



Control Number: 46198



Item Number: 18

Addendum StartPage: 0

RECEIVED

APPLICATION OF SWWC UTILITIES, §
INC. DBA DIAMOND WATER COMPANY §
AND SWWC UTILITIES, INC. DBA §
WATER SERVICES, INC. FOR SALE, §
TRANSFER, OR MERGER OF §
FACILITIES AND CERTIFICATE §
RIGHTS IN BANDERA, COMAL, AND §
GILLESPIE COUNTIES §

PUBLIC UTILITY COMMISSION AM 11: 37
OF TEXAS PUBLIC UTILITY COMMISSION
FILING CLERK

COMMISSION STAFF'S FINAL RECOMMENDATION

Comes now the staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this final recommendation in response to Order No. 5. In support thereof, Staff would show the following:

I. Background

On July 21, 2016, SWWC Utilities, Inc. d/b/a Diamond Water Company (Diamond Water) and SWWC Utilities, Inc. d/b/a Water Services, Inc. (Water Services) filed an application for sale, transfer, or merger of facilities and certificate of convenience and necessity rights in Bandera, Comal, and Gillespie Counties.

On December 20, 2016, the Administrative Law Judge issued Order No. 5, requiring Staff to file a final recommendation by February 10, 2017. Therefore, this pleading is timely filed.

II. Recommendation that Transaction be Approved

As detailed in the attached memorandum of Emily Sears and Jolie Mathis, both in the Water Utilities Division, Staff recommends approval of the final transaction. If the transaction is approved, Staff further recommends that SWWC Utilities, Inc. file copies of the CCN map along with a written description of the CCN service area in the respective county clerks' offices in Bandera, Comal, and Gillespie Counties pursuant to Texas Water Code § 13.257 (r) and (s).

18

III. Conclusion

Staff respectfully requests that the transaction be approved. Consistent with this recommendation and the adopted procedural schedule, Staff will work with parties to file a joint motion to admit evidence and proposed notice of approval by February 17, 2017.

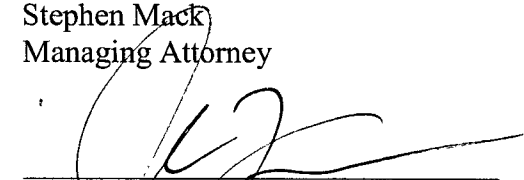
Date: February 8, 2017

Respectfully Submitted,

PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Managing Attorney



Jacob J. Lawler
State Bar No. 24076502
(512) 936-7275
(512) 936-7268 (facsimile)
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
jacob.lawler@puc.texas.gov

**DOCKET NO. 46198
CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on February 8, 2017 in accordance with 16 TAC § 22.74.



Jacob J. Lawler

Public Utility Commission of Texas

Memorandum

To: Jacob Lawler, Attorney
Legal Division

Thru: Tammy Benter, Director
Water Utilities Division

From: Emily Sears, Financial Analyst
Jolie Mathis, Engineering Specialist
Water Utilities Division

Date: February 3, 2017

Subject: **Docket No. 46198;** *Application of SWWC Utilities, Inc. dba Diamond Water Company and SWWC Utilities, Inc. dba Water Services, Inc. for Sale, Transfer, or Merger of Facilities and Certificate Rights in Bandera, Comal, and Gillespie Counties*

On July 21, 2016 SWWC Utilities, Inc. dba Water Services, Inc. (Purchaser) filed an application to purchase facilities and transfer and cancel all of Certificate of Convenience and Necessity (CCN) No. 12865 of SWWC Utilities, Inc. dba Diamond Water Company (Seller) (collectively, Applicants), in Bandera, Comal, and Gillespie Counties, Texas. The application was filed pursuant to 16 Texas Administrative Code §§ 24.109 and 24.112 (16 TAC) and Texas Water Code § 13.301 (TWC).

On January 25, 2017 signed consent forms were received from the Applicants for the map, tariff, and certificate attached.

Staff recommends approval of the final transaction. The map, tariff, certificate, and signed consent forms are attached. If the proposed transaction is approved, then these attached documents would effectuate the requested transaction.

Staff recommends the Commission do the following:

- 1) Issue an order cancelling the Seller's water CCN No. 12865, and amending the Purchaser's water CCN No. 11106; and
- 2) Provide the attached map, tariff, and certificate to SWWC Utilities, Inc.

Staff also recommends SWWC Utilities, Inc. file copies of the CCN map along with a written description of the CCN service area in the respective county clerks' offices in Bandera, Comal, and Gillespie Counties pursuant to Texas Water Code § 13.257 (r) and (s).

RECEIVED

2017 JAN 25 AM 9:38

CONSENT FORM

Docket 46198, Application of SWWC Utilities, Inc. dba Diamond Water Company and SWWC Utilities, Inc. dba Water Services, Inc. for Sale, Transfer or Merger of Facilities and Certificate Rights in Bandera, Comal, and Gillespie Counties

PUBLIC UTILITY COMMISSION

- I concur with the map, tariff, and certificate transmitted by e-mail on January 24, 2017.
- I do not concur with the map, tariff, and certificate transmitted by e-mail on January 24, 2017.

