

Control Number: 48200



Item Number: 1

Addendum StartPage: 0



PURSUANT TO PUC CHAPTER 24, SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER SERVICE PROVIDERS, SUBCHAPTER G: CERTIFICATES OF CONVENIENCE AND NECESSITY 2010 MAR 23 AM 11: 34

# Application to Obtain or Amendola Water or Sewer Certificate of Convenience and Necessity (CCN)

Docket Number:

48200

(this number will be assigned by the Public Utility Commission after your application is filed)

7 copies of the application, including the original, shall be filed with

Public Utility Commission of Texas
Attention: Filing Clerk
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

If submitting digital map data, two copies of the portable electronic storage medium (such as CD or DVD) are required.

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ontact inform lease provide inf wner, operator, lame: Geoffre	engineer, attorney, accountant ma y P. Kirshbaum : Terrill & Waldrop, 810 Wes		Title: Attorney
Contact inform Please provide inf		inager, or other title re	
	ormation about the person(s) to h		this application. Indicate if this person is the elated to the applicant.
othicy Phone No			
Itility Phone No		00; (512) 990-4410	
Mailing address	City/ST/ZIP/Code): Austin, TX	78723	
treet address (	City/ST/ZIP/Code): 1100 Clayto	on Lane, Suite 400	W
Certificate numb	er: 21065		
Itility name: Ad	qua Texas, Inc.		
Applicant			
. Applicant I	nformation		
Amend	Sewer CCN#(s) 21065		
7Amend	□Water CCN# (s)		
Obtain	□ New Water CCN	□New Sewer CO	CN
Purpose of Ap ⊒Obtain ⊒Amend			
		r Sewer Certificate	of Convenience and Necessity (CCN)
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List all counties in which service is proposed:

Fort Bend County, Texas

Α.	Check the appropriate box and provide information regarding the legal status of the applicant:
	☑ Investor Owned Utility ☐ Individual ☐ Partnership
	☐ Home or Property Owners Association
В.	If the applicant is a For-Profit business or corporation, please include the following information:
	<ul> <li>i. A copy of the corporation's "Certification of Account Status" from the Texas State Comptroller of Public Accounts. See Attachment 1.</li> </ul>
	<ul><li>ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State: 32014405503</li></ul>
	iii. A listing of all stockholders and their respective percentages of ownership. Aqua America, Inc. is the only
	iv. A copy of the company's organizational chart, if available. shareholder and owns 100%.
	v. A list of all directors and disclose the tile of each individual.
	See Attachment 2.
	vi. A list of all affiliated organizations (if any) and explain the affiliate's business relationship with the applicant.
	i. Aqua America, Inc. – Aqua Texas, Inc. is a wholly-owned subsidiary of Aqua America, Inc.
	ii. Aqua Utilities, Inc. – Aqua Utilities, Inc. is a wholly-owned subsidiary of Aqua America, Inc. Aqua Texas, Inc. and Aqua Utilities, Inc. are under common control and operate together, along with Aqua Development, Inc., as the Texas utility known as Aqua Texas.
	iii. Other Aqua America, Inc. subsidiaries under common control with Aqua Texas, Inc. operate within jurisdictions outside of Texas, are certificated to areas outside the Aqua Texas Southeast Region (where the proposed CCN area is located), or are not regulated utilities. Please see excerpts from Aqua America, Inc.'s 2016 Annual Report for complete information. Attachment 3.
	2010 Annual Report for complete information. Attachment 5.
2	Location Information
	2000.01 mormation
A.	Are there people already living in the proposed area?   Yes  No
	If YES, are any currently receiving utility service?
	If YES, from WHOM? Not applicable.

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B. Demonstrate the Need for Service by providing the following:	
Have you received any requests for service in the requested service area? 🖾 Yes	□No
If YES, provide the following:	
<ul> <li>Describe the service area and circumstances driving the need for service in the name(s) and address(es) of landowner(s), prospective landowner(s), tenant requested service; and/or</li> </ul>	-
The proposed amended certificate of convenience and necessity ("CCN") sewer comprised of approximately 66 acres and is owned by KB Home Lone Star, Inc. The CCN Property is located in Fort Bend County, Texas and is located within the County Municipal Utility District No. 200 ("FBCMUD 200"). The proposed utility approximately 5 miles north of downtown Rosenberg, TX, and is generally bound Creek; on the east by FM 723; on the south by FM 359; and on the west by 2,05 "Property"). The Property owner/developer, KB Home, FBCMUD 200, and Aqua Agreement that sets forth terms by which retail water and wastewater utility send Property within FBCMUD 200 by Aqua. Attachment 4 ("Utility Agreement"). The that Aqua will be the retail water and wastewater provider within the FBCMUD 200 commission approval for amendments to its existing water and sewer CCNs to FBCMUD 200 has statutory authority to provide these functions, it is delegating The Utility Agreement provides consent by both FBCMUD 200 and the Develop application. This application is required for Aqua to fulfill its obligations under the Developer's project and to allow Aqua to supply retail water and wastewater util Aqua plans to separately file for a water CCN amendment for the same Propertical value of the provides and to allow Aqua to supply retail water and wastewater util Aqua plans to separately file for a water CCN amendment for the same Propertical value of the provides and to supply retail water and wastewater util Aqua plans to separately file for a water CCN amendment for the same Propertical value of the provides and the provides consent by the provides and the provides consent of the provides consent o	("KB Home" or "Developer"). he boundaries of Fort Bend service area is located ided on the north by Jones 50' west of FM 723 (the entered into a Utility Service vice will be provided to the e Utility Agreement provides 200 boundaries and seeks include the area. While these functions to Aqua. er for this CCN amendment ne governing agreement for ity service to the Property.
ii. Describe the economic need(s) for service in the requested area (i.e. pannexation(s) or annexation request(s), building permits, septic tank permits, hosp	
iii. Discuss in detail the environmental need(s) for service in the requested area (i.e. requested area, fueling wells, etc.); <a href="mailto:and/or">and/or</a>	1
Serving the Property with a centralized water system and wastewater system windividual wells and eliminate the need for septic systems within the Property. The environmental benefit to the land in comparison to an alternative development purely or septic systems to meet water or wastewater needs.	his will represent an
iv. Provide copies of any written application(s) or request(s) for service in the reque	sted area; <u>and/or</u>
Provide copies of any reports and/or market studies demonstrating existing or	anticipated growth in the
requested area. Please see	Attachment 4 - Utility Agreement.
C. Is any portion of the proposed service area inside an incorporated city or district®  XX Yes □ No	?
If YES, within the corporate limits of: Fort Bend County MUD 200 and Fort Ben	d County Drainage District
Provide a copy of any franchise, permit, or consent granted by the city or district. If no	ot available please explain:
FBCMUD 200 has consented to the requested sewer CCN amendment. Please se	
D. Is any portion of the proposed service area inside another utility's CCN area?  ☐ Yes ☒ No	

Describe the economic need(s) for service in the requested area (i.e. plat approvals, recent annexation(s) or annexation request(s), building permits, septic tank permits, hospitals, etc.); and/or

ii.

The Property is the site of a residential development project being undertaken by Developer which will be called "Deer Run Meadows." Developer has specifically requested that the Property be added to Aqua Texas' water and sewer CCNs. There is a necessity for the provision of utility services to the Property. The Property is located in an area which is urban in nature, is within the growing environs of Houston, and is in close proximity to populous and developed sections of Fort Bend County. The Property is not presently supplied with water or sewer facilities and services. Service from other providers in the area is not presently available, nor is it presently economically feasible for such service or facilities to be provided to the Property by other nearby retail public utilities. The health and welfare of the present and future Property users requires a safe and adequate water supply and sewage disposal system for and within the Property. Within the next twelve months (Year 1), Developer anticipates a need for retail water and sewer utility service to the Property sufficient to supply approximately 84 living unit equivalents ("LUEs") (one LUE should be considered approximately 250 gallons per day) with another 145 LUEs to follow in the next 12-month period (Year 2). Within the next five years, at full build-out Developer anticipates a need for retail water and sewer utility service to the Property sufficient to supply approximately 229 LUEs. Development within the Property is anticipated to be residential. A public necessity exists for the addition of the Property into Aqua Texas' CCNs in order to provide for the purchase, construction, extension, improvement, maintenance and operation of such water supply and sanitary sewer system, so as to promote and protect the purity and sanitary conditions of the State's waters and the public health and welfare of the community. Without the proposed CCN amendments, the development project contemplated within the Property will not be able to proceed as planned. Inclusion of the Property within Aqua Texas' sewer CCN will benefit the land by facilitating the Property improvements contemplated by Developer. Further, allowing Aqua Texas to provide retail sewer utility service to the Property will allow for any property taxes levied by FBCMUD 200 to be reduced since they will not be needed to cover the cost for sewer utility facilities serving the Property. All interested parties hope that the Commission will use best efforts to process this application guickly. Timing is important for project success.

A pro forma five-year financial analysis for the Deer Run Meadows project is provided in this Application. Attachment 5.

#### 3. Map Requirements

Attach the following hard copy maps with each copy of the application: A. A location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county. See Attachment 6. B. A map showing only the proposed area by: metes and bounds survey certified by a licensed state or register professional land surveyor; or projectable digital data with metadata (proposed areas should be in a single record and clearly labeled). Also, a data disk labeled with the applicant's name must be provided; or iii. following verifiable natural and man-made landmarks; or a copy of recorded plat map with metes and bounds. See Attachment 7. C. A written description of the proposed service area. D. Provide separate and additional maps of the proposed area(s) to show the following: all facilities, illustrating separately facilities for production, transmission, and distribution of the applicant's service(s); and See Attachment 9. ii. any facilities, customers or area currently being served outside the applicant's certificated area(s). Note: Failure to provide adequate mapping information may result in the delay or possible denial of your application. Digital data submitted in a format other than ArcView shape file or Arc/Info E00 file may result in the delay or inability to review applicant's mapping information. For information on obtaining a CCN base map or questions about sending digital map data, please visit the Water Utilities section of the PUC website for assistance.

#### 4. New System Information or Utilities Requesting a CCN for the First Time

A.	Please provide the following information:
	i. a list of public drinking water supply system(s) or sewer system(s) within a 2 mile radius of the proposed
	system; See Attachment 7.
	ii. copies of written requests seeking to obtain service from each of the public drinking water systems or sewer systems listed in a. 1 above or documentation that it is not economically feasible to obtain service from
	each entity; See Attachment 8. (16 TAC § 24.102(b)(2) now requires requests within one half mile only.)
	iii. copies of written responses from each system or evidence that they did not reply; and
	iv. for sewer utilities, documentation showing that you have obtained or applied for a wastewater discharge permit. Please see Attachment 11.
	Were your requests for service denied? Yes No To date, no responses have been received.

	i. If yes, please provide documentation of the denial of service and go to c.
	ii. If no, please provide a detailed analysis which justifies your reasons for not accepting service. A separate
	analysis must be prepared and submitted for each utility that granted your request for service.
C.	Please summarize how the proposed utility system will be constructed and describe each projected construction
	phase, if any:
	Please see the Utility Agreement attached as Attachment 4, the Preliminary Engineering Report attached as Attachment 9, and the letters from TCEQ and the project engineer attached as Attachment 11.
D.	Within the next 12 months.  Date of plat approval, if required:  Approved by:
E.	Date Plans & Specifications submitted to the TCEQ for approval:  Please see Attachment 11 which contains the Summary Transmittal Letter and TCEQ approval.
	Attach copy of approval letter, if available. If the letter is not available by the time your CCN application is submitted, please supplement your application with a copy of the letter once you receive it from the TCEQ.
F.	Date construction is scheduled to commence: Within the next 12 months.
G.	Date service is scheduled to commence: Within the next 12 months.
5.	Existing System Information
_	Please provide the following information for <u>each</u> water and/or sewer system, attach additional sheets if necessary.
	i. Water system(s): TCEQ Public Water System identification number(s):
NI.	ot applicable.
IN	от аррисавіе.
	ii. Sewer system(s): TCEQ Discharge Permit number(s)

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	w a	<u> -                                      </u>	wa	
	w lo		w Q	T
				<u> </u>
	wa	<u> -                                     </u>	wall-	
iii.	Date of last TCEQ water and/or sew	er system inspection(s	s):	
iv.	Attach a copy of the most recent To	CEQ water and/or sew	er inspection report letter(s).	
V.	the actions taken or being taken by		report letter; attach a brief explanation list the listed deficiencies, including the propos	
	completion dates.			
Provid	de the following information about the Name	ne utility's certified wat	ter and/or sewer operators  License Number	
<b> </b>	ivalile	Classes	Literise Number	
		<del></del>		
		<del>                                     </del>		
	- Attach ad	dditional sheet(s) if nec	essary –	
_			nt in systems named in #5A above operating	g :
85% (	or greater of minimum standard capa	city?		
<b>∟</b>	Yes			

D. In the table below, the number of existing and/or proposed metered and non-metered connections (by size).

The proposed number should reflect the information presented in the business plan or financial **documentation** and reflect the number of service requests identified in Question 2.b in the application.

greater of the TCEQ's minimum standard capacity requirements.

Attach a copy of the 85% rule compliance document filed with the TCEQ if the system is operating at 85% or

TCEQ Water System		TCEQ Sewer System		ท	
Connection	Existing	Proposed	Connection	Existing	Proposed
5/8" or 3/4" meter			Residential		
1" meter or larger			Commercial		
Non-Metered			Industrial		

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TCEQ Water System		TCEQ Sev	ver System
Other:		Other:	
Total Water		Total Sewer	

E.	If this application is for a water CCN only, please expla	in how sewer service is or will be provided:				
F.	If this application is for a sewer CCN only, please expla	nin how water service is or will be provided:				
G.	Effect of Granting a Certificate Amendment.					
	Explain in detail the effect of granting of a certificate of regionalization, compliance and economic effects on the seconomic effects on the seconomic effects of the seco					
	i. the applicant,					
	ii. any retail public utility of the same kind already serving the proximate area; and					
	iii. any landowner(s) in the requested area.					
Н.	Do you currently purchase or plan to purchase water	or sewer treatment canacity from another source?				
•••	i.  No, (skip the rest of this question and					
	ii. Yes, Water					
	Purchased on a ☐ Regular ☐ Se	asonal   Emergency basis?				
	Water Source	% of Total Treatment				
		0.00%				

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	Water Source		% of Total Treatment
			0.00%
			0.00%
ii. 🔲 Yes, Sew	er treatment capacity		
Purchased on a	☐ Regular	☐ Seasonal	☐ Emergency basis?
	Sewer Source		% of Total Treatment
			0.00%
			0.00%
			0.00%
		vide adequate servi tems into considerat	e, including meeting the standards of th
			ion:
. the current	and projected density; of the requested area	and	ion:

#### 6. Financial Information

١.

J.

page.

- A. For new water and/or sewer systems and for applicants with existing CCNs who are constructing a new standalone water and/or sewer system:
- i. the applicant must provide an analysis of all necessary costs for constructing, operating, and maintaining the system, and the source of that capital (such as a financial statement for the developing entity) for which the CCN is requested for at least the first five years. In addition, if service has been offered by an See next existing retail water service provider as stated in #4.A., but the applicant has determined that the cost of service as finally offered renders the project not economically feasible, the applicant must provide a comparison analysis of all necessary costs for acquiring and continuing to receive service from the existing system for the same period.
  - ii. Attach projected profit and loss statements, cash flow worksheets, and balance sheets (projected five year financial plan worksheet is attached) for each of the first five years of operation. Income from rates

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#### 6. Financial Information

In lieu of all the financial info described above, there is an option to "provide information concerning loan approvals within the last three (3) years from lending institutions or agencies including the most recent financial audit of the applicant."

Please see: Attachment 3 -- Aqua America, Inc. 2016 Annual Report Excerpt. Audits for Aqua are conducted annually. That information is reflected collectively with other Aqua America, Inc. subsidiaries within the Aqua America, Inc. annual reports.

Additionally, please see Aqua's 2016 Class "A" Water Company PUC Annual Report Annual Report filed in Docket No. 46928 for CCN No. 21065.

The rates Aqua would charge to the Deer Run Meadows subdivision are included within its "Sewer Utility Tariff for Southeast Region". Deer Run Meadows Subdivision with its TPDES permit number once determined will need to be added to the subdivision/area served list. Please see Aqua's current sewer tariff for its Southeast Region included as Attachment 10.

