



Control Number: 47680



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PUC DOCKET NO. 47680  
SOAH DOCKET NO. 473-18-1906.WS

2018 JUN 26 AM 11:19

APPLICATION OF BOLIVAR UTILITY §  
SERVICES, LLC TO CHANGE SEWER §  
RATES IN GALVESTON COUNTY §

BEFORE THE STATE OFFICE OF  
ADMINISTRATIVE HEARINGS

**UNOPPOSED STIPULATION AND SETTLEMENT AGREEMENT**

This Unopposed Stipulation and Settlement Agreement (“Stipulation”) is entered into by the Commission Staff (“Staff”) of the Public Utility Commission of Texas (“Commission”) and Bolivar Utility Services, LLC (“Bolivar” or “Applicant”) (collectively “Signatories”), and submitted to the Commission as a just and reasonable disposition of all issues in this docket that is consistent with the public interest. The Signatories request approval of this Stipulation and the entry of the Agreed Proposed Order (“Proposed Order”), attached hereto as Exhibit A.

**I. BACKGROUND**

On October 9, 2017, Bolivar filed an application with the Commission requesting authority for sewer and tariff changes in Galveston County, Texas (“Application”). The Application proposed to increase Bolivar’s sewer rates and revise its tariff for Certificate of Convenience and Necessity (“CCN”) No. 21026.<sup>1</sup>

On January 11, 2018, Staff recommended the application be deemed administratively complete, that the proposed rate change remain suspended pursuant to 16 Texas Administrative Code (TAC) § 24.26(a)(2), and that the Commission refer the matter to the State Office of Administrative Hearings (“SOAH”) to conduct a hearing. On January 22, 2018, Commission Advising and Docket Management entered an order consistent with Staff’s recommendations.

No protesting customers appeared at the SOAH preliminary hearing on February 21, 2018. Thereafter, Applicant and Commission Staff proceeded with discovery. Throughout this period, the Parties engaged in settlement discussions. Following the Applicant’s submittal of its Direct Testimony on April 2, 2018, Commission Staff informed Applicant that settlement was appropriate and moved to abate the hearing. SOAH Order No. 3, issued on April 6, 2018, abated the procedural schedule for thirty (30) days to allow the Signatories to finalize their settlement.

<sup>1</sup> The service area for CCN No. 21026 extends into Chambers County, Texas, however, Bolivar provides service only in Galveston County, Texas.

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SOAH Order No. 3 also required the Signatories to file a joint proposed order or status report by May 7, 2018. Staff filed a Status Update on May 4, 2018, wherein Staff reported that the parties were still in the process of finalizing an agreement and requested that Administrative Law Judge grant until June 4, 2018, to submit a further status update or finalize the settlement. SOAH Order No. 4, issued on May 7, 2018, ordered that the matter remain abated until June 4, 2018, by which time the parties were required to file either a joint proposed order or status report. On June 1, 2018, Staff filed a second status update, reporting that the parties were continuing to finalize a settlement agreement and requesting the ALJ grant until July 2, 2018, to submit a further status update or finalize the settlement agreement. SOAH Order No. 5, issued on June 4, 2018, ordered that the matter remain abated until July 2, 2018.

The Signatories have reached an agreement as reflected herein. In accordance with the deadline established in Order No. 5, this Stipulation is timely filed. The Signatories believe that a resolution of this docket pursuant to the terms set forth below is reasonable and in the public interest. Settlement will also conserve the resources of the parties and the Commission and will mitigate litigation expense.

Accordingly, the Signatories jointly request approval of this Stipulation and entry of the Agreed Proposed Order, including findings of fact and conclusions of law. By this Joint Stipulation, the Signatories resolve all issues among them related to Bolivar's requested rates, and agree as follows:

## **II. STIPULATION AND AGREEMENT**

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

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

The Signatories agree that Bolivar should be allowed to implement the retail sewer utility rates contained in Section 1.0 of the tariff included as Exhibit B to this Stipulation. The Signatories agree that the attached rates are just and reasonable and are consistent with the public interest.

Commission Order No. 3 suspended Bolivar's revised proposed effective date for no longer than 265 days or until October 14, 2018. Accordingly, the Signatories agree that the

effective date of the new sewer rates will be the first day of the month following the Commission's final order approving the sewer rates contained in the respective tariffs.

