

SECTION 2.0--SERVICE RULES AND REGULATIONS (Continued)

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

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

Section 2.05--Meter Requirements, Readings, and Testing

It is not a requirement that the utility use meters to measure the quantity of sewage disposed of by individual customers. One connection is required for each residential, commercial or industrial facility in accordance with the PUC Rules.

Section 2.06--Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of the bills for utility service will be at least twenty-one (21) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next work day after the due date.

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

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

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

Section 2.07--Service Disconnection

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

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

SECTION 2.0--SERVICE RULES AND REGULATIONS (Continued)

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

Section 2.08--Reconnection of Service

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

Section 2.09--Service Interruptions

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

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

Section 2.10--Quality of Service

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

Section 2.11--Customer Complaints and Disputes

If a customer or applicant for service lodges a complaint, the utility will promptly make a suitable investigation and advise the complainant of the results. Service will not be disconnected pending completion of the investigation. If the complainant is dissatisfied with the utility's response, the utility must advise the complainant that he has recourse through the PUC's 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 the PUC Rules to be effective.

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

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

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

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

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

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

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

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

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

Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall have the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

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

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

The utility will have the right of access to the customer's premises at all times reasonable for the purpose of installing, testing, inspecting or repairing sewer mains or other equipment used in connection with its provision of sewer service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the utility and its personnel access to the customer's property to conduct any tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

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

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

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

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

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

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

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

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

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

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

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

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

In accordance with the requirements of Utility's Wastewater discharge Permit, any and all repairs and maintenance of Utility's lines, tanks, pumps and equipment located on Customer's premises shall be performed exclusively by the Utility.

Copies of the utility's state and federal waste water discharge permits shall be available for public inspection and copying in the utility's business office during normal business hours.

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

RESIDENTIAL SINGLE FAMILY GRINDER/SEWAGE STATIONS

Prior to the installation of a grinder/sewage station, the utility must be given a complete listing of all materials and equipment that will be used.

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

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

The customer will retain ownership of receiving tanks or lift stations on the customer's property, and all maintenance, repairs and replacement are the customer's responsibility. The customer shall own and maintain the grinder pump and appurtenances.

The repairs may be performed by anyone selected by the customer, who is competent to perform such repairs. The utility requires that parts and equipment meet the minimum standards approved by the TCEQ, to insure proper and efficient operation of the sewer system.

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

MULTI-FAMILY AND COMMERCIAL RECEIVING TANK/LIFT STATIONS

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

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

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

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

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

If the collection system that discharges into the receiving tank/lift station has an inflow or infiltration problem and collects rainfall discharge, the owner or P.O.A. will correct it within 90 days of written notice from the utility. If no action is taken to correct the problem within 90 days, the utility may take the responsibility to make corrections at the owner's/P.O.A.'s expense. The utility is not responsible for the collection system that discharges into the receiving tank/lift station.

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

An adequate easement must encompass the receiving tank / lift station by a 15 foot radius and also a 15 foot access easement to the receiving tank / lift station site. If this easement does not exist, one must be created and filed of record.

SECTION 3.0--EXTENSION POLICY

Section 3.01--Standard Extension Requirements

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

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

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

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

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

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

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

Developers 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's minimum design criteria for facilities used in collecting, treating, transmitting, and discharging of wastewater effluent. For purposes of this subsection, a developer is one who subdivides or requests more than two connections on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY

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

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

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

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

The imposition of additional extension costs or charges as provided by Sections 2.20 and 3.20 of this tariff shall be subject to appeal as provided in this tariff, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall have the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located. Unless the PUC or other regulatory authority enters interlocutory orders to the contrary, service to the applicant may be delayed until such appeal is resolved.

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

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

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

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

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. The tap request must be accompanied with a plat, map, diagram or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the connection is to be installed, along the applicant's property line. The actual point of connection must be readily accessible to Utility personnel for inspection, servicing and testing while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's near service main with adequate capacity to service the applicant's full potential service demand.

If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, applicant may refer the matter to the PUC for resolution. Unless otherwise ordered by the PUC, the tap or service connection will not be made until the location dispute is resolved.

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (Continued)

The Utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property. The Developer shall be required to obtain all necessary easements and rights-of-way required to extend the Utility's existing service facilities from their nearest point with adequate service capacity (as prescribed by TCEQ rules and local service conditions) to and throughout the Developer's property. The easements shall be sufficient to allow the construction, installation, repair, maintenance, testing, and replacement of any and all utility plant necessary to provide continuous and adequate service to each and every potential service location within the property at full occupancy. Unless otherwise restricted by law, sewage treatment, holding tank sites, lift station sites shall convey with all permanent easements and buffers required by TCEQ rules. Unless otherwise agreed to by the Utility, pipe line right-of-way easements must be at least 15 feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and meters.

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

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

- (a) The developer shall make a written request for service to property that is to be subdivided and developed. The Developer shall submit to the Utility a proposed plat on a scale of one inch (1") to two hundred feet (200') for review and determination of required easements, utility plant, and plant location. If sewer service is requested, the plat must contain elevation data. A reconcilable deposit in an amount set by the Utility may be required to cover preliminary engineering, legal and copy cost to be incurred by the Utility in reviewing and planning to meet this service request. The plat and/or accompanying information shall identify the type, location and number of houses and other planned structures that will be requiring utility service. If other than residential structures are to be located on the property, all other types of anticipated businesses and their service demands shall be identified with specificity. All areas requiring special irrigation and/or other unique water demands must be identified.

To the extent reasonably possible, this information must be precise so that adequate facilities can be designed and constructed to meet all future service demands without hazard to the public, other utility customers and/or the environment.

- (b) After the requirements of easements and rights-of-way have been determined, a red line copy will be returned by the Utility to the Developer for final plat preparation.
- (c) Copies of all proposed plats and plans must be submitted to the Utility prior to their submission to the county for approval to insure that they are compatible with the adequate long-term utility needs of potential service customers. Copies will be returned after review by the Utility so that necessary changes may be incorporated into the Developer's final submitted plat(s) and plans.

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (Continued)

(d) The Utility shall be provided with three (3) certified copies of the final plat(s) approved by the County Commissioners Court. At this time, the Utility will begin engineering the facilities necessary to serve the property. Plans and specifications will be prepared and submitted to the TCEQ by the Utility if required by law. If further plat or plans changes are necessary to accommodate the specific service needs of the property and the anticipated customer demands, the Developer will be so notified. Plat amendments must be obtained by the Developer.

The Developer shall be notified when all required TCEQ or other governmental approvals or permits have been received. No construction of utility plant which requires prior TCEQ plans approval shall be commenced until that approval has been received by the Utility and any conditions imposed by the PUC and TCEQ in association with its approvals have been satisfied.

