



Control Number: 46743



Item Number: 16

Addendum StartPage: 0

DOCKET NO. 46743

**APPLICATION OF T & W WATER §
SERVICE COMPANY TO AMEND A §
CERTIFICATE OF CONVENIENCE AND §
NECESSITY IN LIBERTY COUNTY §**

**PUBLIC UTILITY COMMISSION
OF TEXAS**

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**COMMISSION STAFF’S RESPONSE TO ORDER NO. 3, RECOMMENDATION ON
NOTICE**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Commission Staff’s Response to Order No. 3, Recommendation on Notice. In support thereof, Staff shows the following:

I. BACKGROUND

On January 9, 2017, T&W Water Service Company filed an application to amend its water certificate of convenience and necessity (CCN) No. 12892 in Liberty County, Texas. The total new service area being requested includes approximately 1,365 acres and 0 current customers.

Order No. 3, issued April 24, 2017, directed T&W Water Service Company to file signed affidavits of notice and copies of notice given by June 5, 2017. T&W Water Service Company timely filed the required notice documents. Order No. 3 also directed Staff to file a recommendation on notice by June 15, 2017. Staff timely filed a recommendation that notice was sufficient. Order No. 4, issued June 16, 2017, deemed the notice sufficient and established a procedural schedule for the continued processing of this docket. Order No. 4 required Staff to file a final recommendation by August 21, 2017. Therefore, this pleading is timely filed.

II. FINAL RECOMMENDATION

Staff transmitted a final map, tariff, and certificate to T&W Water Service Company on July 18, 2017. T&W Water Service Company filed a consent form on July 21, 2017, consenting to the transmitted final map, tariff, and certificate. Therefore, as supported by the attached memorandum of Debbie Reyes Tamayo of the Water Utilities Division (Attachment A), Staff recommends that this application be approved.

Attached to this filing are the final map (Attachment B), the revised tariff (Attachment C), and the revised certificate (Attachment D).

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III. CONCLUSION

Staff recommends that this application be approved. Pursuant to Order No. 4, Staff will work with T&W Water Service Company to file proposed findings of fact, conclusions of law, and ordering paragraphs by August 28, 2017.

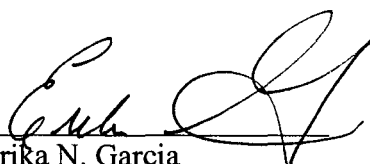
Dated: August 21, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

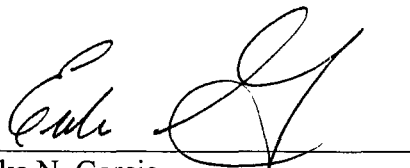
Karen S. Hubbard
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(512) 936-7290
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Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
Erika.garcia@puc.texas.gov

**DOCKET NO. 46743
CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record August 21, 2017, in accordance with 16 TAC § 22.74.



Erika N. Garcia

ATTACHMENT A

PUC Interoffice Memorandum

To: Erika Garcia, Attorney
Legal Division

Thru: Tammy Benter, Director
Lisa Fuentes, Manager
Water Utilities Division

From: Debbie Reyes Tamayo, Program Specialist
Water Utilities Division

Date: August 7, 2017

Re: **Docket No. 46743:** *Application of T & W Water Service Company to Amend a Water Certificate of Convenience and Necessity in Liberty County*

On January 9, 2017, T & W Water Service Company (Applicant) filed an application to amend its water Certificate of Convenience and Necessity (CCN) No. 12892 in Liberty County. The application is being reviewed pursuant to Tex. Water Code §§ 13.242-13.250 (TWC) and 16 Tex. Admin. Code §§ 24.101-24.107 (TAC). The Applicant proposes to serve the Encino Estates Subdivision which includes approximately 1,365 acres and 0 current customers.

TWC § 13.246(c) and 16 TAC § 24.102(d) require the Commission to consider nine criteria when granting or amending a CCN. Therefore, the following criteria were considered:

TWC §13.246(c)(1) requires the Commission to consider the adequacy of service currently provided to the requested area. Service is not currently being provided to the area. The Applicant filed an approval to construct letter dated April 6, 2017, from the Texas Commission on Environmental Quality (TCEQ). The letter indicates that plans and specifications for a new water plant and distribution system have been approved to serve the requested area by Encino Estates Public Water System (PWS) 1460187.

