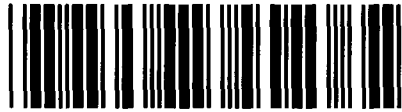




Control Number: 48050



Item Number: 3

Addendum StartPage: 0

**DOCKET NO. 48050**

**APPLICATION OF QV UTILITY  
FOR A PRICE INDEX RATE  
ADJUSTMENT**

§  
§  
§

**PUBLIC UTILITY COMMISSION  
OF TEXAS**

2018 MAR -9 AM 9:50  
FILED  
CLERK

**COMMISSION STAFF'S RECOMMENDATION ON ADMINISTRATIVE  
COMPLETENESS AND RECOMMENDATION ON FINAL DISPOSITION**

**COMES NOW** the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Recommendation on Administrative Completeness and Recommendation on Final Disposition in response to Order No. 1. Staff recommends the application be approved. In support thereof, Staff shows the following:

**I. BACKGROUND**

On February 12, 2018, QV Utility (QVU) filed an application (Application) for a price index rate adjustment under Texas Water Code (TWC) § 13.1872 and 16 Texas Administrative Code (TAC) § 24.36.

On February 14, 2018, the Administrative Law Judge (ALJ) issued Order No. 1 requiring Staff to file a recommendation on the administrative completeness of the Application and notice on or before March 14, 2018. Therefore, this pleading is timely filed.

**II. RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS**

As detailed in the attached memorandum of Kathryn Eiland in the Commission's Water Utility Regulation Division, Staff has reviewed the Application, and recommends that it be found administratively complete and accepted for filing under TWC § 13.1872 and 16 TAC § 24.36.

**III. RECOMMENDATION ON FINAL DISPOSITION**

Staff conducted a technical review of the Application pursuant to TWC § 13.1872 and 16 TAC § 24.36. Pursuant to TWC § 13.1872 and 16 TAC § 24.36, the Commission may adjust the rates of a Class C utility without the need for a hearing. Based upon the attached memorandum of Kathryn Eiland of the Commission's Water Utility Regulation Division, Staff recommends approval of the Application for an increase in water rates for QVU. Approval of the Application

would result in the approval of QVU's proposed rates reflected in the attached memorandum. Staff has attached compliance tariff pages reflecting the proposed rate adjustment to this pleading.

#### **IV. PROPOSED PROCEDURAL SCHEDULE**

Staff proposes the following procedural schedule for further processing of this docket:

<b>Event</b>	<b>Deadline</b>
Deadline for QVU to provide notice to customers	April 1, 2018

#### **V. CONCLUSION**

For the reasons stated above, Staff recommends that the Application be deemed administratively complete. Staff further recommends the Application be approved and QVU be ordered to provide notice of the proposed change using only the notice pages as approved by the Commission at least 30 days before the effective date of the proposed change.

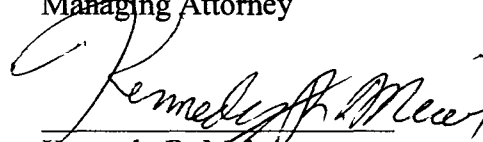
Dated: March 8, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Katherine Lengieza Gross  
Managing Attorney

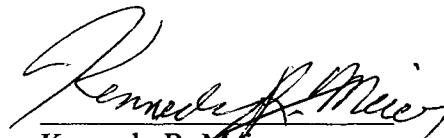


Kennedy R. Meier  
State Bar No. 24092819  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7265  
(512) 936-7268 (facsimile)  
Kennedy.Meier@puc.texas.gov

**DOCKET NO. 48050**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on March 8, 2018 in accordance with 16 TAC § 22.74.

  
Kennedy R. Meier

## PUC Interoffice Memorandum

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**To:** Kennedy Meier, Attorney  
Legal Division

**Thru:** Debi Loockerman, Financial Manager  
Water Utility Regulation

**From:** Kathryn Eiland, Financial Analyst  
Water Utility Regulation

**Date:** March 7, 2018

**Subject:** **Docket No. 48050** - *Application of QV Utility for a Price Index Rate Adjustment*

On February 12, 2018, QV Utility (Applicant) filed an application for a price index rate adjustment. Pursuant to Texas Water Code Ann. § 13.1872 and 16 Texas Administrative Code (TAC) § 24.36(c) a utility may request to increase its tariffed monthly fixed customer or meter charges and monthly gallonage charges. In this case, the Applicant is requesting approval to adjust its water tariff base rate (monthly meter charge) and monthly gallonage rate based upon the Commission price index of 3.50%. The Applicant provided:

- 1) A completed Class C Water or Sewer Utility Request for a Price Index Rate Adjustment; and
- 2) A proposal for the provision of notice for the approved price index change.