**b. Revenue Requirement and Rate of Return**

The Signatories agree that Bolivar's revenue requirement and rate of return is not being determined or approved in this docket. Nonetheless, the Signatories agree that Bolivar's cost of service exceeds the maximum revenue generated by the stipulated rates. The Signatories agree that approval of the stipulated rates is reasonable and in the public interest.

**c. Rate Case Expenses**

The Signatories agreed that Bolivar shall not seek to recover and shall not collect any rate-case expense that it incurred or will incur in relation to the Application or this docket (SOAH Docket No. 473-18-1906.WS, PUC Docket No. 47680).

**2. Proposed Order**

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

**III. IMPLEMENTATION OF AGREEMENT**

**1. Obligation to Support this Stipulation**

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

**2. Effect of Stipulation**

a. The Stipulation does not adopt any particular methodology underlying the settlement rates or rate design reflected in the Stipulation.

b. The failure to litigate any specific issue in this docket does not waive any Signatory's rights to contest that issue in any other current or future proceeding. The failure to litigate an issue cannot be asserted as a defense or estoppel, or any similar argument, by or against any Signatory in any other proceeding.

c. The terms of this Stipulation may not be used either as an admission or concession of any sort or as evidence in any proceeding except to enforce the terms of this Stipulation. Oral or written statements made during the course of the settlement negotiations may not be used for any purposes other than as necessary to support the entry by the Commission of an order implementing this Stipulation. All oral or written statements made during the course of the settlement negotiations are governed by Tex. R. Evid. 408.

d. The Signatories arrived at this Stipulation through extensive negotiation and compromise. This Stipulation reflects a compromise, settlement, and accommodation among the Signatories, and the Signatories agree that the terms and conditions herein are interdependent. The Parties agree that this Stipulation is in the public interest. All actions by the Signatories contemplated or required by this Stipulation are conditioned upon entry by the Commission of a final order fully consistent with this Stipulation. If the Commission does not accept this Stipulation as presented or enters an order inconsistent with any term of this Stipulation, any Signatory shall be released from all commitments and obligations, and shall have the right to seek hearing on all issues, present evidence, and advance any positions it desires, as if it had not been a Signatory.

e. This Stipulation is binding on each of the Signatories only for the purpose of settling the issues as set forth herein and for no other purposes. It is acknowledged that a Signatory's support of the matters contained in this Stipulation may differ from the position taken or testimony presented by it in this proceeding or other proceedings. To the extent that there is a difference, a Signatory does not waive its position in any other proceedings. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Stipulation in other proceedings, whether those proceedings present the same or a different set of circumstances, except as may otherwise be explicitly provided in this Stipulation.

f. There are no third party beneficiaries of this Stipulation. Although this Stipulation represents a settlement among the Signatories with respect to the issues presented in this docket, this Stipulation is merely a settlement proposal submitted to the Commission, which has the authority to enter an order resolving these issues

g. This Stipulation supersedes any prior written or oral agreement in this docket regarding the subject matter of this Stipulation.

h. The final resolution of this docket does not impose any conditions, obligations, or limitations on Bolivar's right to file a future rate application and obtain rate relief in accordance with the Texas Water Code.

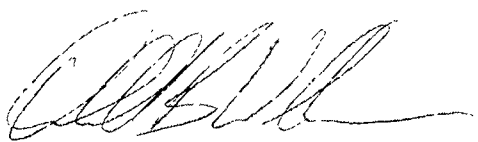
i. This Stipulation shall not be binding or precedential upon a Signatory outside this docket and Signatories retain their rights to pursue relief to which they may be entitled in other proceedings.

### **3. Execution**

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

Executed as shown below:

**BOLIVAR UTILITY SERVICES, LLC**

By: 

Randall B. Wilburn  
**Attorney for Bolivar Utility Service, LLC**

Dated this 26th day of June 2018.

**STAFF OF THE PUBLIC UTILITY COMMISSION OF TEXAS**

By:                     *RN*                    

Richard Nemer  
**Attorney for Staff of the Public Utility Commission of Texas**

Dated this 26<sup>TH</sup> day of June 2018.