TWC §13.246(c)(2) requires the Commission to consider the need for service in the requested area, including whether any landowners, prospective landowners, tenants, or residents have requested service. There is a need for water utility service in the area, as the property within the service area is being developed as residential lots by Encino Estates, Ltd., (Developer) who has partnered with the Applicant.

TWC §13.246(c)(3) requires the Commission to consider the effect of granting an amendment on the recipient and on any other retail water and sewer utility servicing the proximate area. The CCN amendment will allow the development of a residential area in Liberty County. There are no other retail utilities in the proximate area that can supply the water requirement of the requested area.

TWC §13.246(c)(4) requires the Commission to consider the ability to provide adequate service. T & W Water Service Company has been in the utility business for over 35 years, successfully providing high quality water service to over 3100 current customers in 16 different neighborhoods in Harris, Liberty and Montgomery Counties. The Applicant proposes to build and grow the proposed Encino Estates subdivision system in the same way that it has built and grown its other water systems. The Applicant has a good operations, maintenance and performance record with

TCEQ and plans to operate this new system in the same manner. The requested area will be served by T & W Water Service Company, under Encino Estates Public Water System (PWS) 1460187 approved by TCEQ.

TWC §13.246(c)(5) requires the Commission to consider the feasibility of obtaining service from an adjacent retail public utility. There is no adjacent retail public utility.

Texas Water Code § 13.246(c)(6) requires the Commission to consider the financial ability of the Applicant to pay for facilities necessary to provide continuous and adequate service and the financial stability from the Applicant. 16 Texas Admin. Code § 24.11 establishes criteria to demonstrate that an owner or operator of a retail public utility has the financial resources to operate and manage the utility and to provide continuous and adequate service to the current and proposed utility service area. 16 TAC § 24.11(e) lists the financial tests. The Applicant must meet one of the leverage tests and the operations test. Applicant provided a copy of financial statements for the fiscal year ending September 31, 2016, as well as projected income statements and balance sheets. Staff notes that the following discussion shows that the Applicant does meet the required criteria:

- a. 16 TAC § 24.11(e)(2)(B) states the owner or operator must have a debt service coverage ratio of more than 1.25 using annual net operating income before depreciation and non-cash expenses divided by annual combined long term debt payments.
 - i. Annual Net Operating Income before depreciation and non-cash expenses = \$243,418
 - ii. Annual Long-term debt payments = \$180,905
 - iii. Ratio = $\$243,418 / \$180,905 = 1.35$

The Applicant meets this ratio criterion.

- b. 16 TAC § 24.11(e)(3) refers to the operations test. This states that the owner or operator must demonstrate that sufficient cash is available to cover any projected operations and maintenance shortages in the first five years of operations.
 - i. The Applicant projects shortages in the first and second year of operations of \$52,841 and \$6,887 respectively. However, the Applicant has \$586,001 in cash savings accounts, which is more than enough to cover the projected losses.

The Applicant also meets this criterion.

TWC §§13.246(7) and (9) require the Commission to consider the environmental integrity and the effect on the land to be included in the CCN. There should be minimal effect on the environmental integrity of the land, as it is developed.

TWC § 13.246(8) requires the Commission to consider the probable improvement in service or lowering of cost to consumers. There are currently no customers being served in the area at this time. Based on a review of the application and information provided, the Applicant has demonstrated adequate financial, managerial and technical capabilities to provide service to the proposed areas.

