



Control Number: 47976



Item Number: 982

Addendum StartPage: 0

SOAH DOCKET NO. 473-18-3006.WS

PUC DOCKET NO. 47976

APPLICATION OF LIBERTY  
UTILITIES (SILVERLEAF) LLC FOR  
AUTHORITY TO CHANGE WATER  
AND SEWER RATES

§  
§  
§  
§

2018 AUG 27 PM 1:12  
BEFORE THE STATE OFFICE

ADMINISTRATIVE HEARINGS

**OFFICE OF PUBLIC UTILITY COUNSEL'S  
FIFTH REQUEST FOR INFORMATION TO  
LIBERTY UTILITIES (SILVERLEAF) LLC**

The Office of Public Utility Counsel (OPUC) files and submits this Fifth Request for Information to Liberty Utilities (Silverleaf) LLC in the captioned proceeding.

Under Commission Procedural Rules 22.141-.145, 16 Tex. Admin. Code Ch. 22, OPUC requests that Liberty Utilities, as defined herein, provide the following information and answer the following questions under oath. Please answer the questions and sub-questions in the order in which they are listed and in sufficient detail to provide a complete and accurate answer to the question.

**Definitions**

As used in this introduction and in these questions,

(1) "Liberty Silverleaf", "Silverleaf Water", the "Company", and "Applicant" refer to Liberty Utilities (Silverleaf) LLC and their affiliates;

(2) "You", "yours" and "your" refer to Liberty Silverleaf (as defined above), including its directors, officers, employees, consultants, agents, and attorneys.

(3) "Document" and "documents" mean any written, recorded, filmed, or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device or any other media, including, but not limited to, electronic mail (e-mail), memoranda, notes, analyses, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, contracts, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, observations, commercial practice manuals, reports and summaries

of interviews, reports of consultants, appraisals, forecasts, tape recordings, or any form of recording that is capable of being transcribed into written form.

### **Instructions**

1. The Definitions, Instructions, and Claim of Privilege set out in this Request for Information apply to these questions.
2. In answering these questions, furnish all information that is available to you, including information in the possession of your agents, employees, and representatives, all others from whom you may freely obtain it, and your attorneys and their investigators.
3. Please answer each question based upon your knowledge, information, or belief, and any answer that is based upon information or belief should state that it is given on that basis.
4. If you have possession, custody, or control (as defined by Tex. R. Civ. P. 192.7(b)) of the originals of these documents requested, please produce the originals or a complete copy of the originals and all copies that are different in any way from the original, whether by interlineation, receipt stamp, or notation.
5. If you do not have possession, custody, or control of the originals of the documents requested, please produce copies of the documents, however made, in your possession, custody, or control. If any document requested is not in your possession or subject to your control, please explain why not, and give the present location and custodian of any copy or summary of the document.
6. If any question appears confusing, please request clarification from the undersigned counsel.
7. In providing your responses, please start each response on a separate page and type, at the top of the page, the question that is being answered.
8. As part of the response to each question, please state, at the bottom of the answer, the name and job position of each person who participated in any way, other than providing clerical assistance, in the preparing of the answer. If the question has sub-parts, please identify the person or persons by sub-part. Please also state the name of the witness in this docket who will sponsor the answer to the question and who can vouch for the truth of the answer. If the question has sub-parts, please identify the witness or witnesses by sub-part.
9. Rather than waiting to provide all of the responses at the same time, please provide individual responses as each becomes available.

10. These questions are continuing in nature. If there is a change in circumstances or facts or if you receive or generate additional information that changes your answer between the time of your original response and the time of the hearings, then you should submit, under oath, a supplemental response to your earlier answer.
11. If you consider any question to be unduly burdensome, or if the response would require the production of a voluminous amount of material, please call the undersigned counsel as soon as possible in order to discuss the situation and to try to resolve the problem. Likewise, if you object to any of the questions on the grounds that the question seeks confidential information, or on any other grounds, please call the undersigned counsel as soon as possible.
12. If the response to any question is voluminous, please provide separately an index to the materials contained in the response.
13. If the information requested is included in previously furnished exhibits, workpapers, or responses to other discovery inquiries or otherwise, in hard copy or electronic format, please furnish specific references thereto, including Bates Stamp page citations and detailed cross-references.
14. To the extent that a question asks for the production of copyrighted material, it is sufficient to provide a listing of such material, indicating the title, publisher, author, edition, and page references relied on or otherwise relevant to the question.

#### **Claim of Privilege**

If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.

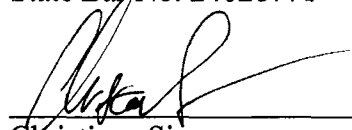
**SOAH Docket No. 473-18-3006.WS**  
**PUC Docket No. 47976**  
**OPUC's Fifth Request For Information To**  
**Liberty Utilities (Silverleaf) LLC**

- 5-1.** Referencing workbook "OPUC RFI 1-1\_Sl Application Sewer Final," schedule "SW-II-1-Prod," please provide the linked file labelled "Central Division Flows.1 – 2017.xlsx" as referenced in the formula in Line 1, Column A.
- 5-2.** Referencing Algonquin Water Resources of Texas, LLC Application for a Sale, Transfer, or Merger of a Retail Public Utility, response to Question 13(C), Attachment A to this RFI, please confirm that the Company is seeking to include a Positive Acquisition Adjustment of \$181,128 as contained in the STM in the current rate proceeding. If confirmed, please provide details, including amounts by NARUC account, regarding where said adjustment is included within the application.
- 5-3.** Please confirm or deny that the Attachment B to this RFI, is a true and correct copy of a tariff for The Villages. If denied, please provide the tariff in effect for 1990 and 1991.
- 5-4.** Please provide a copy of the tariff that succeeded the tariff identified in your response to OPUC RFI 5-3.