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

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

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

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

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

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

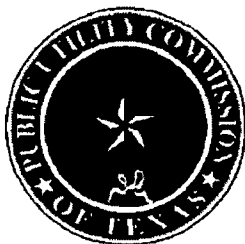
The following criteria shall be considered to determine the residential service applicant's cost for extending service:

- (a) The residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.
- (b) Exceptions may be granted by the PUC if:
 - (1) adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
 - (2) larger minimum line sizes are required under subdivision platting requirements or applicable building codes.
- (c) If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

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

**APPENDIX A -- SAMPLE SERVICE AGREEMENT
(Utility Must Attach Blank Copy)**

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



**SEWER UTILITY TARIFF
North Region
Tariff Control Number: 48197**

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

1106 Clayton Lane, Suite 400W
(Business Address)

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

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

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

21059

This tariff is effective in the following counties:

Cherokee, Denton, Hood, Marion, Rockwall, Tarrant, and Wise

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

N/A

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

This tariff is effective in the following subdivisions and public wastewater systems:

See attached Table - North Region

TABLE OF CONTENTS

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

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Table – North Region		
System/Subdivision Name	WQ ID	County
Brookfield (Shale Creek WWTP)	0014186-001	Denton
Buffalo Creek	0011974-001	Rockwall
Chisholm Springs	014910-001	Wise
Crestwood Lodge	012563-001	Marion
***Eagle's Bluff	0013994-001	Cherokee
Happy Country Homes; Shale Creek/Stone Creek	0014186-001	Rockwall
The Resort at Eagle Mountain Lake	0014125-001	Tarrant
Treaty Oaks	0014147-001	Hood

*****Note:** Eagles Bluff has different rates as per settlement agreement.

Tariff Control No. 48197

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Flat Rate</u>
5/8" or 3/4"	<u>\$73.30</u> (Includes 0 gallons)
1"	<u>\$183.25</u>
1½ "	<u>\$366.50</u>
2"	<u>\$586.41</u>
3"	<u>\$1,172.81</u>
4"	<u>\$1,832.52</u>
6"	<u>\$3,665.03</u>
8"	<u>\$5,864.05</u>
10"	<u>\$8,429.50</u>

Federal Tax Change Credit Rider: (5.33%) of the monthly retail bill
(Effective May 1, 2018; *Tariff Control No. 48197*)

Federal Tax Change Credit Rider: (3.83%) of the monthly retail bill
(Effective January 1, 2019; *Tariff Control No. 48197*)

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

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

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

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

Cash X (If in Person), Check X, Money Order X, Credit Card , Other (specify)

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

REGULATORY ASSESSMENT 1.0%

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

Tariff Control No. 48197

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 - Miscellaneous Fees

TAP FEE\$650.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 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.

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

- a) Non payment of bill (Maximum \$25.00)\$25.00
- b) Customer's request that service be disconnected.....\$45.00

SEASONAL RECONNECTION FEE:
BASE RATE FOR METER SIZE TIMES NUMBER OF MONTHS OFF SYSTEM NOT TO EXCEED SIX MONTHS WHEN LEAVE AND RETURN WITHIN A TWELVE MONTH PERIOD.

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

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

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

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

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

Tariff Control No. 48197

SECTION 1.0 -- RATE SCHEDULE (Continued)

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [[16 TAC § 24.21(b)(2)(F)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

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

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

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

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

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

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

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

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

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

MR = approved monthly flat rate;

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

FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):

The Federal Tax Change Credit Rider gives effect to the Tax Cuts and Jobs Act of 2017, which changed the federal corporate tax rate from 35% to 21%, by reducing the cost of service paid by customers taking service under this rate tariff. The FTCCR will provide credits to customers taking service under this rate tariff.

Tariff Control No. 48197

SECTION 2.0--SERVICE RULES AND REGULATIONS

Section 2.01—Public Utility Commission Rules

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

Section 2.02--Application for and Provision of Sewer Service

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

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

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

The customer will be responsible for furnishing and laying the necessary customer service pipe from the connection location to the place of use.

Section 2.03--Refusal of Service

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

Section 2.04--Customer Deposits

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

Tariff Control No. 48197

SECTION 2.0--SERVICE RULES AND REGULATIONS (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 customer who has paid 18 consecutive billings without being delinquent.

Section 2.05--Meter Requirements, Readings, and Testing

It is not a requirement that the utility use meters to measure the quantity of sewage disposed of by individual customers. One connection is required for each residential, commercial or industrial facility in accordance with the PUC Rules.

Section 2.06--Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of the bills for utility service will be at least twenty-one (21) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next work day after the due date.

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

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

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

Section 2.07--Service Disconnection

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

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

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

Tariff Control No. 48197

SECTION 2.0--SERVICE RULES AND REGULATIONS (Continued)

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

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

Section 2.08--Reconnection of Service

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

Section 2.09--Service Interruptions

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

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

Section 2.10--Quality of Service

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

Section 2.11--Customer Complaints and Disputes

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

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

Tariff Control No. 48197

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

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

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

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

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

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

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

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

Tariff Control No. 48197

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

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

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

Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall have the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

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

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

The utility will have the right of access to the customer's premises at all times reasonable for the purpose of installing, testing, inspecting or repairing sewer mains or other equipment used in connection with its provision of sewer service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the utility and its personnel access to the customer's property to conduct any tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

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

Tariff Control No. 48197

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

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

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

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

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

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

Tariff Control No. 48197

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

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

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

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

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

In accordance with the requirements of Utility's Wastewater discharge Permit, any and all repairs and maintenance of Utility's lines, tanks, pumps and equipment located on Customer's premises shall be performed exclusively by the Utility.

Copies of the utility's state and federal waste water discharge permits shall be available for public inspection and copying in the utility's business office during normal business hours.

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

RESIDENTIAL SINGLE FAMILY GRINDER/SEWAGE STATIONS

Prior to the installation of a grinder/sewage station, the utility must be given a complete listing of all materials and equipment that will be used.

Tariff Control No. 48197

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

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

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

The customer will retain ownership of receiving tanks or lift stations on the customer's property, and all maintenance, repairs and replacement are the customer's responsibility. The customer shall own and maintain the grinder pump and appurtenances.

The repairs may be performed by anyone selected by the customer, who is competent to perform such repairs. The utility requires that parts and equipment meet the minimum standards approved by the TCEQ, to insure proper and efficient operation of the sewer system.

MULTI-FAMILY AND COMMERCIAL RECEIVING TANK/LIFT STATIONS

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

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

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

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

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

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

If the collection system that discharges into the receiving tank/lift station has an inflow or infiltration problem and collects rainfall discharge, the owner or P.O.A. will correct it within 90 days of written notice from the utility. If no action is taken to correct the problem within 90 days, the utility may take the responsibility to make corrections at the owner's/P.O.A.'s expense. The utility is not responsible for the collection system that discharges into the receiving tank/lift station.

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

An adequate easement must encompass the receiving tank / lift station by a 15 foot radius and also a 15 foot access easement to the receiving tank / lift station site. If this easement does not exist, one must be created and filed of record.

Tariff Control No. 48197

SECTION 3.0--EXTENSION POLICY

Section 3.01--Standard Extension Requirements

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

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

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

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

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

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

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

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SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY

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's minimum design criteria for facilities used in collecting, treating, transmitting, and discharging of wastewater effluent. For purposes of this subsection, a developer is one who subdivides or requests more than two connections on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

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

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

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

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

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SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (Continued)

The imposition of additional extension costs or charges as provided by Sections 2.20 and 3.20 of this tariff shall be subject to appeal as provided in this tariff, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall have the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located. Unless the PUC or other regulatory authority enters interlocutory orders to the contrary, service to the applicant may be delayed until such appeal is resolved.

