

Control Number: 46438



Item Number: 264

Addendum StartPage: 0

SOAH DOCKET NO. 473-17-2372.WS  
PUC DOCKET NO. 46438

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STATE OFFICE OF ADMINISTRATIVE HEARINGS

APPLICATION OF J&S WATER § BEFORE THE STATE OFFICE  
COMPANY, LLC FOR A § OF  
RATE/TARIFF CHANGE § ADMINISTRATIVE HEARINGS

**UNOPPOSED STIPULATION AND SETTLEMENT AGREEMENT**

This Unopposed Stipulation and Settlement Agreement (“Stipulation”) is entered into by the Commission Staff (“Staff”) of the Public Utility Commission of Texas (“PUC” or “Commission”) and J&S Water Company, LLC (“J&S”) (collectively, “Signatories”) either personally or through their duly authorized representatives. Lori Franz, individually and on behalf of all persons intervening in PUC Docket No. 46438 was also a party to this docket, but is not a Signatory hereunder. J&S provided Ms. Franz with a copy of this Stipulation and related documents and requested she communicate any opposition to same by 5 p.m. CST on Friday, September 15, 2017. Ms. Franz acknowledged receipt of the documents and confirmed her understanding of the deadline to communicate her opposition to this Stipulation. Ms. Franz communicated no opposition to this Stipulation; thus, it is unopposed by all Parties in this Docket.

**I. Background**

On November 23, 2016, J&S filed an application (“Application”) with the Commission requesting authority for water-rate, sewer-rate, and tariff changes in Chambers County, Texas and Liberty County, Texas. The Application proposed to increase J&S’s water rates, sewer rates, and revise J&S’s tariff for Certificate of Convenience and Necessity (“CCN”) No. 12085 (water) and 20658 (sewer). On January 19, 2017, Staff filed a request for a hearing. On January 26, 2017, the Commission issued an Order of Referral referring this docket to the State Office of Administrative Hearings (“SOAH”) for a hearing on the merits. On September 28, 2017, the SOAH administrative law judge (“ALJ”) issued SOAH Order No. 9 which abated this docket until October 5, 2017 in order to facilitate settlement discussions.

The Signatories have reached an agreement as reflected herein. In accordance with the deadline established in SOAH Order No. 9, this Stipulation is timely filed. The Signatories believe that a resolution of this docket pursuant to the terms stated herein is reasonable and in the public

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interest. Settlement will also conserve the Parties' and Commission's resources. The Signatories jointly request Commission approval of this Stipulation and entry of orders, findings of fact, and conclusions of law consistent with that approval. By this Stipulation, the Signatories resolve all issues among them related to the Application, and agree as follows:

## **II. Stipulation and Agreement**

### **1. Agreements as to Rate/Tariff Changes**

#### **a. Retail Water and Sewer Utility Rates**

The Signatories agree that J&S should be allowed to implement the retail water utility rates contained in the tariff included as Attachment A to this Stipulation for the water system included in the Application. The Signatories agree that the attached rates are just and reasonable and are consistent with the public interest.

The Signatories agree that J&S should be allowed to implement the retail sewer utility rates contained in the tariff included as Attachment B to this Stipulation for the sewer system included in the Application. The Signatories agree that the attached rates are just and reasonable and are consistent with the public interest.

Order No. 3 suspended J&S's revised proposed effective date of April 1, 2017 for no longer than 265 days. Accordingly, the Signatories agree that the effective date of the new water and sewer rates will be the first day of the month following the Commission's final order approving the water and sewer rates contained in the respective tariffs.

#### **b. Revenue Requirements and Rates of Return**

The Signatories agree that the stipulated rates will generate sufficient revenue for J&S to meet its operating costs for this fiscal year for both its water system and its sewer system and an overall rate-of-return within legal limits. The Signatories agree that approval of the stipulated rates is reasonable and in the public interest.

**c. Tariff Provisions**

The Signatories agree that J&S should be allowed to implement the other tariff provisions included in Attachment A and Attachment B to this Stipulation. The Signatories agree that the tariffs should govern the water and sewer utility rates, terms, treatments, and conditions for J&S ratepayer customers.

**2. Proposed Order**

The Signatories jointly propose a final order in the form attached as Attachment C. The Signatories submit the stipulated and agreed upon findings of fact and conclusions of law included in the proposed order for inclusion in a final order that implements the terms of this Stipulation.

**III. Implementation of Agreement**

**1. Obligation to Support this Stipulation**

The Signatories will support this Stipulation. This provision shall not preclude any party from taking action that is mandatory and nondiscretionary pursuant to a law enacted after the date this Stipulation is filed with the Commission.

**2. Effect of Stipulation**

- a. The Stipulation does not adopt any particular methodology underlying the settlement rates or rate design reflected in the Stipulation.
- b. The failure to litigate any specific issue in this docket does not waive any Signatory's rights to contest that issue in any other current or future proceeding. The failure to litigate an issue cannot be asserted as a defense or estoppel, or any similar argument, by or against any Signatory in any other proceeding
- c. The terms of this Stipulation may not be used either as an admission or concession of any sort or as evidence in any proceeding except to enforce the terms of this Stipulation. Oral or written statements made during the course of the settlement negotiations may not be used for any purposes other than as necessary to support the entry of an order by the Commission implementing this Stipulation. All oral or

written statement made during the course of the settlement negotiations are governed by TEX. R. EVID. 408.

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

- h. The final resolution of this docket does not impose any conditions, obligations, or limitations on J&S's right to file a future rate application and obtain rate relief in accordance with the Texas Water Code.
- i. This Stipulation shall not be binding or precedential upon a Signatory outside of this docket and Signatories retain their right to pursue relief to which they may be entitled in other proceedings.

**3. Execution**

The Signatories agree that this Stipulation may be executed in multiple counterparts and filed with facsimile or computer-image signatures.

Executed as shown below:

Dated this 5th day of October, 2017.

**J&S Water Company, LLC**

By: \_\_\_\_\_  
Jerry S. Nowling  
President of J&S Water Company, LLC

Dated: October 5, 2017

**Staff of the Public Utility Commission of Texas**

By: Landon Lill w/ permission  
Landon Lill  
Attorney for Staff of the Public Utility Commission of Texas

Dated: October 5, 2017

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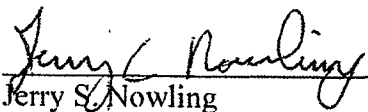
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President of J&S Water Company, LLC

Dated: October 5, 2017

**Staff of the Public Utility Commission of Texas**

By: \_\_\_\_\_  
Landon Lill  
Attorney for Staff of the Public Utility Commission of Texas

Dated: October 5, 2017

**EXHIBIT A**  
**Water Tariff**





**WATER UTILITY TARIFF**  
**Docket Number: 46438**

J & S Water Company, LLC  
(Utility Name)

1905 N. Battle Bell Road  
(Business Address)

Highlands, TX 77562  
(City, State, Zip Code)

(281) 590-4359  
(Area Code/Telephone)

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

12085

This tariff is effective in the following counties:

Harris, Chambers, and Liberty

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

None

This tariff is effective in the following subdivisions:

Arbor Oaks (PWS #1011493), Five Oaks (PWS #1011832), Maple Leaf Gardens and Windfern Meadows (PWS #1011493), Oakland Village (PWS #1010049), and Woodland Acres (Subdivision and Mobile Home Park) (PWS #0360027)

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

SECTION 1.0 - RATE SCHEDULE .....	2
SECTION 2.0 - SERVICE RULES AND POLICES .....	4
SECTION 3.0 - EXTENSION POLICY .....	11

APPENDIX A: DROUGHT CONTINGENCY PLAN

APPENDIX B: APPLICATION FOR SERVICE

SECTION 1.0—RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	\$23.44	\$1.50 per 1,000 gallons
1"	\$58.60	over the minimum
1½"	\$117.20	\$2.76 ** NHCRWA surcharge
2"	\$187.52	per 1,000 gallons
3"	\$351.60	
4"	\$586.00	
6"	\$1,172.00	

\*\*North Harris County Regional Water Authority's ground water fee surcharge of \$2.76 per 1,000 gallons. Total Gallonge Charge of \$4.26 (1.50 + 2.76) per 1,000 gallons.  
*Does not apply to Woodland Acres. (Tariff Control No. 47067)*

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

Cash X, Check X, Money Order X, Credit Card X, Other (specify) \_\_\_\_\_  
 THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

Phone Payment Fee\*: A fee of five percent (5%) of the amount paid will be charged for all phone payments.