August 27, 2018

Respectfully submitted,

Tonya Baer  
Public Counsel  
State Bar No. 24026771

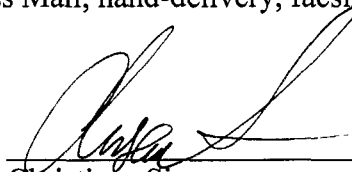


Christiaan Siano  
Assistant Public Counsel  
State Bar No. 24051335

OFFICE OF PUBLIC UTILITY COUNSEL  
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Austin, Texas 78711-2397  
512/936-7500 (Telephone)  
512/936-7525 (Facsimile)  
christiaan.siano@opuc.texas.gov  
opuc\_eservice@opuc.texas.gov (Service)

**CERTIFICATE OF SERVICE**  
SOAH Docket No. 473-18-3006.WS  
PUC Docket No. 47976

I certify that today, August 27, 2018, I served a true copy of the foregoing Office of Public Utility Counsel's Fifth Request for Information to Liberty Utilities (Silverleaf) LLC on all parties of record via United States First-Class Mail, hand-delivery, facsimile or electronic mail.



Christiaan Siano

# **ATTACHMENT A**



APPLICATION FOR SALE, TRANSFER,  
OR MERGER OF A RETAIL PUBLIC UTILITY

ORIGINAL

\*RN #

\*CN #

1. Proposed action of application (check all the boxes that apply):

<input checked="" type="checkbox"/> Sale	of	<input checked="" type="checkbox"/> All	of the	<input checked="" type="checkbox"/> Water system(s) under CCN No.: 11072
<input type="checkbox"/> Acquisition		<input type="checkbox"/> Portion		<input checked="" type="checkbox"/> Sewer system(s) under CCN No.: 20815
<input type="checkbox"/> Lease/Rental				
<input checked="" type="checkbox"/> Transfer	of	<input checked="" type="checkbox"/> All	of the	<input checked="" type="checkbox"/> Certificated water service area - CCN No.: 11072
		<input type="checkbox"/> Portion		<input checked="" type="checkbox"/> Certificated sewer service area - CCN No.: 20815

☒ If only a portion of a system or certificated service area is affected by this transaction, please specify the areas or subdivisions involved:

and to:

<input checked="" type="checkbox"/> Obtain a CCN for the transferee (purchaser)
<input type="checkbox"/> Amend the transferee's CCN No.: _____
<input type="checkbox"/> Merge or consolidate public utilities
<input type="checkbox"/> Cancel CCN of the transferor (seller)

RECEIVED  
7/5/00  
2005  
Water Quality  
Applications Team  
Hand Delivered  
A-106-5  
(A1636)W  
(A1637)S  
fcll

2. Proposed effective date of this transaction:

Earliest date permitted by law

(Must be at least 120 days after completion of notice)

☒ **QUESTIONS 3 THROUGH 5 APPLY TO AND SHOULD BE COMPLETED ONLY BY THE TRANSFEROR, CURRENT SERVICE PROVIDER OR SELLER**

3. For the current CCN holder or service provider please indicate:

A. Name: Silverleaf Resorts, Inc.

(Individual, Corporation or Other Legal Entity)

who is a(n): ☐ Individual ☒ Corporation ☐ WSC ☐ HOA or POA ☐ Other: \_\_\_\_\_

B. Utility Name (if different than above): \_\_\_\_\_

Address: 1221 River Bend Drive, Suite 120 Telephone: (214) 631-1166

Dallas, Texas 75247



- C. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name: Joe W. Conner, Silverleaf Resorts, Inc. Title: Vice President  
Mark H. Zeppa, Law Offices of Mark H. Zeppa PC Attorney  
Address: 1221 River Bend, Suite 120, Dallas, Texas 75247 Telephone: (214) 631-1166  
4833 Spicewood Springs Road, Suite 202, Austin TX 78759 (512) 346-4011

4. About the last rate increase for the system or facilities being transferred:

A. What was the effective date of the last rate increase? January 15, 2002

- B. Was notice of this increase provided to the Texas Commission on Environmental Quality or its predecessors Public Utility Commission or Texas Water Commission?

☐ No.

☒ Yes. Application/Docket Number: 33668-R and 33669-R Date: November 8, 2001

5. Please provide a list of all customers affected by this transaction who have deposits held by the transferor or seller utility, if any, and include the following information (attach additional sheets if necessary):

Name and Address of utility customer	Date of Deposit	Amount of Deposit	Amount of unpaid interest on Deposit
Request for waiver - deposits have already been transferred and are in the possession of purchaser. All records are on file in the individual customer accounts and computer records maintained in Flint, Texas.			

☞ Within 30 days of the actual transaction date, and prior to the transfer of the certificate by the TCEQ, the seller must provide proof to the Commission that these customer deposits were returned to the customers or transferred to the purchasing utility. Proof should include a sworn affidavit.