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

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

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

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

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SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (Continued)

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. The tap request must be accompanied with a plat, map, diagram or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the connection is to be installed, along the applicant's property line. The actual point of connection must be readily accessible to Utility personnel for inspection, servicing and testing while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's near service main with adequate capacity to service the applicant's full potential service demand.

If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, applicant may refer the matter to the PUC for resolution. Unless otherwise ordered by the PUC, the tap or service connection will not be made until the location dispute is resolved.

The Utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property. The Developer shall be required to obtain all necessary easements and rights-of-way required to extend the Utility's existing service facilities from their nearest point with adequate service capacity (as prescribed by PUC rules and local service conditions) to and throughout the Developer's property. The easements shall be sufficient to allow the construction, installation, repair, maintenance, testing, and replacement of any and all utility plant necessary to provide continuous and adequate service to each and every potential service location within the property at full occupancy. Unless otherwise restricted by law, sewage treatment, holding tank sites, lift station sites shall convey with all permanent easements and buffers required by TCEQ rules. Unless otherwise agreed to by the Utility, pipe line right-of-way easements must be at least 15 feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and meters.

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

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

Tariff Control No. 48197

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (Continued)

- (a) The Developer shall make a written request for service to property that is to be subdivided and developed. The Developer shall submit to the Utility a proposed plat on a scale of one inch (1") to two hundred feet (200') for review and determination of required easements, utility plant, and plant location. If sewer service is requested, the plat must contain elevation data. A reconcilable deposit in an amount set by the Utility may be required to cover preliminary engineering, legal and copy cost to be incurred by the Utility in reviewing and planning to meet this service request. The plat and/or accompanying information shall identify the type, location and number of houses and other planned structures that will be requiring utility service. If other than residential structures are to be located on the property, all other types of anticipated businesses and their service demands shall be identified with specificity. All areas requiring special irrigation and/or other unique water demands must be identified.

To the extent reasonably possible, this information must be precise so that adequate facilities can be designed and constructed to meet all future service demands without hazard to the public, other utility customers and/or the environment.

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

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

- (d) The Utility shall be provided with three (3) certified copies of the final plat(s) approved by the County Commissioners Court. At this time, the Utility will begin engineering the facilities necessary to serve the property. Plans and specifications will be prepared and submitted to the TCEQ by the Utility if required by law. If further plat or plans changes are necessary to accommodate the specific service needs of the property and the anticipated customer demands, the Developer will be so notified. Plat amendments must be obtained by the Developer.

The Developer shall be notified when all required TCEQ or other governmental approvals or permits have been received. No construction of utility plant which requires prior TCEQ plans approval shall be commenced until that approval has been received by the Utility and any conditions imposed by the TCEQ or the PUC in association with its approvals have been satisfied.

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SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

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

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

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

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

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

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

Tariff Control No. 48197

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (Continued)

(c) that the residential service applicant purchased the property from the Developer after the Developer was notified of the need to provide facilities to the utility. A residential service applicant may be charged the remaining costs of extending service to his property; provided, however, that the residential service applicant may only be required to pay the cost equivalent to the cost of extending the nearest water main or wastewater collection line, whether or not that line has adequate capacity to serve that residential service applicant.

The following criteria shall be considered to determine the residential service applicant's cost for extending service:

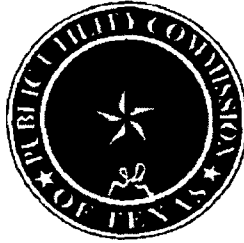
- (a) The residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.
- (b) Exceptions may be granted by the PUC if:
 - (1) adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
 - (2) larger minimum line sizes are required under subdivision platting requirements or applicable building codes.
- (c) If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

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

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**APPENDIX A -- SAMPLE SERVICE AGREEMENT
(Utility Must Attach Blank Copy)**

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



**SEWER UTILITY TARIFF
North Region – Eagle’s Bluff
Tariff Control Number: 48197**

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

1106 Clayton Lane, Suite 400W
(Business Address)

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

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

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

21059

This tariff is effective in the following county:

Cherokee

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

N/A

This tariff is effective in the following subdivisions and public water systems:

Eagle’s Bluff: WQ #13994-001

TABLE OF CONTENTS

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SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Residential (Flat Rates)

January 1, 2006-June 30, 2006	July 1, 2006- December 31, 2007	July 1, 2007-June 30, 2008
\$50.84	\$58.92	\$65.64

Non-residential customers receiving water and sewer service or taking sewer service only while having reliable metered water consumption data.

Non-Residential

Monthly Base Rate by Meter Size (Includes 0 gallons)	January 1, 2006-June 30, 2006	July 1, 2006- December 31, 2007	July 1, 2007-June 30, 2008
5/8 x 3/4 inch	\$59.62	\$69.10	\$76.98
1 inch	\$149.06	\$172.76	\$192.45
1 1/2 inch	\$298.12	\$345.52	\$384.90
2 inch	\$476.98	\$552.83	\$615.85
3 inch	\$894.35	\$1,036.55	\$1,154.71
4 inch	\$1,490.58	\$1,727.58	\$1,924.52
6 inch	\$2,981.15	\$3,455.16	\$3,849.05
8 inch	\$4,769.85	\$5,528.25	\$6,158.47
10 inch	\$6,856.65	\$7,946.86	\$8,852.81
Gallage Charge per 1,000 gallons	\$2.15	\$2.49	\$2.77

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

Federal Tax Change Credit Rider:(5.33%) of the monthly retail bill
 (Effective May 1, 2018; *Tariff Control No. 48197*)

Federal Tax Change Credit Rider:(3.83%) of the monthly retail bill
 (Effective January 1, 2019; *Tariff Control No. 48197*)

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SECTION 1.0 -- RATE SCHEDULE (Continued)

FORM OF PAYMENT: The utility will accept the following form(s) of payment:

Cash X (If in Person), Check X, Money Order X, Credit Card, Other (specify)

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

REGULATORY ASSESSMENT 1.0%

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

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$750.00

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

TAP FEE (Unique costs)Actual Cost

FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large meter).....Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

METER RELOCATION FEE Actual Relocation Cost, Not to Exceed Tap Fee

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

METER TEST FEE \$25.00

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

RECONNECTION FEE

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

a) Nonpayment of bill (Maximum \$25.00).....\$25.00

b) Customer's request that service be disconnected\$45.00

SEASONAL RECONNECTION FEE:

BASE RATE FOR METER SIZE TIMES NUMBER OF MONTHS OFF SYSTEM NOT TO EXCEED SIX MONTHS WHEN LEAVE AND RETURN WITHIN A TWELVE MONTH PERIOD.