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

Section 1.02 - Miscellaneous Fees

TAP FEE ..... \$600.00  
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

NON-RESIDENTIAL TAP FEE ..... Actual Cost  
 THE TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR NON-RESIDENTIAL CUSTOMERS.

RECONNECTION FEE

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

- a) Nonpayment of bill (Maximum \$25.00) ..... \$25.00
- b) Customer's request that service be disconnected ..... \$50.00

SECTION 1.0—RATE SCHEDULE (Continued)

TRANSFER FEE .....	<u>\$50.00</u>
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.	
LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) .....	<u>\$5.00</u>
PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.	
RETURNED CHECK CHARGE .....	<u>\$30.00</u>
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.	
CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) .....	<u>\$50.00</u>
NON-RESIDENTIAL CUSTOMER DEPOSIT .....	<u>1/6<sup>TH</sup> of estimate annual billing</u>
METER TEST FEE .....	<u>\$25.00</u>
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 CONVERSION FEE .....	<u>Actual Cost</u>
TO CHANGE LOCATION OR INCREASE THE SIZE OF THE METER AT THE CUSTOMER'S REQUEST.	

PASS THROUGH ADJUSTMENT CLAUSE:

The utility may pass on only to those customers served by a system subject to the jurisdiction of the North Harris County Regional Water Authority (NHCRWA) or systems receiving purchased water from the City of Houston Groundwater Reduction Plan (COH GRO), any increase or decrease in its underground water district pumpage fee or purchased water fee, thirty (30) days after noticing of any change to all effected customers and filing notice with the PUC as required by 16 TAC 24.21 (h). The change per customer shall be calculated as follows:

Adjusted Gallonage Rate (AG) =  $G + [B / 1 - L]$ , Where:

- AG = adjusted gallonage charge, rounded to the nearest one cent;
- G = approved gallonage charge, per 1,000 gallons;
- B = change in fee (per 1,000 gallons)
- L = water or sewer line loss for preceding 12 months, not to exceed 0.15 (15%)

## SECTION 2.0—SERVICE RULES AND POLICIES

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

### Section 2.01 - Application for Water Service

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

### Section 2.02 - Refusal of Service

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

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

#### (A) Customer Deposits

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

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

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

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

SECTION 2.0—SERVICE RULES AND POLICIES (continued)

(B) Tap or Reconnect Fees

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

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

(C) Easement Requirement

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

Section 2.04 - Utility Response to Applications for Service

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

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

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will not be allowed to use the utility's cutoff valve on the utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers may be required to install and maintain a cutoff valve on their side of the meter.

SECTION 2.0—SERVICE RULES AND POLICIES (continued)

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

Section 2.06 - Customer Service Inspections

Applicants for new service connections or facilities which have undergone extensive plumbing modifications are required to furnish the utility a completed customer service inspection certificate. The inspection certificate shall certify that the establishment is in compliance with the Texas Commission on Environmental Quality (TCEQ) Rules and Regulations for Public Water Systems, Title 30 Texas Administrative Code (TAC) §290.46(j). The utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

Section 2.07 - Back Flow Prevention Devices

No water connection shall be allowed to any residence or establishment where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination by either an approved air gap, backflow prevention assembly, or other approved device. The type of device or backflow prevention assembly required shall be determined by the specific potential hazard identified in 30 TAC §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems.

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

At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in 30 TAC §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems, then a backflow prevention assembly or device is not required. Outside hose bibs do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker.

All backflow prevention assemblies or devices shall be tested upon installation by a TCEQ certified backflow prevention assembly tester and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against health hazards must also be tested and certified to be operating within specifications at least annually by a certified backflow prevention assembly tester.

SECTION 2.0—SERVICE RULES AND POLICIES (continued)

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

Section 2.08 - Access to Customer's Premises

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

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

Section 2.09 - Meter Requirements, Readings, and Testing

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

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

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

SECTION 2.0—SERVICE RULES AND POLICIES (continued)

Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

Section 2.10 – Billing

(A) Regular Billing

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

(B) Late Fees

A late penalty of either \$5.00 or 10.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

(C) Information on Bill

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

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

Section 2.11- Payments

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

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



SECTION 2.0—SERVICE RULES AND POLICIES (continued)

Section 2.12 - Service Disconnection

(A) With Notice

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

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

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

B) Without Notice

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

Section 2.13 - Reconnection of Service

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

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

Section 2.14 - Service Interruptions

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

Section 2.15 - Quality of Service

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

SECTION 2.0—SERVICE RULES AND POLICIES (continued)

Section 2.16 - Customer Complaints and Disputes

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

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

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

Section 2.17 - Customer Liability

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

## SECTION 3.0—EXTENSION POLICY

### Section 3.01 – Standard Extension Requirements

Line Extension and Construction Charges: No Contributions in Aid of Construction may be required of any customer except as provided for in this approved extension policy.

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

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

### Section 3.02 - Costs Utilities and Service Applicants Shall Bear

Within its certified area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision.

However, if the residential customer requesting service purchased the property after the developer was notified in writing of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

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

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

Exceptions may be granted by the PUC if:

- adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
- or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

SECTION 3.0—EXTENSION POLICY (continued)

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

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers. A service applicant requesting a one-inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

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

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

Section 3.03 - Contributions in Aid of Construction

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

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

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions § 24.86(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by § 24.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

### SECTION 3.0—EXTENSION POLICY (continued)

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

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

#### Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy of this tariff shall be subject to appeal as provided in this tariff, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall be informed of the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is (are) located.

#### Section 3.05 - Applying for Service

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

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the utility. If no agreement on location can be made, the applicant may refer the matter to the PUC for resolution.

SECTION 3.0—EXTENSION POLICY (continued)

Section 3.06 - Qualified Service Applicant

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

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

Section 3.07 - Developer Requirements

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

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



**J&S Water Company L.L.C.**

**(281) 383-9869 1-866-761-0939**

**Fax: (281) 426-5494**

**Email: jswaterco@yahoo.com**

**Mailing Address:** P.O. Box 1165  
Highlands, Tx 77562

**Physical Address:** 8010 Thompson Rd.  
Highlands, Tx 77562

**APPLICATION FOR SERVICE/ SERVICE AGREEMENT**

NAME OF APPLICANT \_\_\_\_\_ DATE \_\_\_\_\_

SERVICE ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

BILLING ADDRESS \_\_\_\_\_

(If different from service address)

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

SUBDIVISION \_\_\_\_\_

PHONE (\_\_\_\_) \_\_\_\_\_ (\_\_\_\_) \_\_\_\_\_  
HOME WORK

SS# \_\_\_\_\_ DL# \_\_\_\_\_ NO. of Occupants \_\_\_\_\_

DEPOSIT AMOUNT \$100.00 SET-UP FEE \$50.00 TOTAL PD. \_\_\_\_\_

DATE SERVICE TO START \_\_\_\_\_ ACCOUNT NO. \_\_\_\_\_

**CHECK APPLICABLE ITEMS:**

TYPE OF SERVICE: WATER  SEWER  Rent  Own

RESIDENTIAL  COMMERCIAL  N/A

COMMERCIAL WATER METER SIZE-STANDARD  S OTHER \_\_\_\_\_ (STATE SIZE)

LANDLORD NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

PHONE # \_\_\_\_\_

**WATER REGULATIONS**

PURPOSE: THE UTILITY IS RESPONSIBLE FOR PROTECTING THE DRINKING WATER SUPPLY FROM CONTAMINATION OR POLLUTION, WHICH COULD RESULT FROM IMPROPER PLUMBING PRACTICES. THE PURPOSE OF THIS SERVICE AGREEMENT IS TO NOTIFY CUSTOMER OF THE PLUMBING RESTRICTIONS, WHICH ARE IN PLACE TO PROVIDE THIS PROTECTION. THE UTILITY ENFORCES THESE RESTRICTIONS TO ENSURE THE PUBLIC HEALTH AND WELFARE. EACH CUSTOMER MUST SIGN THIS AGREEMENT BEFORE THE UTILITY WILL BEGIN SERVICE. IN ADDITION, WHEN SERVICE TO AN EXISTING CONNECTION HAS BEEN SUSPENDED OR TERMINATED, THE UTILITY WILL NOT RE-ESTABLISH SERVICE UNLESS IT HAS A SIGNED COPY OF THE AGREEMENT.