**PROPOSED FINAL ORDER, EXHIBIT A  
TO  
UNOPPOSED STIPULATION AND SETTLEMENT AGREEMENT  
DOCKET NO. 47680**



PUC DOCKET NO. 47680  
SOAH DOCKET NO. 473-18-1906.WS

**APPLICATION OF BOLIVAR UTILITY SERVICES, LLC TO CHANGE SEWER RATES IN GALVESTON COUNTY**   §     **PUBLIC UTILITY COMMISSION**  
§  
§   **OF TEXAS**

**PROPOSED FINAL ORDER**

This Order addresses the application (“Application”) filed by Bolivar Utility Services, LLC (“Bolivar” or “Applicant”) with the Public Utility Commission of Texas (“Commission”) requesting authority for sewer rate and tariff changes for areas it serves within Galveston County, Texas. The Application proposes to increase Bolivar’s sewer rates and revise its tariff for Certificate of Convenience and Necessity (“CCN”) No. 21026. Bolivar and Commission Staff (Signatories) executed a unanimous agreement resolving all issues between the parties to this docket. The Commission approves Bolivar’s Application as modified by this Order.

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

**I. Findings of Fact**

**Procedural History**

1. On October 9, 2017, Bolivar filed an application for a sewer rate/tariff change for areas it serves within Galveston County, Texas.<sup>1</sup>
2. Bolivar sought a rate increase for its sewer rates under sewer CCN No. 21026. The proposed rate increase affects 720 connections in Bolivar’s certificated area.
3. On October 10, 2017, Order No. 1 was issued, Requiring Comments on Administrative Completeness and Addressing Other Procedural Matters.
4. On November 9, 2017, Commission Staff recommended that the Application be found deficient because Bolivar’s notice did not include notice to the Office of Public Utility Counsel.
5. On November 9, 2017, Order No. 2 was issued, deeming Bolivar’s application administratively incomplete and establishing deadlines for Bolivar to cure the

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<sup>1</sup> The service area for CCN No. 21026 extends into Chambers County, Texas, however, Bolivar provides service only in Galveston County, Texas.

deficiencies and for Commission Staff to file a supplemental recommendation on administrative completeness.

6. On November 16, 2017, Bolivar filed additional information in response to Order No. 2.
7. On January 11, 2018, Commission Staff recommended that the Application and notice be found administratively complete, that Bolivar's proposed rates remain suspended, and that the Commission refer this matter to the State Office of Administrative Hearings ("SOAH").
8. On January 22, 2018, Order No. 3 was issued, deeming the Application administratively complete and suspending the effective date of Bolivar's proposed rates pursuant to 16 Tex. Admin. Code (TAC) § 24.26(a)(2).
9. On January 22, 2018, Commission Advising and Docket Management entered an Order of Referral.
10. On January 24, 2018, SOAH Order No. 1 was issued, Description of the Case, Notice of Prehearing Conference, Intervention Deadline, General Procedural Requirements, wherein the SOAH ALJ established that the effective date of the rate increase was suspended for 265 days, or until October 14, 2018.
11. On February 15, 2018, the Commission issued a Preliminary Order in this matter.
12. On February 21, 2018, the SOAH ALJ convened a prehearing conference to discuss scheduling, wherein Bolivar and Commission Staff were the only parties to make an appearance.
13. On February 21, 2018, SOAH Order No. 2 was issued, adopting the agreed procedural schedule.
14. On April 2, 2018, Bolivar filed the direct testimony and exhibits of Michael Lege and Chuck Loy.
15. On April 5, 2018, Commission Staff filed its Agreed Motion to Abate the Procedural Schedule, requesting a 30-day continuance to allow the parties to file a Joint Proposed Final Order, including findings of fact and conclusions of law.
16. On April 6, 2018, SOAH issued Order No. 3, Granting the Agreed Motion to Abate the Procedural Schedule.

17. On May 4, 2018, Commission Staff filed a Status Update, reporting that the parties were still finalizing a settlement agreement and requesting the ALJ grant until June 4, 2018, to submit a further status update or finalize the settlement agreement.
18. On May 7, 2018, SOAH issued Order No. 4, ordering the procedural schedule remain abated until June 4, 2018.
19. On June 1, 2018, Commission Staff filed a Status Update, reporting that the parties were continuing to finalize a settlement agreement and requesting the ALJ grant until July 2, 2018, to submit a further status update or finalize the settlement agreement.
20. On June 4, 2018, SOAH issued Order No. 5, ordering the procedural schedule remain abated until July 2, 2018.