I understand that I have 10 days from the date of this email to provide my response.

I am authorized by SWWC Utilities, Inc. to sign this form.

Signature: Charles W. Proffitt, Jr.

Printed Name: **Charles W. Proffitt, Jr.**

Relationship to Applicant: **Vice President, Managing Director**

Date signed: JAN. 24, 2017



Please mail the original and 10 copies to:
Water Utilities Division
Public Utilities Division of Texas
P.O. Box 13326
Austin, Texas 78711-3326

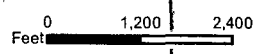
or for Shipping/Overnight Delivery:
Public Utility Commission of Texas
Central Records
1701 N. Congress, Suite 8-100
Austin, Texas 78701

Water Services, Inc.
 Portion of Water Service Area
 CCN No. 11106
 PUC Docket No. 46198
 Amended CCN No. 11106 and Decertified Diamond Water Company CCN No. 12865 in Bandera County



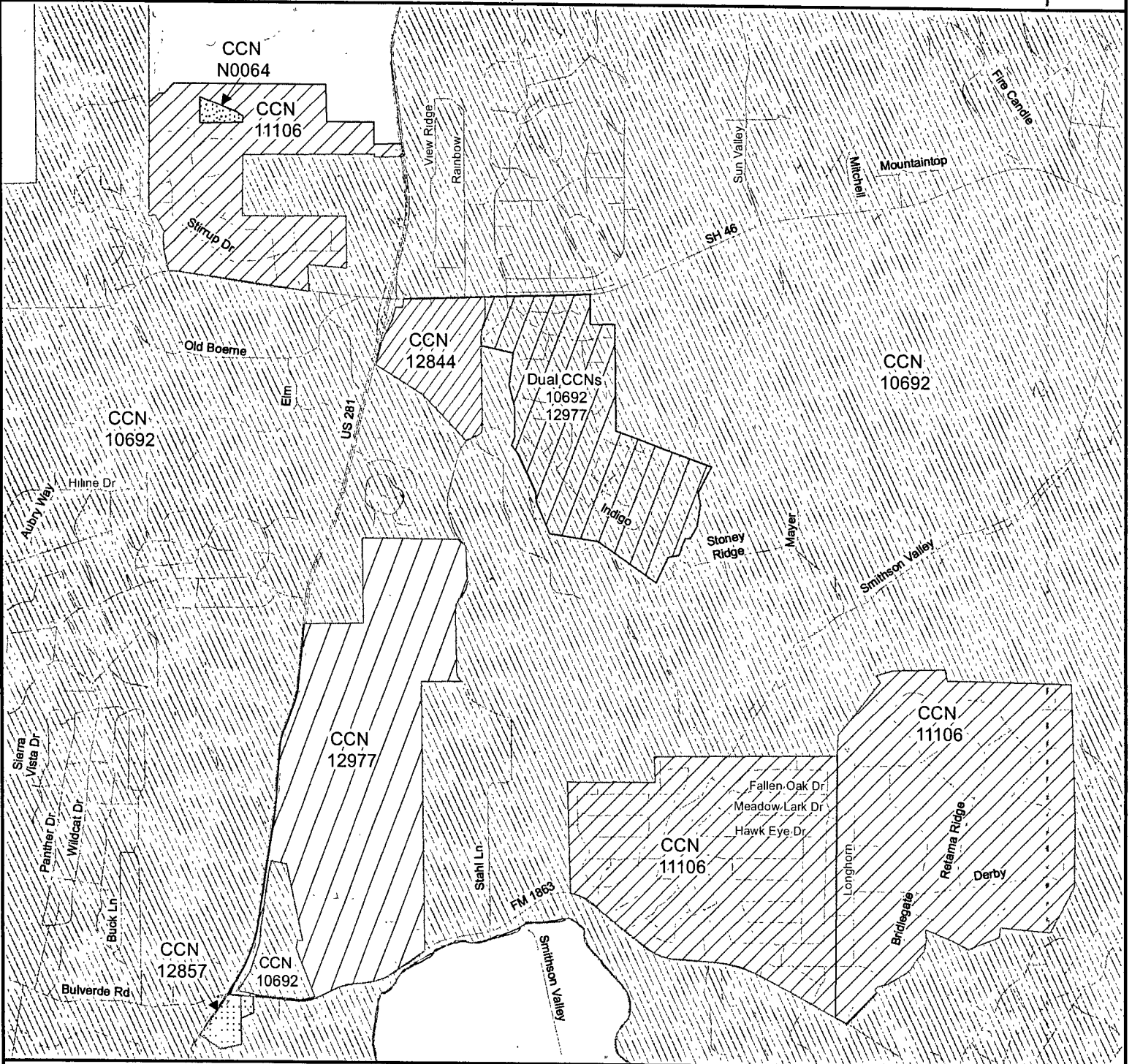
Public Utility Commission of Texas
 1701 N. Congress Ave
 Austin, TX 78701

- Water CCN Service Area**
-  11106 - Water Services, Inc.
 -  13190 - City of Bandera









Map by: Komal Patel
 Date created: January 4, 2017
 Project Path: n:\finalmapping\46198WaterServicesinc\Bandera.