THE UTILITY AGREES TO SELL AND DELIVER WATER TO THE CUSTOMER AND THE CUSTOMER AGREES TO PURCHASE AND RECEIVE WATER FROM THE UTILITY IN ACCORDANCE WITH THE RULES AND REGULATIONS OF THE UTILITY AS INCLUDED IN ITS APPROVED TARIFF ON FILE WITH THE UTILITY AND THE TEXAS NATURAL RESOURCE CONSERVATION COMMISSION.

ALL WATER WILL BE MEASURED BY METERS THAT ARE FURNISHED, INSTALLED, OWNED AND MAINTAINED BY THE UTILITY. THE METER AND OR CONNECTION IS FOR THE SOLE USE OF THE CUSTOMER TO SERVE WATER TO ONE DWELLING, BUSINESS OR PROPERTY. THE CUSTOMER SHALL NOT SHARE, RESALE, OR SUBMETER WATER TO ANY OTHER DWELLING, BUSINESS, PROPERTY, ETC. WITHOUT THE SPECIFIC WRITTEN AUTHORIZATION OF THE UTILITY AND IN COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS.

THE UTILITY HAS THE RIGHT TO LOCATE A WATER SERVICE METER AND PIPE NECESSARY TO CONNECT THE METER ON THE PROPERTY OF THE CUSTOMER. THE CUSTOMER WILL ALLOW THE UTILITY ACCESS AT ALL REASONABLE TIMES TO ITS PROPERTY AND EQUIPMENT LOCATED UPON CUSTOMERS PREMISES FOR THE LIMITED PURPOSE OF READING THE WATER METER, REPAIRING OR REPLACING EXISTING FACILITIES AND THE INSPECTION OF CUSTOMERS FACILITIES TO CHECK FOR ILLEGAL CONNECTION OR UNSAFE PLUMBING PRACTICES OR CROSS CONNECTIONS, IN COMPLIANCE WITH THE REQUIREMENT OF THE TEXAS NATURAL RESOURCE CONSERVATION COMMISSION "RULES AND REGULATIONS FOR PUBLIC WATER SYSTEMS."

THE CUSTOMER WILL INSTALL, AT THEIR OWN EXPENSE, A SERVICE LINE FROM THE WATER METER TO THE POINT OF USE WHICH INCLUDES A CUTOFF VALVE ON THE CUSTOMER SIDE OF THE WATER METER. THE CUSTOMER WILL BE RESPONSIBLE FOR THE MAINTENANCE AND REPAIR OF THE SERVICE LINE. THE CUSTOMER SHALL HOLD THE UTILITY HARMLESS FROM ANY AND ALL CLAIMS OR DEMANDS FOR DAMAGE TO REAL OR PERSONAL PROPERTY OCCURRING FROM THE POINT THE CUSTOMER TIES ON TO THE WATER METER TO THE FINAL DESTINATION OF THE LINE INSTALLED BY THE CUSTOMER.

THE CUSTOMER AGREES TO GRANT TO THE UTILITY EASEMENT/RIGHT-OF-WAY FOR THE PURPOSE OF INSTALLING, MAINTAINING AND OPERATING SUCH PIPE LINES, METERS, VALVES AND ANY OTHER EQUIPMENT WHICH MAY BE DEEMED NECESSARY FOR THE PROVISION OF THE UTILITY SERVICE TO THAT CUSTOMER. THE UTILITY WILL ATTEMPT TO RESTORE THE CUSTOMER'S PROPERTY TO ITS ORIGINAL CONDITION AFTER INSTALLATION OR REPAIRS. THIS EASEMENT MAY BE IN SUCH FORM AS IS REQUIRED BY THE UTILITY. THE CUSTOMER AGREES NOT TO INTERFERE WITH THE UTILITY'S EMPLOYEES IN THE DISCHARGE OF THEIR DUTIES. THE CUSTOMER WILL NOT PERMIT ANYONE EXCEPT THE UTILITY'S EMPLOYEES TO TAMPER WITH OR INTERFERE WITH ANY EQUIPMENT INSTALLED ON THE CUSTOMERS PREMISES.

### **PLUMBING REGULATIONS**

THE FOLLOWING UNDESIRABLE PLUMBING PRACTICES ARE PROHIBITED BY STATE REGULATION.

- A. NO DIRECT CONNECTION BETWEEN THE PUBLIC DRINKING WATER SUPPLY AND A POTENTIAL SOURCE OF CONTAMINATION IS PERMITTED. POTENTIAL SOURCE OF CONTAMINATION SHALL BE ISOLATED FROM THE PUBLIC WATER SYSTEM BY AN AIR-GAP OR AN APPROPRIATE BACKFLOW PREVENTION DEVICE.
- B. NO CROSS-CONNECTION BETWEEN THE PUBLIC DRINKING WATER SUPPLY AND A PRIVATE WATER SYSTEM IS PERMITTED.
- C. NO CONNECTION WHICH ALLOWS WATER TO BE RETURNED TO THE PUBLIC DRINKING WATER SUPPLY IS PERMITTED.
- D. NO PIPE OR PIPE FITTING WHICH CONTAINS MORE THAN 8.0% LEAD MAY BE USED FOR THE INSTALLATION OR REPAIR OF PLUMBING AT ANY CONNECTION.
- E. NO SOLDER OR FLUX WHICH CONTAINS MORE THAN 0.2% LEAD CAN BE USED FOR THE INSTALLATION OR REPAIR OF PLUMBING AT ANY CONNECTION WHICH PROVIDES WATER FOR HUMAN USE.
- F. NO PLUMBING FIXTURE SHALL BE INSTALLED WHICH IS NOT IN COMPLIANCE WITH A STATE APPROVED PLUMBING CODE.

## SEWER REGULATIONS

THE UTILITY ONLY PROVIDES "SEWAGE" COLLECTION AND DISPOSAL SERVICE TO THE PUBLIC. THIS SERVICE IS LIMITED TO THE COLLECTION, TREATMENT AND DISPOSAL OF WATERBORNE HUMAN WASTE AND WASTE FROM DOMESTIC ACTIVITIES SUCH AS WASHING, BATHING, AND FOOD PREPARATION. THIS SERVICE DOES NOT INCLUDE THE COLLECTION, TREATMENT OR DISPOSAL OF WASTE OF SUCH HIGH CONCENTRATION CHARACTERISTICS THAT IT CANNOT BE PROCESSED BY THE UTILITY'S STATE APPROVED WASTEWATER TREATMENT PLANT WITHIN THE PARAMETERS OF THE UTILITY'S STATE AND FEDERAL WASTE WATER DISCHARGE PERMITS. **THIS SERVICE DOES NOT INCLUDE THE COLLECTION AND DISPOSAL OF STORM WATERS OR RUN OFF WATERS, WHICH MAY NOT BE DIVERTED INTO OR DRAINED INTO THE UTILITY'S COLLECTION SYSTEM.**

THE CUSTOMER WILL INSTALL, AT THEIR OWN EXPENSE, A SERVICE LINE FROM THEIR DWELLING TO THE UTILITY'S CONNECTION, WHICH INCLUDES A CLEAN-OUT. THE CUSTOMER WILL BE RESPONSIBLE FOR THE MAINTENANCE AND REPAIR OF THE SERVICE LINE.

## SERVICE AGREEMENT

THE FOLLOWING ARE THE TERMS OF THE SERVICE AGREEMENT BETWEEN THE UTILITY AND THE CUSTOMER.