**Notice**

21. As indicated by Bolivar's Application, mailed notice of the proposed rate change was provided to all ratepayers on October 13, 2017.
22. On October 27, 2017, Bolivar mailed a revised notice of its proposed rate change to all of its customers.

**Evidentiary Record**

23. On June 26, 2018, the parties filed a Motion to Admit Evidence and to Remand the Proceeding to the Commission. Contemporaneously and as an attachment to the Motion to Admit Evidence and to Remand the Proceeding to the Commission, the parties also filed the Unopposed Stipulation and Settlement Agreement, with attachments consisting of the agreed proposed tariff and proposed final order.
24. On June 26, 2018, Commission Staff filed the Affidavit of Sean Scaff of the Commission's Water Utilities Division in support of the agreement.
25. On \_\_\_\_\_, 2018, the SOAH ALJ issued Order No. \_\_\_\_\_, admitting evidence into the record, dismissing the SOAH docket, and remanding the proceeding to the Commission.

**Description of Terms**

26. Bolivar will be allowed to charge the retail sewer rates contained in the revised tariff for sewer CCN No. 21026 in Galveston County, Texas, included as Attachment A to this Order.
27. As contained in the revised tariff, Bolivar will maintain its \$40.00 minimum sewer charge (including 999 gallons) for 5/8" or 3/4" residential meters.
28. As contained in the revised tariff, Bolivar will increase its "Gallonage or Fixed Charge" rate from \$4.00 to \$6.00 for each additional 1,000 gallons over the minimum.
29. As contained in the revised tariff, Bolivar will maintain the current rates for its current "Miscellaneous Fees," including, but not limited to, its tap fee, reconnect fee due to non-payment, transfer fee, late charge, returned check charge, deposit, and meter test fee.
30. Based on the record, the rates contained in the revised tariffs are just and reasonable.
31. Bolivar will not impose rate-case expenses on its customers.
32. The effective date of the new sewer rates will be the first day of the month following the date of this Order.

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

33. Considered in light of Bolivar's application, responses to discovery requests, and information exchanged through confidential privileged settlement negotiations, the settlement is the result of compromise from each party and these efforts, as well as the overall result of the settlement, support the reasonableness and benefits of the terms of the settlement.
34. The rates, terms, and conditions of the tariff resulting from the agreement are just and reasonable.
35. The rates contained in the tariff are not unreasonable, preferential, prejudicial, or discriminatory, and are sufficient, equitable, and consistent in application to each class of customers.

**II. Conclusions of Law**

1. The Commission has jurisdiction to consider Bolivar's application for a sewer rate increase pursuant to Texas Water Code (TWC) §§ 13.041, 13.181-.185, 13.1871, and using the procedures set forth in 16 TAC §§ 24.12-.36.
2. Bolivar is a retail public utility as defined in TWC § 13.002(19) and 16 TAC § 24.3(59).

3. Bolivar is a Class B utility as defined in TWC § 13.002(4-b) and 16 TAC § 24.3(16).
4. Bolivar gave proper notice of the application in accordance with the requirements of TWC § 13.1871 and 16 TAC § 24.22 and 24.28.
5. This docket was processed in accordance with the requirements of the TWC, Texas Administrative Procedure Act, chapter 2001 of the Texas Government Code and Commission Rules.
6. The rates in the agreement are just and reasonable, comply with the ratemaking provisions of the TWC, and are not unreasonably discriminatory, preferential, or prejudicial.
7. This application does not constitute a major rate proceeding, as defined by 16 TAC § 22.2(27).

### **III. Ordering Provisions**

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. The Commission approves Bolivar's application as modified by this Order.
2. The tariff provided as Attachment A to this Order is effective the first day of the month following date of this Order.
4. Bolivar may not seek rate-case expenses for the processing of this docket.
5. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement and shall not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
6. All other motions, and any other requests for general or specific relief, if not expressly granted in this Order, are denied.