TRANSFER FEE.....\$45.00

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

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

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

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

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

COMMERCIAL & NON-RESIDENTIAL DEPOSIT1/6TH OF ESTIMATED ANNUAL BILL

STANDARD METER INSTALLATION FEE\$150.00
TO BE CHARGE WHEN UNMETERED SERVICE EXISTS ON THE SYSTEM THAT SHOULD BE METERED TO BE IN COMPLIANCE WITH THE UTILITY’S TARIFF BUT THE CONVERSION OF THE SERVICE WOULD NOT REQUIRE A FULL TAP AND ALL OF ITS COSTS. THIS FEE WILL BE A SHARING OF COSTS BETWEEN THE CUSTOMER AND THE UTILITY. THE CUSTOMER MAY HAVE THE OPTION OF PAYING THE FEE OVER NO MORE THAN THREE (3) MONTHS.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:
WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC § 24.21(b)(2)(F)]

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

PURCHASED WASTEWATER TREATMENT FEE PASS THROUGH CLAUSE:
Changes in fees imposed by any non-affiliated third party wastewater treatment supplier shall be passed through an adjustment to the applicable gallonage charge according to the following formula:
AG = G + B, where
AG – adjusted gallonage charge, rounded to the nearest one cent;
G – approved gallonage charge (per 1,000 gallons);
B = change in purchased water/district gallonage charge (per 1,000 gallons);

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

AMR = MR + (Bx5), where
AMR – adjusted monthly flat rate, rounded to the nearest one cent;
MR = approved monthly flat rate;
B = change in purchased wastewater treatment charge (per 1,000 gallons)

FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):
The Federal Tax Change Credit Rider gives effect to the Tax Cuts and Jobs Act of 2017, which changed the federal corporate tax rate from 35% to 21%, by reducing the cost of service paid by customers taking service under this rate tariff. The FTCCR will provide credits to customers taking service under this rate tariff.

SECTION 2.0--SERVICE RULES AND REGULATIONS

Section 2.01 -- Public Utility Commission Quality Rules

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

Section 2.02--Application for and Provision of Sewer Service

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

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

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

The customer will be responsible for furnishing and laying the necessary customer service pipe from the connection location to the place of use.

Section 2.03--Refusal of Service

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

Section 2.04--Customer Deposits

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

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

SECTION 2.0--SERVICE RULES AND REGULATIONS (Continued)

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

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

Section 2.05--Meter Requirements, Readings, and Testing

It is not a requirement that the utility use meters to measure the quantity of sewage disposed of by individual customers. One connection is required for each residential, commercial or industrial facility in accordance with the PUC Rules.

Section 2.06--Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of the bills for utility service will be at least twenty-one (21) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next work day after the due date.

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

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

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

Section 2.07--Service Disconnection

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

SECTION 2.0--SERVICE RULES AND REGULATIONS (Continued)

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 31 days from the date of issuance of a bill and if proper notice of termination has been given.

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

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

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

Section 2.08--Reconnection of Service

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

Section 2.09--Service Interruptions

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

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

Section 2.10--Quality of Service

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

Section 2.11--Customer Complaints and Disputes

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

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

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SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

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

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

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

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

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

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

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

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

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

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

Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall have the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

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

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

The utility will have the right of access to the customer's premises at all times reasonable for the purpose of installing, testing, inspecting or repairing sewer mains or other equipment used in connection with its provision of sewer service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the utility and its personnel access to the customer's property to conduct any tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

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

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

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

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

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

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

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

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

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

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

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

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

In accordance with the requirements of Utility's Wastewater discharge Permit, any and all repairs and maintenance of Utility's lines, tanks, pumps and equipment located on Customer's premises shall be performed exclusively by the Utility.

Copies of the utility's state and federal waste water discharge permits shall be available for public inspection and copying in the utility's business office during normal business hours.

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

RESIDENTIAL SINGLE FAMILY GRINDER/SEWAGE STATIONS

Prior to the installation of a grinder/sewage station, the utility must be given a complete listing of all materials and equipment that will be used.

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

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

The customer will retain ownership of receiving tanks or lift stations on the customer's property, and all maintenance, repairs and replacement are the customer's responsibility. The customer shall own and maintain the grinder pump and appurtenances.

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

The repairs may be performed by anyone selected by the customer, who is competent to perform such repairs. The utility requires that parts and equipment meet the minimum standards approved by the TCEQ, to insure proper and efficient operation of the sewer system.

MULTI-FAMILY AND COMMERCIAL RECEIVING TANK/LIFT STATIONS

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

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

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

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

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

If the collection system that discharges into the receiving tank/lift station has an inflow or infiltration problem and collects rainfall discharge, the owner or P.O.A. will correct it within 90 days of written notice from the utility. If no action is taken to correct the problem within 90 days, the utility may take the responsibility to make corrections at the owner's/P.O.A.'s expense. The utility is not responsible for the collection system that discharges into the receiving tank/lift station.

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

An adequate easement must encompass the receiving tank / lift station by a 15 foot radius and also a 15 foot access easement to the receiving tank / lift station site. If this easement does not exist, one must be created and filed of record.

SECTION 3.0--EXTENSION POLICY

Section 3.01--Standard Extension Requirements

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

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

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

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

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

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY

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

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

Developers 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's minimum design criteria for facilities used in collecting, treating, transmitting, and discharging of wastewater effluent. For purposes of this subsection, a developer is one who subdivides or requests more than two connections on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

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

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

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

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

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

The imposition of additional extension costs or charges as provided by Sections 2.20 and 3.20 of this tariff shall be subject to appeal as provided in this tariff, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall have the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located. Unless the PUC or other regulatory authority enters interlocutory orders to the contrary, service to the applicant may be delayed until such appeal is resolved.

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

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

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

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

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (Continued)

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. The tap request must be accompanied with a plat, map, diagram or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the connection is to be installed, along the applicant's property line. The actual point of connection must be readily accessible to Utility personnel for inspection, servicing and testing while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's near service main with adequate capacity to service the applicant's full potential service demand.

If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, applicant may refer the matter to the PUC for resolution. Unless otherwise ordered by the PUC, the tap or service connection will not be made until the location dispute is resolved.

The Utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property. The Developer shall be required to obtain all necessary easements and rights-of-way required to extend the Utility's existing service facilities from their nearest point with adequate service capacity (as prescribed by TCEQ rules and local service conditions) to and throughout the Developer's property. The easements shall be sufficient to allow the construction, installation, repair, maintenance, testing, and replacement of any and all utility plant necessary to provide continuous and adequate service to each and every potential service location within the property at full occupancy. Unless otherwise restricted by law, sewage treatment, holding tank sites, lift station sites shall convey with all permanent easements and buffers required by TCEQ rules. Unless otherwise agreed to by the Utility, pipe line right-of-way easements must be at least 15 feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and meters.