- A. THE WATER SYSTEM WILL MAINTAIN A COPY OF THIS AGREEMENT AS LONG AS THE CUSTOMER AND/OR THE PREMISES IS CONNECTED TO THE WATER SYSTEM.
- B. THE CUSTOMER SHALL ALLOW HIS PROPERTY TO BE INSPECTED FOR POSSIBLE CROSS-CONNECTIONS AND OTHER UNDESIRABLE PLUMBING PRACTICES. THESE INSPECTIONS SHALL BE CONDUCTED BY THE WATER SYSTEM OR ITS DESIGNATED AGENT PRIOR TO INITIATING SERVICE AND PERIODICALLY THERE AFTER. THE INSPECTION SHALL BE CONDUCTED DURING THE WATER SYSTEMS NORMAL BUSINESS HOURS. THE WATER SYSTEMS SHALL NOTIFY THE CUSTOMER IN WRITING OF ANY CROSS-CONNECTIONS OR OTHER UNDESIRABLE PLUMBING PRACTICE WHICH HAS BEEN IDENTIFIED DURING THE INITIAL INSPECTION OR THE PERIODIC REINSPECTION.
- C. THE CUSTOMER SHALL IMMEDIATELY CORRECT ANY UNDESIRABLE PLUMBING PRACTICES ON HIS PREMISES.
- D. THE CUSTOMER SHALL, AT HIS EXPENSE, PROPERLY INSTALL, TEST AND MAINTAIN ANY BACKFLOW PREVENTION DEVICE REQUIRED BY THE WATER SYSTEM. COPIES OF ALL TESTING AND MAINTENANCE RECORDS SHALL BE PROVIDED TO THE WATER SYSTEM.

**CUSTOMER AGREEMENT: BY SIGNING THIS APPLICATION FOR PUBLIC UTILITY SERVICE, I AGREE TO COMPLY WITH THE UTILITY'S TARIFF AND ALL RULES AND REGULATIONS OF THE TNRC AND OTHER APPLICABLE REGULATORY AGENCIES. I GUARANTEE PROMPT PAYMENT OF ALL UTILITY BILLS FOR THE SERVICE ADDRESS PRINTED ABOVE. I AGREE TO REMAIN RESPONSIBLE FOR UTILITY BILLS FOR THIS SERVICE ADDRESS FROM THE DATE SERVICE IS STARTED UNTIL THE DATE SERVICE IS TERMINATED. I UNDERSTAND THAT SERVICE WILL NOT BE TERMINATED VOLUNTARILY UNTIL I REQUEST IT IN WRITING.**

**ENFORCEMENT:** IF THE CUSTOMER FAILS TO COMPLY WITH THE TERMS OF THE SERVICE AGREEMENT, THE WATER SYSTEM SHALL, AT ITS OPTION, EITHER TERMINATE SERVICE OR PROPERLY INSTALL, TEST, AND MAINTAIN AN APPROPRIATE BACKFLOW PREVENTION DEVICE AT THE SERVICE CONNECTION. ANY EXPENSES ASSOCIATED WITH THE ENFORCEMENT OF THIS AGREEMENT SHALL BE BILLED TO THE CUSTOMER.

**CUSTOMER SIGNATURE** \_\_\_\_\_ **DATE** \_\_\_\_\_

**EXHIBIT B**  
**Sewer Tariff**



**SEWER UTILITY TARIFF**  
**Docket Number: 46438**

J & S Water Company, LLC  
(Utility Name)

1905 N. Battle Bell Road  
(Business Address)

Highlands, TX 77562  
(City, State, Zip Code)

(281) 590-4359  
(Area Code/Telephone)

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

20658

This tariff is effective in the following counties:

Harris, Chambers and Liberty

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

None

This tariff is effective in the following subdivision:

Maple Leaf Gardens and Windfern Meadows (WQ 12342-001), Five Oaks (WQ 12382-001), and Woodland Acres (WQ 11720-001)

TABLE OF CONTENTS

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

SECTION 1.0 - RATE SCHEDULE .....	2
SECTION 2.0 - SERVICE RULES AND POLICES .....	4
SECTION 3.0 - EXTENSION POLICY .....	9

APPENDIX A: SAMPLE SERVICE AGREEMENT

SECTION 1.0—RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u> 5/8"	<u>Monthly Minimum Charge</u> \$36.15 (Includes 0 gallons)	<u>Gallonage Charge</u> \$2.00 per 1,000 gallons
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Gallonage charges are determined based on average consumption for winter period which includes the following months: December, January, and February.

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

Cash X, Check X, Money Order X, Credit Card X, Other (specify) \*  
THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

Phone Payment Fee\*: A fee of five percent (5%) of the amount paid will be charged for all phone payments.

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

Section 1.02 - Miscellaneous Fees

TAP FEE (Residential).....Actual Cost  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION 5/8" or 3/4" METER.

NON-RESIDENTIAL TAP FEE (Large Connection Tap).....Actual Cost  
TAP FEE IS THE BASED ON THE AVERAGE OF THE UTILITY'S COST FOR MATERIALS AND LABOR FOR NON-RESIDENTIAL CONNECTIONS.

RECONNECTION FEE

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

- a) Non-payment of bill (Maximum \$25.00) .....\$25.00
- b) Customer's request that service be disconnected.....\$50.00

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

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

SECTION 1.0—RATE SCHEDULE (Continued)

RETURNED CHECK CHARGE .....	<u>\$30.00</u>
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.	
CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50).....	<u>\$50.00</u>
COMMERCIAL & NON-RESIDENTIAL .....	<u>1/6<sup>TH</sup> OF ESTIMATED ANNUAL BILL</u>

## SECTION 2.0—SERVICE RULES AND POLICIES

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

### Section 2.01 - Application for Sewer Service

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

### Section 2.02 - Refusal of Service

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

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

#### (A) Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit as provided for in Section 1.02 - Miscellaneous Fees of this tariff. The utility will keep records of the deposit and credit interest in accordance with the commission 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 residential customer's 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.

#### (B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1.



SECTION 2.0—SERVICE RULES AND POLICIES (Continued)

Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the commission 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 (are) located.

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

(C) Easement Requirement

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

Section 2.04 - Utility Response to Applications for Service

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

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

Section 2.05 - Customer Responsibility

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

Section 2.06 Access to Customer's Premises

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

SECTION 2.0—SERVICE RULES AND POLICIES (Continued)

Section 2.07 - Back Flow Prevention Devices

No water connection shall be made to any establishment where an actual or potential contamination or system hazard exists without an approved air gap or mechanical backflow prevention assembly. The back flow assembly shall be tested upon installation by a recognized prevention assembly tester and certified to be operating within specifications. Back flow prevention assemblies which are installed to provide protection against high health hazards must be tested and certified to be operating within specifications at least annually by a recognized back flow prevention device tester. The maintenance and testing of the back flow assembly shall occur at the customer's expense.

Section 2.10 - Billing

(A) Regular Billing

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

(B) Late Fees

A late penalty of either \$5.00 or 10.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

(C) Information on Bill

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

(D) Prorated Bills

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

Section 2.11- Payments

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

SECTION 2.0—SERVICE RULES AND POLICIES (Continued)

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

Section 2.12 - Service Disconnection

(A) With Notice

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

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

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

(B) Without Notice

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

Section 2.13 - Reconnection of Service

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

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

Section 2.14 - Service Interruptions

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

SECTION 2.0—SERVICE RULES AND POLICIES (Continued)

Section 2.15 - Quality of Service

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

Section 2.16 - Customer Complaints and Disputes

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

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

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

Section 2.17 - Customer Liability

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

### SECTION 3.0—EXTENSION POLICY

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

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

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

#### Section 3.01 - Standard Extension Requirements

Line Extension and Construction Charges: No Contributions in Aid of Construction may be required of any customer except as provided for in this approved extension policy.

#### Section 3.02 – Costs Utilities and Service Applicants Shall Bear

Within its certified area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision.

However, if the residential customer requesting service purchased the property after the developer was notified in writing of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

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

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

Exceptions may be granted by the PUC if:

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

SECTION 3.0—EXTENSION POLICY (Continued)

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

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

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

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

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

Section 3.03 – Contribution in Aid of Construction

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

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

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC § 24.86(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge will be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria.