Water Services, Inc.
 Portion of Water Service Area
 CCN No. 11106
 PUC Docket No. 46198
 Amended CCN No. 11106 and Decertified Diamond Water Company, CCN No. 12865 in
 Comal County



Water CCN Service Areas

- | | | | |
|---|-----------------------------------|---|--|
|  | 11106 - Water Services, Inc. |  | 12977 - Guadalupe Blanco River Authority |
|  | N0064 - Kap Water Supply |  | 12857 - BBR Water Company A Texas Corp |
|  | 12844 - Dillon Water Resources LP |  | 10692 - Canyon Lake Water Service |



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

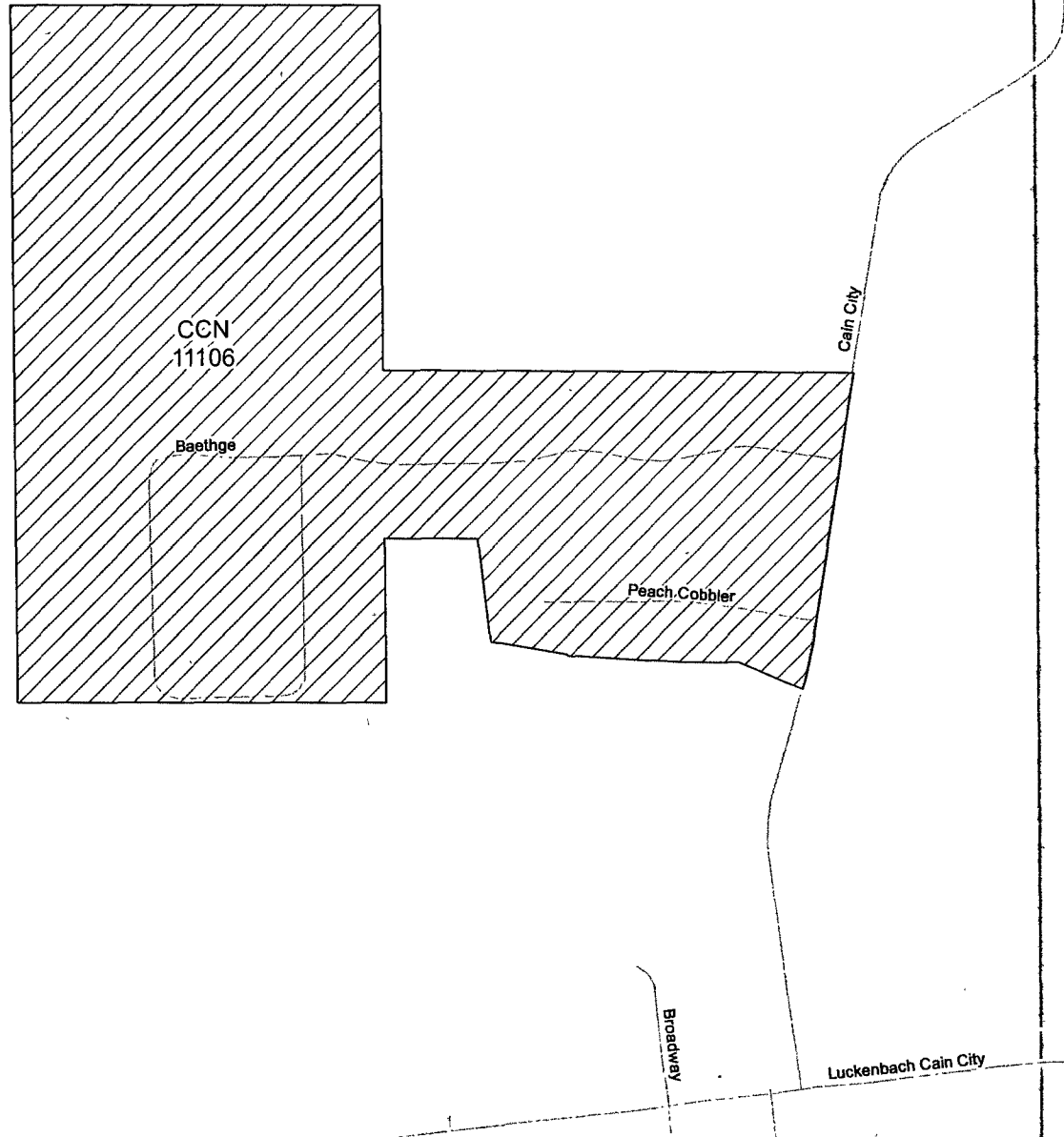


Map by: Komal Patel
 Date created: January 4, 2017
 Project Path: n:\finalmapping\46198WaterServicesIncComal.

000006

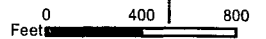
Water Services, Inc.
Portion of Water Service Area
CCN No. 11106
PUC Docket No. 46198

Amended CCN No. 11106 and Decertified Diamond Water Company, CCN No. 12865 in Gillespie County



Water CCN Service Area

 11106 - Water Services, Inc.





Public Utility Commission of Texas

By These Presents Be It Known To All That

SWWC Utilities, Inc.