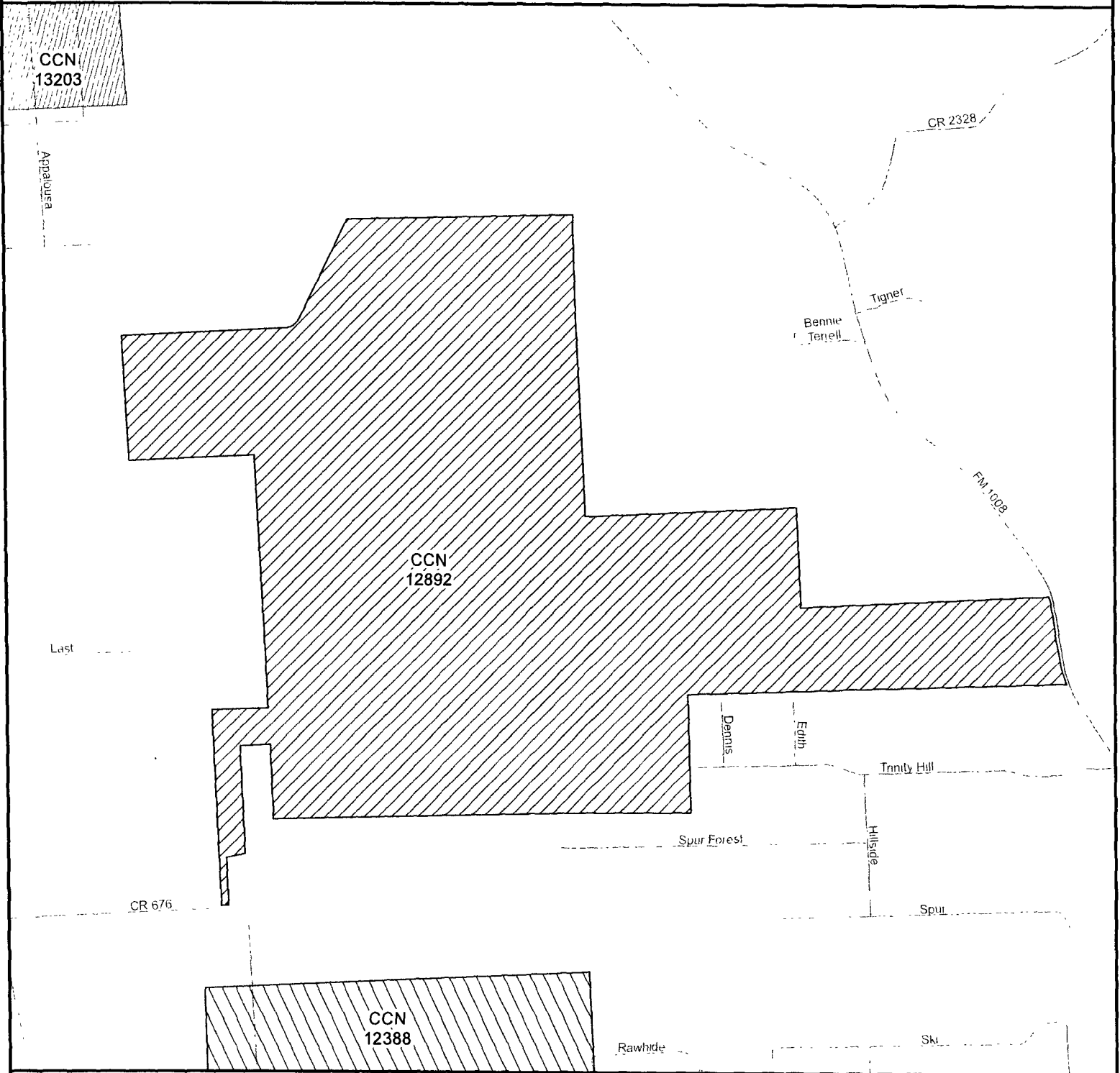
The Applicant meets all of the statutory requirements of TWC Chapter 13 and 16 TAC Chapter 24 rules and regulations. Staff recommends that approving this application to amend T & W Water Service Company CCN No. 12892 in Liberty County is necessary for the service, accommodation, convenience and safety of the public pursuant to 16 TAC § 24.102(c).

The Applicant filed consent to the attached map, tariff and certificate on July 21, 2017.

Staff recommends this application be approved, and that the Applicant be provided with a copy of the attached maps and certificates. Staff further recommends that the Applicant file certified copies of the CCN maps along with a written description of the CCN service area in the county clerk's office pursuant to TWC §§ 13.257 (r)-(s).