**SIGNED AT AUSTIN, TEXAS the \_\_\_\_\_ day of \_\_\_\_\_, 2018.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**DEANN T. WALKER, CHAIRMAN**

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**ARTHUR C. D'ANDREA, COMMISSIONER**

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**SHELLY BOTKIN, COMMISSIONER**

**BOLIVAR UTILITY SERVICES, LLC'S TARIFF, EXHIBIT B  
TO  
UNOPPOSED STIPULATION AND SETTLEMENT AGREEMENT  
DOCKET NO. 47680**



**SEWER UTILITY TARIFF**  
**Docket Number: 47680**

Bolivar Utility Services, LLC  
(Utility Name)

P.O. Box 22858  
(Business Address)

Beaumont, TX 77720  
(City, State, Zip Code)

(409) 861-4499  
(Area Code/Telephone)

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

21026

This tariff is effective in the following counties:

Galveston and Chambers

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

None

This tariff is effective in the following subdivision:

Laguna WWTP WQ0014452001  
Crystal Palace WWTP WQ12936-001

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

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APPENDIX A: SAMPLE SERVICE AGREEMENT

APPENDIX B: APPLICATION FOR SERVICE



SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$40.00</u> (per connection for all water meter sizes)	<u>\$6.00</u> per 1,000 gallons

FORM OF PAYMENT: The utility will accept the following forms of payment:  
Cash X, Check X, Money Order X, Credit Card X, Other (specify)X-Prearranged  
Automatic Bank Draft 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.

Section 1.02 - Miscellaneous Fees

TAP FEE (Gravity Sewer).....\$550.00  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD  
RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF  
LISTED ON THIS TARIFF.

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

TAP FEE (Pressure Sewer).....Actual Cost  
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR TAP 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.....N/A  
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE  
LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

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

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

SERVICE RELOCATION FEE ..... Actual Cost to Relocate That Service Connection  
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUEST RELOCATION OF AN EXISTING SERVICE CONNECTION

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:  
WHEN AUTHORIZED IN WRITING BY THE PUBLIC UTILITY COMMISSION OF TEXAS 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.

## SECTION 2.0 -- SERVICE RULES AND POLICIES

### Section 2.01 - Application for Sewer Service

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

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

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), 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.

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

### Section 2.04 - Customer Deposits

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

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

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

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

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

Section 2.05 – Meter Requirements, Readings, and Testing

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, or industrial facility in accordance with the TCEQ Rules.

Section 2.06 – 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. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

A late penalty of \$5.00 will be charged on bills received after the due date. The penalty on the 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 PUC Rules. For each of the systems it operates, the utility will maintain and note on the monthly billing 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 2.07 – Service Disconnection

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

The Utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 30 days from the date of issuance of a bill and if proper notice of termination has been given.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

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

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

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

Section 2.08 - Reconnection of Service

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

Section 2.09 - Service Interruptions

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

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

Section 2.10 - Quality of Service

The Utility will plan, furnish, and maintain and operate a treatment and collection facility of sufficient size and capacity to provide a continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge the effluent at the quality required by its discharge permit issued by the TCEQ. Unless otherwise authorized by the Commission, the Utility will maintain facilities as described in the TCEQ Rules and Regulations for Public Sewer Systems.

Section 2.11 - Customer Complaints and Disputes

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

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

**Docket No. 47680**

## SECTION 2.20 – SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

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

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 and TCEQ rules, (3) electrical power failures in sewer systems not required by TCEQ rule to have auxiliary power supplies, or (4) termination of sewer service pursuant to the Utility's tariff and the PUC's rules

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.

**Docket No. 47680**

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 sewer collection, treatment, pumping and discharge.

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 PUC or such other regulatory authority having jurisdiction over the Utility's rates in that portion of the Utility's service area in which the applicant's or existing customer's property(ies) is(are) located.

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

The Utility adopts the Uniform Plumbing Code pursuant to TCEQ Rule 290.46(i). The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the TCEQ, the Uniform Plumbing Code and with the service rules and regulations of the Utility. The customer will bring out his service line to his property line at the point on the customer's property mutually acceptable to the customer and the Utility subject to such requirements as may exist by TCEQ and/or PUC 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 sewer mains or other equipment used in connection with its provision of sewer 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 tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours. The customer may require any Utility representative, employee, contractor, or agent seeking to make such entry to identify themselves, their affiliation with the Utility, and the purpose of their entry.

