



Control Number: 47494



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DOCKET NO. 47494

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<b>APPLICATION OF AQUA UTILITIES, INC. DBA AQUA TEXAS TO AMEND A SEWER CERTIFICATE OF CONVENIENCE AND NECESSITY IN HAYS COUNTY</b>	<b>§ § § § §</b>	<b>PUBLIC UTILITY COMMISSION FILING CLERK OF TEXAS</b>
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**COMMISSION STAFF'S FINAL RECOMMENDATION**

**COMES NOW** the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Final Recommendation in response to Order No. 5, and would show the following:

**I. BACKGROUND**

On August 11, 2017, Aqua Utilities, Inc. d/b/a Aqua Texas (Aqua Texas) filed an application to amend its sewer certificate of convenience and necessity (CCN) No. 20453 in Hays County.

Order No. 5, issued on January 19, 2018, established a deadline for Staff to file a final recommendation, if no hearing was requested, by January 24, 2018. Accordingly, this pleading is timely filed.

**II. RECOMMENDATION**

Staff has reviewed the application and supplemental materials and recommends that it be approved, as supported by the memorandum of Leila Guerrero of the Water Utility Regulation Division in Attachment A to this pleading. Aqua Texas consented to the final tariff, map, and certificate contained in Attachment B on January 19, 2018. Pursuant to Tex. Water Code Ann. § 13.257(r)-(s) (West 2008 & Supp. 2017) and 16 Tex. Admin. Code § 24.106(e) (TAC), a utility service provider must file a certified copy of the CCN map, along with a written description of the CCN service areas, in the county clerk's office no later than 31 days after the Commission issues a final order that results in a change to the provider's service area. Therefore, Staff further recommends that Aqua Texas be ordered to file evidence of completion of its county clerk recording requirements with the Commission if the application is approved.

### **III. CONCLUSION**

Staff anticipates filing joint proposed findings of fact and conclusions of law with Aqua Texas by January 31, 2018, as per Order No. 5. Staff respectfully request the entry of an order consistent with the parties' forthcoming proposed order as well as the above recommendations.

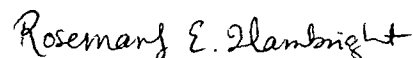
Dated: January 24, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF  
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Stephen Mack  
Managing Attorney

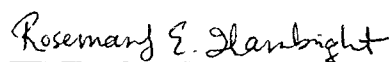


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**DOCKET NO. 47494**

### **CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on January 24, 2018 in accordance with 16 TAC § 22.74.

  
Rosemary E. Hambright

# **Attachment A**

## PUC Interoffice Memorandum

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**TO:** Rosemary Hambright, Attorney  
Legal Division

**THRU:** Tammy Benter, Director  
Heidi Graham, Manager  
Water Utility Regulation Division

**FROM:** Leila Guerrero, Regulatory Accountant/Auditor  
Water Utility Regulation Division

**DATE:** January 22, 2018

**SUBJECT:** **Docket No. 47494**, *Application of Aqua Utilities, Inc. dba Aqua Texas to Amend a Sewer Certificate of Convenience and Necessity in Hays County*

### **Background**

On August 11, 2017, Aqua Utilities, Inc. dba Aqua Texas, (Applicant or Aqua Texas) filed an application with the Public Utility Commission of Texas (Commission) to amend sewer certificate of convenience and necessity (CCN) No. 20453, in Hays County, Texas, pursuant to Tex. Water Code Ann. §§ 13.242 to 13.250 (TWC) and the 16 Tex. Admin. Code §§ 24.101 to 24.107 (TAC). The total area being requested includes approximately 524 acres with no existing customers.

The comment period ended October 23, 2017, and no protests or opt-out requests were received.

### **Criteria Considered**

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) and 16 TAC § 24.102(d)(1) require the Commission to consider the adequacy of service currently provided to the requested area.***

Service is not currently being provided to the requested areas.

***TWC § 13.246(c)(2) and 16 TAC § 24.102(d)(2) require the Commission to consider the need for service in the requested area, including whether any landowners, prospective landowners, tenants, or residents have requested service.***

The areas subject to this application are currently undeveloped land. The Applicant received requests for service from the landowners/developers, Kyle Three Partners, LP, and K Marcos, LLC, who intend to develop the land into a neighborhood called "Sunset Oaks Subdivision." The developers anticipate a need for sewer service to the proposed CCN area sufficient to supply 2,000 living unit equivalents.

***TWC § 13.246(c)(3) and 16 TAC § 24.102(d)(3) require 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 benefit the Applicant by providing additional service connections, which will provide additional revenue to be used for future upgrades and improvements to the sewer service system. There are no other retail sewer utilities

servicing the proximate area.

