRUCTION CHARGES. No contribution in aid of construction may be required of any customer except as provided for in this approved extension policy.

The customer will be given an itemized statement of the costs, options such as rebates to the customer, sharing of construction costs between the utility and the customer, or sharing of costs between the customer and other applicants prior to beginning construction.

The utility will bear the full cost of any oversizing of water mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional production, storage, or treatment facilities. Contributions in aid of construction may not be required of individual residential customers for production, storage, treatment or transmission facilities unless otherwise approved by the Commission under this specific extension policy.

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

Developers may be required to provide contributions in aid of construction in amounts to furnish the system with all facilities necessary to comply with the TCEQ's Rules.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY

This section contains the utility's specific extension policy that complies with the requirements already stated under Section 3.01. It must be reviewed and approved by the Commission and in compliance with TCEQ Rules to be effective.

Residential customers not covered under Section 3.01 will be charged the equivalent of the costs of extending service to their property from the nearest transmission or distribution line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the full cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

Developers may be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with TCEQ minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or TCEQ minimum requirements. For purposes of this tariff, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

The utility adopts the administrative rules of the TCEQ, as amended from time to time, as its company specific extension policy. These rules will be kept on file at the company's business office for customer inspection during normal business hours. In the event of a conflict between the TCEQ's amended rules and the provisions of this tariff, the amended rules shall prevail. Where necessary, any conflicting provision of this tariff shall be deemed to have been superseded by the TCEQ rule in question to the degree that the utility may conduct its lawful business in conformance with all requirements of said rule.

When an individual residential applicant requires an extension of a main line beyond 200 feet, the charge to that applicant shall be the actual cost of such extension in excess of 200 feet, plus the applicable tap fee plus such other approved costs as may be provided in this tariff and/or TCEQ rules.

Residential tap fees may be increased by other unique costs not normally incurred as permitted by TCEQ rule. Larger meter taps shall be made at actual cost associated with that tap which shall include such extraordinary expenses.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 30 T.A.C. 291.86(d) and this tariff. When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge based upon the capacities of production, transmission, storage, pumping and treatment facilities, compliant with the TCEQ minimum design criteria, which must be committed to such extension. As provided by 30 T.A.C. 291.86(d)(4), for purposes of this tariff, commercial, industrial, and wholesale customers shall be treated as developers.

Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction for the actual costs of any additional facilities required to maintain compliance with the TCEQ minimum design criteria for water production, treatment, pumping, storage and transmission.

Unless expressly exempted by TCEQ rule or order, each point of use (as defined by 30 T.A.C. §291.3) must be individually metered.

The imposition of additional extension costs or charges as provided by Sections 2.20 and 3.20 of this tariff shall be subject to appeal as provided in this tariff, TCEQ rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall have the right to appeal such costs to the TCEQ or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located. Unless the TCEQ or other regulatory authority enters interlocutory orders to the contrary, service to the applicant may be delayed until such appeal is resolved.

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

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

The utility shall serve each qualified service applicant within its CCN service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by TCEQ rules once the applicant has met all conditions precedent to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The TCEQ service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a "qualified service applicant" as defined herein or by TCEQ rules.

The utility is not required to extend service to any applicant outside of its CCN service area and will only do so, at the utility's sole option, under terms and conditions mutually agreeable to the utility and the applicant and upon extension of the utility's certificated service area boundaries by the TCEQ. Service applicants may be required to bear the cost of the service area amendment.

A "qualified service applicant" is an applicant who has: (1) met all of the utility's requirements of service contained in this tariff, TCEQ rules and/or TCEQ order, (2) has made all payments for tap fees and extension charges, (3) has provided all necessary easements and rights-of-way necessary to provide service to the requested location, including staking said easements or rights-of-way where necessary, (4) delivered an executed customer service inspection certificate to the utility and (5) has executed a customer service application for each location to which service is being requested.