☞ **QUESTIONS 6 THROUGH 13 REFER TO AND SHOULD BE COMPLETED BY THE TRANSFEREE OR PURCHASER**

6. For the person or entity acquiring the facilities and/or CCN:

Applicant: Algonquin Water Resources of Texas, LLC

(Individual, Corporation, or Other Legal Entity)

Utility Name: \_\_\_\_\_

(If different than above)

Utility Address: 111 West Wigwam Blvd., Suite B, Telephone: (693) 935-9367  
Litchfield Park, Arizona 85340

CCN Numbers held prior to filing of this application: N

7. Check the appropriate box and provide information regarding the legal status of the transferee applicant:

☐ Individual

☐ Home or Property Owners Association

☐ Partnership; attach copy of partnership agreement

☐ Corporation; provide charter number as recorded with the Office of the Secretary of State for Texas: \_\_\_\_\_

☐ Non-profit, member-owned, member-controlled Cooperative Corporation (Article 1434(a) Water Supply or Sewer Service Corporation); provide charter number: \_\_\_\_\_

☐ Municipally-owned utility

☐ District (MUD, SUD, WCID, etc.)

☐ County

☒ Other (please explain): Limited Liability Company

8. If the applicant is an *Individual* provide the following information. If not, skip to the next question.

Name: \_\_\_\_\_ Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

9. If the applicant is other than an *Individual* provide the following information regarding the officers or partners of the legal entity applying for the transfer. You must complete either question 8. or question 9., whichever applies to the transferee applicant.

•Name: Peter Kampian, Ian Robertson, David Kerr, Chris Jarratt Telephone: (905) 465-4500

Address: 2845 Bristol Circle, Oakville, Ontario, Canada L6H 7H7

Position: Managers Ownership % (if applicable): \_\_\_\_\_

•Name: John Huxley Telephone: (905) 465-4500

Address: 2845 Bristol Circle, Oakville, Ontario, Canada L6H 7H7

Position: Manager Ownership % (if applicable): \_\_\_\_\_

•Name: \_\_\_\_\_ Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

Position: \_\_\_\_\_ Ownership % (if applicable): \_\_\_\_\_

•Name: \_\_\_\_\_ Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

Position: \_\_\_\_\_ Ownership % (if applicable): \_\_\_\_\_

- Attach additional sheet(s) if necessary -

**Important:** • If the applicant is a for-profit corporation, please provide a copy of the corporation's "Certification of Account Status" from the State Comptroller Office. This "Certification of Account Status" can be obtained

from:

Comptroller of Public Accounts, Office Management  
P. O. Box 13528, Capitol Station  
Austin, Texas 78711  
1-800-252-5555

- If the applicant is an Article 1434a water supply or sewer service corporation or other non-profit corporation, please provide a copy of the Articles of Incorporation and By-Laws.

10. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name: Mike Weber, Algonquin Water Resources of Texas, LLC Title: General Manager  
Mark H. Zeppa, Law Offices of Mark H. Zeppa, PC Attorney

Address: 111 West Wigwam Blvd., Ste B, Litchfield Park, AZ 85340 Telephone: (693) 9359367  
4833 Spicewood Springs Road, Suite 202, Austin, TX 78759 (512) 346-4011

**IF THERE ARE MORE THAN TWO PARTIES INVOLVED IN THIS TRANSACTION, PLEASE ATTACH SHEETS PROVIDING THE INFORMATION REQUIRED IN QUESTION 6 THROUGH QUESTION 10 FOR EACH PARTY**

11. Please respond to each of the following questions. Attach additional sheets if necessary.

- A. Describe the experience and qualifications of the applicant to provide adequate utility service:

Parent company is a large multi-state water and wastewater utility system. Individual systems are to be operated by the same in-house and contract operators. All operators are licensed by the TCEQ.

Adequate vehicles, equipment and tools are on site or available locally.

- B. Has the applicant acquiring the CCN or facilities or an affiliated interest of the applicant been under enforcement action by the Texas Department of Health, the Commission, the Attorney General or EPA in the past for noncompliance with rules, orders or State Statutes?
- |   |      |
|---|------|
|   | Yes. |
| X | No.  |

If yes, please attach copies of any correspondence with these regulatory agencies concerning these enforcement actions and describe any actions and efforts to comply with those requirements.

- C. Describe the source and availability of funds required to make the planned or required improvements to meet minimum requirements of the Texas Natural Resource Conservation Commission and ensure continuous and adequate service.

Current monthly service rates charged customers, as well as the full faith and credit of the parent corporation, will provide funds to make planned or required improvements to the systems to meet

requirements of the TCEQ to ensure continuous and adequate service.

- D. Describe the anticipated impact of this transaction on the quality of utility service and explain any anticipated changes in the quality of service.

There will be no immediate change in the quality of the service currently being provided utility

customers. There will be a change in ownership. Long-term systems will be maintained and upgraded by a professional utility company rather than a time-share developer whose primary interest is other than public utilities.

- 12. Please describe the nature of the proposed transaction:**

This transaction involves an asset purchase of utility assets operating as four public drinking water systems and four sewer systems, together with a request to transfer seller's CCN to purchaser/transferee. The sale took place in March 11, 2005 as part of a nationwide acquisition of water and sewer systems by Algonquin.