***TWC § 13.246(c)(4) and TAC § 24102(d)(4) require the Commission to consider the ability to provide adequate service.***

The Applicant's request to transfer the permit number WQ0015293001 from DMS Real Tree, LLC, to Aqua Utilities, Inc. was approved by the TCEQ on October 12, 2017. The Applicant submitted a copy of the permit in this docket, Item No. 13. In addition, the proposed area has an active water quality permit issued and no violations issued.

***TWC § 13.246(c)(5) and 16 TAC § 24.102(d)(5) require the Commission to consider the feasibility of obtaining service from an adjacent retail public utility.***

The Applicant received requests to serve from the developers that own and/or are contracted to purchase the requested areas, thus obtaining service from an adjacent retail provider was not considered.

***TWC § 13.246(c)(6) and 16 TAC § 24.102(d)(6) require 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.*** Pursuant to 16 TAC § 24.11(e), the Applicant must meet both a leverage test and an operations test.

**Leverage Test:** Pursuant to 16 TAC § 24.11(e)(2), the Applicant must meet a leverage test. The Commission's rule provides five methods by which an applicant may satisfy the leverage test, of which the Applicant need only satisfy one.<sup>1</sup> Staff recommends the application be approved based on the consolidated financial statements for Aqua America, Inc. (affiliate), which show that the Applicant's affiliate possesses a debt-to-equity ratio of less than one, satisfying the leverage test method set out in 16 TAC § 24.11(e)(2)(E).<sup>2</sup> The affiliate provided consolidated financial statements for the years 2016 and 2015. The balance sheet shows that the affiliate has a long-term debt of \$1.74 billion and a total equity of \$1.85 billion, or possesses a debt-to-equity ratio of 0.94, or less than one, meaning that the affiliate meets the leverage test set out in 16 TAC § 24.11(e)(2)(A). The affiliate has provided funds to the Applicant for operations and investment in plant for many years.

The statement for revenues and expenses for 2016 shows that the affiliate has a total annual net operating income before depreciation and non-cash expenses of \$367.19 million, and annual long-term debt payments for two years including interests amounting to \$231.27 million, resulting in a debt service coverage ratio of 1.59, or more than 1.25, meaning the affiliate meets the leverage test set out in 16 TAC § 24.11(e)(2)(B).

In addition, the affiliate has an A+/Stable credit rating from Standard and Poor's Financial Services LLC as of October 31, 2017, which meets the leverage test set out in 16 TAC § 24.11(e)(2)(D).

**Operations Test:** Pursuant to 16 TAC § 24.11(e)(3) and § 24.11(e)(4)(B), the Applicant must meet the operations test which states that the owner or operator must demonstrate sufficient cash is available to cover any projected operations and maintenance shortages in

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<sup>1</sup> 16 TAC § 24.11(e)(2).

<sup>2</sup> See Aqua America, Inc.'s 2016 Annual Report, with the application, Attachment 2, pp.3-11.

the first five years of operations. The projected operations and maintenance for the next five years are not available at this time, however, based on the annual financial report, the affiliate has retained earnings of \$1.03 billion and cash and cash equivalents of \$3.76 million for the year 2016. In addition, the affiliate does not show any operations and maintenance shortages for the next five years. Since the utility subject to this application includes existing and operating systems, operations and maintenance costs are projected based on the Applicant's past financial experience.

Based on the above discussion, Staff recommends that the Commission find that the Applicant possesses adequate financial and managerial capability.

***TWC §§ 13.246(7) and (9) and 16 TAC §§ 24.102(d)(7) and (9) require the Commission to consider the environmental integrity and the effect on the land to be included in the certificate.*** There should be minimal effect on the environmental integrity of the land, as it is developed.

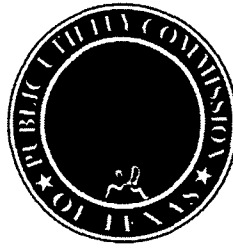
***TWC § 13.246(8) and 16 TAC § 24.102(d)(8) require the Commission to consider the probable improvement in service or lowering of cost to consumers.*** There are currently no customers being served in the area at this time.

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 approval of this application 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 January 22, 2018.