### SECTION 3.0—EXTENSION POLICY (Continued)

As provided by 16 TAC § 24.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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

- under a contract and only in accordance with the terms of the contract; or
- if service is not being provided to a lot or lots within two years after installation of facilities necessary to provide service to the lots has been completed and if the standby fees are included on the utilities approved tariff after a rate change application has been filed. The fees cannot be billed to the developer or collected until the standby fees have been approved by the commission or executive director.

For purposes of this section, a manufactured housing rental community can only be charged by standby fees under a contract or if the utility installs the facilities necessary to provide individually metered service to each of the rental lots or spaces in the community.

#### Section 3.04 – Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 – Extension Policy of this tariff shall be subject to appeal as provided in this tariff, commission 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 costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall be informed of the right to appeal such costs to the commission 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 (are) located.

#### Section 3.05 – Applying for Service

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

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to utility personnel for inspection, servicing, and meter reading while being reasonably secure

SECTION 3.0—EXTENSION POLICY (Continued)

from damage by vehicles and mowers. If the utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the utility's nearest service main with adequate capacity to service the applicant's full potential service demand.

Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the utility. If no agreement on location can be made, the applicant may refer the matter to the commission for resolution.

Section 3.06 – Qualified Service Applicant

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

The utility shall serve each qualified service applicant within its certified service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by commission 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 commission service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by commission rules.

Section 3.07 – Developer Requirements

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



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

- I. PURPOSE. The NAME OF SEWER SYSTEM is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF SEWER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the sewer system will not re-establish service unless it has a signed copy of this agreement.
- II. RESTRICTIONS. The following unacceptable practices are prohibited by State regulations.
- A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
  - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
  - C. No connection which allows water to be returned to the public drinking water supply is permitted.
  - D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
  - E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.
- III. SERVICE AGREEMENT. The following are the terms of the service agreement between the NAME OF SEWER SYSTEM (the Sewer System) and NAME OF CUSTOMER (the Customer).
- A. The Sewer System will maintain a copy of this agreement as long as the Customer and/or the premises are connected to the Sewer System.
  - B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Sewer System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Sewer System's normal business hours.
  - C. The Sewer System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic re-inspection.
  - D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.
  - E. The Customer shall, at his expense, properly install, test, and maintain any blackflow prevention device required by the Sewer System. Copies of all testing and maintenance records shall be provided to the Sewer System.
- IV. ENFORCEMENT. If the Customer fails to comply with the terms of the Service Agreement, the Sewer System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

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

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

APPENDIX B—APPLICATION FOR SERVICE

# J&S Water Company L.L.C.

(281) 383-9869 1-866-761-0939

Fax: (281) 426-5494

Email: jswaterco@yahoo.com

**Mailing Address:** P.O. Box 1165  
Highlands, Tx 77562

**Physical Address:** 8010 Thompson Rd.  
Highlands, Tx 77562

## APPLICATION FOR SERVICE/ SERVICE AGREEMENT

NAME OF APPLICANT \_\_\_\_\_ DATE \_\_\_\_\_

SERVICE ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

BILLING ADDRESS \_\_\_\_\_

(If different from service address)

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

SUBDIVISION \_\_\_\_\_

PHONE \_ (\_\_\_\_) \_\_\_\_\_ \_ (\_\_\_\_) \_\_\_\_\_  
HOME WORK

SS# \_\_\_\_\_ DL# \_\_\_\_\_ NO. of Occupants \_\_\_\_\_

DEPOSIT AMOUNT \$100.00 SET-UP FEE \$50.00 TOTAL PD. \_\_\_\_\_

DATE SERVICE TO START \_\_\_\_\_ ACCOUNT NO. \_\_\_\_\_

CHECK APPLICABLE ITEMS:

TYPE OF SERVICE: WATER  SEWER

Rent  Own

RESIDENTIAL  COMMERCIAL  N/A

COMMERCIAL WATER METER SIZE-STANDARD S OTHER \_\_\_\_\_ (STATE SIZE)

LANDLORD NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

PHONE # \_\_\_\_\_

### WATER REGULATIONS

PURPOSE: THE UTILITY IS RESPONSIBLE FOR PROTECTING THE DRINKING WATER SUPPLY FROM CONTAMINATION OR POLLUTION, WHICH COULD RESULT FROM IMPROPER PLUMBING PRACTICES. THE PURPOSE OF THIS SERVICE AGREEMENT IS TO NOTIFY CUSTOMER OF THE PLUMBING RESTRICTIONS, WHICH ARE IN PLACE TO PROVIDE THIS PROTECTION. THE UTILITY ENFORCES THESE RESTRICTIONS TO ENSURE THE PUBLIC HEALTH AND WELFARE. EACH CUSTOMER MUST SIGN THIS AGREEMENT BEFORE THE UTILITY WILL BEGIN SERVICE. IN ADDITION, WHEN SERVICE TO AN EXISTING CONNECTION HAS BEEN SUSPENDED OR TERMINATED, THE UTILITY WILL NOT RE-ESTABLISH SERVICE UNLESS IT HAS A SIGNED COPY OF THE AGREEMENT.

THE UTILITY AGREES TO SELL AND DELIVER WATER TO THE CUSTOMER AND THE CUSTOMER AGREES TO PURCHASE AND RECEIVE WATER FROM THE UTILITY IN ACCORDANCE WITH THE RULES AND REGULATIONS OF THE UTILITY AS INCLUDED IN ITS APPROVED TARIFF ON FILE WITH THE UTILITY AND THE TEXAS NATURAL RESOURCE CONSERVATION COMMISSION.

ALL WATER WILL BE MEASURED BY METERS THAT ARE FURNISHED, INSTALLED, OWNED AND MAINTAINED BY THE UTILITY. THE METER AND OR CONNECTION IS FOR THE SOLE USE OF THE CUSTOMER TO SERVE WATER TO ONE DWELLING, BUSINESS OR PROPERTY. THE CUSTOMER SHALL NOT SHARE, RESALE, OR SUBMETER WATER TO ANY OTHER DWELLING, BUSINESS, PROPERTY, ETC. WITHOUT THE SPECIFIC WRITTEN AUTHORIZATION OF THE UTILITY AND IN COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS.

THE UTILITY HAS THE RIGHT TO LOCATE A WATER SERVICE METER AND PIPE NECESSARY TO CONNECT THE METER ON THE PROPERTY OF THE CUSTOMER. THE CUSTOMER WILL ALLOW THE UTILITY ACCESS AT ALL REASONABLE TIMES TO ITS PROPERTY AND EQUIPMENT LOCATED UPON CUSTOMERS PREMISES FOR THE LIMITED PURPOSE OF READING THE WATER METER, REPAIRING OR REPLACING EXISTING FACILITIES AND THE INSPECTION OF CUSTOMERS FACILITIES TO CHECK FOR ILLEGAL CONNECTION OR UNSAFE PLUMBING PRACTICES OR CROSS CONNECTIONS, IN COMPLIANCE WITH THE REQUIREMENT OF THE TEXAS NATURAL RESOURCE CONSERVATION COMMISSION "RULES AND REGULATIONS FOR PUBLIC WATER SYSTEMS."

THE CUSTOMER WILL INSTALL, AT THEIR OWN EXPENSE, A SERVICE LINE FROM THE WATER METER TO THE POINT OF USE WHICH INCLUDES A CUTOFF VALVE ON THE CUSTOMER SIDE OF THE WATER METER. THE CUSTOMER WILL BE RESPONSIBLE FOR THE MAINTENANCE AND REPAIR OF THE SERVICE LINE. THE CUSTOMER SHALL HOLD THE UTILITY HARMLESS FROM ANY AND ALL CLAIMS OR DEMANDS FOR DAMAGE TO REAL OR PERSONAL PROPERTY OCCURRING FROM THE POINT THE CUSTOMER TIES ON TO THE WATER METER TO THE FINAL DESTINATION OF THE LINE INSTALLED BY THE CUSTOMER.