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

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

(a) The developer shall make a written request for service to property that is to be subdivided and developed. The Developer shall submit to the Utility a proposed plat on a scale of one inch (1") to two hundred feet (200') for review and determination of required easements, utility plant, and plant location. If sewer service is requested, the plat must contain elevation data. A reconcilable deposit in an amount set by the Utility may be required to cover preliminary engineering, legal and copy cost to be incurred by the Utility in reviewing and planning to meet this service request. The plat and/or accompanying information shall identify the type, location and number of houses and other planned structures that will be requiring utility service. If other than residential structures are to be located on the property, all other types of anticipated businesses and their service demands shall be specifically identified. All areas requiring special irrigation and/or other unique water demands must be identified.

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (Continued)

To the extent reasonably possible, this information must be precise so that adequate facilities can be designed and constructed to meet all future service demands without hazard to the public, other utility customers and/or the environment.

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

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

(d) The Utility shall be provided with three (3) certified copies of the final plat(s) approved by the County Commissioners Court. At this time, the Utility will begin engineering the facilities necessary to serve the property. Plans and specifications will be prepared and submitted to the TCEQ by the Utility if required by law. If further plat or plans changes are necessary to accommodate the specific service needs of the property and the anticipated customer demands, the Developer will be so notified. Plat amendments must be obtained by the Developer.

The Developer shall be notified when all required TCEQ or other governmental approvals or permits have been received. No construction of utility plant which requires prior TCEQ plans approval shall be commenced until that approval has been received by the Utility and any conditions imposed by the PUC and TCEQ in association with its approvals have been satisfied.

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

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

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

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

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

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

The following criteria shall be considered to determine the residential service applicant's cost for extending service:

- (a) The residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.
- (b) Exceptions may be granted by the PUC if:
 - (1) adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
 - (2) larger minimum line sizes are required under subdivision platting requirements or applicable building codes.
- (c) If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

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

**APPENDIX A -- SAMPLE SERVICE AGREEMENT
(Utility Must Attach Blank Copy)**

APPENDIX B · APPLICATION FOR SEWER SERVICE
(Utility Must Attach Blank Copy)



**SEWER UTILITY TARIFF
Southeast Region
Tariff Control Number: 48197**

Aqua Texas, Inc. d/b/a Aqua Texas
(Utility Name)

1106 Clayton Lane, Suite 400W
(Business Address)

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

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

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

21065

This tariff is effective in the following counties:

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

City of Conroe, City of Houston, & City of Port Arthur

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

This tariff is effective in the following subdivisions or systems:

See attached Table - Southeast Region

TABLE OF CONTENTS

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

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Table - Southeast Region		
System/Subdivision Name	Permit No.	County
Black Oak		Montgomery
Blazer Business Park (Brittmore)		Harris
Brittmore I & II	WQ0011193001	Harris
Brittmore III	WQ0014117001	Harris
Brushy Creek	WQ0012898001	Montgomery
Candlelight Hills	WQ0011314001	Harris
Candlelight Service		Harris
Cedar Point	WQ0012454001	Polk
Classic Pines Subdivision	WQ0013870001	Harris
Country Club Green		Harris
Country Side Estates	WQ0011249001	Jefferson
Creek Side Estates South	WQ0011375001	Harris
Decker Woods		Montgomery
Enclave at Dobbin	WQ0015158001	Montgomery
Estates of Willow Creek	WQ0014181001	Harris
Hahls Suburban Farms (Brittmore)		Harris
Harcourt Farms (Brittmore)		Harris
Heron Lakes	WQ0013433001	Harris
Imperial Valley	WQ0014106001	Harris
Independence Farms (Brittmore)		Harris
Independence Gardens (Brittmore)		Harris
Industrial Utilities Services, Inc.	WQ0012122001	Harris
Jersey Acres (Brittmore)		Harris
Lake Conroe Forest Subdivision	WQ0014357001	Montgomery
Lake Conroe Forest - Tejas Creek		Montgomery
Lake Conroe Village	WQ0014081001	Montgomery
Lake Livingston Village	WQ0013209001	Polk
Lakes of Mission Grove	WQ0014243001	Fort Bend
N W Business Park (Brittmore)		Harris
Niagra Subdivision (Astro Commercial)	WQ0013600001	Fort Bend
Oakwood Village	WQ0012303001	Harris
Old Egypt	WQ0014141001	Montgomery
Palm Crest	WQ0014279001	Brazoria
Petro Park & PAR (Brittmore)		Harris
Port Adventure	WQ0014096001	Trinity
Redwood Estates MHP	WQ0012996001	Harris
Riverwood Forest	WQ0014194001	Fort Bend
Rosemeadows III	WQ0014175001	Fort Bend
Shadow Bay	WQ0011419001	Montgomery
Stable Gates	WQ0014032001	Harris
Tanner Heights (Brittmore)		Harris
Timberloch Estates	WQ0014007001	Montgomery
Timberwild	WQ0012519001	Harris
West by Northwest Industrial Park (Brittmore)	WQ0012222001	Harris
Westwood I & II Subdivision	WQ0011419001	Montgomery
White Oak Ranch	WQ0014114001	Montgomery
Willow Oaks MHP	WQ0013619001	Harris
Willow Creek Industrial Park	WQ0015284001	Harris
Woodland Ranch		Montgomery

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Flat Rate</u> (Includes 0 gallons all meters)
5/8" or 3/4"	<u>\$63.80</u>
1"	<u>\$159.49</u>
1½"	<u>\$318.99</u>
2"	<u>\$510.38</u>
3"	<u>\$1020.76</u>
4"	<u>\$1594.93</u>
6"	<u>\$3189.87</u>
8"	<u>\$3189.87</u>
10"	<u>\$7337.00</u>

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

Federal Tax Change Credit Rider:.....(6.94%) of the monthly retail bill
 (Effective May 1, 2018; *Tariff Control No. 48197*)

Federal Tax Change Credit Rider:.....(4.99%) of the monthly retail bill
 (Effective January 1, 2019; *Tariff Control No. 48197*)

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

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

REGULATORY ASSESSMENT1.0%
 PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND TO REMIT FEE TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (TCEQ).

Section 1.02 – Miscellaneous Fees

TAP FEE\$650.00
 TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" METER PLUS UNIQUE COSTS AS PERMITTED BY PUC RULE AT COST.

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.

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) Non-payment of bill (Maximum \$25.00) \$25.00
- b) Customer's request that service be disconnected \$45.00

SEASONAL RECONNECTION FEE:

BASE RATE FOR METER SIZE TIMES NUMBER OF MONTHS OFF THE SYSTEM NOT TO EXCEED SIX MONTHS WHEN LEAVE AND RETURN WITHIN A TWELVE MONTH PERIOD.

TRANSFER FEE \$45.00

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

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

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

RETURNED CHECK CHARGE \$25.00

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND SEWER TESTING. [16 TEXAS ADMINISTRATIVE CODE (TAC) § 24.21(k)(2)]

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 1.0 -- RATE SCHEDULE (Continued)

PURCHASED SEWER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

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

- AG = $G + B/(1-L)$, Where:
- AG = adjusted gallonage charge, rounded to the nearest one cent;
- G = approved gallonage charge (per 1,000 gallons);
- B = change in purchased sewer/district gallonage charge (per 1,000 gallons);
- L = system average line loss for preceding 12 months not to exceed 0.15

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

- AMR = $MR + (B \times 5)$, Where:
- AMR = adjusted monthly flat rate, rounded to the nearest one cent;
- MR = approved monthly flat rate;
- B = change in purchased wastewater treatment charge (per 1,000 gallons)

FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):

The Federal Tax Change Credit Rider gives effect to the Tax Cuts and Jobs Act of 2017, which changed the federal corporate tax rate from 35% to 21%, by reducing the cost of service paid by customers taking service under this rate tariff. The FTCCR will provide credits to customers taking service under this rate tariff.