- should correlate to the projected growth in connections, shown on the projected profit and loss statement.
- iii. Attach a proposed rate schedule or tariff. Describe the procedure for determining the rates and fees and indicate the date of last change, if applicable. Attach copies of any cost of service studies or rate analysis worksheets.
- B. For existing water and/or sewer systems:
  - i. Attach a profit and loss statement and current balance sheet for existing businesses (end of last fiscal year is acceptable). Describe sources and terms for borrowed capital such as loans, bonds, or notes (profit and loss and balance sheet worksheets are attached, if needed).
  - ii. Attach a proposed rate schedule or tariff.
- Note: An existing water and/or sewer system may be required to provide the information in 6.A.i. above during the technical review phase if necessary for staff to completely evaluate the application
- C. Identify any funds you are required to accumulate and restrict by lenders or capital providers.
- D. In lieu of the information in #6.A. thru #6.C., you may provide information concerning loan approvals within the last three (3) years from lending institutions or agencies including the most recent financial audit of the applicant.
- Note: Failure to provide adequate financial information may result in the delay or possible denial of your application.

#### 7. Notice Requirements

- A. All proposed notice forms must be completed and submitted with the application. Do not mail or publish the notices until you receive written approval from the commission to do so.
- B. The commission cannot grant a CCN until proper notice of the application has been given. <u>Commission rules</u> do not allow a waiver of notice requirements for CCN applicants.
- C. <u>It is the applicant's responsibility to ensure that proper notice is given to all entities that are required to receive notice.</u>
- D. Recommended notice forms for publication, neighboring cities and systems, landowners with 25 acres or more, and customers are included with this application for use in preparing proposed notices. (Notice forms are available in Spanish upon request.)
- E. After reviewing and, if necessary, modifying the proposed notice, the commission will send the notice to the applicant after the application is accepted for filing along with instructions for publication and/or mailing. Please review the notice carefully before providing the notice.
- F. Notice For Publication:
  - The applicant shall publish the notice in a newspaper with general circulation in the county(ies) where a CCN is being requested. The notice must be published once each week for two consecutive weeks beginning with the week after the notice is received from the commission. Proof of publication in the form of a publisher's affidavit shall be submitted to the commission within 30 days of the last publication date. The affidavit shall state with specificity each county in which the newspaper is of general circulation.
- G. Notice To Neighboring Utilities:
  - i. List all neighboring retail public utilities and cities providing the same utility service within the following vicinities of the applicant's proposed certificate area.
  - ii. For applications for the issuance of a NEW CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within five (5) miles of the requested service area.

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- iii. For applications for the AMENDMENT of a CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within two (2) miles of the requested service area.
- H. Notice to Customers:

Investor Owned Utilities (IOUs) that are currently providing service without a CCN must provide individual mailed notice to all current customers. The notice must contain the current rates, the date those rates were instituted and any other information required in the application.

I. The commission may require the applicant to deliver notice to other affected persons or agencies.

Do not publish or send copies of the proposed notices to anyone at the time you submit the application to the commission. Wait until you receive written authorization to do so. Authorization occurs after the commission has reviewed the notices for completeness, and your application has been accepted for filing. Once the application is accepted for filing, you will receive written authorization to provide notice. Please check the notices for accuracy before providing them to the public. It is the applicant's burden to ensure that correct and accurate notice is provided.

See Attachment 7.

#### **OATH**

CT. TE OF	
STATE OF COUNTY OF	Texas
COONTO	Travis
file this applic that is, owner representative and verify suc filed with this application; a correct. I fur	Laughman ,being duly sworn, ration as President, Aqua Texas, Inc. (indicate relationship to Applicant, remember of partnership, title as officer of corporation, or other authorized of Applicant); that, in such capacity, I am qualified and authorized to file the application, am personally familiar with the maps and financial information application, and have complied with all the requirements contained in this and, that all such statements made and matters set forth therein are true and ther state that the application is made in good faith and that this application icate any filing presently before the Public Utility Commission of Texas.
from its origin I <mark>further re</mark> p	I customers and qualified applicants for service within its certificated
If the Affiant i	(Utility's Authorized/Representative) to this form is any person other than the sole owner, partner, officer of the its attorney, a properly verified Power of Attorney must be enclosed.
SUBSCRIBED This day	AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,  22 March 20 18
SEAL	W. A. CALLEGARI JR.  Notary Public, State of Texas  Comm. Expires 05-15-2021  Notary ID 1884982  WA Callegari Jr.  PRINT OR TYPE NAME OF NOTARY
	MY COMMISSION EXPIRES 05-15-7021

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#### **Notice for Publication**

	ATION FOR CERTIFI EWER UTILITY SERV		NIENCE AND NECES	SITY (CCN) TO		
Fort Bend			COUNTY	(IES), TEXAS		
Name of Applicant CCN to amend CCN	Aqua Texas, Inc  No. (s) 21065		has filed an appli	cation for a with the		
Public Utility commis	sion of Texas to pro	ovide	Sewer (specify 1) water or 2) sewer	or 3) water & sewer)		
utility service in	Fort Bend			County (ies).		
downtown Rosenbe the east by FM 723;	rg, TX, and is genera	ally bounded on th 359; and on the v	5 miles north/northw ne north by Creek Co vest by 2,050' west o 66 acres and	lony Dr.; on		
• • • • • • • • • • • • • • • • • • • •		•	(Utility Address and 0W, Austin, Texas 787:	The second secon		
address, and daytir another recognizab public hearing"; (4) adversely affected	ne telephone number le reference to this a a brief description by the granting of the application or CCN w	er; (2) the applic application; (3) t of how you or th he application for	must state (1) your ant's name, applicathe statement, "I/we e persons you repre a CCN; and (5) you fy your concerns and	cion number or request a sent, would be ar proposed		

### Persons who wish to intervene or comment should file with the PUC at the following address:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the commission will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

Si desea informacion en Espanol, puede llamar al 1-888-782-8477

#### **Notice to Neighboring Systems, Landowners and Cities**

NOTICE OF APPLICATION FOR CERTIFICATE OF PROVIDE WATER/SEWER UTILITY SERVICE IN	CONVENIENCE AND NECESSITY (CCN) TO
Fort Bend	COUNTY(IES), TEXAS
To:(Neighboring System, Landowner or City)	Date Notice Mailed 20
(Address)	
City State Zip	
Name of Applicant Aqua Texas, Inc.  CCN to amend CCN No. (s) 210	has filed an application for a with the
Public Utility Commission of Texas to provide	sewer
utility service in Fort Bend	(specify 1) water or 2) sewer or 3) water & sewer)  County(ies).
The proposed utility service area is located approduced downtown Rosenberg, TX, and is generally bound the east by FM 723; on the south by FM 359; and	ded on the north by Creek Colony Dr.; on on the west by 2,050' west of FM 723.
See enclosed map of the proposed service	area.
The total area being requested includes approxicurrent customers.	mately 66 acres and 0

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

#### Persons who wish to intervene or comment should write the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the commission will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

Si desea informacion en Espanol, puede llamar al 1-888-782-8477

#### ATTACHMENTS:

Attachment 1 – Aqua Texas, Inc.'s Account Status

Attachment 2 – List of Officers of Aqua Texas, Inc.

Attachment 3 – 2016 Aqua America, Inc. Annual Report Excerpts

Attachment 4 – Utility Agreement

Attachment 5 – Pro Forma

Attachment 6 – Maps

Attachment 7 – Notice List

Attachment 8 – Service Request Letters

Attachment 9 - Preliminary Engineering Report

Attachment 10 - Aqua Texas' SE Region Sewer Tariff

Attachment 11 – Letters from TCEQ and Project Engineer regarding TPDES Permit Application and Wastewater Plant







#### **Franchise Tax Account Status**

As of: 12/18/2017 12:09:56

#### This Page is Not Sufficient for Filings with the Secretary of State

#### AQUA TEXAS, INC.

Texas Taxpayer Number 32014405503

Mailing Address 1106 CLAYTON LN STE 400W AUSTIN, TX 78723-2476

**Q** Right to Transact Business in ACTIVE

State of Formation TX

Effective SOS Registration Date 02/13/2004

Texas SOS File Number 0800304878

CORPORATION SERVICE COMPANY D/B/A CSC-LAWYERS INCO Registered Agent Name

Registered Office Street Address 211 E. 7TH STREET SUITE 620 AUSTIN, TX 78701

#### OFFICERS OF AQUA TEXAS, INC.

Christopher H. Franklin Chief Executive Officer

David P. Smeltzer Executive Vice President and Chief Financial Officer Richard S. Fox Executive Vice President and Chief Operating Officer,

Regulated Operations

Daniel J. Schuller Executive Vice President, Strategy and Corporate

Development

Senior Vice President, Engineering and Environmental William C. Ross

**Affairs** 

Senior Vice President, General Counsel and Secretary Christopher P. Luning Robert A. Rubin

Senior Vice President, Chief Accounting Officer,

Controller and Assistant Treasurer

Robert L. Laughman President

Regional President Richard S. Fox

Vice President, Operations Daniel Rimann

Robert A. Kopas Regional Controller

Controller Crandal McDougall Diana Moy Kelly Treasurer

Stan Szczgiel **Assistant Treasurer** Elizabeth Taylor **Assistant Secretary** Lisa Piotrowski **Assistant Secretary** Linda Leatherwood **Assistant Secretary** 



# Annual Report

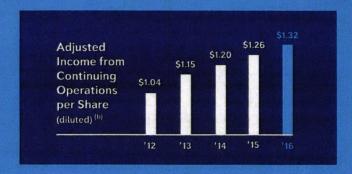
Aqua America, Inc.

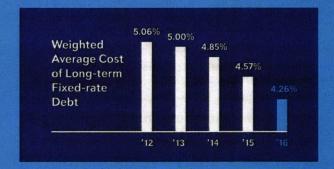


# Financial Highlights

in thousands of dollars, except per-share amounts

	2016	2015	% Change
Operating revenues	\$819,875	\$814,204	0.7%
Regulated segment			
Operating revenues	\$800,107	\$779,613	2.6%
Operating and maintenance expense	\$285,347	\$282,866	0.9%
Net Income	\$234,182	\$201,790	16.1%
Diluted net income per common share	\$1.32	\$1.14	15.8%
Exclude:			
Joint venture impairment charge		\$32,975	
Tax effect		(\$11,542)	
Adjusted income (a) (Non-GAAP financial measure)	\$234,182	\$223,223	4.9%
Adjusted income per common share (a) (Non-GAAP financial measure)	\$1.32	\$1.26	4.8%
Annualized dividend rate per common share (12/31)	\$0.77	\$0.71	7.8%
Total assets	\$6,158,991	\$5,717,873	7.7%
Number of utility customers served (c)	972,265	956,983	1.6%









<sup>(</sup>a) The GAAP financial measures are net income and net income per share. Please see our investor relations page of AquaAmerica.com for a reconciliation of the GAAP to non-GAA financial measures.

<sup>(</sup>b) 2015 Income from Continuing Operations adjusted for Joint Venture Impairment Charge (a Non-GAAP Financial Measure). 2015 Income from Continuing Operations per Share was Rage 23 (c) 2015 excludes 883 customers associated with utility systems disposed of during 2016.

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

(In thousands of dollars, except per share amounts)

Given these risks and uncertainties, you should not place undue reliance on any forward-looking statements. You should read this Annual Report completely and with the understanding that our actual future results, performance and achievements may be materially different from what we expect. These forward-looking statements represent assumptions, expectations, plans, and beliefs only as of the date of this Annual Report. Except for our ongoing obligations to disclose certain information under the federal securities laws, we are not obligated, and assume no obligation, to update these forward-looking statements, even though our situation may change in the future. For further information or other factors which could affect our financial results and such forward-looking statements, see *Risk Factors* included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

#### **OVERVIEW**

The following discussion and analysis of our financial condition and results of operations should be read together with our Consolidated Financial Statements and related Notes included in this Annual Report. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about our business, operations and financial performance. All dollar amounts are in thousands of dollars, except per share amounts.

#### The Company

Aqua America, Inc., (referred to as "Aqua America", the "Company", "we", "us", or "our"), a Pennsylvania corporation, is the holding company for regulated utilities providing water or wastewater services to what we estimate to be almost three million people in Pennsylvania, Ohio, Texas, Illinois, North Carolina, New Jersey, Indiana, and Virginia. Our largest operating subsidiary is Aqua Pennsylvania, Inc., which accounted for approximately 52% of our operating revenues and approximately 74% of our net income for 2016. As of December 31, 2016, Aqua Pennsylvania provided water or wastewater services to approximately one-half of the total number of people we serve. Aqua Pennsylvania's service territory is located in the suburban areas in counties north and west of the City of Philadelphia and in 27 other counties in Pennsylvania. Our other regulated utility subsidiaries provide similar services in seven other states. In addition, the Company's market-based activities are conducted through Aqua Resources, Inc. and Aqua Infrastructure, LLC. Aqua Resources provides water and wastewater service through operating and maintenance contracts with municipal authorities and other parties close to our utility companies' service territories; and offers, through a third party, water and sewer line repair service and protection solutions to households.

In 2016, the Company sold the following business units of Aqua Resources, which were reported as assets held for sale in the Company's consolidated balance sheets:

- a business unit which provided liquid waste hauling and disposal services; and
- a business unit which inspected, cleaned and repaired storm and sanitary wastewater lines.

Additionally, in 2016, the Company decided to market for sale a business unit within Aqua Resources, which installs and tests devices that prevent the contamination of potable water, for which the sale was completed in January 2017, and a business unit that repairs and performs maintenance on water and wastewater systems. These business units are reported as assets held for sale in the Company's consolidated balance sheets. Aqua Infrastructure provides non-utility raw water supply services for firms in the natural gas drilling industry.

#### **Industry Mission**

The mission of the investor-owned water utility industry is to provide quality and reliable water service at reasonable rates to customers, while earning a fair return for shareholders. A number of challenges face the industry, including:

- strict environmental, health and safety standards;
- aging utility infrastructure and the need for substantial capital investment;
- economic regulation by state, and/or, in some cases, local government;
- declining consumption per customer as a result of conservation;
- · lawsuits and the need for insurance; and

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

(In thousands of dollars, except per share amounts)

• the impact of weather and sporadic drought conditions on water sales demand.

#### **Economic Regulation**

Most of our water and wastewater utility operations are subject to regulation by their respective state utility commissions, which have broad administrative power and authority to regulate billing rates, determine franchise areas and conditions of service, approve acquisitions, and authorize the issuance of securities. The utility commissions also generally establish uniform systems of accounts and approve the terms of contracts with affiliates and customers, business combinations with other utility systems, and loans and other financings. The policies of the utility commissions often differ from state to state, and may change over time. A small number of our operations are subject to rate regulation by county or city government. Over time, the regulatory party in a particular state may change, as was the case for our Texas operations where, in 2014, economic regulation changed from the Texas Commission on Environmental Quality to the Texas Public Utility Commission. The profitability of our utility operations is influenced to a great extent by the timeliness and adequacy of rate allowances in the various states in which we operate. One consideration we may undertake in evaluating which states to focus our growth and investment strategy is whether a state provides for consolidated rates, a surcharge for replacing and rehabilitating infrastructure and other systems, and other regulatory policies that promote infrastructure investment and efficiency in processing rate cases.

Rate Case Management Capability - We strive to achieve the industry's mission by effective planning, efficient investments, and productive use of our resources. We maintain a rate case management capability to pursue timely and adequate returns on the capital investments that we make in improving our distribution system, treatment plants, information technology systems, and other infrastructure. This capital investment creates assets that are used and useful in providing utility service, and is commonly referred to as rate base. Timely, adequate rate relief is important to our continued profitability and in providing a fair return to our shareholders, and thus providing access to capital markets to help fund these investments. Accordingly, the objective of our rate case management strategy is to provide that the rates of our utility operations reflect, to the extent practicable, the timely recovery of increases in costs of operations (primarily labor and employee benefits, electricity, chemicals, transportation, maintenance expenses, insurance and claims costs, and costs to comply with environmental regulations), capital, and taxes. In pursuing our rate case strategy, we consider the amount of net utility plant additions and replacements made since the previous rate decision, the changes in the cost of capital, changes in our capital structure, and changes in operating and other costs. Based on these assessments, our utility operations periodically file rate increase requests with their respective state utility commissions or local regulatory authorities. In general, as a regulated enterprise, our water and wastewater rates are established to provide full recovery of utility operating costs, taxes, interest on debt used to finance capital investments, and a return on equity used to finance capital investments. Our ability to recover our expenses in a timely manner and earn a return on equity employed in the business helps determine the profitability of the Company. As of December 31, 2016, the Company's rate base is estimated to be \$3,750,000, which is comprised of:

- \$2,873,000 filed with respective state utility commissions or local regulatory authorities; and
- \$877,000 not yet filed with respective state utility commissions or local regulatory authorities.

Our water and wastewater operations are composed of 53 rate divisions, each of which requires a separate rate filing for the evaluation of the cost of service and recovery of investments in connection with the establishment of tariff rates for that rate division. When feasible and beneficial to our utility customers, we have sought approval from the applicable state utility commission to consolidate rate divisions to achieve a more even distribution of costs over a larger customer base. All of the eight states in which we operate currently permit us to file a revenue requirement using some form of consolidated rates for some or all of the rate divisions in that state.