Staff recommends this application be approved, and that the Applicant be provided with a copy of the attached map, tariff, 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**





## SEWER UTILITY TARIFF Docket Number 47494

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

1106 Clayton Lane, Suite 400 W  
(Business Address)

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

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

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

20453 and 20867

This tariff is effective in the following county:

Please See Table – Southwest Region

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

City of Granite Shoals, City of Wimberley (f/k/a Village of Wimberley) and City of Woodcreek

**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. The rates charged within the City of Wimberley (f/k/a Village of Wimberley) and the City of Woodcreek were established through a settlement agreement. Those rates will have to be obtained from the city or the utility.**

This tariff is effective in the following subdivisions or systems:

Please See Table – Southwest Region

### 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
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APPENDIX A – SAMPLE SERVICE AGREEMENT  
APPENDIX B – APPLICATION FOR SERVICE

Table – Southwest Region		
System/Subdivision Name	Permit No.	County
B & W Gathering	WQ11332	Burnet
Barton Creek Lakeside		Travis
Boggy Creek		Williamson
Brentwood Manor Subdivision	WQ10742	Victoria
***Briarcreek Manor	WQ14061	Travis***
Flying M Ranch		Hays
Goforth Village PUD	WQ13293	Hays/Travis
Hidden Lake		Travis
Lake Cliff on Lake Travis	WQ13477	Travis
Leander Hills (Sandy Creek)	WQ13337	Travis
McDaniels Tract		Burnet
Meadow Woods		Hays
Mooreland		Travis
Rebecca Lake		Comal
Red Bluff Estates		Burnet
Sandy Creek Ranches		Travis
Shady Creek		Burnet
Sunset Oaks	WQ15293	Hays
Travis Lakeside		Travis
Woodcreek	WQ13989	Hays

**\*\*\*Note:** Briarcreek Manor has different rates as per settlement agreement.

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Flat Rate</u>
5/8" or 3/4"	<u>\$87.97</u>
1"	<u>\$219.92</u>
1½ "	<u>\$439.84</u>
2"	<u>\$703.75</u>
3"	<u>\$1,407.50</u>
4"	<u>\$2,199.22</u>
6"	<u>\$4,398.43</u>
8"	<u>\$7,037.49</u>
10"	<u>\$10,116.55</u>

**Rate Case Expense Surcharge:** \$2.50 per month per connection for each water and sewer customers for 24 months or until the total amount of \$2,751,170.50 is collected, whichever comes first, starting January 1, 2009.

**Deferred Expense Surcharge:** \$9.94 per month per connection for each water and sewer customers for 24 months or until the total amount of \$10,946,000.00 is collected, whichever comes first, starting January 1, 2009.

**Non-residential customers who purchase sewer service only and who have no reliable water consumption data available will be charged the applicable monthly fee for their meter size multiplied by 1.69. If a water meter is not available, a meter size will be imputed by the utility based upon the size of the water service pipe.**

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

Cash X (If in Person), Check X, Money Order X, 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 TO REMIT FEE TO THE TCEQ.

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$650.00  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL SEWER CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Unique costs) .....Actual Cost  
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE 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.

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 .....\$45.00

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

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

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

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(b)(2)(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.

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

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

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

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

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

B = change in purchased water/district gallonage charge (per 1,000 gallons);

L = system average line loss for preceding 12 months not to exceed 0.15

Charges shall be passed on to flat rate customers by imputing 5,000 gallons monthly wastewater generation and increasing the monthly flat rate according to the following formula:

$AMR = MR + (B \times 5)$ , where

AMR = adjusted monthly flat rate, rounded to the nearest one cent;

MR = approved monthly flat rate;

B = change in purchased wastewater treatment charge (per 1,000 gallons)

## SECTION 2.0 - SERVICE RULES AND REGULATIONS

### Section 2.01 – Public Utility Commission Rules

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

### Section 2.02--Application for and Provision of Sewer Service

All applications for standard residential service will be made on the utility's standard application (attached in the Appendix to this tariff) and will be signed by the applicant before sewer service is provided by the utility. A separate application or contract will be made for each service at each separate location. The application process for non-standard or non-residential sewer service will require completion of other forms and agreements to be provided by the utility.

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

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

The customer/applicant will be responsible for furnishing and laying the necessary sewer service pipe from the utility's connection location to the place of use.

### Section 2.03 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the 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 a complaint may be filed with the Commission.

### Section 2.04 - Customer Deposits

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

## SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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

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

### Section 2.05 - Meter Requirements, Readings, and Testing

It is not a requirement that the utility use meters to measure the quantity of sewage disposed of by individual customers. One connection is required for each residential, commercial, industrial, or other non-residential facility.

### Section 2.06 - Billing

Bills from the Utility will be mailed monthly unless otherwise authorized by the Commission or the customer voluntarily elects to be billed through a paperless electronic billing system which uses the standard forms, protocols and conformation processes established and maintained by the Utility or unaffiliated third parties providing online billing and payment services that are approved by the Utility. The due date of bills for utility service will be at least 21 days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing or electronic mailing by the Utility or the Utility's billing service will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the Utility or the Utility's authorized payment 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 work day after the due date.