13. If the transferee applicant is an IOU and will be under the rate jurisdiction of the TCEQ, please provide the following information. Water supply or sewer service corporations and political subdivisions of the state should mark this section N/A.:

- |    |  |                    |
|----|--|--------------------|
| A. | • Total Purchase Price:  | <u>6,153,500</u>   |
|    | • Total Original Cost (as recorded on books of seller or merging entity):        | <u>8,642,194</u>   |
|    | • Accumulated Depreciation as of the proposed effective date of the transaction: | <u>(2,669,822)</u> |
|    | • Contributions in Aid of Construction:  |                    |
|    | -Specific surcharges approved by TCEQ:   | _____              |
|    | -Revenues from explicit customer agreements:                                     | _____              |
|    | -Developer Contributions (please explain):                                       | _____              |
|    | -Other Contributions (please explain):   | _____              |
|    | _____  |                    |
|    | Total Contributions in Aid of Construction:                                      | <u>5,972,372</u>   |
|    | • Net Book Value:  | <u>5,972,372</u>   |

- ☞ If the Original Cost or any of the above items has been established in a rate case proceeding by the PUC, the TWC or the TCEQ, please provide the Application/Docket Number and date:**

**Application/Docket Number:** 99-0792-UCR & 99-0803-UCR **Date:** 5/2000

- ☐ If the applicant is not under the rate jurisdiction of the TCEQ, only the purchase price and information related to Contributions in Aid of Construction is required.**

- B. Please provide any other information concerning the nature of the transaction and consideration given if not explained elsewhere in the application (attach additional sheet(s) if necessary):**

Acquisition of these water and sewer system assets occurred as part of a large multi-state sale of time-share developer's sale of utility systems to a full-time professional utility company. Utilities currently operated by purchaser as agent of seller under its CCNs.

- C. Complete the following proposed entries in books of purchasing (surviving) company to record purchase or merger). Additional entries may be made, the following are suggested only, and not intended to pose descriptive limitations.

Utility Plant in Service:	\$ 8,642,194
Plant Acquisition Adjustment:	
Extraordinary Loss on Purchase:	
Accumulated Depreciation of Plant:	(2,669,822)
Cash:	
Notes Payable:	6,153,500
Mortgage Payable:	
Others (please list):	
Positive acquisition adjustment	181,128

As the purchaser, I understand that it is **my responsibility** in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service.

Purchaser's Initials: AWRT Date: 6/29/05

14. Please indicate the proposed effect of this transaction on the rates to be charged to the affected customers:

- ☒ All the customers will be charged the same rates as they were charged before the transaction.  
☐ Some ☐ All customers will be charged different rates than they were charged before the transaction.

If so, please explain: \_\_\_\_\_

☐ Applicant is an IOU and intends to file with the Commission or municipal regulatory authority an application to change rates of some/all of its customers as a result of this transaction. If so, please explain: \_\_\_\_\_

☐ Other. Please explain: \_\_\_\_\_

15. List all neighboring water and/or sewer utilities, cities, and political subdivisions providing the same service within two (2) miles of area affected by this proposed transaction. This information should be available from Applicant's licensed water operator or regional Texas Department of Health Office.

THE VILLAGES/BIG EDDY - Aqua Texas;

Monarch Water Company I, LP; Emerald Bay

MUD; Southern Utilities; City of Flint; Tall  
Timbers - Algonquin/Texas; Woodmark -  
Algonquin/Texas

HILL COUNTRY RESORT - Guadalupe Blanco River

Authority; Canyon Lake WSC; Lakeside Water, Inc.;

ECO-Water; Rancho Del Lago; Clear Water Estates;  
Water Company; Jonas Drive WSC; Hancock Oak  
Hills Subdivision

HOLLY LAKE RANCH - Fort Worth WSC; Pritchett WSC; Raintree Lakes Water Co.

PINEY SHORES RESORT - City of Conroe; City of Panorama; Aqua Texas; Monarch Water Company I, LP

**PLEASE ANSWER QUESTIONS 16 THROUGH 22 FOR EACH PHYSICALLY DISTINCT SYSTEM WHICH IS BEING TRANSFERRED OR ACQUIRED ON A DIFFERENT SHEET**

**HOLLY LAKE RANCH**

16. A. For Water Systems. TCEQ Public Water System Identification Number:

2	5	0	0	0	1	2
---	---	---	---	---	---	---

B. For Wastewater Systems:

-TCEQ Discharge Permit Number:

W	Q	1	2	4	8	2	-	0	0	1
---	---	---	---	---	---	---	---	---	---	---

-Name of Permittee:

Silverleaf Resorts, Inc.

-Date of application to transfer Discharge Permit submitted:

By July 30, 2005

-Date of application to transfer Discharge Permit approved by TCEQ:

17. A. Are any improvements required to meet TCEQ standards?

☒

Yes

☐

No

B. Is there a moratorium on new connections?

☐

Yes

☒

No

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ standards (attach additional sheets if necessary):

Description of the required improvement	Schedule to Complete	Estimated Cost
See below**		

\*\*Silverleaf Resorts, Inc., has committed to the TCEQ that it will construct a water well and water supply plant unit just south of FM 49, near the Holly Ranch Stables. At this time, the water supply plant is complete, and the well has been drilled. The well driller, B & B Well Drilling, is continuing its efforts to reduce turbidity in the water. The TCEQ will be notified upon completion of all testing relative to the water quality from the new well.