SECTION 2.0 - SERVICE RULES AND REGULATIONS

Section 2.01 Rules

The Utility will have the most current Public Utility Commission of Texas (PUC or Commission) Rules, 16 TAC Chapter 24, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.02 - Application for and Provision of Sewer Service

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

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

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

The customer will be responsible for furnishing and laying the necessary customer service pipe from the connection location to the place of use.

Section 2.03 - Refusal of Service

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

Section 2.04 - Customer Deposits

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

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the Utility or another sewer or sewer utility that 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 REGULATIONS (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 customer who has paid 18 consecutive billings without being delinquent.

Section 2.05 - Meter Requirements, Readings, and Testing

It is not a requirement that the Utility use meters to measure the quantity of sewage disposed of by individual customers. One connection is required for each residential, commercial or industrial facility in accordance with the PUC rules.

Section 2.06 - Billing

Bills from the Utility will be mailed monthly unless otherwise authorized by the Commission. The due date of the bills for utility service will be at least twenty-one (21) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the Utility will constitute proof of the date of issuance. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

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

Each bill will provide all information required by the 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.

In the event of a dispute between a customer and the 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 31 days from the date of issuance of a bill and if proper notice of termination has been given.

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

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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

Section 2.08 - Reconnection of Service

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

Section 2.09 - Service Interruptions

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

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

Section 2.10 - Quality of Service

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

Section 2.11 - Customer Complaints and Disputes

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

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

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

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

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

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

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

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

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

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

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

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

Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction.

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

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

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

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

The Utility will have the right of access to the customer's premises at all times reasonable for the purpose of installing, testing, inspecting or repairing sewer mains or other equipment used in connection with its provision of sewer service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the Utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the Utility and its personnel access to the customer's property to conduct any tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours. The customer may require any Utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the Utility, and the purpose of their entry.

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

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

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

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

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

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

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

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

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

Pursuant to 16 TAC § 24.86(b)(3)(A) and (B), the customer's service line and appurtenances shall be construed in accordance with the laws and regulations of the State of Texas, local plumbing codes, or, in the absence of such local codes, the Uniform Plumbing Code. It shall be the customer's responsibility to maintain the service line and appurtenances in good operating condition, i.e., clear of obstruction, defects, or blockage. If the Utility can provide evidence of excessive infiltration or inflow or failure to provide proper pretreatment, the Utility may, with the written approval of the Commission, require the customer to repair the line or eliminate the infiltration or inflow or take such actions necessary to correct the problem. If the customer fails to correct the problem within a reasonable time, the Utility may disconnect service after proper notice.

In accordance with the requirements of Utility's Wastewater discharge Permit, any and all repairs and maintenance of Utility's lines, tanks, pumps and equipment located on Customer's premises shall be performed exclusively by the Utility.

Copies of the Utility's state and federal waste water discharge permits shall be available for public inspection and copying in the Utility's business office during normal business hours.

Non-residential customers electing the pretreatment option for sewage with non-standard characteristics may be charged those costs set forth in the Utility's extension policy if such pretreatment fails or otherwise causes the Utility's facilities to violate their waste-water discharge permits.

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

RESIDENTIAL SINGLE FAMILY GRINDER / SEWAGE STATIONS

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

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

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

The customer will retain ownership of receiving tanks or lift stations on the customer's property, and all maintenance, repairs and replacement are the customer's responsibility. The customer shall own and maintain the grinder pump and appurtenances.

The repairs may be performed by anyone selected by the customer, who is competent to perform such repairs. The Utility requires that parts and equipment meet the minimum standards approved by the TCEQ, to insure proper and efficient operation of the sewer system.

MULTI-FAMILY AND COMMERCIAL RECEIVING TANK / LIFT STATIONS

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

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

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

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

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

If the collection system that discharges into the receiving tank / lift station has an inflow or infiltration problem and collects rainfall discharge, the owner or P.O.A. will correct it within 90 days of written notice from the Utility. If no action is taken to correct the problem within 90 days, the Utility may take the responsibility to make corrections at the owner's / P.O.A.'s expense. The Utility is not responsible for the collection system that discharges into the receiving tank / lift station.

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

An adequate easement must encompass the receiving tank / lift station by a 15 foot radius and also a 15 foot access easement to the receiving tank / lift station site. If this easement does not exist, one must be created and filed of record.

SECTION 3.0 - EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

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

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

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

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

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

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY

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

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

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

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

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

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

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

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (continued)

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

The imposition of additional extension costs or charges as provided by Sections 2.20 and 3.20 of this tariff shall be subject to appeal as provided in this tariff, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the Utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall have the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located. Unless the PUC or other regulatory authority enters interlocutory orders to the contrary, service to the applicant may be delayed until such appeal is resolved.

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

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

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

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

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made.

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (continued)

The tap request must be accompanied with a plat, map, diagram or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the connection is to be installed, along the applicant's property line. The actual point of connection must be readily accessible to Utility personnel for inspection, servicing and testing while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's near service main with adequate capacity to service the applicant's full potential service demand.

If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, applicant may refer the matter to the Commission for resolution. Unless otherwise ordered by the Commission, the tap or service connection will not be made until the location dispute is resolved.

The Utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property. The Developer shall be required to obtain all necessary easements and rights-of-way required to extend the Utility's existing service facilities from their nearest point with adequate service capacity (as prescribed by TCEQ rules and local service conditions) to and throughout the Developer's property. The easements shall be sufficient to allow the construction, installation, repair, maintenance, testing, and replacement of any and all utility plant necessary to provide continuous and adequate service to each and every potential service location within the property at full occupancy. Unless otherwise restricted by law, sewage treatment, holding tank sites, lift station sites shall convey with all permanent easements and buffers required by TCEQ rules. Unless otherwise agreed to by the Utility, pipe line right-of-way easements must be at least 15 feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and meters.