ATTACHMENT B

T & W Water Service
 Portion of Water CCN No. 12892
 PUC Docket No. 46743
 Amended CCN No. 12892 in Liberty County



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

Water CCN

-  12892 - T & W Water Service
-  12388 - Woodland Hills Water LLC
-  13203 - Aqua Texas Inc

0 1,000 2,000
 Feet



Map by: Komal Patel
 Date created: July 14, 2017
 Project Path: n:\finalmapping\46743T&WWSC

ATTACHMENT C



WATER UTILITY TARIFF
Docket Number: 46743

T & W Water Service Company
(Utility Name)

12284 FM 3083
(Business Address)

Conroe, Texas 77301
(City, State, Zip Code)

281-367-9566, 800-256-2636
(Area Code/Telephone)

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

12892

This tariff is effective in the following county:

Montgomery, Harris, Liberty

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

City of Conroe

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

This tariff is effective in the following subdivisions or systems:

See attached List of Subdivisions

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	4
SECTION 3.0 -- EXTENSION POLICY	10

APPENDIX A -- DROUGHT CONTINGENCY PLAN

List of Subdivisions		
SYSTEM/SUBDIVISION	PWS ID NUMBER	COUNTY
Deer Run	1700700	Montgomery
Emerald Lakes	1700777	Montgomery
Encino Estates	1460187	Liberty
Falls of Wildwood	1700673	Montgomery
Gemstone Estates	1700608	Montgomery
Grand Harbor	1700643	Montgomery
Harborside	1700682	Montgomery
Hidden Springs Ranch	1700696	Montgomery
Hydies Crossing	1013180	Harris
Millers Crossing	1700675	Montgomery
Oaks of Trinity	1460156	Liberty
Old Mill Lake	1700662	Montgomery
Rio Vista (inside city limits of Patton Village, however they surrendered jurisdiction)	1700778	Montgomery
Riverwalk	1700604	Montgomery
Southwind Ridge	1700659	Montgomery
Splendor Woods	1460153	Liberty
Spring Forest Estates	1460153	Liberty
Spring Oaks	1460157	Liberty
Sunrise Ranch	1700686	Montgomery
The Ranch	1460154	Liberty
Thousand Oaks	1700635	Montgomery

Docket No. 46743

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 – Rates

MONTHLY BASE RATE BY METER SIZE (INCLUDES 0 GALLONS)	Year 1	Year 2
5/8 x 3/4"	\$25.00	\$22.00
1"	\$46.88	\$55.00
1½"	\$85.93	\$110.00
2"	\$148.44	\$176.00
3"	\$179.69	\$352.00
GALLONAGE CHARGE PER 1000 GALLONS		
0 - 10,000 GALLONS	\$2.24	\$2.37 *
10,000 - 20,000 GALLONS	\$2.34	\$2.50 *
> 20,000 GALLONS	\$2.66	\$3.00 *

* **PLUS - PassThrough Fees apply to all Gallonage Used:**

*In addition to the gallonage rate, Pass Through Fees apply to all gallonage used as follows: *The new pass through rate was calculated to be \$2.81, as limited by the notice provided to customers in PUC Docket 46460. The current SJRA GRP fee is \$2.50 divided (1 – 0.11) for line loss, or \$2.81 (rounded).*

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

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

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

REGULATORY ASSESSMENT 1.0%

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$750.00

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

TAP FEE \$950.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 1" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

SECTION 1.0 -- RATE SCHEDULE (Continued)

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

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

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

METER TEST FEE..... \$25.00
 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.

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) Other than nonpayment \$40.00

TRANSFER FEE \$40.00
 THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE
 LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

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

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

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY
 INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16
 TAC § 24.21(F)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

Docket No. 46743

SECTION 1.0 – RATE SCHEDULE (Continued)

PURCHASED WATER/UNDERGROUND WATER DISTRICT FEE PASS THROUGH

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

$$AG = G + B/(1-L), \text{ Where:}$$

AG = adjusted gallonage charge, rounded to nearest one cent

G = approved gallonage charge, per 1,000 gallons

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

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

To implement or modify the Purchased Water/Underground Water District Fee, the utility must comply with all notice and other requirements of 16 TAC § 24.21 (l).

SECTION 2.0 - SERVICE RULES AND POLICIES

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

Section 2.01 - Application for Water Service

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

Section 2.02 - Refusal of Service

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

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

(A) Customer Deposits

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

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

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

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

(B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction.