18. Does the system being transferred operate within the city limits of a municipality?

☐

Yes

☒

No

If yes, indicate the number of customers within the city limits:

Water

Sewer

☛ Attach copy of franchise agreement or consent letter from the city.

19. Do you currently purchase water or sewer treatment capacity from another source?

☐

Yes

☒

No

☐ Water

☐ Sewer

Purchased on a ( ) regular - ( ) seasonal - ( ) emergency basis

• Source:

% of total supply:

20. List the number of existing connections to be affected by this transaction:

Water:	Non Metered	0	2" meter	4	Sewer:	Residential connection	142
	5/8" or 3/4" meter	1770	3" meter	0		Commercial connection	7
	1" meter	18	4" meter	0		Industrial connection	0
	1 1/2" meter	4	Other "	0		Other	0

Total Water connections:	1796	Total Sewer connections	149
--------------------------	------	-------------------------	-----

21. Has the system reached 85% of its capacity based on TCEQ's minimum requirements? ☒ Yes ☐ No

**PLEASE ANSWER QUESTIONS 16 THROUGH 22 FOR EACH PHYSICALLY DISTINCT SYSTEM WHICH IS BEING TRANSFERRED OR ACQUIRED ON A DIFFERENT SHEET**

**THE VILLAGE/BIG EDDY**

16. A. For Water Systems. TCEQ Public Water System Identification Number: 

2	1	2	0	0	3	7
---	---	---	---	---	---	---

- B. For Wastewater Systems:

-TCEQ Discharge Permit Number: 

W	Q	1	3	8	4	9	-	0	0	1
---	---	---	---	---	---	---	---	---	---	---

-Name of Permittee: Silverleaf Resorts, Inc.

-Date of application to transfer Discharge Permit submitted: By July 30, 2005

-Date of application to transfer Discharge Permit approved by TCEQ: \_\_\_\_\_

17. A. Are any improvements required to meet TCEQ standards? ☐ Yes ☒ No

- B. Is there a moratorium on new connections? ☐ Yes ☒ No

- C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ standards (attach additional sheets if necessary):

Description of the required improvement	Schedule to Complete	Estimated Cost

18. Does the system being transferred operate within the city limits of a municipality? ☐ Yes ☒ No

If yes, indicate the number of customers within the city limits: \_\_\_\_\_ Water \_\_\_\_\_ Sewer

☞ Attach copy of franchise agreement or consent letter from the city.

19. Do you currently purchase water or sewer treatment capacity from another source? ☐ Yes ☒ No

☐ Water ☐ Sewer Purchased on a ( ) regular - ( ) seasonal - ( ) emergency basis

• Source: \_\_\_\_\_ % of total supply: \_\_\_\_\_

20. List the number of existing connections to be affected by this transaction:

Water:	Non Metered	0	2" meter	0	Sewer:	Residential connection	322	
	5/8" or 3/4" meter	556	3" meter	0		Commercial connection	11	
	1" meter	6	4" meter	0		Industrial connection	0	
	1½" meter	1	Other_____"	0		Other_____	0	
Total Water connections:				572	Total Sewer connections			333

21. Has the system reached 85% of its capacity based on TCEQ's minimum requirements? ☐ Yes ☒ No

**PLEASE ANSWER QUESTIONS 16 THROUGH 22 FOR EACH PHYSICALLY DISTINCT SYSTEM WHICH IS BEING TRANSFERRED OR ACQUIRED ON A DIFFERENT SHEET**

**PINEY SHORES RESORT**

16. A. For Water Systems. TCEQ Public Water System Identification Number: 

1	7	0	0	5	3	2
---	---	---	---	---	---	---

B. For Wastewater Systems:

-TCEQ Discharge Permit Number: 

W	Q	1	3	4	1	7	-	0	0	1
---	---	---	---	---	---	---	---	---	---	---

-Name of Permittee: Silverleaf Resorts, Inc.

-Date of application to transfer Discharge Permit submitted: By July 30, 2005

-Date of application to transfer Discharge Permit approved by TCEQ: \_\_\_\_\_

17. A. Are any improvements required to meet TCEQ standards? ☐ Yes ☒ No

B. Is there a moratorium on new connections? ☐ Yes ☒ No

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ standards (attach additional sheets if necessary):

Description of the required improvement	Schedule to Complete	Estimated Cost

18. Does the system being transferred operate within the city limits of a municipality? ☐ Yes ☒ No

If yes, indicate the number of customers within the city limits: \_\_\_\_\_ Water \_\_\_\_\_ Sewer

☐ Attach copy of franchise agreement or consent letter from the city.