The Applicant has a single tier gallonage rate of \$3.71 per 1000 gallons. The Applicant proposed increasing the rate to \$3.84 per 1000 gallons, which equates to the 3.50% price index adjustment. The following includes the approved and proposed base rate based upon meter size:

Meter size	Approved tariff base rate	Proposed Rate Adjustment
5/8" or 3/4"	\$12.19	\$12.62

While under 16 TAC § 24.36(f) the Applicant's scheduled month for Class C rate adjustment applications is in April, the Applicant has not requested a rate increase since March 16, 2016. Additionally, the Applicant has not requested a good cause exception from the requirement to file in April. However, after reviewing the Applicant's financial information, Staff recommends that this Application be processed under a good cause exception, and that the Applicant file all future rate adjustment applications according to the schedule established by 16 TAC § 24.36(f). Based upon review of the information submitted with the application, Staff recommends that:

- 1) The Applicant be allowed a good cause exception.
- 2) The application be approved, as proposed.
- 3) The Applicant be ordered to provide by mail, or by e-mail if the ratepayer has agreed to receive communications electronically, the attached, modified notice to each ratepayer describing the proposed rate adjustment by April 01, 2018; and,
- 4) The attached tariff be approved and a copy provided to the Applicant.

The notice must be provided at least 30 days before the effective date of the proposed change which is established in the Commission's order. Staff recommends that the effective date be May 01, 2018, to coincide with an appropriate billing cycle and meter read date to meet the 30 day noticing requirement. Staff's amended notice is attached.

# NOTICE OF APPROVED UTILITY PRICE RATE ADJUSTMENT

Utility Name: QV Utility  
CCN Number(s): Water 12730 Sewer

The rates listed on the next page will apply to service received after the effective date listed on the notice below. This rate was requested by the utility and approved by the Public Utility Commission of Texas based on a percentage change in the price index, which is set by the Commission annually. Texas Water Code § 13.1872 allows the utility to receive an annual rate adjustment, without a hearing, based on the changes in the price index.

The following public water system(s), sewer system(s), and/or subdivision(s) will be affected by this rate adjustment:

Quiet Village II Subdivision, Quiet Village II (PWS #1080221)

Effective Date of Approved Increase: May 1, 2018  
(must be at least 30 days from the date the customers receive notice)

The rate adjustment will apply to all service rendered after the effective date and will be reflected on the bill you receive approximately 30 to 45 days after the effective date.

Address: 215 S. Valley View Rd  
City: Donna  
State/Zip: Texas 78537  
Telephone: (956) 532-4093

Percent of Rate Adjustment: 3.50%  
Date Notice Delivered: 4/1/2018  
Date Meters are Read: 1st

## Billing Comparison<sup>2</sup>

Charges based on Gallons (G) per Month (mo)

### Water:

Previous			New		
5,000 G	\$30.74	/mo	5,000 G	\$31.82	/mo
10,000 G	\$49.29	/mo	10,000 G	\$51.02	/mo
30,000 G	\$123.49	/mo	30,000 G	\$127.82	/mo

### Sewer:

Previous			New		
5,000 G		/mo	5,000 G		/mo
10,000 G		/mo	10,000 G		/mo

<sup>1</sup>The Texas Water Code limits the increase to the lesser of either 5% or the change in annual price index. The current annual price index change is published at:

<http://www.puc.texas.gov/industry/water/reports/Default.aspx>

<sup>2</sup>The billing comparison only includes base rate, block gallonage rate and gallonage rate charges.

# NOTICE OF APPROVED UTILITY PRICE RATE ADJUSTMENT

Utility Name: QV Utility

CCN Number(s):                      Water                      12730                      Sewer                      \_\_\_\_\_

## WATER

BASE RATES		
Meter Size	Previous Monthly Base Rate	New Monthly Base Rate
5/8" or 3/4"	\$ 12.19	\$ 12.62

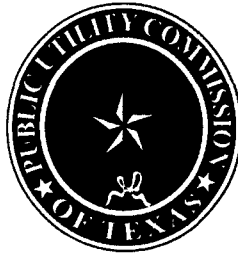
GALLONAGE CHARGES		
for each additional 1,000 gallons over the minimum		
Previous Tariff Rates	Current Change in PUC Price Index	New Tariff Rates
\$3.71	3.50%	\$3.84

BLOCK GALLONAGE CHARGES							
Gallonage Blocks (inclining or declining)					Previous Tariff Rates (per 1,000 gallons)	Current Change in PUC Price Index	New Tariff Rates (per 1,000 gallons)
From		to		gallons		3.50%	
From		to		gallons			
From		to		gallons			
From		to		gallons			
For usage over				gallons			\$ -

<sup>1</sup>The Texas Water Code limits the increase to the lesser of either 5% or the change in annual price index. The current annual price index change is published at:

<http://www.puc.texas.gov/industry/water/reports/Default.aspx>





## **WATER UTILITY TARIFF**

### **Docket Number: 48050**

Donald E. Wilson dba QV Utility  
(Utility Name)

215 S. Valley Rd., No. 104  
(Business Address)

Donna, Texas 78537  
(City, State, Zip Code)

(956) 532-4093  
(Area Code/Telephone)

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

12730

This tariff is effective in the following counties:  
Hidalgo

This tariff is effective in the following cities or unincorporated towns (if any):  
None