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

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

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

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (continued)

- (b) After the requirements of easements and rights-of-way have been determined, a red line copy will be returned by the Utility to the Developer for final plat preparation.
- (c) Copies of all proposed plats and plans must be submitted to the Utility prior to their submission to the county for approval to insure that they are compatible with the adequate long-term utility needs of potential service customers. Copies will be returned after review by the Utility so that necessary changes may be incorporated into the Developer's final submitted plat(s) and plans.
- (d) The Utility shall be provided with three (3) certified copies of the final plat(s) approved by the County Commissioners Court. At this time, the Utility will begin engineering the facilities necessary to serve the property. Plans and specifications will be prepared and submitted to the TCEQ by the Utility if required by law. If further plat or plans changes are necessary to accommodate the specific service needs of the property and the anticipated customer demands, the Developer will be so notified, Plat amendments must be obtained by the Developer. The Developer shall be notified when all required TCEQ or other governmental approvals or permits have been received. No construction of utility plant which requires prior TCEQ plans approval shall be commenced until that approval has been received by the Utility and any conditions imposed by the TCEQ in association with its approvals have been satisfied.
- (e) The Developer shall be required to post bond or escrow the funds necessary to construct all required utility plant, except individual sewer connections, required to serve the property. Construction shall not commence until funds are available. If the construction is to be done in coordination with the phased development of the property, funds must be provided in advance which are sufficient to complete each phase. No phase or facilities for any phase shall be constructed prior to the bonding or escrowing of all funds associated with that phase.
- (f) At the sole option of the Utility, the Developer may be required to execute a Developer Extension Contract setting forth all terms and conditions of extending service to their property including all contributions-in-aid of construction and developer reimbursements, if any.
- (g) The Utility may require the Developer to commence construction of subdivision improvements within three (3) months of utility plans approval or the Utility may abate its construction activities until full development construction begins. If the Developer stops construction of subdivision improvements for any purpose, the Utility may abate its construction for a similar period.
- (h) As soon as the roads are rough cut and prior to paving, extension lines will need to be constructed at each road crossing. The Developer must notify the Utility sufficiently in advance of this development stage to allow for the necessary utility construction without disruption to other service operations of the Utility. Failure to provide adequate advance notice and cooperation in the construction of necessary utility plant may result in additional delays in obtaining service to the property. The Developer shall be required to pay for all additional costs of road boring or other remedial construction necessary to install adequate utility plant throughout the affected property.

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (continued)

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

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

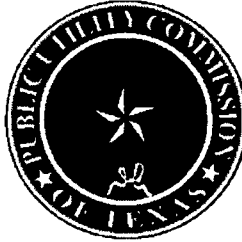
The following criteria shall be considered to determine the residential service applicant's cost for extending service:

- (a) The residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.
- (b) Exceptions may be granted by the PUC if:
 - (1) adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the Utility's burden to justify that a larger diameter pipe is required for adequate service;
 - (2) larger minimum line sizes are required under subdivision platting requirements or applicable building codes.
- (c) If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

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

**APPENDIX A -- SAMPLE SERVICE AGREEMENT
(Utility Must Attach Blank Copy)**

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



SEWER UTILITY TARIFF
Southeast Region – Westwood I & II
Tariff Control Number: 48197

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

1106 Clayton Lane, Suite 400W
(Business Address)

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

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

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

21065

This tariff is effective in the following Counties:

Montgomery

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

N/A

This tariff is effective in the following subdivisions and public wastewater systems:

Westwood I & II Subdivision: WQ 0011419-001

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):

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SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Sewer Residential

Monthly Flat Rate **\$33.00**

NON-RESIDENTIAL CUSTOMERS RECEIVING WATER AND SEWER SERVICE OR TAKING SEWER SERVICE ONLY WHILE HAVING RELIABLE METERED WATER CONSUMPTION DATA.

Sewer Non-Residential

MONTHLY BASE RATE BY METER SIZE (INCLUDES 0 GALLONS)	
5/8 x 3/4 inch	\$42.22
1 inch	\$70.51
1 1/2 inch	\$140.60
2 inch	\$225.04
3 inch	\$422.20
4 inch	\$703.84
6 inch	\$1,407.26
8 inch	\$2,251.70
10 inch	\$2,814.52
GALLONAGE CHARGE	\$1.52 per 1000 gals

NON-RESIDENTIAL CUSTOMERS WHO PURCHASE SEWER SERVICE ONLY AND WHO HAVE NO RELIABLE WATER CONSUMPTION DATA AVAILABLE WILL BE CHARGED THE APPLICABLE MONTHLY FEE FOR THEIR METER SIZE MULTIPLIED BY 1.69. IF A WATER METER IS NOT AVAILABLE, A METER SIZE WILL BE IMPUTED BY THE UTILITY BASED UPON THE SIZE OF THE WATER SERVICE PIPE.

Federal Tax Change Credit Rider: (6.94%) of the monthly retail bill
 (Effective May 1, 2018; **Tariff Control No. 48197**)

Federal Tax Change Credit Rider: (4.99%) of the monthly retail bill
 (Effective January 1, 2019; **Tariff Control No. 48197**)

FORM OF PAYMENT: The utility will accept the following forms of payment:
 Cash X (only at Local Offices), Check X, Money Order X, Credit Card X,
 Other (specify) (no wire transfer)

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 ASSESSMENT1.0%
 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.

Tariff Control No. 48197

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$650.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 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.

RECONNECTION FEE

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

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

SEASONAL RECONNECTION FEE:

BASE RATE FOR METER SIZE TIMES NUMBER OF MONTHS OFF SYSTEM NOT TO EXCEED SIX MONTHS WHEN LEAVE AND RETURN WITHIN A TWELVE MONTH PERIOD.

SERVICE RELOCATION FEEActual Cost
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING SERVICE CONNECTION.

TRANSFER FEE\$25.00
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.

Tariff Control No. 48197

SECTION 1.0 -- RATE SCHEDULE (Continued)

PURCHASED WASTEWATER TREATMENT FEE PASS THROUGH CLAUSE:

Changes in fees imposed by any non-affiliated third party wastewater treatment supplier shall be passed through an adjustment to the applicable gallonage charge according to the following formula:

- AG = G + B, where
- AG = adjusted gallonage charge, rounded to the nearest one cent;
- G = approved gallonage charge (per 1,000 gallons);
- B = change in purchased water/district gallonage charge (per 1,000 gallons);

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

- AMR = MR + (Bx5), where
- AMR = adjusted monthly flat rate, rounded to the nearest one cent;
- MR = approved monthly flat rate;
- B = change in purchased wastewater treatment charge (per 1,000 gallons)

FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):

The Federal Tax Change Credit Rider gives effect to the Tax Cuts and Jobs Act of 2017, which changed the federal corporate tax rate from 35% to 21%, by reducing the cost of service paid by customers taking service under this rate tariff. The FTCCR will provide credits to customers taking service under this rate tariff.

SECTION 2.0--SERVICE RULES AND REGULATIONS

Section 2.01- Public Utility Commission Rules

The utility will have the most current Public Utility Commission (PUC) Rules, Chapter 24, Water and Sewer 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 Sewer Service

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

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

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

The customer will be responsible for furnishing and laying the necessary customer service pipe from the connection location to the place of use.

Section 2.03--Refusal of Service

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

Section 2.04--Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant 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 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 REGULATIONS (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 customer who has paid 18 consecutive billings without being delinquent.

Section 2.05--Meter Requirements, Readings, and Testing

It is not a requirement that the utility use meters to measure the quantity of sewage disposed of by individual customers. One connection is required for each residential, commercial or industrial facility in accordance with the PUC Rules.

Section 2.06--Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of the bills for utility service will be at least twenty-one (21) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next work day after the due date.