19. Do you currently purchase water or sewer treatment capacity from another source? ☐ Yes ☒ No

☐ Water ☐ Sewer Purchased on a ( ) regular - ( ) seasonal - ( ) emergency basis

• Source: \_\_\_\_\_ % of total supply: \_\_\_\_\_

20. List the number of existing connections to be affected by this transaction:

Water:	Non Metered	0	2" meter	2	Sewer:	Residential connection	178	
	5/8" or 3/4" meter	179	3" meter	0		Commercial connection	3	
	1" meter	3	4" meter	0		Industrial connection	0	
	1½" meter	0	Other _____"	0		Other _____	0	
Total Water connections:				185	Total Sewer connections			181

21. Has the system reached 85% of its capacity based on TCEQ's minimum requirements? ☐ Yes ☒ No



**PLEASE ANSWER QUESTIONS 16 THROUGH 22 FOR EACH PHYSICALLY DISTINCT SYSTEM WHICH IS BEING TRANSFERRED OR ACQUIRED ON A DIFFERENT SHEET**

**HILL COUNTRY RESORT**

16. A. For Water Systems. TCEQ Public Water System Identification Number: 

0	4	6	0	1	8	0
---	---	---	---	---	---	---

B. For Wastewater Systems:

-TCEQ Discharge Permit Number: 

W	Q						-			
---	---	--	--	--	--	--	---	--	--	--

-Name of Permittee: \_\_\_\_\_

-Date of application to transfer Discharge Permit submitted: \_\_\_\_\_

-Date of application to transfer Discharge Permit approved by TCEQ: \_\_\_\_\_

17. A. Are any improvements required to meet TCEQ standards? ☐ Yes ☒ No

B. Is there a moratorium on new connections? ☐ Yes ☒ No

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ standards (attach additional sheets if necessary):

Description of the required improvement	Schedule to Complete	Estimated Cost

18. Does the system being transferred operate within the city limits of a municipality? ☐ Yes ☒ No

If yes, indicate the number of customers within the city limits: \_\_\_\_\_ Water \_\_\_\_\_ Sewer

☛ Attach copy of franchise agreement or consent letter from the city.

19. Do you currently purchase water or sewer treatment capacity from another source? ☒ Yes ☐ No

☐ Water ☒ Sewer Purchased on a (X) regular - ( ) seasonal - ( ) emergency basis

• Source: Guadalupe Blanco River Authority % of total supply: 100%

20. List the number of existing connections to be affected by this transaction:

Water:	Non Metered	0	2" meter	2	Sewer:	Residential connection	281
	5/8" or 3/4" meter	233	3" meter	0		Commercial connection	12
	1" meter	1	4" meter	0		Industrial connection	0
	1½" meter	0	Other_____"	0		Other_____	0
Total Water connections:				236	Total Sewer connections		293

21. Has the system reached 85% of capacity based on TCEQ's minimum requirements? ☐ Yes ☒ No

22. List the name, class, and license number of the operator that will be responsible for the system:

Each of the four systems, The Villages a/k/a Big Eddy, Holly Lake Ranch, Hill Country Resort and Piney

Shores Resort, has in-house operators or contract operators, depending upon which system, and all operators are

TCEQ licensed.

23. Attach the following maps with each copy of the application: (All maps should include Applicant's name, address, and telephone number, and date of drawing or revision. All maps should be folded to 8½ X 11")

- a. One small scale map clearly showing affected service area. This map will assist TCEQ staff in locating the service area in relation to neighboring utility service areas. If the application is for the transfer of all or a portion of a CCN, the service area boundary should be delineated on a copy of the TCEQ official CCN map. If there is no current CCN, the service area should be delineated on a county map (Texas Highway Department 1" = 2 miles). The service area boundaries should conform to verifiable landmarks such as roads, creeks, railroads, etc. County maps may be obtained locally or from the Texas Department of Transportation, Map Scales, P. O. Box 5020, Austin, Texas 78763-5020, (512) 486-5014 and 486-5015. *A copy of the TCEQ official CCN map may be obtained by contacting the Utilities & Districts Section at 512/239-4691 or by mailing a written request to the following address:*

Texas Commission on Environmental Quality  
Water Supply Division  
Utilities & Districts Section  
MC-153  
P.O. Box 13087  
Austin, TX 78711-3087

- b. One large scale map showing the proposed service area boundaries being sold, transferred, or merged and, if available, the existing and proposed facilities. Color coding should be used to differentiate existing from proposed facilities. Facilities and service area boundaries should be shown with such exactness that they can be located on the ground. Applicant should use U.S.G.S. 7½-minute series, subdivision plat, engineer planning map, or other large scale map.

**A WAIVER IS REQUESTED FOR ITEM 23 (b). THERE ARE NO CHANGES IN THE SERVICE AREA OR THE FACILITIES OF THE SYSTEMS TAKING PLACE IN THIS TRANSACTION. THE ONLY THING TAKING PLACE IS THE CHANGE OF THE NAME ON THE CCN.**

**OATH FOR SELLER OR FORMER SERVICE PROVIDER**

STATE OF TEXAS

COUNTY OF TRAVIS

I, MARK H. ZEPPA, acting as Attorney for Silverleaf Resorts, Inc., being duly sworn, file this application for sale, lease, rental or merger or consolidation in such capacity; that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that the Seller has provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Section 13.301(f) and copies of any outstanding Orders of the Commission or Attorney General and has also complied with the notice requirements in Section 13.301(g) of the Water Code.

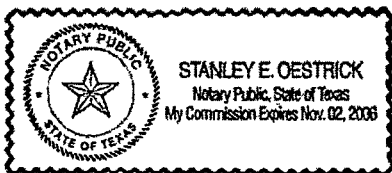
  
\_\_\_\_\_  
AFFILIANT

(Applicant's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the applicant or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State and County above-named, this 1st day of July, 2005.

SEAL



  
\_\_\_\_\_  
Notary Public

One copy of this page must be submitted for each utility involved in this transaction.