This tariff is effective in the following subdivisions or public water systems:  
Quiet Village II Subdivision, Quiet Village II (PWS #1080221)

#### **TABLE OF CONTENTS**

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

SECTION 1.0 – RATE SCHEDULE .....	2
SECTION 2.0 – SERVICE RULES AND POLICIES .....	5
SECTION 3.0 – EXTENSION POLICY .....	8
SECTION 3.20 – SPECIFIC EXTENSION POLICY .....	9

APPENDIX A – DROUGHT CONTINGENCY PLAN  
APPENDIX B – SAMPLE SERVICE AGREEMENT  
APPENDIX C – APPLICATION FOR SERVICE

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates  
For Water and Sewer

<u>Meter Size:</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$12.62</u> (Includes 0 gallons)	<u>\$3.84 per 1,000 gallons</u>

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

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

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

Section 1.02 - Miscellaneous Fee

TAP FEE.....\$275.00  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD  
RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED  
ON THIS TARIFF.

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

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

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

METER TEST FEE.....\$25.00  
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A  
SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS  
RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

SECTION 1.0 -- RATE SCHEDULE (Continued)

RECONNECTION FEE

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

- a) Nonpayment of bill (Maximum \$25.00).....\$25.00
- b) Customer's request that service be disconnected.....\$30.00

TRANSFER FEE.....\$30.00

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

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL).....\$5.00

PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE.....\$25.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC 24.21(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 1.03 – Purchased Water and Sewer Adjustment Clause

Upon a notice from the City of Donna of a change in price in the cost of purchased water or sewer service, the Utility may (after notice has been given to the ratepayers and the Commission) adjust its rates in accordance with the Tariff provisions.

The adjustment to the utility's rate structure will be calculated as set for the below:

I. Adjusted Monthly Minimum Charge – Current Monthly Minimum Charge + “A” + “B”

Where:

“A” = Change in Price of Purchase Water from the City of Donna---which is---{Change in the monthly minimum Price divided by the number of customers} + {2 times the Change in Price per 1,000 gallons of water}

“B” = Change in Price of Purchased Sewer Service from the City of Donna---which is---{Change in the monthly minimum Price of Purchases Sewer Service divided by the number of customers} + {2 times the Change in Price per 1,000 gallons of Purchased Sewer Service times 0.80}

II. Adjusted Gallonage Charge = Current Gallonage Charge + “X” + “Y”

Where:

“X” = Change in Price per 1,000 gallons of Purchased Water from the City of Donna

“Y” = Change in Price per 1,000 gallons of Purchased Sewer Service from the City of Donna times 0.80

Change as used above is the algebraic summation of the Price imposed by the City of Donna subsequent to the date of this Tariff (New Price) and the Price existing on the date this Tariff was approved (Old Price), i.e. New Price minus Old Price.

Number of customers as used above is the number existing customers at the beginning of the period in which a Change in Price becomes effective.

## SECTION 2.0 -- SERVICE RULES AND POLICIES

### Section 2.01 – Public Utility Commission of Texas

The utility will have the most current Public Utility Commission of Texas (Commission or PUC), Chapter 24 Rules 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 service is provided by the utility. A separate application or contract will be made for each service location.

After the applicant has met all the requirement, conditions and regulation 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, service will be reconnected 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 of 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 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. The utility will keep records of the deposit and credit interest in accordance with PUC Rules.

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

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

## SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

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

### Section 2.05 - 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 PUC and TCEQ 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 or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible, the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

### Section 2.06 - 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. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

A late penalty of \$5.00 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 PUC Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a telephone number (or numbers) which may be reached by a local call by customers. At the utility's option, a toll-free telephone number or the equivalent may be provided.

## SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

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.

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

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

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

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

Utility personnel must be available to collect payment 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 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 Texas Commission on Environmental Quality Rules and Regulations for Public Water Systems.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

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 Commission on Environmental Quality complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

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

Section 2.20 – SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

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



## SECTION 3.0 -- EXTENSION POLICY

### Section 3.01 - Standard Extension Requirements

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

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

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

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

**APPENDIX A – DROUGHT CONTINGENCY PLAN**  
**(Utility must attach copy of TCEQ approved Drought Contingency Plan)**

## APPENDIX B -- SAMPLE SERVICE AGREEMENT

### From 30 TAC Chapter 290.47(b), Appendix B SERVICE AGREEMENT

- I. **PURPOSE.** Donald E. Wilson dba QV Utility 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 Donald E. Wilson dba QV Utility will begin service. In addition, when service to an existing connection has been suspended or terminated, the water 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 Donald E. Wilson dba QV Utility (the Water System) and NAME OF CUSTOMER (the Customer).
- A. The Water System will maintain a copy of this agreement as long as the Customer and/or the premises is connected to the Water System.
  - B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Water 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 Water System's normal business hours.
  - C. The Water 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 reinspection.
  - 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 Water System. Copies of all testing and maintenance records shall be provided to the Water System.
- IV. **ENFORCEMENT.** If the Customer fails to comply with the terms of the Service Agreement, the Water System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

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

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

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