Revenue Surcharges – Six states in which we operate water utilities, and five states in which we operate wastewater utilities, permit us to add a surcharge to water or wastewater bills to offset the additional depreciation and capital costs associated with capital expenditures related to replacing and rehabilitating infrastructure systems. In all other states, water and wastewater utilities absorb all of the depreciation and capital costs of these projects between base rate increases without the benefit of additional revenues. The gap between the time that a capital project is completed and the recovery of its costs in rates is known as regulatory lag. This surcharge is intended to substantially reduce regulatory lag, which Page 25

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

(In thousands of dollars, except per share amounts)

often acts as a disincentive to water and wastewater utilities to rehabilitate their infrastructure. In addition, some states permit our subsidiaries to use a surcharge or credit on their bills to reflect allowable changes in costs, such as changes in state tax rates, other taxes and purchased water costs, until such time as the new costs are fully incorporated in base rates.

Effects of Inflation – Recovery of the effects of inflation through higher water and wastewater rates is dependent upon receiving adequate and timely rate increases. However, rate increases are not retroactive and often lag increases in costs caused by inflation. On occasion, our regulated utility companies may enter into rate settlement agreements, which require us to wait for a period of time to file the next base rate increase request. These agreements may result in regulatory lag whereby inflationary increases in expenses may not yet be reflected in rates, or a gap may exist between when a capital project is completed and the start of its recovery in rates. Even during periods of moderate inflation, the effects of inflation can have a negative impact on our operating results.

#### **Growth-Through-Acquisition Strategy**

Part of our strategy to meet the industry challenges is to actively explore opportunities to expand our utility operations through acquisitions of water and wastewater utilities either in areas adjacent to our existing service areas or in new service areas, and to explore acquiring market-based businesses that are complementary to our regulated water and wastewater operations. To complement our growth strategy, we routinely evaluate the operating performance of our individual utility systems, and in instances where limited economic growth opportunities exist or where we are unable to achieve favorable operating results or a return on equity that we consider acceptable, we will seek to sell the utility system and reinvest the proceeds in other utility systems. Consistent with this strategy, we are focusing our acquisitions and resources in states where we have critical mass of operations in an effort to achieve economics of scale and increased efficiency. Our growth-through-acquisition strategy allows us to operate more efficiently by sharing operating expenses over more utility customers and provides new locations for possible future growth. Another element of our growth strategy is the consideration of opportunities to expand by acquiring other utilities, including those that may be in a new state if they provide promising economic growth opportunities and a return on equity that we consider acceptable. The ability to successfully execute this strategy and meet the industry challenges is largely due to our core competencies, financial position, and our qualified and trained workforce, which we strive to retain by treating employees fairly and providing our employees with development and growth opportunities.

During 2016, we completed 19 acquisitions, which along with the organic growth in our existing systems, represents 15,282 new customers. During 2015, we completed 16 acquisitions, which along with the organic growth in our existing systems, represents 17,747 new customers. During 2014, we completed 16 acquisitions, which along with the organic growth in our existing systems, represents 12,120 new customers.

In addition to acquisitions, from time to time, we sell utility systems or relinquish ownership in systems through condemnation. Consistent with our strategy to evaluate future growth opportunities and the financial performance of our individual utility systems, we divested our wastewater treatment facility in Georgia in March 2014. In addition, in December 2014, we sold our water utility systems in Fort Wayne, Indiana.

The operating results, cash flows, and financial position of the Company's water utility systems in Fort Wayne, Indiana and Georgia were presented in the Company's consolidated financial statements as discontinued operations.

We believe that utility acquisitions, organic growth, and expansion of our market-based business will continue to be the primary sources of growth for us. With approximately 53,000 community water systems in the U.S., 82% of which serve less than 3,300 customers, the water industry is the most fragmented of the major utility industries (telephone, natural gas, electric, water and wastewater). In the states where we operate regulated utilities, we believe there are approximately 14,500 community water systems of widely-varying size, with the majority of the population being served by government-owned water systems.

Although not as fragmented as the water industry, the wastewater industry in the U.S. also presents opportunities for consolidation. According to the U.S. Environmental Protection Agency's ("EPA") most recent survey of wastewater treatment facilities (which includes both government-owned and privately-owned facilities) in 2012, there are

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

(In thousands of dollars, except per share amounts)

approximately 15,000 such facilities in the nation serving approximately 76% of the U.S. population. The remaining population represents individual homeowners with their own treatment facilities; for example, community on-lot disposal systems and septic tank systems. The vast majority of wastewater facilities are government-owned rather than privately-owned. The EPA survey also indicated that there are approximately 4,000 wastewater facilities in operation in the states where we operate regulated utilities.

Because of the fragmented nature of the water and wastewater utility industries, we believe that there are many potential water and wastewater system acquisition candidates throughout the United States. We believe the factors driving the consolidation of these systems are:

- the benefits of economies of scale;
- the increasing cost and complexity of environmental regulations;
- the need for substantial capital investment;
- the need for technological and managerial expertise;
- the desire to improve water quality and service;
- limited access to cost-effective financing;
- the monetizing of public assets to support, in some cases, the declining financial condition of municipalities; and
- the use of system sale proceeds by a municipality to accomplish other public purposes.

We are actively exploring opportunities to expand our water and wastewater utility operations through regulated utility acquisitions or otherwise, including the management of publicly-owned facilities in a public-private partnership. We intend to continue to pursue acquisitions of government-owned and privately-owned water and wastewater utility systems that provide services in areas near our existing service territories or in new service areas. It is our intention to focus on growth opportunities in states where we have critical mass, which allows us to improve economies of scale through spreading our fixed costs over more customers – this cost efficiency should enable us to reduce the size of future rate increases. Currently, the Company seeks to acquire businesses in the U.S. regulated sector, which includes water and wastewater utilities and other regulated utilities, and to pursue growth ventures in market-based activities, such as infrastructure opportunities that are supplementary and complementary to our regulated businesses.

#### Sendout

Sendout represents the quantity of treated water delivered to our distribution systems. We use sendout as an indicator of customer demand. Weather conditions tend to impact water consumption, particularly during the late spring, summer, and early fall when discretionary and recreational use of water is at its highest. Consequently, a higher proportion of annual operating revenues are realized in the second and third quarters. In general, during this period, an extended period of hot and dry weather increases water consumption, while above-average rainfall and cool weather decreases water consumption. Conservation efforts, construction codes that require the use of low-flow plumbing fixtures, as well as mandated water use restrictions in response to drought conditions can reduce water consumption. We believe an increase in conservation awareness by our customers, including the increased use of more efficient plumbing fixtures and appliances, may continue to result in a long-term structural trend of declining water usage per customer. These gradual long-term changes are normally taken into account by the utility commissions in setting rates, whereas significant short-term changes in water usage, resulting from drought warnings, water use restrictions, or extreme weather conditions, may not be fully reflected in the rates we charge between rate proceedings.

On occasion, drought warnings and water use restrictions are issued by governmental authorities for portions of our service territories in response to extended periods of dry weather conditions, regardless of our ability to meet unrestricted customer water demands. The timing and duration of the warnings and restrictions can have an impact on our water revenues and net income. In general, water consumption in the summer months is affected by drought warnings and restrictions to a higher degree because discretionary and recreational use of water is highest during the summer months, particularly in our northern service territories. At other times of the year, warnings and restrictions generally have less of an effect on water consumption. Currently, portions of our Pennsylvania (four counties), New Jersey, and Texas service areas are under drought warnings. The entire Pennsylvania and New Jersey service areas are under drought watch.

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

(In thousands of dollars, except per share amounts)

Portions of our northern and central Texas service areas have conservation water restrictions. Drought warnings and watches result in the public being asked to voluntarily reduce water consumption.

The geographic diversity of our utility customer base reduces the effect of our exposure to extreme or unusual weather conditions in any one area of the country. During the year ended December 31, 2016, our operating revenues were derived principally from the following states: approximately 52% in Pennsylvania, 13% in Ohio, 9% in Texas, 8% in Illinois, and 7% in North Carolina.

#### Performance Measures Considered by Management

We consider the following financial measures (and the period to period changes in these financial measures) to be the fundamental basis by which we evaluate our operating results:

- earnings per share;
- · operating revenues;
- income from continuing operations;
- earnings before interest, taxes, and depreciation ("EBITD");
- earnings before income taxes as compared to our operating budget;
- net income; and
- the dividend rate on common stock.

In addition, we consider other key measures in evaluating our utility business performance within our Regulated segment:

- our number of utility customers;
- the ratio of operations and maintenance expense compared to operating revenues (this percentage is termed "operating expense ratio");
- return on revenues (income from continuing operations divided by operating revenues);
- rate base growth;
- return on equity (net income divided by stockholders' equity); and
- the ratio of capital expenditures to depreciation expense.

Furthermore, we review the measure of earnings before unusual items that are noncash and not directly related to our core business, such as the measure of adjusted earnings to remove the joint venture impairment charge, which was recognized in the fourth quarter of 2015. Refer to Note 1 – Summary of Significant Accounting Policies – Investment in Joint Venture in this Annual Report for information regarding the impairment charge. We review these measurements regularly and compare them to historical periods, to our operating budget as approved by our Board of Directors, and to other publicly-traded water utilities.

Our operating expense ratio is one measure that we use to evaluate our operating efficiency and management effectiveness of our regulated operations. Our operating expense ratio is affected by a number of factors, including the following:

• Regulatory lag — Our rate filings are designed to provide for the recovery of increases in costs of operations (primarily labor and employee benefits, electricity, chemicals, transportation, maintenance expenses, insurance and claim costs, and costs to comply with environmental regulations), capital, and taxes. The revenue portion of the operating expense ratio can be impacted by the timeliness of recovery of, and the return on capital investments. The operating expense ratio is further influenced by regulatory lag (increases in operations and maintenance expenses not yet recovered in rates or a gap between the time that a capital project is completed and the start of its cost recovery in rates). The operating expense ratio is also influenced by decreases in operating revenues without a commensurate decrease in operations and maintenance expense, such as changes in customer water consumption as impacted by adverse weather conditions, conservation trends, or as a result of utility rates incorporating the effects of income tax benefits derived from deducting qualifying utility asset improvements for tax purposes that are capitalized for book purposes in Aqua Pennsylvania and consequently forgoing operating revenue increases.

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

(In thousands of dollars, except per share amounts)

During periods of inflation, our operations and maintenance expenses may increase, impacting the operating expense ratio, as a result of regulatory lag, since our rate cases may not be filed timely and are not retroactive.

• Acquisitions – In general, acquisitions of smaller undercapitalized utility systems in some areas may initially increase our operating expense ratio if the operating revenues generated by these operations are accompanied by a higher ratio of operations and maintenance expenses as compared to other operational areas of the company that are more densely populated and have integrated operations. In these cases, the acquired operations are characterized as having relatively higher operating costs to fixed capital costs, in contrast to the majority of our operations, which generally consist of larger, interconnected systems, with higher fixed capital costs (utility plant investment) and lower operating costs per customer. In addition, we operate market-based subsidiary companies, Aqua Resources and Aqua Infrastructure. The cost-structure of these market-based companies differs from our utility companies in that, although they may generate free cash flow, these companies have a much higher ratio of operations and maintenance expenses to operating revenues and a lower capital investment and, consequently, a lower ratio of fixed capital costs versus operating revenues in contrast to our regulated operations. As a result, the operating expense ratio is not comparable between the businesses. These market-based subsidiary companies are not a component of our Regulated segment.

We continue to evaluate initiatives to help control operating costs and improve efficiencies.

# AQUA AMERICA, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

#### (In thousands of dollars, except per share amounts)

#### December 31, 2016 and 2015

		2016	 2015
Assets			
Property, plant and equipment, at cost	\$	6,509,117	\$ 6,088,011
Less: accumulated depreciation		1,507,502	 1,399,086
Net property, plant and equipment	-	5,001,615	 4,688,925
Current assets.			
Cash and cash equivalents		3,763	3,229
Accounts receivable and unbilled revenues, net		97,394	99,146
Inventory, materials and supplies		12,961	12,414
Prepayments and other current assets		12,804	11,802
Assets held for sale		1,728	1,779
Total current assets		128,650	128,370
Regulatory assets		948,647	830,118
Deferred charges and other assets, net		30,845	28,878
Investment in joint venture		7,026	7,716
Goodwill		42,208	 33,866
Total assets	\$	6,158,991	\$ 5,717,873
Liabilities and Equity			
Aqua America stockholders' equity:			
Common stock at \$.50 par value, authorized 300,000,000 shares, issued 180,311,345 and 179,363,660 in 2016 and 2015	\$	90,155	\$ 89,682
Capital in excess of par value		797,513	773,585
Retained earnings		1,032,844	930,061
Treasury stock, at cost, 2,916,969 and 2,819,569 shares in 2016 and 2015		(71,113)	(68,085)
Accumulated other comprehensive income		669	 687
Total stockholders' equity		1,850,068	 1,725,930
Long-term debt, excluding current portion		1,759,962	1,743,612
Less: debt issuance costs		22,357	 23,165
Long-term debt, excluding current portion, net of debt issuance costs		1,737,605	 1,720,447
Commitments and contingencies (See Note 9)		-	-
Current liabilities:			
Current portion of long-term debt		150,671	35,593
Loans payable		6,535	16,721
Accounts payable		59,872	56,452
Accrued interest		18,367	12,651
Accrued taxes		25,607	21,887
Other accrued liabilities		40,484	 49,895
Total current liabilities		301,536	 193,199
Deferred credits and other liabilities:			
Deferred income taxes and investment tax credits		1,269,253	1,118,923
Customers' advances for construction		91,843	86,934
Regulatory liabilities		250,635	259,507
Other		115,583	 100,498
Total deferred credits and other liabilities		1,727,314	1,565,862
Contributions in aid of construction		542,468	512,435
Total liabilities and equity	\$	6,158,991	\$ 5 <u>,7</u> 17,873

See accompanying notes to consolidated financial statements.

# AQUA AMERICA, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF NET INCOME

#### (In thousands, except per share amounts)

#### Years ended December 31, 2016, 2015, and 2014

	2016	2015	2014
Operating revenues	\$ 819,875 \$	814,204 \$	779,903
Operating costs and expenses:			
Operations and maintenance	304,897	309,310	288,556
Depreciation	130,987	125,290	123,054
Amortization	2,021	3,447	3,481
Taxes other than income taxes	 56,385	55,057	50,453
Total operating expenses	494,290	493,104	465,544
Operating income	325,585	321,100	314,359
Other expense (income):			
Interest expense, net	80,594	76,536	76,397
Allowance for funds used during construction	(8,815)	(6,219)	(5,134)
(Gain) loss on sale of other assets	(378)	(468)	4
Gain on extinguishment of debt	-	(678)	-
Equity (earnings) loss in joint venture	 (976)	35,177	3,989
Income from continuing operations before income taxes	255,160	216,752	239,103
Provision for income taxes	 20,978	14,962	25,219
Income from continuing operations	234,182	201,790	213,884
Discontinued operations:			
Income from discontinued operations before income taxes	-	-	32,155
Provision for income taxes	 		12,800
Income from discontinued operations	 		19,355
Net income	 234,182 \$	201,790 \$	233,239
Income from continuing operations per share:			
Basic	\$ 1.32 \$	1.14 \$	1.21
Diluted	\$ 1.32 \$	1.14 \$	1.20
Income from discontinued operations per share:			
Basic	\$ - \$	- \$	0.11
Diluted	\$ - \$	- \$	0.11
Net income per common share:			
Basic	\$ 1.32 \$	1.14 \$	1.32
Diluted	\$ 1.32 \$	1.14 \$	1.31
Average common shares outstanding during the period:			
Basic	177,273	176,788	176,864
Diluted	177,846	177,517	177,763
Cash dividends declared per common share	 0.7386 \$	0.686 \$	0.634

See accompanying notes to consolidated financial statements.

### AQUA AMERICA, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of dollars)

Years ended December 31, 2016, 2015, and 2014

		2016	2015	2014
Net income	\$	234,182 \$	201,790 \$	233,239
Other comprehensive income, net of tax:				
Unrealized holding (loss) gain on investments, net of tax (benefit) expense of \$21,				
\$(53), and \$104 for the years ended December 31, 2016, 2015, and 2014, respectively		39	(101)	193
Reclassification adjustment for loss (gain) reported in net income, net of tax (benefit)				
expense of \$30 and \$(134) for the twelve months ended December 31, 2016 and 2014	ŀ,			
respectively (1)		(57)	_	249
Comprehensive income	\$	234,164 \$	201,689 \$	233,681

See accompanying notes to consolidated financial statements.