**OATH FOR PURCHASER OR ACQUIRING ENTITY**

STATE OF TEXAS

COUNTY OF TRAVIS

I, MARK H. ZEPPA, Attorney for Algonquin Water Resources of Texas, LLC, being duly sworn, file this notice of intent to purchase, acquire, lease or rent, or merge or consolidate; that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I am also authorized to state that Algonquin Water Resources of Texas, LLC does hereby agree to be bound by and comply with any outstanding orders of the Commission or the Attorney General which have been issued to the system or facilities being acquired and recognize that Algonquin Water Resources of Texas, LLC will be subject to administrative penalties or other enforcement actions if it does not comply.

  
\_\_\_\_\_  
AFFIANT

(Applicant's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the applicant or its attorney, a properly verified Power of Attorney must be enclosed.

Applicant represents that all other parties to this transaction have been furnished copies of this completed application.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State and County above-named, this 1st day of JULY, 2005.

SEAL



  
\_\_\_\_\_  
Notary Public

One copy of this page must be submitted for each utility involved in this transaction.

## **ATTACHMENT B**

# WATER UTILITY TARIFF

FOR

DK 450R

Aspenion Resorts, Ltd. dba Big Sky  
(Utility Name)

P.O. Box 158  
(City, State, Zip Code)

Dallas, Texas 75221  
(City, State, Zip Code)

This tariff is effective for utility operations under the following certificate(s) of Convenience and Necessity:

11072

This tariff is effective in the following county(ies):

Smith

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

None

This tariff is effective in the following subdivisions or systems:

The Villages

## 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	PAGE
1.0 RATE SCHEDULE . . . . .	1
2.0 SERVICE RULES . . . . .	2
3.0 EXTENSION POLICY . . . . .	3
4.0 WATER RATIONING PLAN . . . . .	10
APPENDIX A SERVICE AGREEMENTS	

RECEIVED  
JAN 25 1972  
TARIFF CLERK

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

Meter Size	Monthly Minimum Charge	Gallage Charge
5/8" or 3/4"	\$ 13.00 (INCLUDING 2,000 GALLONS)	\$ 1.55
1"	\$ 19.93	per 1000 gallons
1 1/2"	\$ 35.77	same for all meter sizes
2"	\$ 55.97	

REGULATORY ASSESSMENT 1.0%

A REGULATORY ASSESSMENT, EQUAL TO ONE PERCENT OF THE CHARGE FOR RETAIL  
WATER SERVICE ONLY, SHALL BE COLLECTED FROM EACH RETAIL CUSTOMER.

Section 1.02 - Miscellaneous Fees

TAP FEE \$ 500.00

THE TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS  
AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" or 3/4" WATER

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00) \$ 25.00
  - b) Customer's request \$ 25.00
- OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF

LATE CHARGE \$2.00 OR 5%

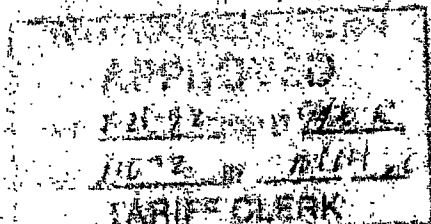
A ONE TIME PENALTY MAY BE MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED  
TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE \$ 15.00

CUSTOMER DEPOSIT (Maximum \$50) \$ 50.00

METER TEST FEE (actual cost of testing the meter up to) \$ 25.00

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A  
TWO YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY.



RATES LISTED ARE EFFECTIVE ONLY IF  
THIS PAGE HAS TWC APPROVAL STAMP

## SECTION 2.0 - SERVICE RULES AND REGULATIONS

### Section 2.01 - Texas Water Commission Rules

The utility will have the most current Texas Water Commission Rules, Chapter 291, Water Rates, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

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

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

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

Where service has previously been provided, 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 meter location to the place of consumption. Customers may be required to install a customer owned cut-off valve on the customer's side of the meter or connection.

### Section 2.03 - Refusal of Service

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

### Section 2.04 - Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant will 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 TWC Rules.



SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

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

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

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

Section 2.05 - Meter Requirements, Readings, and Testing

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

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

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

Section 2.06 - Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. Payment is considered late if not received by 5:00 PM at the utility's office or postal address within sixteen (16) days of the billing date. The postmark on the envelope

## SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

of the bill or the recorded date of mailing by the utility. If there is no postmark on the envelope, 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 work day after the due date.

A late penalty of either \$2.00 or 5.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

Each bill will provide all information required by the TWC Rules. 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 of each of the systems it operates. 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 26 days from the date of issuance of a bill and if proper notice of termination has been given.

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

Utility service may also be disconnected without notice for reasons as described in the TWC 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 because of a hazardous condition.

TEXAS WATER COMMISSION

APPROVED TARIFF 9/90

TWC-WATER TARIFF 9/90

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

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 production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the TWG Rules or in the Texas Department of Health's "Rules and Regulations for Public Water 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 Texas Water 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 1.0 - EXTENSION POLICY

Section 1.01 - 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 water mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional production, storage, or treatment facilities. Contributions in aid of construction may not be required of individual residential customers for production, storage, treatment or transmission facilities unless otherwise approved by the Commission under this specific extension policy.

COST UTILITIES SHALL BEAR. Within its certificate area, the utility will pay the cost of the first 200 feet of any water main or 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 Texas Department of Health's "Rules and Regulations for Public Water Systems."