THE CUSTOMER AGREES TO GRANT TO THE UTILITY EASEMENT/RIGHT-OF-WAY FOR THE PURPOSE OF INSTALLING, MAINTAINING AND OPERATING SUCH PIPE LINES, METERS, VALVES AND ANY OTHER EQUIPMENT WHICH MAY BE DEEMED NECESSARY FOR THE PROVISION OF THE UTILITY SERVICE TO THAT CUSTOMER. THE UTILITY WILL ATTEMPT TO RESTORE THE CUSTOMER'S PROPERTY TO ITS ORIGINAL CONDITION AFTER INSTALLATION OR REPAIRS. THIS EASEMENT MAY BE IN SUCH FORM AS IS REQUIRED BY THE UTILITY. THE CUSTOMER AGREES NOT TO INTERFERE WITH THE UTILITY'S EMPLOYEES IN THE DISCHARGE OF THEIR DUTIES. THE CUSTOMER WILL NOT PERMIT ANYONE EXCEPT THE UTILITY'S EMPLOYEES TO TAMPER WITH OR INTERFERE WITH ANY EQUIPMENT INSTALLED ON THE CUSTOMERS PREMISES.

### **PLUMBING REGULATIONS**

THE FOLLOWING UNDESIRABLE PLUMBING PRACTICES ARE PROHIBITED BY STATE REGULATION.

- A. NO DIRECT CONNECTION BETWEEN THE PUBLIC DRINKING WATER SUPPLY AND A POTENTIAL SOURCE OF CONTAMINATION IS PERMITTED. POTENTIAL SOURCE OF CONTAMINATION SHALL BE ISOLATED FROM THE PUBLIC WATER SYSTEM BY AN AIR-GAP OR AN APPROPRIATE BACKFLOW PREVENTION DEVICE.
- B. NO CROSS-CONNECTION BETWEEN THE PUBLIC DRINKING WATER SUPPLY AND A PRIVATE WATER SYSTEM IS PERMITTED.
- C. NO CONNECTION WHICH ALLOWS WATER TO BE RETURNED TO THE PUBLIC DRINKING WATER SUPPLY IS PERMITTED.
- D. NO PIPE OR PIPE FITTING WHICH CONTAINS MORE THAN 8.0% LEAD MAY BE USED FOR THE INSTALLATION OR REPAIR OF PLUMBING AT ANY CONNECTION.
- E. NO SOLDER OR FLUX WHICH CONTAINS MORE THAN 0.2% LEAD CAN BE USED FOR THE INSTALLATION OR REPAIR OF PLUMBING AT ANY CONNECTION WHICH PROVIDES WATER FOR HUMAN USE.
- F. NO PLUMBING FIXTURE SHALL BE INSTALLED WHICH IS NOT IN COMPLIANCE WITH A STATE APPROVED PLUMBING CODE.

## **SEWER REGULATIONS**

THE UTILITY ONLY PROVIDES "SEWAGE" COLLECTION AND DISPOSAL SERVICE TO THE PUBLIC. THIS SERVICE IS LIMITED TO THE COLLECTION, TREATMENT AND DISPOSAL OF WATERBORNE HUMAN WASTE AND WASTE FROM DOMESTIC ACTIVITIES SUCH AS WASHING, BATHING, AND FOOD PREPARATION. THIS SERVICE DOES NOT INCLUDE THE COLLECTION, TREATMENT OR DISPOSAL OF WASTE OF SUCH HIGH CONCENTRATION CHARACTERISTICS THAT IT CANNOT BE PROCESSED BY THE UTILITY'S STATE APPROVED WASTEWATER TREATMENT PLANT WITHIN THE PARAMETERS OF THE UTILITY'S STATE AND FEDERAL WASTE WATER DISCHARGE PERMITS. **THIS SERVICE DOES NOT INCLUDE THE COLLECTION AND DISPOSAL OF STORM WATERS OR RUN OFF WATERS, WHICH MAY NOT BE DIVERTED INTO OR DRAINED INTO THE UTILITY'S COLLECTION SYSTEM.**

THE CUSTOMER WILL INSTALL, AT THEIR OWN EXPENSE, A SERVICE LINE FROM THEIR DWELLING TO THE UTILITY'S CONNECTION, WHICH INCLUDES A CLEAN-OUT. THE CUSTOMER WILL BE RESPONSIBLE FOR THE MAINTENANCE AND REPAIR OF THE SERVICE LINE.

## **SERVICE AGREEMENT**

THE FOLLOWING ARE THE TERMS OF THE SERVICE AGREEMENT BETWEEN THE UTILITY AND THE CUSTOMER.

- A. THE WATER SYSTEM WILL MAINTAIN A COPY OF THIS AGREEMENT AS LONG AS THE CUSTOMER AND/OR THE PREMISES IS CONNECTED TO THE WATER SYSTEM.
- B. THE CUSTOMER SHALL ALLOW HIS PROPERTY TO BE INSPECTED FOR POSSIBLE CROSS-CONNECTIONS AND OTHER UNDESIRABLE PLUMBING PRACTICES. THESE INSPECTIONS SHALL BE CONDUCTED BY THE WATER SYSTEM OR ITS DESIGNATED AGENT PRIOR TO INITIATING SERVICE AND PERIODICALLY THERE AFTER. THE INSPECTION SHALL BE CONDUCTED DURING THE WATER SYSTEMS NORMAL BUSINESS HOURS. THE WATER SYSTEMS SHALL NOTIFY THE CUSTOMER IN WRITING OF ANY CROSS-CONNECTIONS OR OTHER UNDESIRABLE PLUMBING PRACTICE WHICH HAS BEEN IDENTIFIED DURING THE INITIAL INSPECTION OR THE PERIODIC REINSPECTION.
- C. THE CUSTOMER SHALL IMMEDIATELY CORRECT ANY UNDESIRABLE PLUMBING PRACTICES ON HIS PREMISES.
- D. THE CUSTOMER SHALL, AT HIS EXPENSE, PROPERLY INSTALL, TEST AND MAINTAIN ANY BACKFLOW PREVENTION DEVICE REQUIRED BY THE WATER SYSTEM. COPIES OF ALL TESTING AND MAINTENANCE RECORDS SHALL BE PROVIDED TO THE WATER SYSTEM.

**CUSTOMER AGREEMENT: BY SIGNING THIS APPLICATION FOR PUBLIC UTILITY SERVICE, I AGREE TO COMPLY WITH THE UTILITY'S TARIFF AND ALL RULES AND REGULATIONS OF THE TNRCC AND OTHER APPLICABLE REGULATORY AGENCIES. I GUARANTEE PROMPT PAYMENT OF ALL UTILITY BILLS FOR THE SERVICE ADDRESS PRINTED ABOVE. I AGREE TO REMAIN RESPONSIBLE FOR UTILITY BILLS FOR THIS SERVICE ADDRESS FROM THE DATE SERVICE IS STARTED UNTIL THE DATE SERVICE IS TERMINATED. I UNDERSTAND THAT SERVICE WILL NOT BE TERMINATED VOLUNTARILY UNTIL I REQUEST IT IN WRITING.**

**ENFORCEMENT:** IF THE CUSTOMER FAILS TO COMPLY WITH THE TERMS OF THE SERVICE AGREEMENT, THE WATER SYSTEM SHALL, AT ITS OPTION, EITHER TERMINATE SERVICE OR PROPERLY INSTALL, TEST, AND MAINTAIN AN APPROPRIATE BACKFLOW PREVENTION DEVICE AT THE SERVICE CONNECTION. ANY EXPENSES ASSOCIATED WITH THE ENFORCMENT OF THIS AGREEMENT SHALL BE BILLED TO THE CUSTOMER.

**CUSTOMER SIGNATURE** \_\_\_\_\_ **DATE** \_\_\_\_\_

**EXHIBIT C**  
**Proposed Order**

**PUC DOCKET NO. 46438**  
**SOAH DOCKET NO. 473-17-2372.WS**

<b>APPLICATION OF J&amp;S WATER</b>	<b>§</b>	<b>BEFORE THE</b>
<b>COMPANY, LLC FOR A</b>	<b>§</b>	
<b>RATE/TARIFF CHANGE</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>

**PROPOSED FINAL ORDER**

This Order addresses the application (“Application”) filed by J&S Water Company, LLC (“J&S”) with the Public Utility Commission of Texas (“PUC” or “Commission”) requesting authority for water-rate, sewer-rate, and tariff changes in Chambers County, Texas and Liberty County, Texas. The Application proposes to increase J&S’s water rates, sewer rates, and revise J&S’s tariff for Certificate of Convenience and Necessity (“CCN”) No. 12085 (water) and 20658 (sewer). An Unopposed Stipulation and Settlement Agreement (“Unopposed Stipulation” or “Stipulation”) was executed resolving all issues in this docket. Consistent with the Stipulation, J&S’s Application is approved.