(1) Amount of pre-tax loss (gain) of \$(87) and \$383 reclassified from accumulated other comprehensive income to loss (gain) on sale of other assets on the consolidated statements of net income for the years ended December 31, 2016 and 2014, respectively.

#### CONSOLIDATED STATEMENTS OF CAPITALIZATION

(In thousands of dollars, except per share amounts)

December 31, 2016 and 2015

		2016	2015
Aqua America stockholders' equity:			
Common stock, \$.50 par value		\$ 90,155 \$	89,682
Capital in excess of par value		797,513	773,585
Retained earnings		1,032,844	930,061
Treasury stock, at cost		(71,113)	(68,085)
Accumulated other comprehensive income	:	 669	687
Total stockholders' equity		 1,850,068	1,725,930
Long-term debt of subsidiaries (substantially	secured by utility plant):		
Interest Rate Range	Maturity Date Range		
0.00% to 0.99%	2023 to 2033	4,661	5,148
1.00% to 1.99%	2019 to 2035	15,539	20,811
2.00% to 2.99%	2024 to 2031	19,668	19,167
3.00% to 3.99%	2019 to 2056	381,944	297,275
4.00% to 4.99%	2020 to 2054	487,318	487,093
5.00% to 5.99%	2017 to 2043	213,078	221,435
6.00% to 6.99%	2017 to 2036	52,985	52,964
7.00% to 7.99%	2022 to 2027	33,066	33,762
8.00% to 8.99%	2021 to 2025	6,565	14,502
9.00% to 9.99%	2018 to 2026	26,400	27,100
10.00% to 10.99%	2018	 6,000	6,000
		1,247,224	1,185,257
Notes payable to bank under revolving cred	it agreement, variable rate, due 2021	25,000	60,000
Unsecured notes payable: Bank notes at 1.921% and 1.975% due 201	7 and 2018	100,000	100,000
Notes at 3.57% and 3.59% due 2027 and 2		245,000	120,000
Notes ranging from 4.62% to 4.87%, due 2		133,600	144,400
Notes ranging from 5.20% to 5.95%, due 2	_	159,809	169,548
Total long-term debt		 1,910,633	1,779,205
Current portion of long-term debt		150,671	35,593
Long-term debt, excluding current portion		 1,759,962	1,743,612
Less: debt issuance costs		22,357	23,165
Long-term debt, excluding current portion,		 1,737,605	1,720,447
Total capitalization		\$ 3,587,673 \$	3,446,377

See accompanying notes to consolidated financial statements.

# AQUA AMERICA, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF EQUITY

(In thousands of dollars)

	Common stock	Capital in excess of par value	Retained earnings	Treasury stock	Accumulated Other Comprehensive Income	Noncontrolling Interest	Total
Balance at December 31, 2013	\$ 88,964	\$ 743,335 \$	729,272	\$ (27,082)	\$ 346	\$ 208	\$ 1,535,043
Net income	-	-	233,239	-	-	40	233,279
Purchase of subsidiary shares from noncontrolling interest	-	-	-	-	-	(208)	(208)
Other comprehensive income, net of income tax of \$238	-	-	-	-	442	-	442
Dividends	-	-	(112,106)	-	-	-	(112,106)
Repurchase of stock (659,666 shares)	-	-	-	(15,756)	-	-	(15,756)
Equity compensation plan (212,920 shares)	107	(107)	-	-	-	-	-
Exercise of stock options (449,412 shares)	225	7,071	-	-	-	-	7,296
Stock-based compensation	-	6,811	(453)	-	-	-	6,358
Employee stock plan tax benefits	-	1,828	-	-	-	-	1,828
Other	-	(793)	-	-	-	-	(793)
Balance at December 31, 2014	89,296	758,145	849,952	(42,838)	788	40	1,655,383
Net income	-	-	201,790	-	-	-	201,790
Other comprehensive loss, net of income tax benefit of \$53	-	-	-	_	(101)	-	(101)
Dividends	-	_	(121,248)	-	-	-	(121,248)
Sale of stock (26,295 shares)	13	664	-	_	_	-	677
Repurchase of stock (981,585 shares)	_	-	-	(25,247)	-	-	(25,247)
Equity compensation plan (321,402 shares)	161	(161)	-	-	-	-	-
Exercise of stock options (424,709 shares)	212	7,328	_	-	_	-	7,540
Stock-based compensation	-	5,860	(433)	-	-	-	5,427
Employee stock plan tax benefits	_	2,602	` _	_	-	-	2,602
Other	-	(853)	-	-	-	(40)	(893)
Balance at December 31, 2015	89,682	773,585	930,061	(68,085)	687	-	1,725,930
Net income		-	234,182	-		-	234,182
Other comprehensive loss, net of income tax benefit of \$9	_	-	_	_	(18)	-	(18)
Dividends	_	_	(130,923)	_	(/	_	(130,923)
Stock issued for acquisition (439,943 shares)	220	12,625	-	_	<u>-</u>	-	12,845
Sale of stock (47,478 shares)	24	1,364	-		-	_	1,388
Repurchase of stock (97,400 shares)	_	_	_	(3,028)	<u>-</u>	-	(3,028)
Equity compensation plan (231,502 shares)	115	(115)	_	-	-	. <u>-</u>	
Exercise of stock options (228,762 shares)	114	4,146	_	_	_	<u>-</u>	4,260
Stock-based compensation		5,390	(476)	_	-	. <u>-</u>	4,914
Employee stock plan tax benefits	_	1,329	-	-	-		1,329
Other	_	(811)	-	-	_		(811)
Balance at December 31, 2016	\$ 90,155		\$_1,032,844	\$ (71,113)	\$ 669	\$ -	\$ 1,850,068

See accompanying notes to consolidated financial statements.

# AQUA AMERICA, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of dollars)

Years ended December 31, 2016, 2015, and 2014

		2016	2015		2014
Cash flows from operating activities	•	004400	<b>A</b> 004 700		222.020
Net mcome	\$	234,182	\$ 201,790	<b>)</b>	233,239
Income from discontinued operations			201.700		19,355
Income from continuing operations  Adjustments to reconcile income from continuing operations to net cash flows from operating activities		234,182	201,790		213,884
Depreciation and amortization		133,008	128,737		126,535
Deferred income taxes		17,250	16,506		31,477
Provision for doubtful accounts		5,505	5,765		5,838
Share-based compensation		5,390	5,860		6,819
Gain on sale of utility system and market-based business unit		(744)			-
(Gam) loss on sale of other assets		(378)	(468)		4
Gain on extinguishment of debt		(376)	(678)		-
Equity (earnings) loss in joint venture		(976)	35,177		3,989
Net change in receivables, inventory and prepayments		(3,974)	(6,520)		(20,299)
Net change in payables, accrued interest, accrued taxes and other accrued liabilities		4,756	(3,469)		470
Change in income tax receivable		4,730	(3,402)		7,873
Other		1,769	(11,906)		(11,702)
Operating cash flows from continuing operations		395,788	370,794		364,888
Operating cash flows used in discontinued operations, net		373,700	370,77		(1,100)
Net cash flows from operating activities		395,788	370,794		363,788
Cash flows from investing activities					
Property, plant and equipment additions, including the debt component of allowance for funds used during construction of \$2,220, \$1,598,					
and \$1,494		(382,996)	(364,689)	,	(328,605)
Acquisitions of utility systems and other, net		(9,423)	(28,989)		(14,616)
Release of funds previously restricted for construction activity		-	47		-
Net proceeds from the sale of utility systems and other assets		7,746	648	3	558
Other		1,464	(1,079)		279
Investing cash flows used in continuing operations		(383,209)	(394,062)		(342,384)
Investing cash flows from discontinued operations, net	_				49,883
Net cash flows used in investing activities		(383,209)	(394,062)		(292,501)
Cash flows from financing activities					
Customers' advances and contributions in aid of construction		7,263	5,904	ŀ	6,064
Repayments of customers' advances		(3,763)	(3,977)	)	(4,028)
Net repayments of short-term debt		(10,186)	(1,677)	)	(18,342)
Proceeds from long-term debt		503,586	560,544	ŀ	317,699
Repayments of long-term debt		(373,087)	(400,407)		(253,192)
Change in cash overdraft position		(8,076)	(739)	)	(322)
Proceeds from issuing common stock		1,388	677	'	-
Proceeds from exercised stock options		4,260	7,540	}	7,296
Share-based compensation windfall tax benefits		1,332	1,842	:	1,422
Repurchase of common stock		(3,028)	(25,247)	)	(15,756)
Dividends paid on common stock		(130,923)	(121,248)	)	(112,106)
Other		(811)	(853)		(793)
Financing cash flows (used in) from continuing operations		(12,045)	22,359	)	(72,058)
Financing cash flows used in discontinued operations, net		(40.045)	20.256	· _	(149)
Net cash flows (used in) from financing activities		(12,045)	22,359	_	(72,207)
Net increase (decrease) in cash and cash equivalents		534	(909)		(920)
Cash and cash equivalents at beginning of year Cash and cash equivalents at end of year	\$	3,229 3,763	\$ 3,229		5,058 4,138
Cash paid during the year for:					
Interest, net of amounts capitalized	\$	66,067			72,441
Income taxes		2,739	6,902	2	4,348
Non-cash investing activities.					
Property, plant and equipment additions purchased at the period end, but not yet paid	\$	35,145			
Non-cash customer advances for construction		26,234	27,992	2	43,642

See accompanying notes to consolidated financial statements

See Note 2 – Acquisitions, Note 10 – Long-term Debt and Loans Payable, and Note 14 – Employee Stock and Incentive Plan for a description of non-cash activities.

### **UTILITY SERVICE AGREEMENT AMONG**

### KB HOME LONE STAR, INC.; AQUA TEXAS, INC; AND

### FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 200;

THIS Utility Service Agreement ("Agreement") is made as of February 1, 2018, by and among FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 200, a municipal utility district and political subdivision of the State of Texas created operating pursuant to Article XVI, Section 59 and Article III, Section 16 of the Texas Constitution Chapters 49 and 54, of the Texas Water Code (the "District"), AQUA TEXAS, INC., a Texas corporation, whose corporate headquarters and principal place of business is at 1106 Clayton Lane, Suite 400W, Austin, Texas 78723 (the "Utility") and KB HOME LONE STAR, INC., a Texas corporation whose office is located at 11314 Richmond Avenue, Houston, Texas 77082 (the "Developer"). The Developer, District and Utility are sometimes hereinafter referred to singularly as a "Party", and collectively as the "Parties".

#### **BACKGROUND AND RECITALS**

- 1. The District has the authority to provide water, sewer, drainage and other utility and public services to the residents and to areas within and outside of its boundaries.
- 2. The Utility is the owner and operator of private water and wastewater utilities throughout the state of Texas.
- 3. The Developer is the owner of a 66 acre tract of land located in Fort Bend County, Texas, and more particularly described in <u>Exhibit "A"</u> attached hereto (the "Property") and has contractual obligations to provide water and wastewater utility service to the Property.
- 4. The Property is located inside the boundaries of the District or, will be annexed into the District following the execution of this Agreement.
- 5. It is the intent of the parties that the Property be located within the boundaries of one or more of the Utility's Certificates of Convenience and Necessity ("CCN") issued by the Texas Commission on Environmental Quality ("TCEQ") or the Texas Public Utility Commission ("PUC") to the Utility or will be added to the Utility's CCN following the execution of this Agreement.

- 6. The Developer and the District both desire to utilize the Utility as the sole and exclusive provider of water and wastewater for the Property; the District is willing to permit the Utility to serve water and wastewater customers within the District based on the consideration in this Agreement, and the Utility is willing to be the sole and exclusive water and wastewater service provider for the Property on the conditions stated in this Agreement.
- 7. The Utility represents that it has sufficient capacity or will build sufficient capacity in its regional water and wastewater systems to provide continuous and adequate retail utility services to the Property in accordance with the laws of the State of Texas and the rules of the TCEO.
- 8. The Utility is willing to incur certain expenses for designing, planning, constructing, and installing water and wastewater Central Plants which become part of the Utility's utility systems
- 9. The District and Developer are willing to guarantee and/or reimburse the Utility for certain expenses associated with the provision of interim water and wastewater services to customers in the District pursuant to the terms and conditions described in this Agreement.
- 10. Utility is willing to pay Developer to purchase certain water and wastewater infrastructure improvements as ESFC connections are made, pursuant to the terms and provisions of specified in a separate Developer Line Purchase Agreement between Utility and Developer to which the District is not a party.

In consideration of the mutual covenants and consideration exchanged and contained in this Agreement, and intending to be legally bound, the Utility, the District, and the Developer agree as follows:

# ARTICLE I. DEFINITIONS AND GENERAL AGREEMENTS

#### 1.01 **DEFINITIONS.**

The Parties agree that the facts stated in the recitals of this Agreement are true and correct. The capitalized terms used in this Agreement shall have the meaning ascribed to them as used in the Recitals or in this section.

a. "Actual Connections" shall mean the actual number of ESFC's connected to the Facilities.

- b. "Central Plants" shall mean the central water and wastewater treatment plants which provide retail water and/or wastewater utility service to Customers in the Property and other property inside or outside the boundaries of the District.
- c. "CCN" shall mean one or more Certificates of Convenience and Necessity of the Utility issued by a Regulatory Authority permitting utility service by the Utility to any Customer within the District.
- d. "Customer" shall mean a residential or commercial customer (including a builder) of the Utility served by the Facilities.
- e. "Default" shall mean (i) a substantial failure on the part of Utility to provide safe, continuous, and adequate water or wastewater services to the Customers, which failure goes uncured for a significantly extended period of time without good faith efforts on the part of the Utility to cure such default after notice and opportunity to cure given in accordance with Article V of this Agreement; (ii) a determination or finding that Utility has received Habitual Violations as defined in this Agreement; or (iii) any other event specifically designated in this Agreement which triggers a Default. Any event, occurrence, breach, or violation caused by Force Majeure shall not be a Default unless such event, occurrence, breach, or violation also involves negligence on the part of the Utility.
- f. "Delivery Date" shall mean the date on which the parties agree that any portion of the Facilities shall be constructed and on line as stated on Exhibit "C", attached hereto and the actual date on which each portion of the Facilities is placed in service.
- g. "ESFC" shall mean equivalent single family connections, where one ESFC is equal to 250 gallons per day for water and 200 gallons per day for sewer.
- h. "Facilities" shall mean the Central Plants and any Interior Lines which serve Customers of the Utility within the District.
- i. "Force Majeure" shall mean an event or occurrence that renders the Utility or the District unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, including but not limited to the following: acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or of the state or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other similar or different cause not reasonably within the control of the Party claiming such inability.

- j. "Habitual Violations" shall mean the receipt of four (4) separate Notices of Breach from the District to the Utility during any calendar year which affect the health and safety of the Customers of the System. Habitual Violations shall also mean four (4) separate violation of any health or safety rule by any Regulatory Agency having jurisdiction (including the TCEQ) over the Facilities. Breaches or violations caused by a Force Majeure as defined herein and which do not involve negligence of the Utility shall be excluded from the definition of Habitual Violations and shall not be considered when determining Habitual Violations.
- k. "Hold and Haul Costs" shall mean the total costs associated with the process of holding wastewater in a temporary tank or containment and periodically hauling it to a permitted wastewater treatment facility for treatment until such time the Central Wastewater Plant is servicing the Property. Items eligible for reimbursement shall include third party haulers, holding facility maintenance and cleaning, administrative oversight and additional insurance.
- "Interior Lines" shall mean water and/or wastewater collection lines, laterals, mains, extensions and all related improvements, which transport water and/or wastewater to and/or from the Property or Customers from the Central Plants designated by Utility including, but not limited to, mains, laterals, lines, extensions, piping, taps, stub outs, gate valves, valve boxes, manholes, lift stations and any maintenance or restoration work associated with the construction and installation of such items.
- m. "Minimum Sewer Payment" shall mean the minimum base monthly residential sewer bill amount under the Rate Tariff of the Utility.
- n. "Minimum Water Payment" shall mean the minimum base monthly residential water bill amount (including per gallon usage of 7000 gallons per month) under the Rate Tariff of the Utility.
- o. "Minimum Water Connection Costs" shall mean an amount equal to the Minimum Water Payment times seventy (70) less the actual income received from the ESFCs connected to the System, which amount is stipulated to be \$4,625.00 per month or \$55,500 per year, less the actual income received from the ESFCs connected to the System,
- p. "Property" shall mean an approximately 66 acre tract of land located within the boundaries of the District and more particularly described in <u>Exhibit "A"</u> and any additional land which is annexed into the District and which is served by the Central Plants.
- q. "Purchase Price" shall mean with respect to a Default, an amount equal to the amount determined pursuant to Section 5.04 of this Agreement.