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

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

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

## SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

**Electronic Billing and Payment** – A customer may voluntarily elect to be billed through a paperless electronic billing system which uses standard forms, protocols and conformation processes established and maintained by the Utility or unaffiliated third parties providing online billing and payment services that are approved by the Utility. Any charges required by the third party to process the electronic bill or payment are the responsibility of the customer and are in addition to utility bill amounts. In administering this electronic billing option, the Utility does not send the customer paper bills. Customers may sign up for electronic billing at [www.aquaamerica.com](http://www.aquaamerica.com).

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

**Third Party Charges for Processing Utility Bill Payments** – Any charges required by a third party to accept or process a cash utility bill payment at a non-utility payment location, a credit card utility bill payment, or an electronic utility bill or payment are the responsibility of the customer and are in addition to utility bill amounts.

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

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 telephone number (or numbers) which may be reached by a local call by customers. At the utility's option, a toll-free telephone number or the equivalent may be provided.

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 2.0 - SERVICE RULES AND REGULATIONS (Continued)

### Section 2.07 - Service Disconnection

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice, for reasons set forth in Section 2.20 of this Tariff, or for any other reason authorized by Commission Rules. The termination date must be at least 10 days after the notice is mailed or hand delivered.

The utility may, but is not required, to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 31 days from the date of issuance of a bill and if proper notice of termination has been given.

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

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

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

### Section 2.08 - Reconnection of Service

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

### Section 2.09 - Service Interruptions

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

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

Section 2.10 - Quality of Service

The utility will plan, furnish, maintain and operate treatment 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 the effluent at the quality required by its discharge permits issued by the TCEQ. Unless otherwise authorized by the TCEQ, the utility will maintain facilities as described in the TCEQ Rules.

Section 2.11 - Customer Complaints and Disputes

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

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

## SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

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

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

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

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

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

**Limitation on Product/Service Liability.** - The utility will not accept liability for any injury or damage to individuals or their property occurring on the customer's premises. The utility makes no representations or warranties (expressed or implied) that customer's appliances will not be damaged by disruptions of or fluctuations in sewer service whatever the cause. The utility will not accept liability for injuries or damages to persons or property due to disruption of sewer service caused by: (1) acts of God, (2) acts of third parties not subject to the control of the utility if the utility has undertaken such preventive measures as are required by PUC rules, (3) electrical power failures in sewer systems not required by PUC rule to have auxiliary power supplies, or (4) termination of sewer service pursuant to the utility's tariff and the PUC's rules. The utility will accept liability for any injury or damage to individuals or their property directly caused by defective utility plant facilities or the repairs to or construction of the utility's facilities.

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

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection.

SECTION 2.20 – SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction (as may be allowed by PUC rule) for the actual costs of any additional facilities required to maintain compliance with the TCEQ minimum design criteria for the collection, transmission, treatment, or discharge of wastewater.

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

Tap fees may be increased by unique costs not normally incurred as may be permitted by 16 TAC § 24.86(b)(1)(C).

The utility adopts the Uniform Plumbing Code pursuant to TCEQ Rule 290.46(i) and 16 TAC § 24.86(b)(3). The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the Commission, the Uniform Plumbing Code and with the service rules and regulations of the utility. The customer will bring out his sewer line to his property line at the point on the customer's property mutually acceptable to the customer and the utility subject to such requirements as may exist by Commission rule.

The utility will have the right of access to the customer's premises at all times reasonable for the purpose of installing, testing, inspecting or repairing the utility's equipment or piping and for inspecting or testing the customer's facilities, grease traps or pretreatment units used in connection with the utility's provision of sewer service, or for the purpose of removing the utility's 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 tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

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

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

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

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

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

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

The disposal into the utility's sewer collection system of bulk quantities of food or food scraps not previously processed by a grinder or similar garbage disposal unit and grease and oils, except as incidental waste in process or wash water, used in or resulting from food preparation by sewer utility customers engaged in the preparation and/or processing of food for other than domestic consumption for sale to the public shall be prohibited. Specifically included in this prohibition are grease and oils from grease traps to other grease and/or oil storage containers. These substances are defined as "garbage" under Section § 361.003(12) of the Solid Waste Disposal Act, Texas Health and Safety Code, and are not "sewage" as defined by Section § 26.001(7) of the Texas Water Code. 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 BOD or TSS characteristics that it cannot reasonably be processed by the utility's state-approved wastewater treatment plant within the parameters of the utility's state and federal wastewater discharge permits. **THIS SERVICE DOES NOT INCLUDE THE COLLECTION AND DISPOSAL OF STORM WATERS OR RUN OFF WATERS, WHICH MAY NOT BE DIVERTED INTO OR DRAINED INTO THE UTILITY'S COLLECTION SYSTEM.**

Pursuant to 16 TAC § 24.87(o), the utility may charge for all labor, material, equipment, and other costs necessary to repair or replace all equipment damaged due to service diversion or the discharge of wastes which the system cannot properly treat. This shall include all repair and cleanup costs associated with discharges of grease and oils, except as incidental waste in process or wash water, used in or resulting from food preparation by sewer utility customers engaged in the preparation and/or processing of food for other than domestic consumption or for sale to the public discharged from grease traps or other grease and/or oil storage containers. The utility may charge for all costs necessary to correct service diversion or unauthorized taps where there is no equipment damage, including incidents where service is reconnected without authority.

## SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

The utility may not charge any additional penalty or charge other than actual costs unless such penalty has been expressly approved by the regulatory authority having rate/tariff jurisdiction and filed in the utility's tariff.

Pursuant to 16 TAC§ 24.86(b)(3)(A) and (B), the customer's service line and appurtenances shall be constructed in accordance with the laws and regulations of the State of Texas, local plumbing codes, or, in the absence of such local codes, the Uniform Plumbing Code. It shall be the customer's responsibility to maintain the service line and appurtenances in good operating condition, *i.e.*, clear of obstruction, defects, or blockage.

If the utility can provide evidence of excessive infiltration or inflow or failure to provide proper pretreatment, the utility may, with the written approval of the Commission, require the customer to repair the line or eliminate the infiltration or inflow or take such actions necessary to correct the problem. If the customer fails to correct the problem within a reasonable time, the utility may disconnect service after proper notice.

In accordance with the requirements of utility's domestic wastewater treatment and disposal Permits, as applicable, any and all repairs and maintenance of utility's lines, tanks, pumps and equipment located on Customer's premises shall be performed exclusively by the utility.

Copies of the utility's state and federal domestic wastewater treatment and disposal permits shall be available for public inspection and copying in the utility's business office during normal business hours.

Non-residential customers electing the pretreatment option for sewage with non-standard characteristics may be charged those costs set forth in the utility's extension policy if such pretreatment fails or otherwise causes the utility's facilities to violate their domestic wastewater treatment and disposal permits.

## ADDITIONAL REASONS FOR DISCONNECTION OF SEWER SERVICE

Sewer service can be disconnected 10 days after notice is mailed or hand delivered for the following reasons: (1) failure to prevent improper discharges of wastewater that does not meet the requirements of the "Conditions for Non-residential Sewer Service" included in Appendix B; (2) failure to correct improper grease trap conditions after written notice from the utility; (3) failure by a customer required to have a grease trap to correct improper grease trap conditions identified in an inspection by utility personnel or a contractor, such as excessive grit, excessive floating solids, or any condition that does not allow the grease trap to function properly and discharge wastewater that meets the limits set forth in the "Conditions for Non-residential Sewer Service" included in Appendix B; (4) failure to ensure that all wastewater discharges and pre-treatment actions comply with the "Conditions for Non-residential Sewer Service" included in Appendix B; or (5) allowing disposal of wastes that are not generated on the customer's property, whether generated by the customer or another party, through the customer's connection to the utility's wastewater system.

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

Service will not be reconnected until the customer demonstrates that the improper wastewater discharge conditions are corrected. If service is disconnected due to a sample analysis demonstrating that the wastewater does not meet the limits set forth in the "Conditions for Non-residential Sewer Service" included in Appendix B, service will not be reconnected until the customer submits and pays for analysis of a sample, collected in the presence of utility personnel or utility contractor, that meets the limits in the "Conditions for Non-residential Sewer Service" included in Appendix B.

RESIDENTIAL SINGLE-FAMILY GRINDER STATIONS, LIFT STATIONS, RECEIVING TANKS, OR SEWAGE STATIONS

Prior to the installation of a residential single-family grinder station, lift station, receiving tank, or sewage station, the utility must be given a complete listing of all materials and equipment that will be used.

In order to prevent inflow and infiltration, the materials must comply with standard specifications, approved by the Commission and the utility.

After the utility has approved the installation, construction may begin. Once the work is complete, the utility will perform an inspection of the installation and equipment to ensure the installation is completed as specified.

The customer will retain ownership of installed equipment on the customer's property, including grinder pumps, lift pumps, and appurtenances, and all maintenance, repairs and replacement for such equipment, and payment for electricity needed to operate such equipment, are the customer's responsibility and not the utility's.

Repairs of grinder stations, lift stations, receiving tanks, or sewage stations installed on the customer's property may be performed by anyone selected by the customer who is competent to perform such repairs. The utility requires that parts and equipment meet the minimum standards approved by the TCEQ and the utility to insure proper and efficient operation of the utility's sewer system receiving wastewater from such equipment.