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

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

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

Section 2.07--Service Disconnection

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

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

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

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

SECTION 2.0--SERVICE RULES AND REGULATIONS (CONTINUED)

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

Section 2.08--Reconnection of Service

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

Section 2.09--Service Interruptions

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

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

Section 2.10--Quality of Service

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

Section 2.11--Customer Complaints and Disputes

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

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

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

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

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

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

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

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

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

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

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

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

Tariff Control No. 48197

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (CONTINUED)

Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall have the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

Tap fees may be increased by unique costs not normally incurred as may be permitted by 30 TAC 291.86(b)(1)(C).

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

The utility will have the right of access to the customer's premises at all times reasonable for the purpose of installing, testing, inspecting or repairing sewer mains or other equipment used in connection with its provision of sewer service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the utility and its personnel access to the customer's property to conduct any tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

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

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

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

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

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (CONTINUED)

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

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

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

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

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

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

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (CONTINUED)

In accordance with the requirements of Utility's Wastewater discharge Permit, any and all repairs and maintenance of Utility's lines, tanks, pumps and equipment located on Customer's premises shall be performed exclusively by the Utility.

Copies of the utility's state and federal waste water discharge permits shall be available for public inspection and copying in the utility's business office during normal business hours.

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

RESIDENTIAL SINGLE FAMILY GRINDER / SEWAGE STATIONS

Prior to the installation of a grinder / sewage station, the utility must be given a complete listing of all materials and equipment that will be used.

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

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

The customer will retain ownership of receiving tanks or lift stations on the customer's property, and all maintenance, repairs and replacement are the customer's responsibility. The customer shall own and maintain the grinder pump and appurtenances.

The repairs may be performed by anyone selected by the customer, who is competent to perform such repairs. The utility requires that parts and equipment meet the minimum standards approved by the TCEQ, to insure proper and efficient operation of the sewer system.

MULTI-FAMILY AND COMMERCIAL RECEIVING TANK / LIFT STATIONS

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

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

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

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

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (CONTINUED)

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

If the collection system that discharges into the receiving tank / lift station has an inflow or infiltration problem and collects rainfall discharge, the owner or P.O.A. will correct it within 90 days of written notice from the utility. If no action is taken to correct the problem within 90 days, the utility may take the responsibility to make corrections at the owner's / P.O.A.'s expense. The utility is not responsible for the collection system that discharges into the receiving tank / lift station.

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

An adequate easement must encompass the receiving tank / lift station by a 15 foot radius and also a 15 foot access easement to the receiving tank / lift station site. If this easement does not exist, one must be created and filed of record.

SECTION 3.0--EXTENSION POLICY

Section 3.01--Standard Extension Requirements

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

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

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

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

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

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY

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

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

Developers 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's minimum design criteria for facilities used in collecting, treating, transmitting, and discharging of wastewater effluent. For purposes of this subsection, a developer is one who subdivides or requests more than two connections on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

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

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

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

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

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SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (CONTINUED)

The imposition of additional extension costs or charges as provided by Sections 2.20 and 3.20 of this tariff shall be subject to appeal as provided in this tariff, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall have the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located. Unless the PUC or other regulatory authority enters interlocutory orders to the contrary, service to the applicant may be delayed until such appeal is resolved.

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

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

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

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

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. The tap request must be accompanied with a plat, map, diagram or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the connection is to be installed, along the applicant's property line. The actual point of connection must be readily accessible to Utility personnel for inspection, servicing and testing while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's near service main with adequate capacity to service the applicant's full potential service demand.

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SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (CONTINUED)

If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, applicant may refer the matter to the PUC for resolution. Unless otherwise ordered by the PUC, the tap or service connection will not be made until the location dispute is resolved.

The Utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property. The Developer shall be required to obtain all necessary easements and rights-of-way required to extend the Utility's existing service facilities from their nearest point with adequate service capacity (as prescribed by TCEQ rules and local service conditions) to and throughout the Developer's property. The easements shall be sufficient to allow the construction, installation, repair, maintenance, testing, and replacement of any and all utility plant necessary to provide continuous and adequate service to each and every potential service location within the property at full occupancy. Unless otherwise restricted by law, sewage treatment, holding tank sites, lift station sites shall convey with all permanent easements and buffers required by TCEQ rules. Unless otherwise agreed to by the Utility, pipe line right-of-way easements must be at least 15 feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and meters.

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

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

- (a) The Developer shall make a written request for service to property that is to be subdivided and developed. The Developer shall submit to the Utility a proposed plat on a scale of one inch (1") to two hundred feet (200') for review and determination of required easements, utility plant, and plant location. If sewer service is requested, the plat must contain elevation data. A reconcilable deposit in an amount set by the Utility may be required to cover preliminary engineering, legal and copy cost to be incurred by the Utility in reviewing and planning to meet this service request. The plat and/or accompanying information shall identify the type, location and number of houses and other planned structures that will be requiring utility service. If other than residential structures are to be located on the property, all other types of anticipated businesses and their service demands shall be identified with specificity. All areas requiring special irrigation and/or other unique water demands must be identified. To the extent reasonably possible, this information must be precise so that adequate facilities can be designed and constructed to meet all future service demands without hazard to the public, other utility customers and/or the environment.
- (b) After the requirements of easements and rights-of-way have been determined, a red line copy will be returned by the Utility to the Developer for final plat preparation.
- (c) Copies of all proposed plats and plans must be submitted to the Utility prior to their submission to the county for approval to insure that they are compatible with the adequate long-term utility needs of potential service customers. Copies will be returned after review by the Utility so that necessary changes may be incorporated into the Developer's final submitted plat(s) and plans.

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (CONTINUED)

(d) The Utility shall be provided with three (3) certified copies of the final plat(s) approved by the County Commissioners Court. At this time, the Utility will begin engineering the facilities necessary to serve the property. Plans and specifications will be prepared and submitted to the TCEQ by the Utility if required by law. If further plat or plans changes are necessary to accommodate the specific service needs of the property and the anticipated customer demands, the Developer will be so notified. Plat amendments must be obtained by the Developer.

The Developer shall be notified when all required TCEQ or other governmental approvals or permits have been received. No construction of utility plant which requires prior TCEQ plans approval shall be commenced until that approval has been received by the Utility and any conditions imposed by the TCEQ in association with its approvals have been satisfied.

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

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

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

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

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

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

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

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SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (CONTINUED)

(c) that the residential service applicant purchased the property from the Developer after the Developer was notified of the need to provide facilities to the utility. A residential service applicant may be charged the remaining costs of extending service to his property; provided, however, that the residential service applicant may only be required to pay the cost equivalent to the cost of extending the nearest water main or wastewater collection line, whether or not that line has adequate capacity to serve that residential service applicant.

The following criteria shall be considered to determine the residential service applicant's cost for extending service:

- (a) The residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.
- (b) Exceptions may be granted by the PUC:
 - (1) adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
 - (2) larger minimum line sizes are required under subdivision platting requirements or applicable building codes.
- (c) If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

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

**APPENDIX A -- SAMPLE SERVICE AGREEMENT
(Utility Must Attach Blank Copy)**

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