- r. "Rate Tariff" shall mean the order approved by the appropriate Regulatory authority for utility customers of the Utility in the Southeast Texas region.
- s. "Regulatory Authority" shall mean any state of federal regulatory agency with jurisdiction over the System or any Party, including the TCEQ and the PUC.
- t. "Regulatory Requirements" shall mean the rules of any Regulatory Authority.
- u. "Service Commencement Date" shall mean the date on which any Central Plant has been constructed and is operational with Customers receiving service.
- v. "System" shall mean the Facilities and any other facilities of the Utility which serve customers of the Utility connected to or serving any customer within or outside the District.
- w. "TCEQ" shall mean Texas Commission on Environmental Quality or its successor.
- x. "PUC" shall mean the Texas Public Utility Commission or its successor.
- 1.02. GENERAL AGREEMENTS. The general concept of this Agreement and the intent of the parties with respect to this Agreement and all associated documents executed in connection herewith are as follows:
  - a. The Property shall be included in the Utility's CCN service area and the District will not provide water or wastewater service to the Property or Customers in the District unless the District acquires ownership of the Facilities pursuant to the provisions of Article V of this Agreement.
  - b. All connections in the Property to the Utility's water and/or wastewater systems shall become permanent retail and/or commercial customers of the Utility, the Utility shall provide safe continuous and adequate water and wastewater service to all customers in accordance with all Regulatory Requirements and the customers shall pay the Utility in accordance with the Southeast Texas Regional Rate Tariff in effect from time to time for the water and/or wastewater services provided by the Utility.
  - The Utility shall be responsible for the design and construction of the Central Plants sufficient to serve all existing and planned Customers within the Property as connections are added, subject to the timing limitations described herein. Developer shall be responsible for the design and construction of the Interior Lines pursuant to the terms and provisions of Developer Line Extension Agreements to which the District is not a party, in the form attached hereto as <a href="Exhibit" D"">Exhibit "D"</a>, and Developer shall convey all Interior Lines to Utility after completion of construction. Utility shall purchase the Interior Lines from Developer pursuant to the terms and

- provisions in a separate agreement between Utility and Developer to which the District is not a party. Developer shall contribute a mutually agreeable water plant site to Utility which the Utility will utilize to provide water services to the Property. Developer shall contribute a mutually agreeable sewer plant and lift station sites to Utility which the Utility will utilize to provide sewer services to the Property.
- d. The Utility shall provide timely service to the Property by installation of the Central Plants sufficient to serve Customers in the District at the time service is needed by the Developer and the District, subject to the timing limitations herein. It is also the intent of the Parties that the Customers within the District are provided safe, sufficient and adequate water and wastewater service meeting all Regulatory Requirements.
- e. The Utility shall be responsible for the ownership, operations and maintenance of the Facilities in accordance with all Regulatory Requirements. The District shall reimburse the Utility for certain of the early stage development operations and maintenance expenses as provided herein.

# ARTICLE II. SERVICE

- 2.01 Exclusive Service Rights. The District hereby grants the Utility the exclusive right to serve all customers within the Property with the Facilities subject only to Article V of this Agreement. The Utility may serve areas outside the District with the Central Plants as provided in Article IV. The Utility will operate the Facilities and provide service to all customers within the District in the same manner it provides service to all customers. The Utility will timely repair and maintain the Facilities in good condition and working order and will operate the same in accordance with sound business principles and in accordance with all Regulatory Requirements.
- 2.02 Consent to CCN Service Area. Within ten days of the execution of this Agreement, or within ten days of the date that all items required in the application process are received by Utility, Utility shall file an application with the PUC to add the Property to the Utility's CCN for water and for wastewater. The Developer and the District agree each to consent to such application and neither in any way objects to the application. The District is not required to obtain and does not have a CCN for the Property. The District and the Developer hereby consent to water and wastewater service by the Utility within the District and the inclusion of the District in the CCN of the Utility. The District and Developer shall provide any reasonable and prompt assistance to Utility in adding the Property to the Utility's CCN and for obtaining, if necessary, any other permits, approvals, or consents required to deliver utility service to Customers in the District promptly upon request from Utility. The Utility shall diligently pursue the CCN Application to its conclusion. If the CCN is not approved by the PUC within fifteen months of the execution

of this Agreement, this Agreement shall be terminable by either Utility or Developer upon written notice to either party. In the event of termination under this Section 2.02, the Utility will withdraw its application.

2.03 Rate Tariff. All connections to the Utility water and/or wastewater systems shall become permanent customers of Utility; and such customers shall be obligated to pay water and wastewater bills for use of such systems in accordance with the then current Southeast Texas Regional Rate Tariff approved by any Regulatory Authority. The rates shall be equal and applicable to the Southeast Texas region and uniform to those charged for other similar classifications of users in the Aqua Texas CCN. The Utility will be responsible for providing and installing any necessary meters with the individual customers.

#### 2.04 Construction.

- a. The Utility shall be solely responsible for the design, engineering, installation, and construction of the Central Plants needed to serve the Property as Customers are added to the System. The Utility shall design and construct the Central Plants with capacity to serve all projected connections in the District, which is 229 connections. All construction shall be in accordance with all applicable rules of any Regulatory Authority. The timing of the design and construction of the Central Plants shall be determined by the Utility based upon discussions between the Utility and the Developer. Subject to Developer action in accordance with Section 2.05 below, Utility shall not be obligated begin engineering or design of Central Plants or begin permit applications for Central Plants until the PUC has added the Property to Utility's CCN area.
- b. Developer shall be solely responsible for the design, engineering, installation, and construction of the Interior lines needed to serve the Property as Customers are added to the System. All construction shall be in accordance with all applicable rules of any Regulatory Authority.
- c. The Utility and Developer shall, at their respective sole cost and expense, design and construct the Central Plants and Interior Lines to serve the Property in accordance with the general layout attached hereto as <a href="Exhibit"B"</a> and in accordance with the schedule attached hereto as <a href="Exhibit"C"</a>. Failure of Utility to have the Central Plants designed, constructed and operational with the ability to serve customers on the later of the Delivery Date or three hundred days after the CCN Application is approved shall be a Default. Developer's failure to have the Interior Lines designed, constructed and on line on the Delivery Date shall not be a Default.
- d. The District and/or Developer shall inform the Utility of the progress of development on the Property, and the Utility shall inform the District and the Developer of the capacity of the System. All reports shall be in writing and provided

to the other party at least annually. The Developer and/or District shall specify the number of ESFC projected forward for up to two (2) years in advance. Upon agreement of the Parties that an expansion of the Facilities is required to serve projected development or when any Central Plant is at 75% of capacity or if required by any Regulatory Authority, the Utility shall prepare a schedule for design and construction of the expansion which shall be attached hereto as an additional page to Exhibit "C" when agreed upon by the Utility, the Developer and the District. Failure to have the expansion of the Facilities designed, constructed and operational with the ability to serve customers on or before the Delivery Date or in accordance with this paragraph shall be a Default.

- e. The Utility shall be responsible for obtaining any and all permits and Regulatory Approvals for the Central Plants, wells, or other Facilities other than the Interior lines, including permits from the TCEQ, any applicable subsidence or ground water district. The Utility shall be responsible for the renewal of such permits and compliance with such permits.
- 2.05 Reimbursement for Initial Design and Construction Costs. During the interim time period between the signing of this Agreement and the date the Property is added to the Utility CCN, the Developer may, at its sole option, elect to undertake the required permit applications for the Central Plants and/or the design, engineering, and construction of such Central Plants, including the obligation to pay and/or advance all costs associated with the permit applications and the design, engineering, and construction of the Central Plants. If Developer elects to begin permit applications, design, engineering, and/or construction of the Central Plants pursuant to this provision. Utility irrevocably agrees to reimburse the Developer for all such permit application, design, engineering, and construction costs paid and/or advanced by Developer, within sixty days after the Property is added to the Utility CCN, upon presentation of copies of invoices and checks adequately evidencing payment of such costs, and upon conveyance of such permits and Central Plants to Utility. The maximum amount of reimbursement from Utility to Developer for permitting, engineering and construction of the Central Plants shall be: for the central sewer plant NPDES permit - \$50,000.00; for the central sewer plant engineering and construction - \$800,000.00; and for the central water plant permitting, engineering and construction - \$880,000.
- 2.06 Reimbursement for Future Design and Construction Costs. If in the future, expansions to the Central Facilities are needed to the serve Customers in the Property or an expansion or rehabilitation is required due to a Regulatory Requirement, and if after written demand by Developer or District, the Utility is unwilling or unable to undertake the permit applications, design, engineering and/or construction needed to serve the Customers in the Property, Developer or District may, at its option, elect to undertake the required permit expansion applications for the Central Plants and/or the design, engineering, and construction of expansions and/or additions to the Central Plants, including the obligation to pay and/or advance all costs associated with the permit applications and the design,

engineering, and construction of the Central Plants. If Developer expands the Central Plants pursuant to this provision, Utility irrevocably agrees to reimburse the Developer for all such permit application, design, engineering, and construction costs paid and/or advanced by Developer, within sixty days after Utility is willing or able to do so, upon presentation of copies of invoices and checks adequately evidencing payment of such costs, and upon conveyance of such permits and Central Plants to Utility. Refusal to reimburse the Developer or District for costs associated with this Section 2.06 is a default of the Utility under this Agreement.

2.07 Interim Service. Pursuant to TCEQ and/or PUC rules, Utility may not provide water or wastewater service to areas which are not specifically included in its CCN, and none of the Parties desires to or intends to violate those rules. The District desires that the Utility provide water and wastewater service on its behalf during the temporary time period in which the Property is part of the District but prior to the Property being included in Utility's CCN. During such time, Utility shall provide water and wastewater service to the District and its customers as the District's utility provider on behalf of and at the request of the District. During the Interim Service Period, the Utility shall collect water and sewer revenues from the customers and any and all charges and fees necessary and customary for a utility providing service, including tap fees from customers. The District shall pay Utility the higher of Utility's then current rates as specified in Utility's general regional tariff for Southeast Texas or the actual cost of providing such interim service, if special or extra efforts are required to provide such temporary water and wastewater services. including but not limited to hold and haul sewer service, trucking in water, and installation of temporary facilities for water or wastewater. If necessary, the District shall adopt a rate order consistent with the provisions of this contractual requirement.

# ARTICLE III. REIMBURSEMENTS

#### 3.01 Reimbursement to Utility.

a. During the preliminary stages of development of the Property the Parties acknowledge and agree that the most effective means of providing wastewater service is via Hold and Haul. The District or Developer shall reimburse Utility for all Hold and Haul Costs associated with providing sewer service to the Property less the actual minimum sewer payments income received from actual connections on the Property. The District or Developer shall reimburse Utility within forty-five (45) days of presentation of a bill for such costs, no more than two times per year. The District may request and the Utility will provide any and all supporting invoices for the bill. Hold and Haul is generally limited to a maximum of approximately 35 LUE but the Utility will provide Hold and Haul services on a regular basis.

b. Term of Wastewater Reimbursement. The District's and/or Developer's obligation to reimburse the Utility for Hold and Haul Costs shall commence on the date that Customers are receiving sewer utility service and shall terminate on the earlier of the Delivery Date or the Service Commencement Date for the Central Wastewater Plant serving the Property.

#### 3.02 Reimbursement for Minimum Water Connection Costs.

- a. Minimum Water Connection Costs. During the preliminary stages of development, the District and the Developer acknowledge that Utility must receive the funds equal to the Minimum Water Connection Costs, which approximates the revenue generated by seventy ESFCs from the Property in order to efficiently provide water service to the Property. Accordingly, the District shall reimburse Utility for Minimum Water Connection Costs, less amounts actually received from Customers in the Property. The District shall pay the Utility within forty-five (45) days of presentation of an invoice for such costs, no more than two times per year.
- b. Term of Water Reimbursement. The District's obligation to reimburse Utility for Minimum Water Connection Costs shall commence on the Water Central Plant Service Commencement Date and shall terminate when there are seventy (70) ESFCs Actual Connections to the Utility's Water System.

# ARTICLE IV. LIMITATIONS AND EXCLUSIONS

- 4.01 Utility shall be free to provide water and/or wastewater service to other customers not on the Property or in the District using the Central Facilities, so long as Utility is not in Default as defined herein, so long as the Customers in the District receive safe, continuous and adequate water and wastewater service, so long as such service does not violate any Regulatory Requirements, and so long as rates to such other customers within similar classes are not more favorable than rates available to Customers within the District, unless Utility is required to do so by a Rate Tariff approved by a Regulatory Authority.
- 4.02 The Utility shall not be obligated to provide water or service for fire protection unless and until (a) any Regulatory Authority specifically approves a Rate Tariff which includes the recovery of all fire protection costs (capital as well as operations) incurred by the Utility in such tariff; or (b) the District or the Developer pay to the Utility any incremental cost of upsizing the System to meet all existing fire protection requirements. The District specifically reserves the right to own any upsized Facilities needed to provide fire protection and to contract for the construction, repair, and maintenance of such upsized Facilities.

4.03 The District shall be free to provide water and wastewater services to other parties and tracts in the District which are not in the Property.

# ARTICLE V. DEFAULT AND REMEDIES

- 5.01 Notice of Default by Utility and Opportunity to Cure. During the Term of this Agreement, if the District determines that Utility has committed a Default as contemplated by Section 1.01(e)(i) of this Agreement, the District shall provide written notice of said Default ("Notice of Default") to Utility by certified or registered mail, return receipt requested, or by fax with proof of receipt, setting forth a reasonable description of the purported Default. Utility shall commence curing such purported Default within ten (10) calendar days after receipt of such Notice of Default and shall diligently pursue and complete such cure without unreasonable cessation of activities within sixty (60) days from the date of said Notice. In the event that Utility fails to cure the purported Default within such sixty (60) day period, the District shall have the right to declare Utility in default of this Agreement and to proceed with the purchase of the System as provided in Section 5.04 of this Agreement, provided, however, if the Default is not reasonably susceptible to cure by Utility within such sixty (60) day period, the District agrees that it will not declare Utility in default of this Agreement so long as Utility has diligently pursued such cure within the foregoing sixty (60) days and diligently completes the work, without unreasonable cessation, within a reasonable time thereafter. The time authorized by this Agreement to cure the Default is the "Cure Period." The District shall provide written notice to Utility immediately upon acceptance of the cure of any such breach. Conversely, in the event that Utility fails to cure a Default of this Agreement within the Cure Period provided for herein, the District shall have the right to declare Utility in default of this Agreement and to proceed with the purchase of the System as provided in Section 5.04 of this Agreement.
- 5.02 **Default.** The occurrence of Habitual Violations or other uncured Default shall trigger an Option by the District to purchase the System pursuant to this Article of this Agreement and termination of this Agreement.
- 5.03 **Dispute Resolution.** In the event that the District declares Utility to be in default of this Agreement, and Utility contests said declaration in writing in accordance with the notice provisions of this Agreement, the District and Utility agree to meet, within ninety (90) days of receipt of each party's respective written notices, to negotiate in good faith and attempt to resolve any conflicts. In the event that that the District and Utility agree to submit to mediation and shall participate in such mediation in good faith. Each party shall bear its own expenses in connection with any such mediation. Neither party is prohibited from initiating litigation or seeking relief from the administrative agency with jurisdiction to resolve any controversy between the parties; except that District and Utility agree that prior

to any trial on the merits concerning a controversy, the parties shall submit to mediation and shall participate in such mediation in good faith. Notwithstanding anything to the contrary, the parties may pursue any remedies available under the law including specific performance and injunctive relief. All remedies shall be cumulative with and non-exclusive with one another. Any and all remedies may be pursued concurrently or successively from time to time and no exercise of one remedy shall constitute or become construed as an election of remedies to the bar of any other remedy.