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

**I. Findings of Fact**

***Procedural History***

1. On November 23, 2016, J&S filed the Application, requesting authority for water-rate, sewer-rate, and tariff changes in Chambers County, Texas and Liberty County, Texas.
2. J&S seeks a rate increase for its water rates under water Certificate of Convenience and Necessity (“CCN”) No. 12085, and a rate increase for its sewer rates under sewer CCN No. 20658.
3. On November 29, 2016, the Commission Administrative Law Judge (“ALJ”) issued Order No. 1: Requiring Comments on Administrative Completeness and Addressing Other Procedural Matters.
4. On December 1, 2016, two ratepayers filed protests: John & Deneice Randolph and Van Chung.

5. On December 2, 2016, seven ratepayers filed protests: Angela Allen, Karl Boyd, Michael Blakeney, Dina Pivaral, Luis A. Pivaral, James Robinson, Jr., and Bart Hurst.
6. On December 5, 2016, two ratepayers filed protests: Tammy Williams and Patrick Malone.
7. On December 6, 2016, eight ratepayers filed protests: Joe Smith, Chelse Rogers, Doty Marks, Glassell Armstrong, Ricky Bell, Gladys Melendez, Matthew Gray, and Doris Antasek.
8. On December 7, 2016, two ratepayers filed protests: Christy Reeves and Diamond Sengvong.
9. On December 8, 2016, four ratepayers filed protests: Felipe Urrea (for two properties), Glenn Slade Strauch, Tommy W. Morris, and Tommy Kelly.
10. On December 12, 2016, 10 ratepayers filed protests: Sandra Wilson, Shawna Ford, Donna Evetts, Salvador Eleodoro Amaya, Daniel Ordonez, Michelle Parson, Toni Quezada, Amador Alejandra, Maria Del Carmen Jaimez, and Susan Gates.
11. On December 13, 2016, seven ratepayers filed protests: Arturo A. Rios, Martin I. Leandro, Maria Guadalupe Jaimes, Carissa Arnold, Irma Trujillo, Joann Cooper, and Barbara A. Pennell.
12. On December 15, 2016, three ratepayers filed protests: Tammy Williams, John Young, and Rodney Fisher.
13. On December 16, 2016, two ratepayers filed protests: Jarren Young and David Honomichl.
14. On December 19, 2016, three ratepayers filed protests: Julius Browder, Teresa Cannon, and Claude A. Sizemore.
15. On December 20, 2016, 69 ratepayers filed protests: Lori Franz, Peggy Bassham, Barbara Braf, Marlin Kaderli, Charles Pope, Judy Wilkinson, Dennis Jarosh, Theresa Posey, Jennifer Daveuport, Eugene Posey, Ronnie Drake, Sandy Riden, Karen Lowe, Leslie Tiemonn, Mary Massey, Kimberly Becker, Carolyn & Scott Cote, Tim Vercher, Rene Yequetz, Gilbert Lawson, Jimmy Hook, Jackson Gore, Bobby Wood, Robert Muluihill, Tommy Fountain, James Franny, Edward Strouhal, Troy Bunton, Jessica Hester, Paul Lockhart, Renee Godeaux, Matthew Posey (for two properties), David Mitchell, John Green, James Campbell, Chris Schmedl, Stacey Creel, Graciela Yzquierdo, Chris Duent, Wayne Smith, Timothy Browder, Ingrid Fluellen, Nathan Franks, Boyce Marris, Wesley Penton, Valerie Ford, Michael Gonzales, James Martin, WC Miller, Christine Cox,



William Green, Lacie Harrison, Jacob Theiler, Fran Martin, Becki Parsons, Bruce Wilkinson, Bobby Young, Santiago San Miguel, Ben Montgomery, Amanda Brown, Robert Fontenot, Christin Brockelman, John Duff, Roger Hamilton, Judy Strickland, Tanya Gutierrez, Cyndy Duff, Thomas Hauenstein, and John Green.

16. On December 20, 2016, Commission Staff (“Staff”) filed a Recommendation finding J&S’s application and notice not administratively complete.
17. On December 22, 2016, ratepayer Stacey Creel filed a second ratepayer protest.
18. On December 23, 2016, Misael Bello filed a ratepayer protest.
19. On December 27, 2016, Karen Tipton filed a ratepayer protest (for two properties).
20. On December 27, 2016, the ALJ filed Order No. 2: Finding Application and Notice Deficient and Incomplete; Suspending Proposed Effective Date.
21. On January 6, 2017, Juvenal Tovar filed a ratepayer protest.
22. On January 10, 2017, J&S filed its Response to Order No. 2, attaching a revised customer notice and removing the North Harris Regional Water Authority groundwater reduction plan fee increase from J&S’s application.
23. On January 18, 2017, J&S filed its Second Response to Order No. 2, attaching Schedules II-6, II-7, and II-1.
24. On January 19, 2017, Staff filed its Supplemental Recommendation finding J&S’s application administratively complete and its notice was sufficient.
25. On January 23, 2017, the ALJ filed Order No. 3: Deeming Application and Notice Sufficient, and Suspending Effective Date.
26. On January 26, 2017, the Commission issued an Order of Referral, referring this docket to the State Office of Administrative Hearings (“SOAH”).
27. On January 30, 2017, four ratepayers filed protests: Sue Sullivan, Michael Blakeney, Roger Johnson, and Joann Cooper.
28. On January 31, 2017, four ratepayers filed protests: George T. Smith, Jr., Matthew Gray, Carl Smith, and Daniel Flores.
29. On February 2, 2017, five ratepayers filed protests: Karen Tipton (for two properties), Arturo A. Rios, Yeeming Chuang, Mary Hatcher, and Linda Clark.
30. On February 3, 2017, three ratepayers filed protests: Angela Allen, John and Verla Randolph, and Juan and Babette Sandoval.

31. On February 3, 2017, the SOAH ALJ issued SOAH Order No. 1: Description of Case, Requiring Parties to Confer, and General Procedural Requirements.
32. On February 6, 2017, two ratepayers filed protests: Amador Alejandra and Bertha Sturm.
33. On February 7, 2017, two ratepayers filed protests: Patrick Malone and Glassell Armstrong.
34. On February 9, 2017, four ratepayers filed protests: Darrillo and Irma Fails, Chanya Chhuon, Tammy Williams, and Carissa Arnold.
35. On February 10, 2017, Michelle Parson filed a ratepayer protest.
36. On February 10, 2017, Staff filed its Response to SOAH Order No. 1 stating that more than 10% of J&S's ratepayers filed protests in this docket thereby requiring hearing on J&S's proposed rate increases.
37. On February 13, 2017, two ratepayers filed protests: Rodney C. Fisher and Time and Frances Browder.
38. On February 14, 2017, James Robinson filed a ratepayer protest.
39. On February 16, 2017, the SOAH ALJ filed SOAH Order No. 2 setting a Prehearing Conference.
40. On February 17, 2017, Floyce Bagley filed a ratepayer protest.
41. On February 24, 2017, Jaime Molina filed a ratepayer protest.
42. On March 6, 2017, three ratepayers filed protests: Victor Salinas, Dina Pivaral, and Luis Pivaral.
43. On March 6, 2017, J&S filed its Affidavit of Notice to Customers of Prehearing Conference.
44. On March 13, 2017, Doty Marks filed comments.
45. On March 21, 2017, a prehearing conference was held. Forty-seven ratepayers filed motions to intervene: Timothy Browder, Boyce Morris, Jr., Christy Reeves, Joy Boul, Nanette Wilkinson, Matthew Gray, John and Deneice Randolph, Mary Hatcher, Renee Godeaux, Jerren Young, Cyndy Duff, Julius Browder, Patricia Fisher, Jimmy Hook, Lisa Baker, Kimberly Lopez, Tommy and Sharon Lynnette Morris, James E. Robinson, Sr., James E. Robinson, Jr., Teresa Cannon, Christina Cox, David Price, Santiago San Miguel, Sue Sullivan, Cindy McCurdy, Joshua Johnson, Rhonda Martin, Kathy Pope, Aaron Dugat, Roger B. Johnson, Jacquelyn Johnson, Kenneth Owens, Simple Simons Pizza, Kevin

Brown, George Smith, Jacob Theiler, WC Miller, Geraldine Miller, Patrick Malone, Mary DeMura, Traci Dillard, Michael Blakeney, Kyle Holland, David Mitchell, Sr., Gail R. Roberts, Kelly Pechal, and Lori Franz (collectively, "Intervenors"). Lori Franz appeared by telephone on behalf of all Intervenors. All Intervenors were admitted as parties to this docket.