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

Except in cases where the customer has a contract with the Utility for reserve or auxiliary service, no other sewer service will be used by the customer on the same installation in conjunction with the Utility's service, either by means of a crossover valve or any other connection. Customer shall not connect, or allow any other person or party to connect, onto any 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 rule, TCEQ rule (customer service, health and safety, sewer 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 Sewer 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 waste water treatment plant within the parameters of the Utility's state and federal waste water discharge permits. **THIS SERVICE DOES NOT INCLUDE THE COLLECTION AND DISPOSAL OF STORM WATERS OR RUN OFF WATERS, WHICH MAY NOT BE DIVERTED INTO OR DRAINED INTO THE UTILITY'S COLLECTION SYSTEM.**

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 clean up costs associated with discharge of grease and oils, except as incidental waste in process or wash sewer, 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.

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.

**Docket No. 47680**



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

Pursuant to 16 TAC § 24.86(b)(3)(A) and (B), the customer's service line and appurtenances shall be construed 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 Wastewater Discharge Permit, 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 waste water discharge 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 waste-water discharge permits.

**RESIDENTIAL SINGLE FAMILY GRINDER / SEWAGE STATIONS**

Prior to the installation of a grinder / 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 TCEQ.

After the Utility has approved the proposed grinder / sewage station, the construction may begin. Once the work has been completed, the Utility will do an inspection of the grinder / sewage station to ensure the complete installation was as specified.

The customer will retain ownership of receiving tanks or lift stations on the customer's property, and all maintenance, repairs, and replacement are the customer's responsibility. The repairs 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, to ensure proper and efficient operation of the sewer system.

**MULTI-FAMILY AND COMMERCIAL RECEIVING TANK / LIFT STATIONS**

Prior to the installation of a grinder / sewage station, the Utility must be given a complete listing of all materials and equipment that will be used, along with the storage for that development.

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

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

After the Utility has approved the proposed grinder / sewage station, the construction may begin. Once the work has been completed, the Utility will do an inspection of the grinder / sewage station to ensure the complete installation was as specified.

Prior to acceptance of an existing receiving tank or lift station that is being used as an interceptor tank for primary treatment, waste sewer storage or pump tanks prior to discharge into an alternative or conventional sewage system 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 ensure proper pumpage in the event of high flow or if 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: 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 receiving tank / lift 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 take the responsibility to make corrections at the owner's / P.O.A.'s expense.

The Utility is not responsible for the collection system that discharges into the receiving tank / lift station.

The owner / P.O.A. shall be responsible for the monthly electric bill.

An adequate easement must encompass the receiving tank / lift station by a 15 foot radius and also a 15 foot access easement to the receiving tank / lift station site. 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 before beginning construction.

The Utility will bear the full cost of any oversizing of 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 UTILITIES SHALL BEAR. Within its certificate 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 PUC's Rules.

### SECTION 3.20 – SPECIFIC UTILITY EXTENSION POLICY

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

Residential customers not covered under Section 3.01 will be charged the equivalent of the costs of extending service to their property from the nearest 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 treatment capacity necessary to meet the service demands anticipated to be created by that property.

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

The Utility adopts the administrative rules of the PUC, as amended from time to time, as its company specific extension policy. These rules will be kept on file at the company's business office for customer inspection during normal business hours.

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 waste-water discharge 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 costs 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.

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.

SECTION 3.20 – SPECIFIC UTILITY EXTENSION POLICY (Continued)

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, 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, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the Utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs 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 PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is (are) located. Unless the PUC or other regulatory authority enters interlocutory orders to the contrary, service to the applicant may be delayed until such appeal is resolved.

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

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

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

**Docket No. 47680**

SECTION 3.20 – SPECIFIC UTILITY EXTENSION POLICY (Continued)

A "qualified service applicant" is an applicant who has: (1) met all of the Utility's requirements of service contained in this tariff, PUC rules, and/or PUC order, (2) has made all payments for tap fees and extension charges, (3) has provided all necessary easements and rights-of-way necessary to provide service to the requested location, including staking said easements or rights-of-way where necessary, 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 is to be made and, if necessary, where the 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 main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's nearest service main with adequate capacity to service the applicant's full potential service demand. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, applicant may refer the matter to the 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 PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property. The Developer shall be required to obtain all necessary easements and rights-of-way required to extend the Utility's existing service facilities from their nearest point with adequate service capacity (as prescribed by PUC rules and local service conditions) to and throughout the Developer's property. The easements shall be sufficient to allow the construction, installation, repair, maintenance, testing, and replacement of any and all utility plant necessary to provide continuous and adequate service to each and every potential service location within the property at full occupancy. Unless otherwise restricted by law, sewage treatment, holding tank sites, and lift station sites shall convey with all permanent easements and buffers required by TCEQ rules. Unless otherwise agreed to by the utility, pipe line right-of-way easements must be at least 15 feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and meters to provide service. Easements must be provided for all storage, treatment, pressurization, and disposal sites which are sufficient to construct and maintain all weather roads as prescribed by TCEQ rules. All easements shall be evidenced, at Developer's expense, by recorded county-approved subdivision plat or by specific assignment supported by metes and bounds survey from a surveyor licensed by the State of Texas.