#### 5.04 Option to Purchase.

- a. Grant of Option. In consideration of Ten dollars (\$10.00) and other good and valuable consideration, including the covenants and agreements contained in this Agreement, in the event of a Default, the Utility grants to the District an exclusive option to purchase the Facilities and the CCN for the Property (the "Option") at the Purchase Price.
- b. Exercise of Option. The District may, but is not obligated, to exercise the Option after a Default by the Utility. The Option may be exercised by delivery of a notice from the District to the Utility stating that a Default exists, and that the District has elected to exercise its Option to purchase the Facilities and that the District has complied with any notice, cure, and dispute resolution provisions of this Agreement.
- Determination of Purchase Price. Upon delivery of the notice of exercise of the Option, each of the Utility and the District shall engage an appraiser within thirty (30) calendar days to appraise the Facilities subject to the Option. The appraisers shall be qualified to make real estate appraisals and business appraisals. Each appraisal shall take into consideration the age and condition of the System, the income generated from current Customers of the Facilities, income to be generated from future Customers of the Utility to be connected to the Facilities pursuant to verifiable contracts and commitments for additional development, and the requirements of any Regulatory Authority. The completed appraisals shall be delivered to the party requesting the appraisal within forty-five (45) days after engagement, and each party shall exchange its appraisal with the other no later than the fifth (5<sup>th</sup>) calendar day after the last of the appraisals is complete. In the event the two (2) appraisals are within ten (10%) of each other, the Purchase Price shall be an amount equal to the average of the two (2) appraisals. In the event the two (2) appraisals are not within ten (10%), within ten (10) calendar days of the exchange of the appraisals, the two (2) appraisers shall agree on and engage a third appraiser who shall appraise the Facilities in the manner described above. The third appraisal shall be delivered to the Parties within forty-five (45) days of engagement. The average of the three (3) appraisals shall be the Purchase Price. Each Party shall be responsible for the cost of its appraisal and the Parties shall each pay 50% of the

cost of the third appraiser, if any. Failure of any Party to timely engage an appraiser or deliver, pay for or pursue any portion of the appraisal or closing process shall be a Default. The Purchase Price for the Facilities shall not be lower than the amount at which the Facilities are accounted for and reflected in the Utility's rate base, that amount being actual original cost less depreciation.

#### 5.05 Right of First Refusal.

- a. Limited to System. The District shall have a right of first refusal to purchase the Facilities, if the Utility elects to sell the System which includes the Facilities to an unrelated third party. This right of first refusal shall not exist if Utility's sale of the System includes other assets or systems owned by the Utility, nor shall it apply if the Utility transfers ownership of the System or the Facilities to an affiliated entity.
- b. Notice of Event. Within ten (10) calendar days after receipt and acceptance by the Utility of a bona fide offer to sell the Facilities as described in section 5.05(a) above, the Utility shall notify the District of such offer.
- c. Exercise of Right of First Refusal. The District shall notify the Utility within forty-five (45) days of receipt of notice thereof from Utility whether District intends to exercise its right of first refusal to purchase the Facilities.
- d. Determination of Purchase Price. The right of first refusal to purchase the Facilities from the Utility shall be at a purchase price equal to the amount of the bona fide offer. The existence of this right of first refusal shall be disclosed by Utility to any potential party of any of the transactions contemplated.
- 5.05 Closing. Upon determination of the Purchase Price the District shall submit to the TCEQ (a) a bond application to issue an amount of bonds sufficient to pay the Purchase Price plus any costs of the transaction and (b) an application for consent to purchase the CCN, Facilities or Systems covered by the bond application, together with such appraisals, engineering reports and other data in support of such applications as may be reasonably required to obtain approval. The District shall pursue each application and upon approval of both applications by the TCEQ, shall close and fund the purchase of the System and/or Facilities. If the sale of the bonds and the closing and funding of the CCN and Facilities at the Purchase Price does not occur within one hundred twenty (120) days after the determination of the Purchase Price, the District's ability to purchase the Facilities shall terminate. The Utility shall cooperate and shall execute any documents reasonable required by the District to consummate the transactions contemplated by this Agreement and take any action as may be required by 30 T.A.C. Section 293.69 or other Regulatory Requirement. After Closing and Funding, the Utility shall immediately file all documentation with each Regulatory Authority to terminate the CCN of the Utility over the Property and the District.

# ARTICLE VI. MISCELLANEOUS

- 6.01 Governing Law. This Agreement, all attachments hereto, and all documents and instruments to be furnished or delivered hereto, shall be governed by the laws of the State of Texas without giving effect to conflicts of laws principles, including but not limited to Chapter 2270 of the Texas Government Code.
- 6.02 Assignment; Change in Ownership. No Party shall assign its rights and obligations under this Agreement, directly or indirectly, voluntarily or involuntarily, without the prior written approval of all other Parties, which consent shall not be unreasonably withheld. It is expressly agreed that the Developer may assign all rights and obligations under this Agreement to any person which purchases a substantial amount of the land in the District. It is expressly agreed that Utility may sell the System as part of a larger sale transaction which includes other assets or systems owned by the Utility, and may transfer ownership of the System or the Facilities to an affiliated entity. Any other sale, transfer, or assignment by the Utility may be subject to the right of first refusal in favor of the District as provided in Section 5.05.
- 6.03 Taxes. All federal, state and local taxes, excise taxes, permit fees, and similar fees and taxes in connection with this Agreement, including without limitation, any sales or use taxes or taxes on contributions in aid of construction shall be paid by Developer; while any and all other taxes imposed on any party, shall be paid by the party incurring income tax obligation.
- 6.04 Survival of Provisions on Contribution or Termination. All warranties, representations, Agreements and covenants made by any Party in this Agreement, or in any document or instrument referred to in, or to be delivered or furnished pursuant to, this Agreement, will survive any termination of this Agreement.
- 6.05 Entire Agreement; Amendments. This Agreement, together with all exhibits and attachments, and the final executed form of all documents for which the form is set forth in the attachments, constitute the entire agreement among the Parties with respect to the matters addressed herein. Prior or contemporaneous discussions or Agreements are not part of this Agreement, and are of no force or effect. This Agreement may be modified or amended only by a writing signed by all Parties.
- 6.06 Severability. The provisions of this Agreement and all other agreements and documents referred to herein are to be deemed severable, and the invalidity or unenforceability of any provision shall not affect or impair such provision to the extent it has been deemed valid and enforceable, nor the remaining provisions, which shall continue in full force and effect.

- 6.07 **Third Parties.** Nothing contained in this Agreement shall be deemed to confer upon any third party any right against any of the Parties hereto.
- 6.08 **Headings.** The headings of any section or subsection of this Agreement are for convenience only and shall not be used to interpret any provision of this Agreement.
- 6.09 Binding Agreement; Successors and Assigns. This Agreement is binding on and will inure to the benefit of the Parties and their successors and permitted assigns.
- 6.10 Notices. Notices, demands and requests required or permitted to be given under this Agreement (collectively Notices) must be in writing and must be delivered personally or by nationally-recognized courier or sent by United States certified mail, return receipt requested, postage prepaid. Notices must be addressed to the party at its address set forth below. A notice is effective when actually received or rejected. The initial addresses of the parties may be changed by appropriate notice:

#### To the Developer:

Mr. Mark Eubanks, V.P, Finance KB Home Lone Star, Inc. 11314 Richmond Avenue Houston, Texas 77082

#### To the Utility:

Robert L. Laughman, President Aqua Texas, Inc. 1106 Clayton Lane, Suite 400W Austin, Texas 78723

#### To the District:

Fort Bend County MUD 200 c/o Allen Boone Humphries Robinson 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027

Attn: Stephen M. Robinson Annette Stephens

### List of Exhibits

Exhibit "A" – Map of the Property
Exhibit "B" – Utility Plan

Exhibit "C" - Construction Schedule of Central Plants and Interior Lines Exhibit "D" - Developer Line Extension Agreement

[SIGNATURES FOLLOW ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written above:

AQUA TEXAS, INC., as Utility	
By:	
KB HOME LONE STAR, INC., as Developer	
By: Mark Eubanks Vice-President, Finance	
FORT BEN COUNTY MUNICIPAL UTILITY DISTRICT NO. 200, as District	

Name, Title

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written above:
AQUA TEXAS, INC., as Utility
By: Robert L. Laughman, President
•
KB HOME LONE STAR, INC., as Developer
By: Mark Eubank, Vice-President, Finance

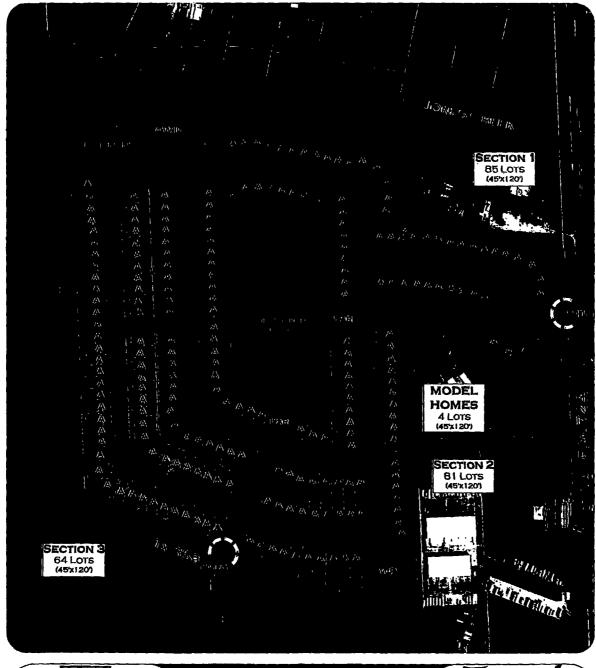
Page 16 of 16

FORT BEN COUNTY MUNICIPAL UTILITY DISTRICT NO. 200, as District

## Exhibit A - Map of the Property

CALE: 11 - 100\*

SCALE: 11 - 1





DEER RUN MEADOW 65,9± acres - FORT BIND CO., TX SCHEM. LOTTING PLAN-OPT. C3,2



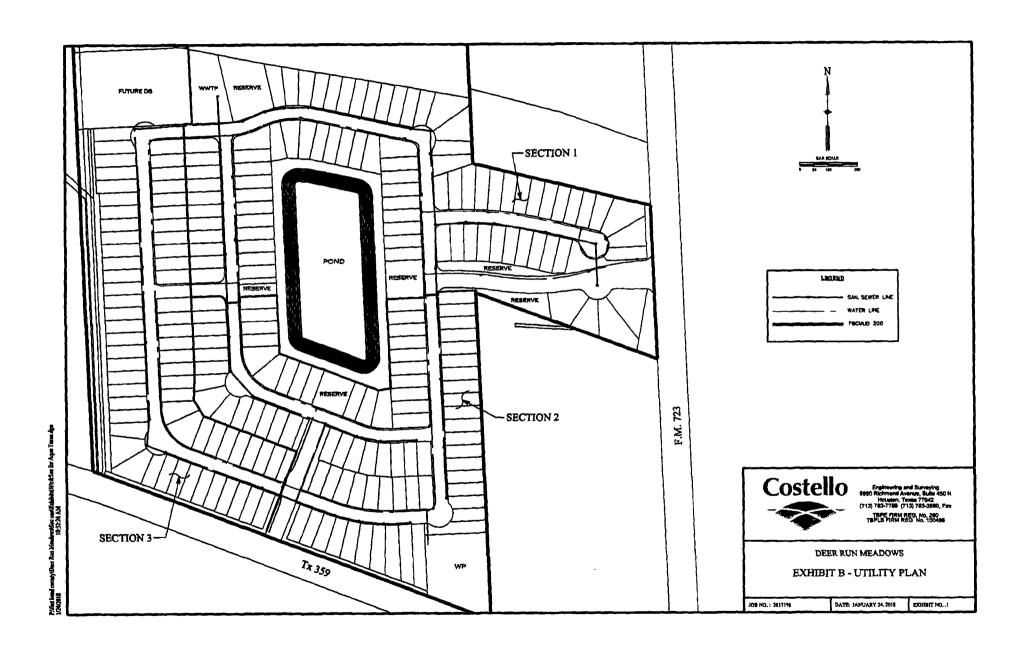


Exhibit "C" - Preliminary Construction Schedule of Central Plants and Interior Lines																				
0	Task Name		Duration	Start	Finish	017 Nov		1, 2018 In Feb		otr 2, 2018	. 1	Otr 3, 2			tr 4, 2018 Oct Nov	Otr	1, 2019 n Feb N	Qtr 2, 2	019	Otr 3, 2
1	Project Development		240 days	Thu 2/1/18	Sat 9/29/18	NOV	Dec 12	Euro	Mar	Apr Ma	/ Jun		Aug S	ep	OCT   NOV	Dec   Ja	n Feb N	//ar   Apr	May	Jun Jui
2	CCN Review and Approv	al	240 days	Thu 2/1/18	Sat 9/29/18			<b></b>	<del></del>											
3	Water Plant		440 days	Fri 12/15/17	Thu 2/28/19				4 ×										1	
4	Design & Permitting		258 days	Fri 12/15/17	Thu 8/30/18		٠	<del> </del>	<del></del>										1	
5	Equipment Ordering & I	abrication	130 days	Fri 12/22/17	Tue 5/1/18			<del>-</del>	<u> </u>											
6	Well Drilling		90 days	Mon 4/2/18	Sun 7/1/18			1	£.			<b></b>							-	
7	Water Plant Construction	n	270 days	Fri 6/1/18	Tue 2/26/19						ـــــ									
В	Wastewater Treatment Pl	ant Design, Permitting,	437 days	Man 1/1/12	Thu 3/14/19		Œ						~ _ ~					1		
9	Prepare WWTP Plans		60 days	Mon 1/1/18	Fri 3/2/18		t		3										ĺ	
10	WWTP Construction		175 days	Thu 8/30/18	Thu 2/21/19			} 					ı		· • • • •	-	' 1			
11	Complete Punch List		7 days	Thu 2/21/19	Thu 2/28/19			;									n		}	
12	Deer Run Meadows Section	n1	214 days	Mon 1/8/18	Fri 8/10/18		C	+					3							
13	Design/Plan Submittal/	Approval	90 days	Mon 1/8/18	Sun 4/8/18		f	!	1	ı										
14	Water & Sewer Constru	ction	30 days	Sun 5/6/18	Tue 6/5/18					t	1									
15	Final Inspection		7 days	Fri 8/3/18	Fri 8/10/18	1						1	1 1							
16	Deer Run Meadows Section	n 2	214 days	Sun 5/27/18	Thu 12/27/18	1		,												
17	Design/Plan Submittal/	Approvei	90 days	Sun 5/27/18	Sat 8/25/18			1			١.		1							
18	Water & Sewer Constru	ction	30 days	Sat 9/22/18	Mon 10/22/18			1						1 .	1					
19	Final Inspection		7 days	Thu 12/20/18	Thu 12/27/18			1								11				
20	Deer Run Meadows Section	n 3	214 days	Sat 10/13/18	Wed 5/15/19											*** ***********************************			7	
	T	Task		Project Sur	nmary F		l (na	ictive Miles	tone			Manual S	ummary Ro	ollup ==		⇒ Dezdiin		4,-		
Projec	ct: Deer Run Meadows	Split	**********	External Ta	ısks -		Ina	ictive Sumn	nery			Manual S	ummary	r		7 Progress	5	c <del>-1</del>		
	Tue 1/23/18	Milestone	•	External M	ilestone 🤈		M	enual Task		L		Start-only	,	c		Manual	Progress			
		Summary		Inactive Ta	sk		Du	ration-only				Finish-on	ly	ב						
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	Exhibit "C" - Preliminary Construction Schedule of Central Plants and Interior Lines																							
1D	Task Name		Duration	Start	Finish	017		Otr 1,	2018		Otr 2, 20	018		Otr 3, 20	18	0	tr 4, 2018 Oct Nov		tr 1, 2019 Jan Feb		Otr 2, 20:			Otr 3, 20
21	Design/Plan Submittal	/Approval	90 days	Sat 10/13/18	Fri 1/11/19	Nov	Dec	Jan	Feb	) Mar )	Apr	May 1	<u>Jun</u>	101	AUR Se	ер (	L. NOV 1	nec 1	Jan <u>j res</u>	Mar	APT_1_	Vay	Jun	<u> </u>
	-						}	·											£					
22	Water & Sewer Constr	uction	30 days	Fri 2/8/19	Sun 3/10/19	1	ł	1											·			1		
23	Final Inspection		7 days	Wed 5/8/19	Wed 5/15/19		į														1	4		
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Proje	ect: Deer Run Meadows	Split	111111111111				,		tive Sum	•	,				ummary	ı		Prog			<del></del>			
Date	: Tue 1/23/18	Milestone	•	External N		>			ual Task		<b>L</b>			Start-only		1		Man	ual Progress	5	-			
		Summery		I inactive T	esk 			Dura	tion-only				<u> </u>	Finish-on	iy	:								
1									Page.	2														

Developer: KB Home Lone Star, Inc.

Location:

State TX
County Fort Bend
City Limits None

Attachment

#### Description of Service Area

The proposed utility service area is located approximately <u>5</u> miles <u>north</u> of downtown <u>Rosenberg</u>, <u>TX</u>, and is generally bounded on the north by <u>Jones Creek</u>; on the east by <u>FM</u> <u>723</u>; on the south by <u>FM 359</u>; and on the west by <u>2,050' west of FM 723</u>.