MULTI-FAMILY OR NON-RESIDENTIAL GRINDER STATIONS, LIFT STATIONS, RECEIVING TANKS, OR SEWAGE STATIONS

Prior to the installation of a multi-family or non-residential grinder station, lift station, receiving tank, or sewage station, the utility must be given a complete listing of all materials and equipment that will be used, along with a description of any associated storage needs and equipment that will be used.

In order to minimize inflow and infiltration into the collection system, the installation and materials must comply with standard specifications approved by the TCEQ.

After the utility has approved the installation, construction may begin. Once the work is complete, the utility will perform an inspection of the installation and equipment to ensure the installation is completed as specified.

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

Prior to acceptance of an existing grinder station, lift station, receiving tank, or sewage station that is being used as an interceptor tank for primary treatment, wastewater storage, or pump tank prior to discharge into an alternative or conventional sewage system, such facilities must be cleaned, inspected, repaired, modified, or replaced if necessary to minimize inflow and infiltration into the collection system.

Existing pumps and tanks must be of adequate size to insure proper pumpage in the event of high flow or when one pump is out of service. If the existing pumps and receiving tanks or lift stations are of inadequate size, the utility will not accept liability for backups due to events including, but not limited to: high flows, one pump out of service, rainfall causing inflow or infiltration, power outages, lack of proper storage capacity, etc.

If the collection system that discharges into the grinder station, lift station, receiving tank, or sewage station has an inflow or infiltration problem and collects rainfall discharge, the owner or P.O.A. will correct it within 90 days of written notice from the utility. If no action is taken to correct the problem within 90 days, the utility may discontinue service. The grinder station, lift station, receiving tank, or sewage station and the collection system that discharges into one of these units shall at all times remain the owner's / P.O.A.'s responsibility and not the utility's. All maintenance, repairs and replacement for such equipment, and payment for electricity needed to operate such equipment, are the owner / P.O.A.'s responsibility and not the utility's.

An adequate easement must encompass the grinder station, lift station, receiving tank, or sewage station by a 15 foot radius and also a 15 foot access easement to any of these units to facilitate proper maintenance and repairs. If this easement does not exist, one must be created and filed of record.



## SECTION 3.0 - EXTENSION POLICY

### Section 3.01 - Standard Extension Requirements

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

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

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

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

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

## SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY

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

Residential customers not covered under Section 3.01 will be charged the equivalent of the costs of extending service to their property from the nearest 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 full cost of extending service to and throughout their property, including the cost of all necessary collection, transmission, and treatment facilities with necessary capacity to meet the service demands anticipated to be created by that property.

Developers may be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with TCEQ minimum design criteria for facilities used in collecting, treating, transmitting, and discharging wastewater effluent. For purposes of this subsection, a developer is one who subdivides or requests more than two sewer connections on a piece of property. Commercial, industrial, other non-residential, and wholesale customers will be treated as developers.

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

Non-residential customers generating sewage creating unique or non-standard treatment demands which might reasonably be expected to cause the utility's treatment facilities to operate outside their current domestic wastewater treatment and disposal permit parameters may be charged the cost of all studies, engineering plans, permit costs, and collection treatment or discharge facilities construction or modification costs necessary to enable the utility to treat said sewage within permit limits acceptable to the TCEQ, EPA and other regulatory agencies. In the alternative, the customer may have the option of pre-treating said sewage in such a manner so that it may not reasonably be expected to cause the utility's facilities to operate outside their permit parameters. In such case, the customer shall be required to pay the utility's costs of evaluating such pretreatment processes and cost of obtaining regulatory approval of such pretreatment processes. In the event the pretreatment facilities of a customer making this election fail and cause the utility's facilities to operate outside their permit parameters, the customer shall indemnify the utility for all costs incurred for clean ups or environmental remediation and all fines, penalties, and costs imposed by regulatory or judicial enforcement actions relating to such permit violations.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (Continued)

Non-residential sewer customers producing water borne waste significantly different from waste generated by residential customers may be required to provide a suitable sampling point at the property line for testing the customer's waste for chemicals or substances, *e.g.*, grease, oils, solvents, pesticides, etc., which can reasonably be believed to have an injurious effect on the utility's plant and/or its ability to treat and dispose of such wastes within the parameters of the utility's permit. Utility shall have reasonable access to the sampling point at all times.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC § 24.86(d) and this tariff.

When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge based upon the capacities of collection, transmission, storage, treatment and discharge facilities, compliant with the TCEQ minimum design criteria, which must be committed to such extension. As provided by 16 TAC § 24.86(d)(4), for purposes of this section, commercial, industrial, other non-residential, and wholesale customers shall be treated as developers.