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. The tap request must be accompanied with a plat, map, diagram or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line. The actual point of connection and meter installation must be readily accessible to utility personnel for inspection, servicing and meter reading while being reasonably secure from damage by vehicles and mowers. If the utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the utility's nearest service main with adequate capacity to service the applicant's full potential service demand. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the utility. If no agreement on location can be made, applicant may refer the matter to the TCEQ for resolution. Unless otherwise ordered by the TCEQ, the tap or service connection will not be made until the location dispute is resolved.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

The utility shall require a developer (as defined by TCEQ rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property. The developer shall be required to obtain all necessary easements and rights-of-way required to extend the utility's existing service facilities from their nearest point with adequate service capacity (as prescribed by TCEQ rules and local service conditions) to and throughout the developer's property. The easements shall be sufficient to allow the construction, installation, repair, maintenance, testing, and replacement of any and all utility plant necessary to provide continuous and adequate service to each and every potential service location within the property at full occupancy. Unless otherwise restricted by law, well plant sites shall convey with unrestricted rights to produce water for public drinking water supply. The developer shall be required to provide the utility with a minimum of a 160-foot radius sanitary control easement or fee simple real property conveyance around the proposed well site acceptable to the TCEQ for each water well site to be located within the developer's property or otherwise being obtained to serve the developer's property. Unless otherwise agreed to by the utility, pipe line right-of-way easements must be at least 15 feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and meters. Easements must be provided for all production, storage, treatment, pressurization and disposal sites which are sufficient to construct and maintain all weather roads as prescribed by TCEQ rules. All easements shall be evidenced, at developer's expense, by recorded county-approved subdivision plat or by specific assignment supported by metes and bounds survey from a surveyor licensed by the State of Texas.

Prior to the extension of utility service to developers (as defined by TCEQ rules) or new subdivisions, the Developer shall comply with the following:

- (a) The developer shall make a written request for service to property that is to be subdivided and developed. The developer shall submit to the utility a proposed plat on a scale of one inch (1") to two hundred feet (200') for review and determination of required easements, utility plant, and plant location. If sewer service is requested, the plat must contain elevation data. A reconcilable deposit in an amount set by the utility may be required to cover preliminary engineering, legal and copy cost to be incurred by the utility in reviewing and planning to meet this service request. The plat and/or accompanying information shall identify the type, location and number of houses and other planned structures that will be requiring utility service. If other than residential structures are to be located on the property, all other types of anticipated businesses and their service demands shall be identified with specificity. All areas requiring special irrigation and/or other unique water demands must be identified. To the extent reasonably possible, this information must be precise so that adequate facilities can be designed and constructed to meet all future service demands without hazard to the public, other utility customers and/or the environment.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

- (b) After the requirements of easements and rights-of-way have been determined, a red line copy will be returned by the utility to the developer for final plat preparation.
- (c) Copies of all proposed plats and plans must be submitted to the utility prior to their submission to the county for approval to insure that they are compatible with the adequate long-term utility needs of potential service customers. Copies will be returned after review by the utility so that necessary changes may be incorporated into the developer's final submitted plat(s) and plans.
- (d) The utility shall be provided with three (3) certified copies of the final plat(s) approved by the County Commissioners Court. At this time, the utility will begin engineering the facilities necessary to serve the property. Plans and specifications will be prepared and submitted to the TCEQ by the utility if required by law. If further plat or plans changes are necessary to accommodate the specific service needs of the property and the anticipated customer demands, the developer will be so notified. Plat amendments must be obtained by the developer. The developer shall be notified when all required TCEQ or other governmental approvals or permits have been received. No construction of utility plant which requires prior TCEQ plans approval shall be commenced until that approval has been received by the utility and any conditions imposed by the TCEQ in association with its approvals have been satisfied.
- (e) The developer shall be required to post bond or escrow the funds necessary to construct all required utility plant, except individual taps, meters and sewer connections, required to serve the property. Construction shall not commence until funds are available. If the construction is to be done in coordination with the phased development of the property, funds must be provided in advance which are sufficient to complete each phase. No phase or facilities for any phase shall be constructed prior to the bonding or escrowing of all funds associated with that phase.