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

Certificate of Convenience and Necessity No. 11106

to provide continuous and adequate water utility service to that service area or those service areas in Bandera, Bexar, Comal, Gillespie, Guadalupe, Hays, and Kendall Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 46198 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of SWWC Utilities, Inc. to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____ day of _____ 2017.



WATER UTILITY TARIFF
Docket No. 46198

SWWC Utilities, Inc., dba
Water Services, Inc.
(Utility Name)

12535 Reed Rd.
(Business Address)

Sugar Land, TX 77478-2837
(City, State, Zip Code)

(866) 654-7992
(Area Code/Telephone)

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

11106

This tariff is effective in the following counties:

Bandera, Bexar, Comal, Gillespie, Guadalupe, Hays and Kendall

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

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

This tariff is effective in the following subdivisions or systems:

See attached list.

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULES	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	5
SECTION 3.0 -- EXTENSION POLICY	13
SECTION 3.02 -- SPECIFIC EXTENSION POLICY	14
APPENDIX A -- DROUGHT CONTINGENCY PLAN	
APPENDIX B -- APPLICATION FOR SERVICE	
APPENDIX C -- AGREEMENT FOR TEMPORARY WATER SERVICE	

LIST OF SUBDIVISIONS

SUBDIVISIONS/SYSTEMS	PWS ID NUMBER	COUNTY
Bavarian Hills	0150235	Bexar
Cascade Mobile Home Park	1300005	Kendall
Coolcrest Water System	0150046	Bexar
Country Spring (Country Bend) Water System	0150421	Bexar
Enchanted River Estates	0100039	Bandera
Garden Oaks	0940030	Guadalupe
Huntington Estates	1050124	Hays
Oakview Water System	0860107	Gillespie
Oak Village North	0460037	Comal
Oaks North Mobile Home Estates	0150135	Bexar
Rim Rock Ranch	0460211	Comal
River Bend Estates	0100042	Bandera
Stage Coach Hills	0150096	Bexar
Windmill Ranch/Kestrel Park	0460221	Comal

(Bavarian Hills, Cascade Mobile Home Park, Coolcrest Water System, Country Spring (Country Bend) Water System, Garden Oaks, Oak Village North, Oaks North Mobile Home Estates, Stage Coach Hills)

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Phase I rates effective July 1, 2014

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons all meters)	<u>Gallage Charge</u>
5/8"	\$40.95	\$2.40 per 1000 gallons from 0 to 2,000 gallons
3/4"	\$61.43	\$3.25 per 1000 gallons from 2,001 to 10,000 gallons
1"	\$102.38	\$5.00 per 1000 gallons from 10,001 to 20,000 gallons
1½"	\$204.75	\$8.00 per 1000 gallons over 20,001 gallons
2"	\$327.60	
3"	\$614.25	
4"	\$1,023.75	
6"	\$2,047.50	
8"	\$3,276.00	

Phase II rates effective January 1, 2015

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons all meters)	<u>Gallage Charge</u>
5/8"	\$40.95	\$2.50 per 1000 gallons from 0 to 2,000 gallons
3/4"	\$61.43	\$3.65 per 1000 gallons from 2,001 to 10,000 gallons
1"	\$102.38	\$5.00 per 1000 gallons from 10,001 to 20,000 gallons
1½"	\$204.75	\$8.00 per 1000 gallons over 20,001 gallons
2"	\$327.60	
3"	\$614.25	
4"	\$1,023.75	
6"	\$2,047.50	
8"	\$3,276.00	

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

Cash X, Check X, Money Order X, MasterCard X, Visa X, Electronic Funds Transfer X

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. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

REGULATORY ASSESSMENT:..... 1.0%

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

Section 1.02 – Miscellaneous Fees

TAP FEE..... \$700.00

TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" METER PLUS UNIQUE COSTS AS PERMITTED BY PUC RULE AT COST.

(Bavarian Hills, Cascade Mobile Home Park, Coolcrest Water System, Country Spring (Country Bend) Water System, Garden Oaks, Oak Village North, Oaks North Mobile Home Estates, Stage Coach Hills)

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees (Continued)

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

LARGE METER TAP FEE Actual Cost
TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" METERS.

RECONNECTION FEE

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

- a) Non-payment of bill (Maximum \$25.00) \$25.00
- b) Customer's request..... \$50.00
or other reasons listed under Section 2.0 of this tariff

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

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

RETURNED CHECK CHARGE \$25.00

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

COMMERCIAL AND NON-RESIDENTIAL DEPOSIT 1/6TH EST. ANNUAL BILL

METER TEST FEE (actual cost of testing the meter up to) \$25.00
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY.

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

METER CONVERSION FEE Actual Cost To Convert That Meter
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS CHANGE OF SIZE OF AN EXISTING METER OR CHANGE IS REQUIRED BY MATERIAL CHANGE IN CUSTOMERS SERVICE DEMAND.

SEASONAL RECONNECTION FEE:

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 2.12 SPECIFIC UTILITY SERVICE RULES AND SECTION 3.02 UTILITY SPECIFIC EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES.