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

SECTION 3.20 – SPECIFIC UTILITY EXTENSION POLICY (Continued)

- (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 costs 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 sewer demands must 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.
- (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.

SECTION 3.20 – SPECIFIC UTILITY EXTENSION POLICY (Continued)

- (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.

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

- a) that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the Utility's approved extension policy after receiving a written request from the Utility; or,
- b) that the Developer defaulted on the terms and conditions of a written agreement or contract existing between the Utility and the Developer or the terms of this tariff regarding payment for services, extensions, or other requirements; or in the event the Developer declared bankruptcy and was therefore unable to meet obligations; and,
- c) that the residential service applicant purchased the property from the Developer after the Developer was notified of the need to provide facilities to the utility. A residential service applicant may be charged the remaining costs of extending service to his property; provided, however, that the residential service applicant may only be required to pay the cost equivalent to the cost of extending the nearest water main or 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:
  - (1) The residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.



SECTION 3.20 – SPECIFIC UTILITY EXTENSION POLICY (Continued)

- (2) Exceptions may be granted by the PUC 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) larger minimum line sizes are required under subdivision platting requirements or applicable building codes.
  
- (3) If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

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

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

- I. **PURPOSE.** The Bolivar Utility Services, LLC 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 Bolivar Utility Services, LLC 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 Bolivar Utility Services, LLC (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 is 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 backflow 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: \_\_\_\_\_

**Bolivar Utility Services, LLC.**  
**WASTE WATER UTILITY SYSTEMS**  
CONSULTATION -CONSTRUCTION - OPERATION  
2155 IH 10 East, Beaumont. TX 77701

CONTRACT/APPLICATION FOR SEWER UTILITY SERVICE

This Contract/Application for Utility Service ("Contract/Application") is by and between Bolivar Utility Services, LLC., a corporation organized under the laws of the State of Texas, its successors and assigns ("Utility") and the applicant ("Customer" or "Applicant") whose name and signature is shown below on the last page of this document.

**CUSTOMER LIABILITY:** 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 under his control.

**PLUMBING CODE:** Utility has adopted the Uniform Plumbing Code. Any extensions and/or new facilities shall comply with that code and all standards established by the PUC and TCEQ. Where conflicts arise, the more stringent standard must be followed.

**ASSIGNMENT:** No application, agreement or contract for service may be assigned or transferred without the written consent of Utility.

**RIGHT OF ACCESS AND EASEMENTS:** Utility will have the right of access to the Customer's premises at all reasonable times for the purpose of installing, inspecting or repairing water/sewer mains or other equipment used in connection with its provision of water/sewer service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of Utility's system, including inspection the customers plumbing for code, plumbing or tariff violations.

**SEWER REGULATIONS:** 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.

**THE COLLECTION AND DISPOSAL OF STORM WATERS OR RUN OFF WATERS MAY NOT BE DIVERTED INTO OR DRAINED INTO THE UTILITY'S COLLECTION SYSTEM. NO GREASE, OIL, SOLVENT, PAINT, OR OTHER TOXIC CHEMICAL COMPOUND MAY BE DIVERTED INTO OR DRAINED INTO THE UTILITY'S COLLECTION SYSTEM.**

Pursuant to PUC Rule § 24.87(o), the utility may charge for all labor, material, equipment, and other costs necessary to repair to replace all equipment damaged due to service diversion or the discharge of wastes that the system cannot properly treat.

Pursuant to PUC Rule § 24.86(b)(3), the customer's service line and appurtenances shall be construed 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 PUC, 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.