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 TWC Rules to be effective.

Residential customers not covered under Section 3.01 will be charged the equivalent of the costs of extending service to their property from the nearest transmission or distribution line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the full cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

Developers will 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 Texas Department of Health minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or Texas Water Commission minimum requirements. For purposes of this subsection, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.



## SECTION 4.0 - WATER RATIONING PROGRAM

In cases of extreme drought, periods of abnormally high usage, or extended reduction in ability to supply water due to equipment failure, temporary restrictions may be instituted to limit water usage. The purpose of the Water Rationing Program is to limit the total amount of water demanded from the utility and to encourage customer conservation.

Water rationing is not a legitimate alternative when water systems are deficient in meeting the Texas Department of Health's "Rules and Regulations for Public Water Systems" and the Commission Rules during normal use periods, or when the utility is not making all immediate and necessary efforts to replace or repair malfunctioning equipment.

## Section 4.01 - General Provisions

**DECLARATION OF WATER RATIONING:** When there is an acute water supply shortage to such an extent that normal use patterns will no longer be possible, the utility may implement a water rationing program in the following manner.

**NOTICE REQUIREMENTS:** Written notice must be provided to each customer prior to implementing the rationing program. Mailed notice must be given 72 hours prior to the start of rationing. If notice is hand delivered, the utility cannot enforce the provisions of the plan for 24 hours after notice is provided.

Notice will be provided by telephone to the Commission prior to implementing the program and will be followed within 10 days with a copy of the utility's rationing notice. The customer's written notice will contain the following information:

1. the date rationing will begin;
2. the date rationing will end;
3. the stage of rationing and explanation of the restrictions to be implemented; and,
4. explanation of penalties for violations.

The utility must file a status report of its rationing program with the commission every 30 days that rationing continues.

## VIOLATION OF RATIONING RULES:

1. First violation - the customer will be notified by written notice of their specific violation.
2. Second violation - after written notice the utility may install a flow restricter in the line to limit the amount of water which will pass through the meter in a 24 hour period. The cost to be charged to the customer's account will be the actual installed cost to the utility, not to exceed \$50.00.
3. Subsequent violations - the utility may terminate service at the meter for a period of seven (7) days, or until the end of the calendar month, whichever is LESS. The normal reconnect fee of the utility will apply for restoration of service.

## SECTION 4.0 - WATER RATIONING PROGRAM (CONT.)

Section 4.01 - General Provisions (cont.)

**EXEMPTIONS OR VARIANCES FROM RATIONING RULES:** The utility may grant any customer an exemption or variance from the uniform rationing program for good cause. A customer who is refused an exemption or variance may appeal such action of the utility by written appeal to the Texas Water Commission. The utility will treat all customers equally concerning exemptions and variances, and shall not discriminate in granting exemptions and variances.

**RATES:** All existing rates schedules will remain in effect during the rationing period, and no charges may be levied against a customer which are not contained in the approved tariff of the utility as filed with the Commission.

Section 4.02 - Stages of Rationing

Unless there is an immediate extreme reduction in water production, to declare an emergency or severe condition the Utility must initially declare Stage I rationing. If, after a reasonable period of time, demand is not reduced enough to alleviate outages, Stage II may be declared with Stage III to follow if necessary.

**STAGE I (MILD RATIONING CONDITIONS):** Under Stage I (Mild Rationing Conditions) the Utility may select only one of the alternatives listed below. Usage of water for outdoor purposes such as lawns, gardens, car washing, etc. will be restricted to:

1. Alternate Day Use - Customers with even numbered addresses may use water outdoors on even numbered days and customers with odd numbered addresses may water outdoors on odd numbered days. (When there are no addresses, North and West sides of streets: even days; South and East sides of streets: odd days.)
2. Restricted Hours of Use - Outside watering is allowed daily only during periods described in the customer notices.
3. Every Five Day Use - Customers whose addresses end in 0 and 1 may use water outdoors on the 1st day of the month; 2 and 3--on the 2nd; 4 and 5--3rd; 6 and 7--4th; 8 and 9--5th; 0 and 1--6th.... and so on. The utility must provide a calendar noting the respective watering days and the order should remain consecutive as new months begin.

**STAGE II (MODERATE RATIONING CONDITIONS):** All outdoor water usage is prohibited except by hand held hoses with manual turn-on/off nozzles. Water usage for livestock is exempt.



SECTION 4.0 - WATER RATIONING PROGRAM (CONT.)

Section 4.02 - Stages of Rationing (cont.)

STAGE III (SEVERE RATIONING CONDITIONS): All outdoor water usage is prohibited; livestock may be exempted by the utility. All consumption may also be limited to each customer in one of the following ways:

1. An average of the customer's winter months' average to be uniformly applied on a systemwide basis, each customer being notified of this average amount;  
OR
2. Based upon technical data of the utility's facilities, a maximum number of gallons per meter (customer) per month, with notice to each customer of this number. Approval of the Commission must be obtained prior to implementing this restriction.

All meters shall be read as often as necessary to insure compliance with this program for the benefit of all the customers.

SECTION 4.20 - SPECIFIC UTILITY WATER RATIONING PROGRAM

This section contains a specific utility water rationing program in addition to the one stated under Section 4.0. It must be reviewed and approved by the Commission and in compliance with the TWC Rules to be effective.