(Bavarian Hills, Cascade Mobile Home Park, Coolcrest Water System, Country Spring (Country Bend) Water System, Garden Oaks, Oak Village North, Oaks North Mobile Home Estates, Stage Coach Hills)

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees (Continued)

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

INCREASES IN INSPECTION FEES AND WATER TESTING COSTS IMPOSED BY STATE OR FEDERAL LAW MAY BE PASSED THROUGH AS AN ADJUSTMENT TO THE MONTHLY BASE RATE CHARGE UNDER THE TERMS AND CONDITIONS OF 30 TAC 291.21(k)(2) AFTER NOTICE TO CUSTOMERS AND UPON WRITTEN APPROVAL BY THE PUC.

SUPPLEMENTAL EMERGENCY SERVICE FEE

APPLICABLE TO NONRESIDENTIAL WATER SERVICE CUSTOMERS WHO REQUIRE SUPPLEMENTAL SERVICE OVER AND ABOVE THEIR EXISTING WATER SERVICE FROM TIME TO TIME. USAGE IS TO BE DETERMINED BY CUSTOMER. THE MINIMUM DIAMETER FOR SUPPLEMENTAL SERVICE METER SHALL BE 2 INCHES.

MONTHLY SUPPLEMENTAL SERVICE RATE: \$13.43
PER INCH DIAMETER OF SERVICE CONNECTION METER

METER TAMPERING, DAMAGE OR DIVERSION FEE:

ONE TIME PENALTY PER OCCURRENCE FOR TAMPERING WITH OR DAMAGING A WATER METER OR ANY APPURTENANCE THERETO INCLUDING LOCKS AND METER BOXES OR SERVICE DIVERSION OF ONE HUNDRED DOLLARS (\$100.00).

(Bavarian Hills, Cascade Mobile Home Park, Coolcrest Water System, Country Spring (Country Bend) Water System, Garden Oaks, Oak Village North, Oaks North Mobile Home Estates, Stage Coach Hills)

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees (Continued)

TEMPORARY WATER RATE:

Unless otherwise superseded by PUC 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, the Utility shall be authorized to increase its approved gallonage charge according to the formula:

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

Where:

- TGC = temporary gallonage charge
- cgc = current gallonage charge
- r = water use reduction expressed as a decimal fraction (the pumping restriction)
- pr = percentage of revenues to be recovered expressed as a decimal fraction, for this tariff pr shall equal 0.5.

To implement the Temporary Water Rate, the utility must comply with all notice and other requirements of 30 TAC 291.21(l).

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE - ALL WATER SUBJECT TO FEE:

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

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

Where:

- AG = adjusted gallonage charge, rounded to the nearest one cent;
- G = approved gallonage charge (per 1,000 gallons);
- B = change in purchased water/district gallonage charge (per 1,000 gallons);
- L = system average line loss for preceding 12 months not to exceed 0.15

(Bavarian Hills, Cascade Mobile Home Park, Coolcrest Water System, Country Spring (Country Bend) Water System, Garden Oaks, Oak Village North, Oaks North Mobile Home Estates, Stage Coach Hills)

SECTION 1.0 - RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees (Continued)

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE – PORTION OF WATER SUBJECT TO FEE:

Upon notice from a water supplier of either an increase or a decrease in the cost of purchased water, the utility shall provide notice to customers and the Commission of its intent to implement rates imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula:

$$\text{Adjustment to the gallonage rate: } AG = (CP/GB) \times 1,000$$

$$\text{Adjustment to the minimum bill: } AMB = GMB \times AG$$

Where:

CP: $CP1 - CP0$ = Change in cost of purchased water

CP1: Cost of purchased water during the most recent 12 month period at the new rates;

CP0: Cost of purchased water during the most recent 12 month period at the previous rates;

GMB: Number of gallons in the minimum bill, divided by 1,000; and

GB: Number of gallons billed to customers in excess of the amount included in the monthly minimum bill for the 12 Month period used above.

FRANCHISE FEE PASS THROUGH CLAUSE:

Charges a municipality makes for use of streets and alleys pursuant to Tax Code §182.025 or other applicable state law shall be passed through as an adjustment to the water gallonage charge according to the following formula:

$$AG = G + B$$

Where:

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

G = approved gallonage charge (per 1,000 gallons) and

B = projected franchise fees payable (per 1,000 gallons).

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

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SECTION 1.0 -- RATE SCHEDULE (Continued)

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MONTHLY SUPPLEMENTAL SERVICE RATE: \$13.43

PER INCH DIAMETER OF SERVICE CONNECTION METER

SECTION 1.0 -- RATE SCHEDULE (Continued)

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INCREASES IN INSPECTION FEES AND WATER TESTING COSTS IMPOSED BY STATE OR FEDERAL LAW MAY BE PASSED THROUGH AS AN ADJUSTMENT TO THE MONTHLY BASE RATE CHARGE UNDER THE TERMS AND CONDITIONS OF 16 TAC 24.21(k)(2) AFTER NOTICE TO CUSTOMERS AND UPON WRITTEN APPROVAL BY THE PUC.