The imposition of additional extension costs or charges as provided by Sections 2.20 and 3.20 of this tariff shall be subject to appeal as provided in this tariff, 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 any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall have the right to appeal such costs to the 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 located. Unless the PUC or other regulatory authority enters interlocutory orders to the contrary, service to the applicant may be delayed until such appeal is resolved.

The utility will provide a written service application form to the applicant for each request for standard 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. The application process for non-standard or non-residential sewer service will require completion of other forms and agreements to be provided by the utility in addition to the standard service application form. Standard service application forms will be available for applicant pick up at the utility's business office during normal weekday business hours or for download from the utility's web site. Forms and agreements for non-standard or non-residential sewer service will be provided by the utility upon request. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications may be submitted by hand delivery or by mail to one of the utility's business offices.

The utility shall serve each qualified service applicant within its CCN service area as soon as practical after receiving a completed service application and all required agreements. All service requests will be fulfilled within the time limits prescribed by Commission rules once the applicant has met all conditions precedent to achieving a qualified service applicant status.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (Continued)

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 herein or by Commission rules.

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

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

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

The utility shall require a developer (as defined by Commission rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property. The developer shall be required to obtain all necessary easements and rights-of-way required to extend the utility's existing service facilities from their nearest point with adequate service capacity (as prescribed by Commission rules and local service conditions) to and throughout the developer's property. The easements shall be sufficient to allow the construction, installation, repair, maintenance, testing, and replacement of any and all utility plant necessary to provide continuous and adequate service to each and every potential service location within the property at full occupancy.

Unless otherwise restricted by law, sewage treatment facilities, holding tank sites, lift stations, and disposal sites shall convey with all permanent easements and buffers required by TCEQ rules. Unless otherwise agreed to by the utility, pipeline right-of-way easements must be at least 15 feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and required service facilities/equipment.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (Continued)

Easements must be provided for all sewage treatment facilities, holding tanks, lift stations, and disposal sites which are sufficient to construct and maintain all weather roads as prescribed by TCEQ rules. All easements shall be evidenced, at developer's expense, by recorded county-approved subdivision plat or by specific assignment supported by metes and bounds survey from a surveyor licensed by the State of Texas.

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

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

(b) After the requirements of easements and rights-of-way have been determined, a red line copy will be returned by the utility to the developer for final plat preparation.

(c) Copies of all proposed plats and plans must be submitted to the utility prior to their submission to the county for approval to ensure that they are compatible with the adequate long-term utility needs of potential service customers. Copies will be returned after review by the utility so that necessary changes may be incorporated into the developer's final submitted plat(s) and plans.

(d) The utility shall be provided with three (3) certified copies of the final plat(s) approved by the County Commissioners Court. At this time, the utility will begin engineering the facilities necessary to serve the property. Plans and specifications will be prepared and submitted to the TCEQ by the utility if required by law. If further plat or plans changes are necessary to accommodate the specific service needs of the property and the anticipated customer demands, the developer will be so notified. Plat amendments must be obtained by the developer. The developer shall be notified when all required TCEQ or other governmental approvals or permits have been received. No construction of utility plant which requires prior TCEQ plans approval shall be commenced until that approval has been received by the utility and any conditions imposed by the TCEQ in association with its approvals have been satisfied.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (Continued)

(e) The Developer shall be required to post bond or escrow the funds necessary to construct all required utility plant, except individual sewer connections, required to serve the property. Construction shall not commence until funds are available. If the construction is to be done in coordination with the phased development of the property, funds must be provided in advance which are sufficient to complete each phase. No phase or facilities for any phase shall be constructed prior to the bonding or escrowing of all funds associated with that phase.

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

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

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

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

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

(a) that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility; or

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

(c) that the residential service applicant purchased the property from the developer after the developer was notified of the need to provide facilities to the utility.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (Continued)

A residential service applicant may be charged the remaining costs of extending service to his property; provided, however, that the residential service applicant may only be required to pay the cost equivalent to the cost of extending the nearest wastewater collection line, whether or not that line has adequate capacity to serve that residential service applicant. The following criteria shall be considered to determine the residential service applicant's cost for extending service:

(a) The residential service applicant shall not be required to pay for costs of main extensions greater than 2" diameter for pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.

- (b) Exceptions may be granted by the Commission if:
- (1) 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
  - (2) larger minimum line sizes are required under subdivision platting requirements or applicable building codes.

(c) 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 over-sizing 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 CCN area, industrial, other non-residential and wholesale customers shall be treated as developers.

Any applicant for non-residential service is considered a request for nonstandard service.

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 black-flow 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.