46. On March 23, 2017, the SOAH ALJ issued SOAH Order No. 3 authorizing Lori Franz to serve on behalf of all intervenors and represent their interests in this docket.
47. On April 27, 2017, the SOAH ALJ filed SOAH Order No. 4 extending filing deadlines.
48. On May 1, 2017, J&S filed the Prefiled Direct Testimonies of Bret Wayne Fenner and Philip S. Haag.
49. On June 28, 2017, a Joint Motion to Abate was filed.
50. On June 28, 2017, the SOAH ALJ filed SOAH Order No. 5: Granting in Part Joint Motion to Abate.
51. On July 7, 2017, J&S filed an Agreed Response to SOAH Order No. 5, wherein it agreed to extend the jurisdictional deadline in this docket day-for-day during the period of abatement.
52. On July 13, 2017, the SOAH ALJ filed SOAH Order No. 6: Granting Joint Motion to Abate, Addressing Revised Jurisdictional Deadline, Indefinitely Continuing Prehearing Conference and Hearing, and Indefinitely Extending Record Close Date.
53. On July 28, 2017, J&S filed a Status Report and Unopposed Motion to Extend Abatement, and the SOAH ALJ filed SOAH Order No. 7: Granting Unopposed Motion to Extend Abatement.
54. On August 28, 2017, J&S filed a Status Report and Unopposed Motion to Extend Abatement, and the SOAH ALJ filed SOAH Order. No 8: Granting Unopposed Motion to Extend Abatement.
55. On September 28, 2017, J&S filed a Status Report and Unopposed Motion to Extend Abatement, and the SOAH ALJ filed SOAH Order No. 9: Granting Unopposed Motion to Extend Abatement.

***Notice***

56. As indicated by J&S's proof of notice filed on November 23, 2016, and supplemental proof of notice filed on January 10, 2017, notice of the application was mailed to the J&S ratepayers on November 25, 2016.

***Evidentiary Record***

57. On July 28, 2017, Staff and J&S filed a motion to admit evidence and to remand the proceeding to the Commission, with attachments including the signed stipulation, agreed proposed tariffs, and proposed final order.
58. On [date] Staff filed the memorandum of \_\_\_\_\_ in support of the stipulation.
59. On \_\_\_\_\_, 2017, the SOAH ALJ issued Order No. \_\_\_\_\_ admitting the following requested evidence into the record, dismissing the SOAH docket, and remanding the proceeding to the Commission:
- a. Application of J&S Water Company, LLC for a Class B Rate/Tariff Change, filed November 23, 2016;
  - b. J&S's revised proof of notice, filed January 10, 2017;
  - c. J&S's Verification Affidavit, filed November 23, 2016;
  - d. Direct Testimony of Bret Fenner on behalf of J&S, filed on May 1, 2017;
  - e. Direct Testimony of Philip S. Haag on behalf of J&S, filed on May 1, 2017;
  - f. Unopposed Stipulation and Settlement Agreement, including attachments; and
  - g. Memorandum of \_\_\_\_\_ of the Commission's Water Utilities Division in support of the Unopposed Stipulation and Settlement Agreement, filed the same day as this Motion.

***Description of Stipulation***

60. The Signatories believe that a resolution of this docket consistent with the Unopposed Stipulation is reasonable and in the public interest.

61. The Stipulation states that J&S will be allowed to the retail water utility rates contained in the revised tariffs for water CCN No. 12085 and sewer CCN No. 20658 in Liberty and Chambers Counties, Texas, attached to the stipulation and this order. The stipulated rates will generate sufficient revenue for J&S to meet its operating costs for this fiscal year for both its water system and its sewer system and an overall rate-of-return within legal limits.
62. The Stipulation states that the effective date of J&S's proposed rate increases will be the first day of the month following the Commission's signing of this order.
63. The Stipulation contains the Signatories' agreement that the rates contained in the revised tariffs are just and reasonable and consistent with the public interest.
64. The Stipulation states that the revised tariffs will govern the water and sewer utility rates, terms, treatments, and conditions for J&S ratepayer customers.

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

65. Considered in light of J&S's application, responses to discovery requests, and information exchanged through confidential privileged settlement negotiations, the stipulation is the result of compromise from each party, and these efforts, as well as the overall result of the stipulation, support the reasonableness and benefits of the terms of the stipulation.
66. The rates, terms, and conditions of the tariffs resulting from the stipulation are just and reasonable when the benefits of avoiding an expensive contested case hearing are considered.

**II. Conclusions of Law**

1. The Commission has jurisdiction to consider J&S's application for a rate increase pursuant to TEX. WATER CODE §§ 13.041, 13.181–.185, 13.1871, and using the procedures set forth in 16 TEX. ADMIN. CODE §§ 24.12–.36.
2. J&S is a retail public utility as defined in TEX. WATER CODE § 13.002(19) and 16 TEX. ADMIN. CODE § 24.3(59).
3. J&S gave proper notice of the application in accordance with the requirements of TEX. WATER CODE § 13.1871 and 16 TEX. ADMIN. CODE §§ 24.22 & 24.28.
4. This docket was processed in accordance with the requirements of the Texas Administrative Procedures Act, TEX. GOV'T CODE §§ 2001.001–.902 (Texas APA), TEX. WATER CODE §§ 13.041, 13.181 & 13.1871, and 16 TEX. ADMIN. CODE §§ 24.12–.36.
5. This docket contains no remaining contested issues of fact or law.

6. The stipulation, taken as a whole, is a just and reasonable resolution of all the issues that it addresses; results in just and reasonable rates, terms, and conditions; is consistent with the relevant provisions of Chapter 13 of the Texas Water Code; and should be approved.
7. The rates agreed to in the stipulation are just and reasonable, comply with the ratemaking provisions of Chapter 13 of the Texas Water Code, and are not unreasonably discriminatory, preferential, or prejudicial.
8. This application does not constitute a major rate proceeding, as defined by 16 TEX. ADMIN. CODE § 22.2(27).

### **III. Ordering Paragraphs**

In accordance with these findings and facts and conclusions of law, the Commission issues the following Order:

1. The application of J&S Water Company, LLC, as amended and supplemented on January 10, 2017 and January 18, 2017, for authority to change its water and sewer utility rates and tariffs is approved consistent with the above findings of fact and conclusions of law, as well as the Stipulation.
2. Consistent with the Stipulation, J&S's rates, terms, and conditions are approved.
3. The tariffs provided as Attachment A to the stipulation are approved effective the first day of the month following the Commission's issuance of this Order.
4. J&S will not seek rate-case expenses for the processing of this docket.
5. Entry of this Order consistent with the Stipulation does not indicate the Commission's endorsement of any principle or methodology that may underlie the stipulation. Entry of this Order shall not be regarded as precedent as to the appropriateness of any principle or methodology underlying the stipulation.
6. All other motions, requests for entry of specific findings of fact or conclusions of law, and any other requests for general or specific relief, if not expressly granted herein, are hereby denied.

**SIGNED AT AUSTIN, TEXAS the \_\_\_\_ day of \_\_\_\_\_, 2017.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**DEANN WALKER  
COMMISSIONER**

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**KENNETH W. ANDERSON, JR.  
COMMISSIONER**

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**BRANDY MARTY MARQUEZ  
COMMISSIONER**