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 2.12 SPECIFIC UTILITY SERVICE RULES AND SECTION 3.02 UTILITY SPECIFIC EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES.

TEMPORARY WATER RATE:

Unless otherwise superseded by PUC 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, the Utility shall be authorized to increase its approved gallonage charge according to the formula:

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

Where:

TGC = temporary gallonage charge
cgc = current gallonage charge
r = water use reduction expressed as a decimal fraction (the pumping restriction)
pr = percentage of revenues to be recovered expressed as a decimal fraction, for this tariff prr shall equal 0.5.

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

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE - ALL WATER SUBJECT TO FEE:

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

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

Where:

AG = adjusted gallonage charge, rounded to the nearest one cent;
G = approved gallonage charge (per 1,000 gallons);
B = change in purchased water/district gallonage charge (per 1,000 gallons);
L = system average line loss for preceding 12 months not to exceed 0.15

SECTION 1.0 - RATE SCHEDULE (Continued)

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE – PORTION OF WATER SUBJECT TO FEE:

Upon notice from a water supplier of either an increase or a decrease in the cost of purchased water, the utility shall provide notice to customers and the Commission of its intent to implement rates imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula:

$$\text{Adjustment to the gallonage rate: } AG = (CP/GB) \times 1,000$$

$$\text{Adjustment to the minimum bill: } AMB = GMB \times AG$$

Where:

CP: $CP1 - CP0$ = Change in cost of purchased water

CP1: Cost of purchased water during the most recent 12 month period at the new rates;

CP0: Cost of purchased water during the most recent 12 month period at the previous rates;

GMB: Number of gallons in the minimum bill, divided by 1,000; and

GB: Number of gallons billed to customers in excess of the amount included in the monthly minimum bill for the 12 Month period used above.

FRANCHISE FEE PASS THROUGH CLAUSE:

Charges a municipality makes for use of streets and alleys pursuant to Tax Code §182.025 or other applicable state law shall be passed through as an adjustment to the water gallonage charge according to the following formula:

$$AG = G + B$$

Where:

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

G = approved gallonage charge (per 1,000 gallons) and

B = projected franchise fees payable (per 1,000 gallons).

(Enchanted River Estates, Oakview Water System, Rim Rock Ranch, River Bend Estates, Windmill Ranch/Kestrel Park) (Formerly Diamond Water Company)

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons all meters)	<u>Gallonge Charge</u>
5/8" or 3/4"	\$40.95	\$2.50 per 1,000 gallons, from 0 to 2,000 gallons
1"	\$102.38	\$4.15 per 1,000 gallons, from 2,001 to 10,000 gallons
1½"	\$204.75	\$5.00 per 1,000 gallons, from 10,001 to 20,000 gallons
2"	\$327.60	\$8.00 per 1,000 gallons over 20,001 gallons
3"	\$614.25	
4"	\$1,023.75	*Plus Purchased Water Pass Through Fee Below
6"	\$2,047.50	
8"	\$3,276.00	

Purchased Water Pass Through Fee:

Canyon Lake Water Service Company Fee \$1.89 per 1000 gallons

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

Cash X , Check X , Money Order X , MasterCard X , Visa X ,
 Electronic Fund Transfer X

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. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

REGULATORY ASSESSMENT 1.0%

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

Section 1.02 – Miscellaneous Fees

TAP FEE \$700.00

TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" or 3/4" METER PLUS UNIQUE COSTS AS PERMITTED BY TCEQ RULE AT COST.

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

LARGE METER TAP FEE Actual Cost

TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" or 3/4" METERS.

RECONNECTION FEE

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

- a) Non-payment of bill (Maximum \$25.00) \$25.00
 - b) Customer's request \$50.00
- or other reasons listed under Section 2.0 of this tariff

(Enchanted River Estates, Oakview Water System, Rim Rock Ranch, River Bend Estates, Windmill Ranch/Kestrel Park) (Formerly Diamond Water Company)

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees (Continued)

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

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

RETURNED CHECK CHARGE \$25.00

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

COMMERCIAL AND NON-RESIDENTIAL DEPOSIT 1/6TH EST. ANNUAL BILL

METER TEST FEE (actual cost of testing the meter up to)..... \$25.00
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY.

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

METER CONVERSION FEE Actual Cost To Convert That Meter
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS CHANGE OF SIZE OF AN EXISTING METER OR CHANGE IS REQUIRED BY MATERIAL CHANGE IN CUSTOMERS SERVICE DEMAND.

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

LINE EXTENSION AND CONSTRUCTION CHARGES:
REFER TO SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND SECTION 3.20 UTILITY SPECIFIC EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:
INCREASES IN INSPECTION FEES AND WATER TESTING COSTS IMPOSED BY STATE OR FEDERAL LAW MAY BE PASSED THROUGH AS AN ADJUSTMENT TO THE MONTHLY BASE RATE CHARGE UNDER THE TERMS AND CONDITIONS OF 30 TAC 24.21(k)(2) AFTER NOTICE TO CUSTOMERS AND UPON WRITTEN APPROVAL BY THE TCEQ.