CUSTOMER AGREEMENT: BY SIGNING THIS APPLICATION FOR PUBLIC UTILITY SERVICE, I AGREE TO COMPLY WITH UTILITY'S RULES AND TARIFF AND ALL RULES AND REGULATIONS OF THE PUC AND OTHER APPLICABLE REGULATORY AGENCIES. I GUARANTEE PROMPT PAYMENT OF ALL UTILITY BILLS FOR THE SERVICE ADDRESS PRINTED ABOVE. I AGREE TO REMAIN RESPONSIBLE FOR UTILITY BILLS FOR THIS SERVICE ADDRESS FROM THE DATE SERVICE IS STARTED UNTIL THE DAY SERVICE IS TERMINATED AT MY REQUEST.

I AGREE TO TAKE NO ACTION TO CREATE A HEALTH HAZARD OR OTHERWISE THREATEN OR ENDANGER UTILITY'S PLANT, ITS PERSONNEL, OR ITS CUSTOMERS. I AGREE TO PUT NO UNSAFE, NON-DOMESTIC SERVICE DEMAND ON UTILITY'S SYSTEM WITHOUT NOTICE TO AND PERMISSION FROM UTILITY. ANY ACTION BY ME OR OTHERS UNDER MY CONTROL IN VIOLATION OF THIS PARAGRAPH MAY RESULT IN THE TERMINATION OF MY UTILITY SERVICE WITHOUT NOTICE.

I HAVE BEEN SHOWN A COPY OF UTILITY'S PUC APPROVED TARIFF AND I AGREE TO PAY THE RATES IN THE TARIFF AND ABIDE BY THE REQUIREMENTS IN THIS APPLICATION. I ACKNOWLEDGE THAT THE RATES AND/OR TERMS OF SERVICE IN THE TARIFF MAY BE CHANGED BY FUTURE ORDER OF THE PUC OR OTHER REGULATORY AUTHORITY HAVING JURISDICTION OVER UTILITY'S RATES. I AGREE TO ABIDE BY SUCH CHANGES AS THEY OCCUR.

1. Name of Applicant: \_\_\_\_\_  
Applicant is: Landowner \_\_\_\_\_ Tenant \_\_\_\_\_  
Driver's License # \_\_\_\_\_ SS# \_\_\_\_\_  
Telephone (\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_ Home \_\_\_\_\_ Business \_\_\_\_\_

2. Address or location of requested service. (Attach plat or drawing if new development or construction site):

Is this the billing address? Yes \_\_\_\_\_ No \_\_\_\_\_  
Subdivision: \_\_\_\_\_ Block: \_\_\_\_\_ Lot: \_\_\_\_\_

3. Type of sewer service:  
Residential \_\_\_\_\_ Permanent \_\_\_\_\_ Commercial \_\_\_\_\_ Temporary \_\_\_\_\_  
Industrial \_\_\_\_\_ Developer \_\_\_\_\_  
Temporary Service Termination Date: \_\_\_\_\_

4. List all toxic or hazardous chemicals to be used at service location excluding normal domestic cleaning agents typically used in a home or office.

5. Will any waste generated at this service location require special treatment?  
Yes \_\_\_\_\_ No \_\_\_\_\_ Water Borne or Solid Waste \_\_\_\_\_

6. Will service location have food grinder (garbage disposal unit) or grease trap?  
Yes \_\_\_\_\_ No \_\_\_\_\_ Type \_\_\_\_\_

7. Person responsible for utility service bills:  
Name: \_\_\_\_\_  
Relationship to Applicant: \_\_\_\_\_  
Driver's License # \_\_\_\_\_ SS# \_\_\_\_\_  
Telephone (\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_ Home \_\_\_\_\_ Business \_\_\_\_\_  
Billing address if different from service location: \_\_\_\_\_

8. Date of Application: \_\_\_\_\_ Date to Begin Service: \_\_\_\_\_

9. Misc. fees required as a condition of service:  
Amount: \$ \_\_\_\_\_ Type: \_\_\_\_\_ Refundable: Yes \_\_\_\_\_ No \_\_\_\_\_  
Amount: \$ \_\_\_\_\_ Type: \_\_\_\_\_ Refundable: Yes \_\_\_\_\_ No \_\_\_\_\_

10. Is a public utility easement required? Yes \_\_\_\_\_ No \_\_\_\_\_

\_\_\_\_\_  
Applicant  
\_\_\_\_\_  
Title

\_\_\_\_\_  
Guarantor  
\_\_\_\_\_  
Landlord