Type of System: Water and Sewer

Proximity to nearest Aqua System: Lakes of Mission Grove

Capital: Water and Sewer

Number Connections Water/Sewer: Start Year 2 add Year 3 add Year 4 add Year 5 add Total Water: 45.00 75.00 75.00 30.00 225.00 500.00 45.00 75.00 0.00 225.00 500.00 Wastewater: 75.00 30.00 Total 90.00 150.00 150.00 60.00 0.00 450.00

Rates: Current Aqua Others

Water

Base 31.00 Per 5.01

Average Consumption: 7,000.00

Average Monthly Water Bill: 0.00 66.07 Average Annual Bill: 0.00 792.84

Average Annual Total Revenue W 0.00 178,389.00 At Full Buildout

Wastewater: 63.80

Base 0.00 63.80

Per

Average Consumption:

Average Monthly WW Bill:0.0063.80Average Annual Bill:0.00765.60Average Annual Total Revenue WW0.00172,260.00

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		Year 1	Year 2	Year 3	Year 4	Year 5	
Purchase Price		0 0					
Closing costs Intitial Investment		0					
Capital		643,250	1,226,250	268,750	67,500	0	2,205,750
Rate Base (on investment/trended study)		643,250	1,856,386	2,088,168	2,113,420	2,069,840	
Depreciation of Rate Base		(13,114)	(36,968)	(42,248)	(43,580)	(43,580)	
Rate Base at Year End		630,136	1,819,418	2,045,920	2,069,840	2,026,259	
Initial Connection Count			90	240	390	450	
Growth in Connections		90	150	150	60	0	•
Total Customers		90	240	390	450	450	
Customer Charge	48.06	94.80	94.80	94.80	94.80	94.80	
Rate per 1000 Gallons	4.05	5.01	5.01	5.01	5.01	5.01	
Rate per 20,000 Gallons	5.80						
Average Monthly Billing per Customer	6,593	127.83	127.83	127.83	127.83	127.83	
Monthly Expected per customer billing		7,496	15,584	25,325	29,221	29,221	
Total Annual Billing		200,298	187,013	303,896	350,649	350,649	
Revenue		200,298	187,013	303,896	350,649	350,649	
Expenses:							
Operational		(147,621)	(43,504)	(60,744)	(67,683)	(69,607)	
Depreciation		(13,114)	(36,968)	(42,248)	(43,580)	(43,580)	
Amortization Taxes other than income		(9,027)	(24,793)	(41,497)	(49,318)	(50,797)	
Taxes other than income		(5,027)	(24,753)	(41,437)	(43,318)	(50,757)	
Operating Income		30,537	81,747	159,406	190,068	186,665	
Interest on LT Debt	5.1%	17,149	47,338	53,248	53,892	52,781	
4,685.87	•					****	
income tax Fed Income tax state		2,812 299	7,226 767	22,293 2,367	28,597 3,037	28,116 2,986	
income tax state		299	767	2,367	3,037	2,980	
Net Income		10,278	26,416	81,497	104,542	102,782	
Inflation Rate for Costs from base yr	1.03		1.03	1.06	1.09	1.13	

Capital per Customer		14,653 <b>Year 1</b>	6,783 <b>Year 2</b>	5,045 <b>Year 3</b>	4,440 <b>Year 4</b>	4,347 <b>Year 5</b>
Purchase Price		0				
Closing costs Intitial Investment		0				
Capital		672,500	171,000	190,000	36,000	0
Rate Base (on investment)		672,500	830,386	1,003,938	1,019,785	998,930
·	2.00/	·	•			
Depreciation	2.0%	(13,114)	(16,448)	(20,153)	(20,855)	(20,855)
Rate Base at Year End		659,386	813,938	983,785	998,930	978,074
Initial Customer Count		0	45	120	195	225
Growth in Customers		45	75	75	30	0
Total Customers		45	120	195	225	225
Customer Charge	31.00	31.00	31.00	31.00	31.00	31.00
Rate per 1000 Gallons	5.01	5.01	5.01	5.01	5.01	5.01
Average Gallon Charge per						
Average Monthly Billing per Customer	7,000	66.07	66.07	66.07	66.07	66.07
Monthly Expected per customer billing		4,625	7,928	12,884	14,866	14,866
Total Annual Billing		55,499	95,141	154,604	178,389	178,389
Revenue		55,499	95,141	154,604	178,389	178,389
Annual Per customer		792.84	792.84	792.84	792.84	792.84
Expenses:		(2.621)	(0.222)	(1.5.421)	(10.035)	(10.400)
Operational Depreciation		(3,621) (13,114)	(8,233) (16,448)	(16,431) (20,153)	(18,835) (20,855)	(19,400) (20,855)
Amortization		(13,114)	(10,440)	(20,133)	(20,033)	(20,033)
Taxes other than income	182.83	(8,227)	(22,598)	(37,824)	(44,952)	(46,300)
Operating Income		30,537	47,862	80,196	93,747	91,834
Interest on LT Debt	5.1%	17,149	21,175	25,600	26,005	25,473
Income tax Fed	21.00%	2,812	5,604	11,465	14,226	13,936
Income tax state	2.23%	299	595	1,217	1,511	1,480
Net income		10,278	20,488	41,913	52,006	50,945
Inflation Rate for Costs from base yr	1.03		1.03	1.06	1.09	1.13

Page 3 of 6 Page 60

Purchase Price Closing costs		(650) Year 1 0	8,379 <b>Year 2</b>	5,447 <b>Y</b> ear <b>3</b>	4,760 <b>Ye</b> ar <b>4</b>	4,659 <b>Year 5</b>
Intitial Investment		0				
Capital		(29,250)	1,055,250	78,750	31,500	0
Rate Base (on investment)		(29,250)	1,026,000	1,084,230	1,093,635	1,070,910
Depreciation	2.0%		(20,520)	(22,095)	(22,725)	(22,725)
Rate Base at Year End		(29,250)	1,005,480	1,062,135	1,070,910	1,048,185
Initial Customer Count Growth in Customers	45 —	45 45	45 75 120	120 75 195	195 30 225	225 0 225
Total Customers						
Customer Charge	63.80	63.80	63.80	63.80	63.80	63.80
PID Minimum.Charge		110,347	Ö	Ô	Õ	0
Average Monthly Billing per Customer	0	63.80	63.80	63.80	63.80	63.80
Monthly Expected per customer billing		2,871	7,656	12,441	14,355	14,355
Total Annual Billing		144,799	91,872	149,292	172,260	172,260
Revenue		144,799	91,872	149,292	172,260	172,260
Expenses: Operational Depreciation Amortization		(144,000) O	(35,272) (20,520)	(44,314) (22,095)	(48,849) (22,725)	(50,207) (22,725)
Taxes other than income	17.76	(799)	(2,195)	(3,674)	(4,366)	(4,497)
Operating Income		0	33,885	79,210	96,320	94,831
Interest on LT Debt	5.1%		26,163	27,648	27,888	27,308
Income tax Fed Income tax state	21.00% 2.23%	0 0	1,622 172	10,828 1,150	14,371 1,526	14,180 1,506
Net Income		0	5,928	39,584	52,536	51,837
Inflation Rate for Costs from base yr	1.03		1.03	1.06	1.09	1.13

Distribution system cost Number of customers per year	405,000 45 1,800	75	75	30	0	225
	Year 1	Year 2	Year 3	Year 4	Year 5	
Tap Fee less Meter cost as CIAC	(22,500)	(45,000)	(45,000)	(18,000)	0	(130,500)
Well + Plant	680,000					680,000
Distribution system cost paid to Developer		216,000	135,000	54,000	0	405,000
	0					0
Generator			100,000			100,000
Organizational Costs	15,000					15,000

672,500 171,000 190,000 36,000 0 1,069,500 4,753 Per customer total cost

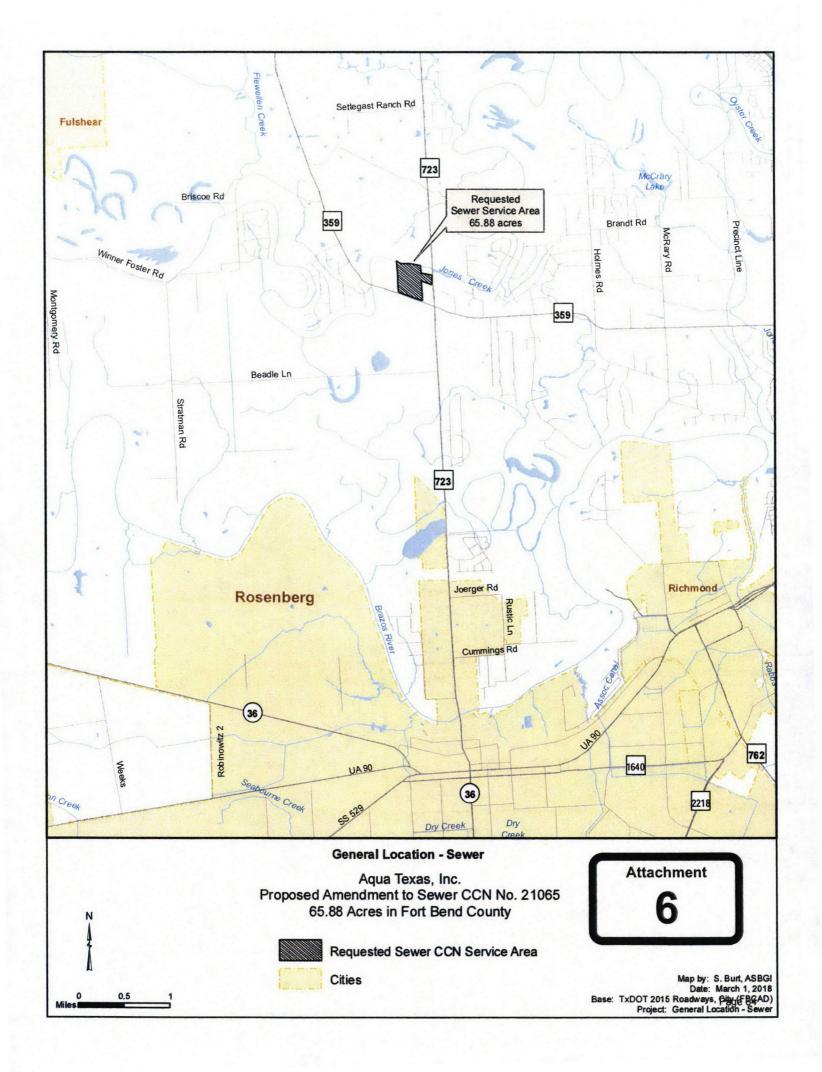
> 68 Badger Meter 27 Meter Box plus lid 55 ERT

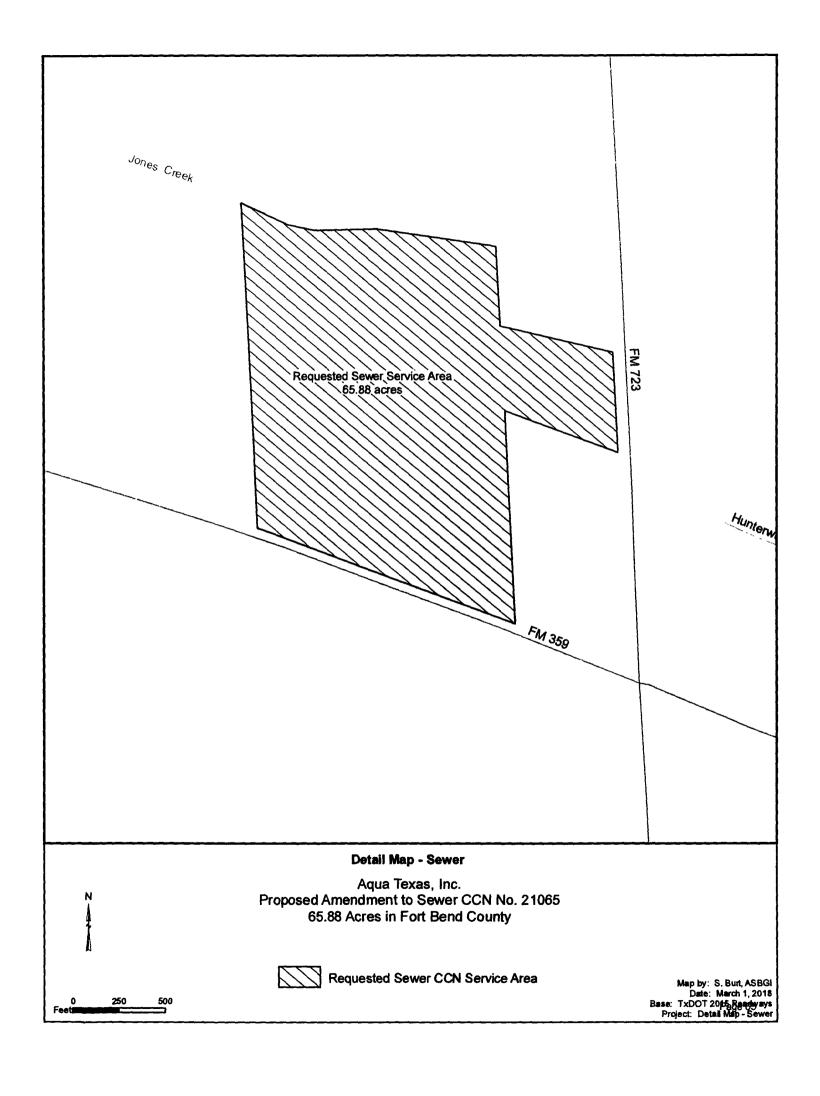
100 Labor 250 Meter and install

Page 5 of 6 Page 62

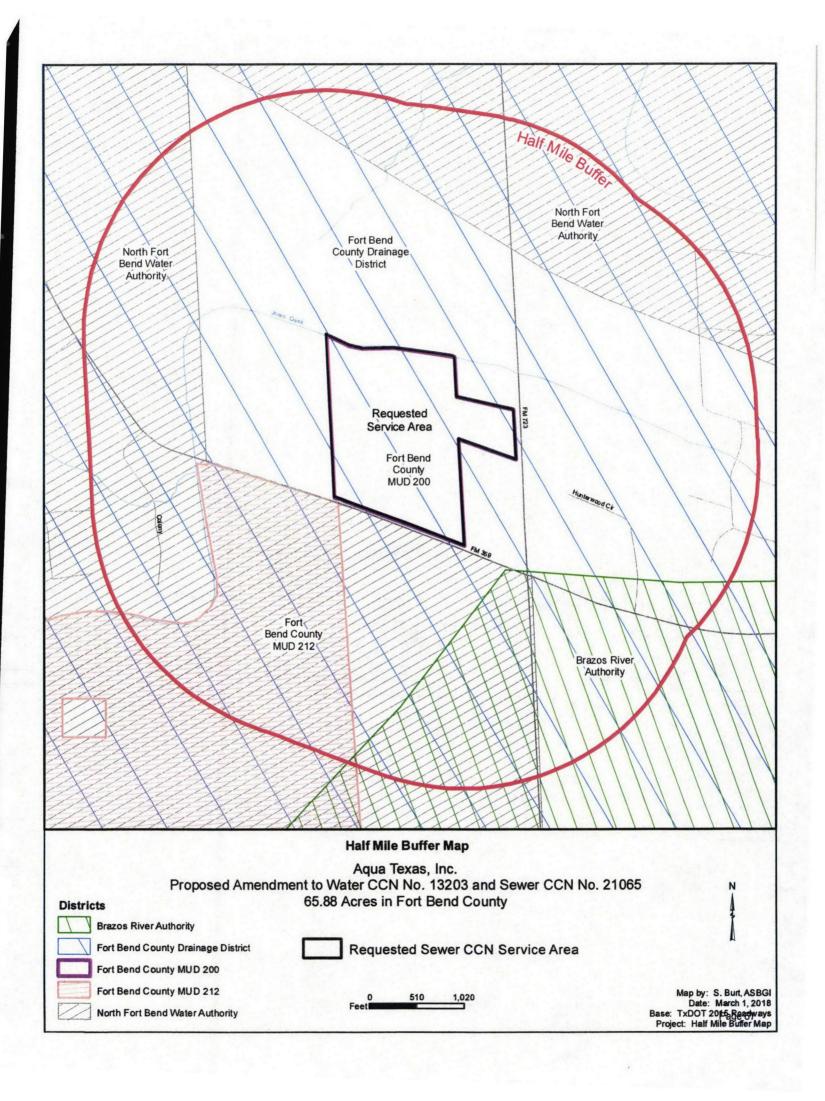
Collection system cost Number of customers per year	382,500 45 1,700	75	75	30	0	225	1,700	49%
	•						•	
	Year 1	Year 2	Year 3	Year 4	Year 5		1,800	51%
Treatment Plant		900,000				900,000	3,500	3,500
Site cost								
Tap Fee as CIAC	(29,250)	(48,750)	(48,750)	(19,500)	0	(146,250)		
Collection system cost paid to Developer		204,000	127,500	51,000	0	382,500		
Organizational Costs						0		

							Total invest
(29,250)	1.055.250	78.750	31.500	0	1.136.250	1.069.500	2,205,750









### Aqua Texas, Inc.'s Application to Amend Sewer CCN No. 21065 in Fort Bend County

Proposed service area: 65.88 acres

County: Fort Bend City Limits: None

ETJ: None

CCN overlaps: None

Groundwater Conservation Districts within: Fort Bend Subsidence District Districts overlaps: Fort Bend County 200 (utility agreement to provide sewer service)

Fort Bend County Drainage District (Special Law)

#### 1/2 Mile Request for Service list:

North Fort Bend Water Authority Allen Boone Humphries Robinson LLP 3200 Southwest Fwy, Suite 2600 Houston, TX 77027

Fort Bend County MUD 212 (Inactive, dormant per TCEQ)

Brazos River Authority PO Box 7555 Waco, TX 76714

Fort Bend County Drainage District PO Box 1028 Rosenberg, TX 77471

#### 2 Mile Notice List:

City of Rosenberg PO Box 32 Rosenberg, TX 77471

North Fort Bend Water Authority Allen Boone Humphries Robinson LLP 3200 Southwest Fwy, Suite 2600 Houston, TX 77027

Brazos River Authority PO Box 7555 Waco, TX 76714 Fort Bend County Drainage District PO Box 1028 Rosenberg, TX 77471

Fort Bend County Subsidence District PO Box 427 Richmond, TX 77406

Fort Bend County Judge Robert Hebert 401 Jackson St. Richmond, TX 77469

Fort Bend County MUD 142 (no retail wastewater functions per TCEQ)

Fort Bend County MUD 176 (no retail wastewater functions per TCEQ)

Fort Bend County MUD 208 (Inactive, dormant per TCEQ) Fort Bend County MUD 209 (Inactive, dormant per TCEQ) Fort Bend County MUD 210 (Inactive, dormant per TCEQ) Fort Bend County MUD 211 (Inactive, dormant per TCEQ) Fort Bend County MUD 212 (Inactive, dormant per TCEQ) Fort Bend County MUD 219 (Inactive, dormant per TCEQ)

#### **Notice to Landowners:**

Tim Tully Charles A. Wade Ronald D. Kilpatrick P.O. Box 1161 Richmond, Texas 77406-1161

#### **Notice Description:**

The proposed utility service area is located approximately 5 miles <u>north</u> of downtown <u>Rosenberg</u>, <u>TX</u>, and is generally bounded on the north by <u>Jones Creek</u>; on the east by <u>FM 723</u>; on the south by <u>FM 359</u>; and on the west by 2,050' west of <u>FM 723</u>.