SECTION 2.0 - SERVICE RULES AND POLICIES (CONT.)

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

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

(C) Easement Requirement

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

Section 2.04 - Utility Response to Applications for Service

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, 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 must install and maintain a cutoff valve on their side of the meter.

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

SECTION 2.0 - SERVICE RULES AND POLICIES (CONT.)

Section 2.06 - Customer Service Inspections

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

Section 2.07 - Back Flow Prevention Devices

All non-residential customers requiring a greater than 1" meter or any customer with irrigation or firefighting systems, must install back flow prevention devices which have been approved by the utility or its consulting engineers on each of their customer service lines.

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.

No water connection shall be made to any establishment where an actual or potential contamination or system hazard exists without an approved air gap or mechanical backflow prevention assembly. The air gap or backflow prevention assembly shall be installed in accordance with the American Water Works Association (AWWA) standards C510, C511 and AWWA Manual M14 or the University of Southern California Manual of Cross-Connection Control, current edition. The backflow assembly installation by a licensed plumber shall occur at the customer's expense.

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 2.0 - SERVICE RULES AND POLICIES (CONT.)

Section 2.09 - Meter Requirements, Readings, and Testing

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

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

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

Section 2.10 - Billing(A) Regular Billing

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

(B) Late Fees

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

(C) Information on Bill

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

(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 2.0 - SERVICE RULES AND POLICIES (CONT.)

Section 2.11- Payments

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

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

Section 2.12 - Service Disconnection

(A) With Notice

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

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

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

(B) Without Notice

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

Section 2.13 - Reconnection of Service

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

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

Section 2.14 - 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 (CONT.)

Section 2.15 - Quality of Service

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

Section 2.16 - Customer Complaints and Disputes

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

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

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

Section 2.17 - Customer Liability

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

SECTION 3.0 - EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

LINE EXTENSION AND CONSTRUCTION CHARGES. NO CONTRIBUTION IN AID OF CONSTRUCTION MAY BE REQUIRED OF ANY CUSTOMER EXCEPT AS PROVIDED FOR IN THIS APPROVED EXTENSION POLICY.

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

Unless an exception is granted by the Commission, 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 Commission if:

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

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

The utility shall bear the cost of any over-sizing of water distribution lines or waste water collection lines necessary to serve other potential service applicants for customers in the immediate area.

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

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. 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.

SECTION 3.0 - EXTENSION POLICY (CONT.)

Section 3.02 - Costs Utilities Shall Bear

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

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

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

Section 3.03 - Contributions in Aid of Construction

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

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

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC § 24.86(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by 16 TAC § 24.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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.

SECTION 3.0 - EXTENSION POLICY (CONT.)

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

Section 3.05 - Applying for Service

The Utility will provide a written service application form to the applicant for each request for service received by the Utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant. 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. The tap request must be accompanied with 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. The actual point of connection and meter installation must be readily accessible to Utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, the applicant may refer the matter to the PUC for resolution.

Section 3.06 - Qualified Service Applicant

A "qualified service applicant" is an applicant who has: (1) met all of the Utility's requirements for service contained in this tariff, PUC rules and/or PUC order, (2) has made payment or made arrangement for payment of tap fees, (3) has provided all necessary easements and rights-of-way necessary 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 certificated service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by PUC rules once the applicant has met all conditions precedent to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The PUC service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by PUC rules.

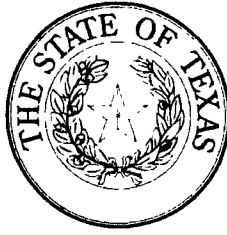
Section 3.07 - Developer Requirements

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.”

ATTACHMENT D



Public Utility Commission of Texas

By These Presents Be It Known To All That

T & W Water Service Company

having duly obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, T & W Water Service Company, is entitled to this

Certificate of Convenience and Necessity No. 12892

to provide continuous and adequate water utility service to that service area or those service areas in Harris, Liberty, and Montgomery Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 46743 are on file at the Commission offices in Austin, Texas; and is a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of T & W Water Service Company, to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, the _____ day of _____ 2017