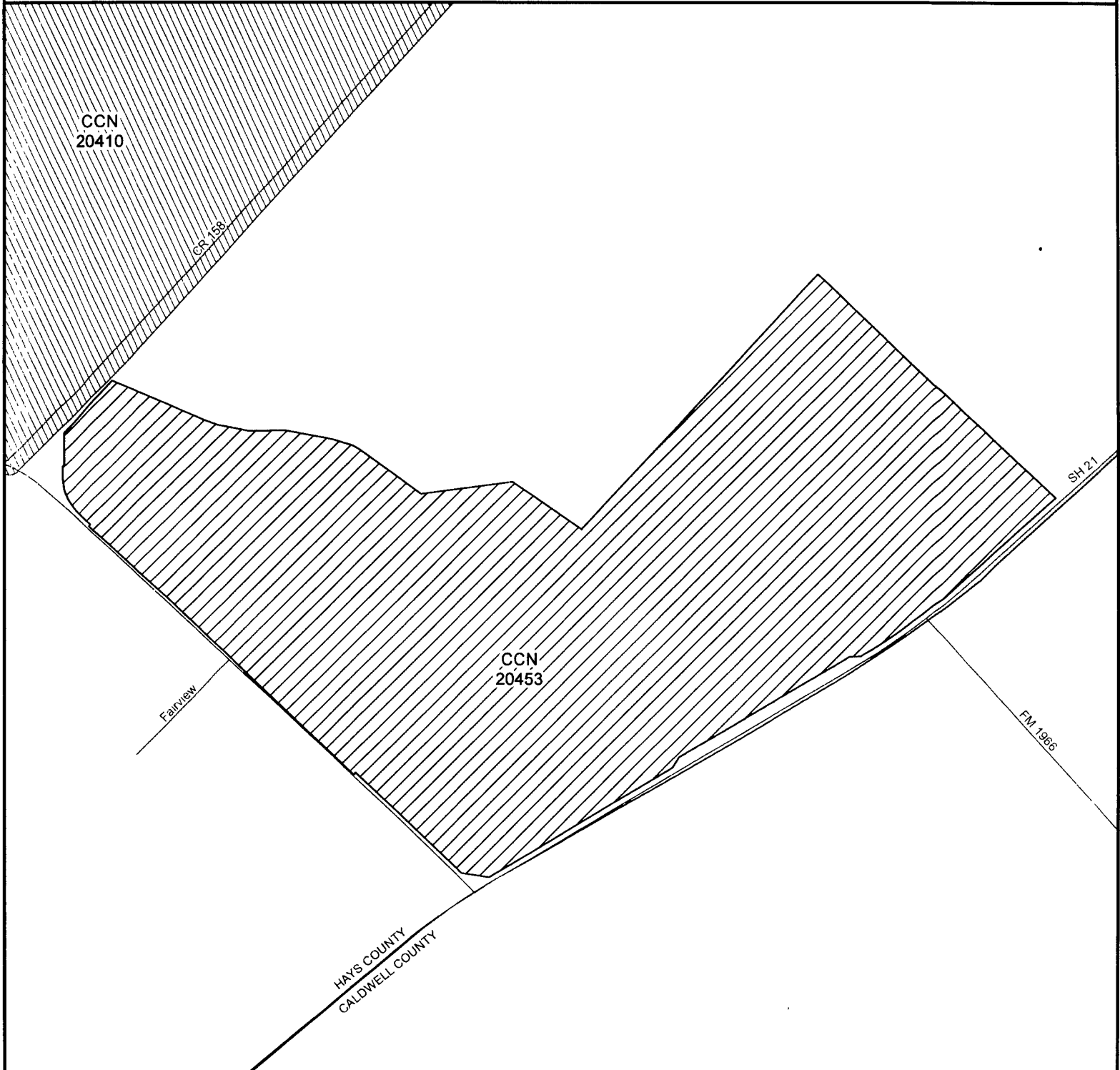
CUSTOMER'S SIGNATURE: \_\_\_\_\_

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





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

Aqua Utilities, Inc.  
Portion of Sewer CCN No. 20453  
PUC Docket No. 47494  
Amended CCN No. 20453 in Hays County



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

**Sewer CCN**

-  20453 - Aqua Texas Inc
-  20410 - City of Kyle

0 625 1,250  
Feet



Map by Komal Patel  
Date created: November 17, 2017  
Project Path: n:\finalmapping\47494AquaUtilities.mxd



# **Public Utility Commission of Texas**

**By These Presents Be It Known To All That**

**Aqua Utilities, Inc. dba Aqua Texas**

having obtained certification to provide sewer 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, Aqua Utilities, Inc., dba Aqua Development Inc., dba Aqua Texas, Inc. is entitled to this

## **Certificate of Convenience and Necessity No. 20453**

to provide continuous and adequate sewer utility service to that service area or those service areas in Burnet, Hays, Travis, Victoria, and Williamson Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 47494 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Aqua Utilities, Inc. dba Aqua Texas, to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.