SUPPLEMENTAL EMERGENCY SERVICE FEE
APPLICABLE TO NONRESIDENTIAL WATER SERVICE CUSTOMERS WHO REQUIRE SUPPLEMENTAL SERVICE OVER AND ABOVE THEIR EXISTING WATER SERVICE FROM TIME TO TIME. USAGE IS TO BE DETERMINED BY CUSTOMER. THE MINIMUM DIAMETER FOR SUPPLEMENTAL SERVICE METER SHALL BE 2 INCHES.

MONTHLY SUPPLEMENTAL SERVICE RATE: \$13.43
PER INCH DIAMETER OF SERVICE CONNECTION METER

METER TAMPERING, DAMAGE OR DIVERSION FEE:
ONE TIME PENALTY PER OCCURRENCE FOR TAMPERING WITH OR DAMAGING A WATER METER OR ANY APPURTENANCE THERETO INCLUDING LOCKS AND METER BOXES OR SERVICE DIVERSION OF ONE HUNDRED DOLLARS (\$100.00).

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(Enchanted River Estates, Oakview Water System, Rim Rock Ranch, River Bend Estates, Windmill Ranch/Kestrel Park) (Formerly Diamond Water Company)

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees (Continued)

TEMPORARY WATER RATE:

Unless otherwise superseded by PUC 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, the Utility shall be authorized to increase its approved gallonage charge according to the formula:

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

Where:

- TGC = temporary gallonage charge
- cgc = current gallonage charge
- r = water use reduction expressed as a decimal fraction (the pumping restriction)
- pr = percentage of revenues to be recovered expressed as a decimal fraction, for this tariff pr shall equal 0.5.

To implement the Temporary Water Rate, the utility must comply with all notice and other requirements of 30 TAC 24.21(l).

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE - ALL WATER SUBJECT TO FEE:

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

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

Where:

- AG = adjusted gallonage charge, rounded to the nearest one cent;
- G = approved gallonage charge (per 1,000 gallons);
- B = change in purchased water/district gallonage charge (per 1,000 gallons);
- L = system average line loss for preceding 12 months not to exceed 0.15

SECTION 2.0 - SERVICE RULES AND REGULATIONS

Section 2.01 – Rules

The Utility will have the most current Public Utility Commission of Texas (PUC or Commission) Rules, Chapter 24, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.02 - Application for and Provision of Water Service

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

After the applicant has met all the requirements, conditions, and regulations for service, the Utility will install tap, meter, and utility cut-off valve and/or take all necessary actions to initiate service. The Utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the Utility will provide the applicant with a written explanation of the construction required and an expected date of service.

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

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers may be required to install a customer owned 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 PUC Rules. In the event that the Utility refuses to serve an applicant, the Utility will inform the applicant in writing of the basis of its refusal. The Utility is also required to inform the applicant that a complaint may be filed with the Commission.

Section 2.04 - 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 PUC Rules.

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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

Section 2.05 - Meter Requirements, Readings, and Testing

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

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

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

Section 2.06 - Billing

Bills from the Utility will be mailed monthly unless otherwise authorized by the Commission. The due date of the bills for utility service will be at least sixteen (16) days from the date of issuance. If the customer is a state agency, the due date for the bill may not be less than 30 days after issuance, unless otherwise agreed to by the agency. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the Utility will constitute proof of the date of issuance. At the customer's option, bills may be sent in a paperless, electronic form by email. The date of the email will constitute the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the Utility or the Utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

A late penalty of 10% of the delinquent bill will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The Utility must maintain a record of the date of mailing to charge the late penalty.

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

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SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

In the event of a dispute between a customer and the 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 may 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 has not been entered into within 30 days from the date of issuance of a bill and if proper notice of termination has been given.

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

Section 2.08 - Reconnection of Service

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

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, 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 and Regulations for Public Water Systems.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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 PUC complaint process. Pending resolution of a complaint, the Commission may require continuation or restoration of service.

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

SECTION 2.12 - 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 PUC Rules to be effective.

The Utility adopts the administrative rules of the PUC, 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 Utility's offices for customer inspection during regular business hours. In the event of a conflict between the PUC'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 PUC rule in question to the degree that the Utility may conduct its lawful business in conformance with all requirements of said rule.

All references in Utility's tariff, service contracts, or PUC rules shall mean the Utility's offices at 12535 Reed Road, Sugar Land, Texas 77478. Customers may make payments, apply for service, and report service problems at the office. Use of the term "business office" shall refer to this office.

All payments for utility service shall be delivered or mailed to the Utility's business office. If the business office fails to receive payment before 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 a 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 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.

SECTION 2.12 – SPECIFIC SERVICE RULES AND REGULATIONS (Continued)

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 PUC or 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 PUC's rules. The Utility is not required by law and does not provide fire prevention or firefighting 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 (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, the Utility and the applicant will select such engineer, and the applicant shall bear all expenses incurred therein.

If an applicant requires service other than the standard service provided by the Utility, such applicant will be required to pay all expenses incurred by the Utility in excess of the expenses that would be incurred in providing the standard service and connection. Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction (as may be allowed by PUC rule) for the actual costs of any additional facilities required to maintain compliance with the 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 before payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant, or existing customer, shall have the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the Utility's rates in that portion of the Utility's service area in which the applicant's or existing customer's property(ies) is located.

Tap fees may be increased by unique costs not normally incurred as may be permitted by 16 TAC 24.86(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 water service smaller than 5/8" 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 that provides water for human use.

SECTION 2.0 – SPECIFIC SERVICE RULES AND REGULATIONS (Continued)

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 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 crossover 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.

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 backflow 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.

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SECTION 2.12 – SPECIFIC SERVICE RULES AND REGULATIONS (Continued)

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 16 TAC 24.89(c).

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 PUC or 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.

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 before beginning construction.

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

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

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

SECTION 3.02 - 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 PUC 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 subsection, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

The Utility adopts the administrative rules of the PUC, 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 PUC'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 PUC 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 PUC rules.

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

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC 24.86(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 16 TAC 24.86(d)(4), for purposes of this section, 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 PUC rule or order, each point of use (as defined by 16 TAC 24.3) must be individually metered.

SECTION 3.02 – SPECIFIC EXTENSION POLICY (Continued)

The imposition of additional extension costs or charges as provided by Sections 2.12 and 3.02 of this tariff shall be subject to appeal as provided in this tariff, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the Utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs before 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 PUC or such other regulatory authority having jurisdiction over the Utility's rates in that portion of the Utility's service area in which the applicant's property (ies) is located. Unless the PUC 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 any individual applicant desires one service connection. Service application 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 that might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

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

The Utility is not required to extend service to any applicant outside of its certificated 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 PUC. 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, PUC rules and/or PUC 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 is 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.

SECTION 3.02 – SPECIFIC EXTENSION POLICY (Continued)

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 near 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 PUC for resolution. Unless otherwise ordered by the PUC, the tap or service connection will not be made until the location dispute is resolved.

The Utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property. 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 PUC 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. Developers shall be required to provide sanitary control easements acceptable to the TCEQ for each water well site to be located within their property or otherwise being obtained to serve their 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 that 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.

Before the extension of utility service to developers (as defined by PUC 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.

(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.

SECTION 3.02 – SPECIFIC EXTENSION POLICY (Continued)

(c) Copies of all proposed plats and plans must be submitted to the Utility before 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 PUC or other governmental approvals or permits have been received. No construction of utility plant that requires prior TCEQ plans approval shall be commenced until that approval has been received by the Utility and any conditions imposed by the TCEQ and PUC 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 system extensions, except individual taps, meters, and water 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 before the bonding or escrowing of all funds associated with that phase.

(f) At the sole option of the Utility, the Developer may be required to execute a Developer Extension Agreement setting forth all terms and conditions of extending service to their property including all contributions in aid of construction and developer reimbursements, if any.

(g) The Utility may require the Developer to commence construction of subdivision improvements within three (3) months of utility plans approval or the Utility may abate its construction activities until full development construction begins. If the Developer stops construction of subdivision improvements for any purpose, the Utility may abate its construction for a similar period.

(h) As soon as the roads are rough cut and before paving, extension lines will need to be constructed at each road crossing. The Developer must notify the Utility sufficiently in advance of this development stage to allow for the necessary Utility construction without disruption to other service operations of the Utility. Failure to provide adequate advance notice and cooperation in the construction of necessary utility plant may result in additional delays in obtaining service to the property. The Developer shall be required to pay for all additional costs of road boring or other remedial construction necessary to install adequate utility plant throughout the affected property.

(i) The Developer, not the Utility, shall insure that Developer's employees, agents, contractors, and others under its control coordinate their work or construction throughout the property with the Utility to insure the orderly and timely construction of all utility plant necessary to serve the public.

SECTION 3.02 – SPECIFIC EXTENSION POLICY (Continued)

Within its certificated area, the Utility shall bear the cost of the first 200 feet of any water main or sewer collection line necessary to extend service to an individual residential service applicant within a platted subdivision unless the Utility can document:

(a) 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; or,

(b) That the Developer defaulted on the terms and conditions of a written agreement or contract existing between the Utility and the developer or the terms of this tariff regarding payment for services, extensions, or other requirements; or in the event the Developer declared bankruptcy and was therefore unable to meet obligations; and

(c) That the residential service applicant purchased the property from the Developer after the Developer was notified of the need to provide facilities to the Utility. A residential service applicant may be charged the remaining costs of extending service to his property; provided, however, that the residential service applicant may only be required to pay the cost equivalent to the cost of extending the nearest water main, whether or not that line has adequate capacity to serve that residential service applicant. The following criteria shall be considered to determine the residential service applicant's cost for extending service:

1) The residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution.

2) Exceptions may be granted by PUC if:

i. Adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the Utility's burden to justify that a larger diameter pipe is required for adequate service;

ii. Larger minimum line sizes are required under subdivision platting requirements or applicable building codes.

3) If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certificated area, industrial, and wholesale customers shall be treated as developers.

A service applicant requesting a one-inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

APPENDIX A – DROUGHT CONTINGENCY PLAN

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

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

APPENDIX C. – AGREEMENT FOR TEMPORARY WATER SERVICE
(Utility Must Attach Blank Copy)