The total are being requested includes approximately 66 acres and 0 current customers.

## K B HOME LONE STAR, INC.

11314 RICHMOND AVENUE HOUSTON, TEXAS 77082

Attachment 8

March 14, 2018

VIA CM/RRR# 9214 7969 0045 3030 00453 Fort Bend County Drainage District PO Box 1028 Rosenberg, TX 77471

Re: Sewer Service Availability Request

Dear Fort Bend County Drainage District:

I am contacting you on behalf of KB Home Lone Star, Inc. ("Developer"). Developer is in the process of working with Fort Bend County Municipal Utility District No. 200 ("District") and Aqua Texas, Inc. ("Aqua Texas") to obtain approval from the Texas Commission on Environmental Quality ("TCEQ") and Public Utility Commission of Texas ("PUC") for a new wastewater treatment plant/collection system, and amended Aqua Texas sewer Certificate of Convenience and Necessity ("CCN") in Fort Bend County, Texas. The system in this CCN will provide sewer utility service to approximately 65.88 acres of property within the District as shown in **Attachment A** (the "Property").

You were identified as a retail public utility potentially possessing either a public sewer system, a sewer CCN, or a combination of same within a half-mile radius of the certificated sewer service areas and systems Developer plans to establish with Aqua Texas. PUC and TCEQ rules require that we contact neighboring retail public utilities as described to determine if an existing retail public utility is willing to provide retail sewer utility service to the Property in a manner that is competitive with what can be provided through the proposed new systems. Your service would need to be sufficient to meet the TCEQ/PUC minimum service standards plus local demands to the Property as described by this letter, thereby providing continuous and adequate service to the consuming public.

Within the next twelve months (Year 1), Developer anticipates a need for sewer service to the Property sufficient to supply 84 living unit equivalents ("LUEs") (one LUE should be considered approximately 250 gallons per day) with another 146 LUEs to follow in the next 12-month period (Year 2). Within the next five years, at full build-out Developer anticipates a need for sewer service to the Property sufficient to supply 230 LUEs. Development within the Property is anticipated to be residential.

In accordance with PUC/TCEQ requirements, Developer hereby requests retail sewer utility service from your retail public utility for development of the Property as described. If you are ready, willing, and able to provide sewer utility service sufficient to serve the Property in the manner described for this development, please return a copy of this letter with the included questionnaire completed and indicating your proposal. You may email your response to Mike Shuping at mshuping@kbhome.com or mail it to Mr. Shuping at the address provided above.

Your timely response to this inquiry is greatly appreciated. Please feel free to attach additional sheets or supporting documents as necessary to answer each question in the sewer service questionnaire. Please be advised that your response will be filed with the PUC, and, potentially, the TCEQ as required. If you do not respond within twenty days of the date of this letter, it will be presumed that you do not desire to or cannot provide retail sewer utility service to the Property in the manner needed. Your lack of response will also be reported to the PUC or TCEQ as required.

Sincerely,

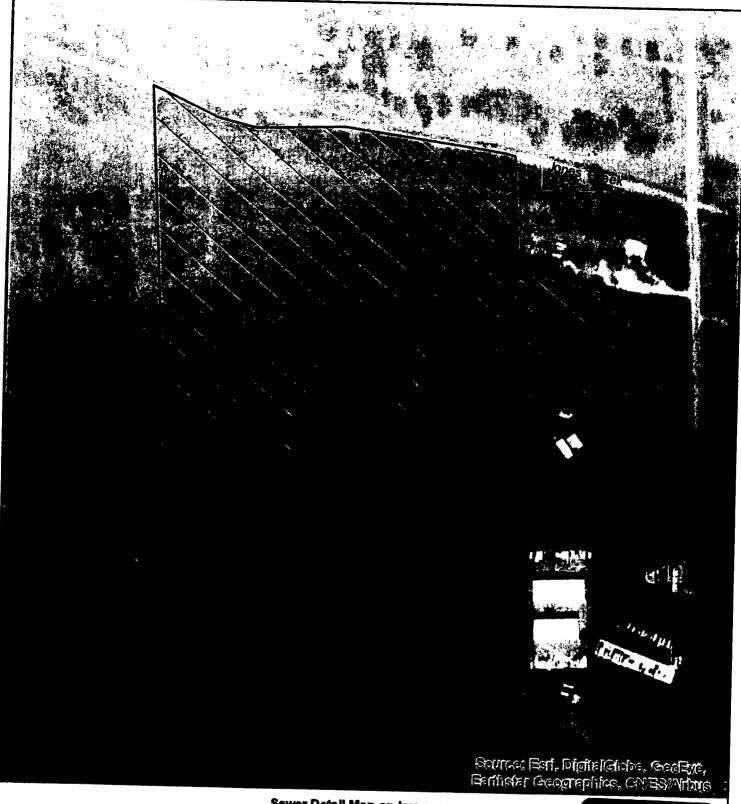
Mark Eubanks

Vice-President Finance KB Home Lone Star, Inc.

Enclosures.

#### **SERVICE QUESTIONNAIRE - SEWER**

1. Are you willing to provide sewer utility 'Property")?	service to the property identified in Attachment A (the
yesno (mark appropriate states	nent with an X)
	if your response to Question No. 1 was yes.
	pilities to provide continuous and adequate sewer utility ins necessary to interconnect the Property with your no
3. Will you have to build additional sewer	service capacities to serve the Property?
yesno	
4. What are the additional sewer service Property?	capacities that will be required for you to serve the
5. What is the estimated cost for you to pro	ovide sewer service to the Property? \$
5. Of the amount identified in response Developer and what amount will be paid b	to Question No. 5, what amount will be paid by the y your retail public utility?
to be paid by Developer	\$ to be paid by your retail public utility
7. When will sewer service be made avails	able by you to the Property?
8. Are there any other requirements for ob	taining sewer service to the Property from you?
9. Has your wastewater system been comthe past five consecutive years?	pliant with all TCEQ and PUC regulations for at least yesno
10. Has your wastewater system been co	ompliant with all applicable non-TCEQ/PUC Federal, mental statutes and regulations for at least the past five
11. What are your retail sewer utility servi	ice rates?
	(signature)
	(print name)
	(title)
	(Retail Public Utility/Entity)



## Sewer Detail Map on Imagery

Aqua Texas, Inc. Proposed Amendment to Sewer CCN No. 21065 65.88 Acres in Fort Bend County





Requested Water CCN Service Area

Map by: S. Burt, ASBGI Date: March 1, 2018 Base: TxDOT 2015 Roadways Project: Detail Map on Infage 7 7 Sewer

#### KB HOME LONE STAR, INC.

11314 RICHMOND AVENUE HOUSTON, TEXAS 77082

March 14, 2018

VIA CM/RRR# 9214 7969 0045 3030 00460 Brazos River Authority PO Box 7555 Waco, TX 76714

Re: Sewer Service Availability Request

Dear Brazos River Authority:

I am contacting you on behalf of KB Home Lone Star, Inc. ("Developer"). Developer is in the process of working with Fort Bend County Municipal Utility District No. 200 ("District") and Aqua Texas, Inc. ("Aqua Texas") to obtain approval from the Texas Commission on Environmental Quality ("TCEQ") and Public Utility Commission of Texas ("PUC") for a new wastewater treatment plant/collection system, and amended Aqua Texas sewer Certificate of Convenience and Necessity ("CCN") in Fort Bend County, Texas. The system in this CCN will provide sewer utility service to approximately 65.88 acres of property within the District as shown in Attachment A (the "Property").

You were identified as a retail public utility potentially possessing either a public sewer system, a sewer CCN, or a combination of same within a half-mile radius of the certificated sewer service areas and systems Developer plans to establish with Aqua Texas. PUC and TCEQ rules require that we contact neighboring retail public utilities as described to determine if an existing retail public utility is willing to provide retail sewer utility service to the Property in a manner that is competitive with what can be provided through the proposed new systems. Your service would need to be sufficient to meet the TCEQ/PUC minimum service standards plus local demands to the Property as described by this letter, thereby providing continuous and adequate service to the consuming public.

Within the next twelve months (Year 1), Developer anticipates a need for sewer service to the Property sufficient to supply 84 living unit equivalents ("LUEs") (one LUE should be considered approximately 250 gallons per day) with another 146 LUEs to follow in the next 12-month period (Year 2). Within the next five years, at full build-out Developer anticipates a need for sewer service to the Property sufficient to supply 230 LUEs. Development within the Property is anticipated to be residential.

In accordance with PUC/TCEQ requirements, Developer hereby requests retail sewer utility service from your retail public utility for development of the Property as described. If you are ready, willing, and able to provide sewer utility service sufficient to serve the Property in the manner described for this development, please return a copy of this letter with the included questionnaire completed and indicating your proposal. You may email your response to Mike Shuping at mshuping@kbhome.com or mail it to Mr. Shuping at the address provided above.

Your timely response to this inquiry is greatly appreciated. Please feel free to attach additional sheets or supporting documents as necessary to answer each question in the sewer service questionnaire. Please be advised that your response will be filed with the PUC, and, potentially, the TCEQ as required. If you do not respond within twenty days of the date of this letter, it will be presumed that you do not desire to or cannot provide retail sewer utility service to the Property in the manner needed. Your lack of response will also be reported to the PUC or TCEQ as required.

Sincerely,

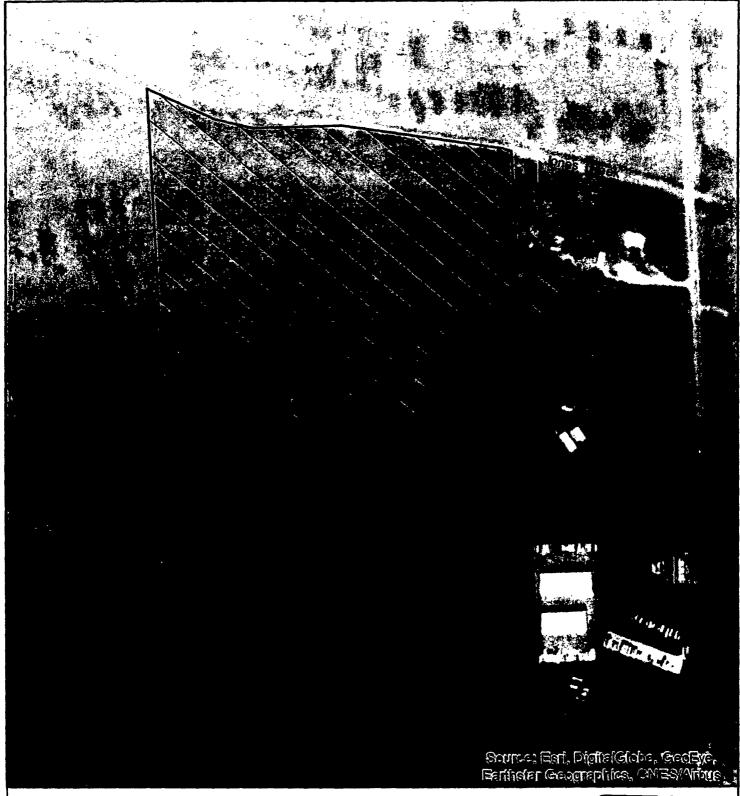
Mark Eubanks

Vice-President Finance KB Home Lone Star, Inc.

Enclosures.

#### **SERVICE QUESTIONNAIRE - SEWER**

<ol> <li>Are you willing to provide sewer utility service to the "Property")?</li> </ol>	e property identified in Attachment A (the
yesno (mark appropriate statement with an	<i>X</i> )
Please complete Question Nos. 2-11 only if your resp	oonse to Question No. 1 was yes.
2. Do you currently have the service capabilities to proservice to the Property except for the mains necessarexisting sewer utility system?yesno	
3. Will you have to build additional sewer service capa	cities to serve the Property?
yesno	
4. What are the additional sewer service capacities t Property?	that will be required for you to serve the
5. What is the estimated cost for you to provide sewer s	service to the Property? \$
6. Of the amount identified in response to Question Developer and what amount will be paid by your retail	, , , , , , , , , , , , , , , , , , ,
to be paid by Developer \$	to be paid by your retail public utility
7. When will sewer service be made available by you t	o the Property?
8. Are there any other requirements for obtaining sewe	er service to the Property from you?
9. Has your wastewater system been compliant with a the past five consecutive years?yesno 10. Has your wastewater system been compliant wit state, and local health, safety, and environmental statut consecutive years?yesno	h all applicable non-TCEQ/PUC Federal, es and regulations for at least the past five
11. What are your retail sewer utility service rates?	
	(signature)
	(print name)
	(title)
	(Retail Public Utility/Entity)



#### Sewer Detail Map on Imagery

Aqua Texas, Inc.
Proposed Amendment to Sewer CCN No. 21065
65.88 Acres in Fort Bend County





Requested Water CCN Service Area

Map by: S. Burt, ASBGI Date: March 1, 2018 Base: TxDOT 2015 Roadways Project: Detail Map on Inlangy 7 Sewer

0 175 350

#### KB HOME LONE STAR, INC.

11314 RICHMOND AVENUE HOUSTON, TEXAS 77082

March 13, 2018

VIA CM/RRR# 9214 7969 0045 3030 00446 North Fort Bend Water Authority Allen Boone Humphries Robinson LLP 3200 Southwest Fwy, Suite 2600 Houston, TX 77027

Re: Sewer Service Availability Request

Dear North Fort Bend Water Authority:

I am contacting you on behalf of KB Home Lone Star, Inc. ("Developer"). Developer is in the process of working with Fort Bend County Municipal Utility District No. 200 ("District") and Aqua Texas, Inc. ("Aqua Texas") to obtain approval from the Texas Commission on Environmental Quality ("TCEQ") and Public Utility Commission of Texas ("PUC") for a new wastewater treatment plant/collection system, and amended Aqua Texas sewer Certificate of Convenience and Necessity ("CCN") in Fort Bend County, Texas. The system in this CCN will provide sewer utility service to approximately 65.88 acres of property within the District as shown in **Attachment A** (the "Property").

You were identified as a retail public utility potentially possessing either a public sewer system, a sewer CCN, or a combination of same within a half-mile radius of the certificated sewer service areas and systems Developer plans to establish with Aqua Texas. PUC and TCEQ rules require that we contact neighboring retail public utilities as described to determine if an existing retail public utility is willing to provide retail sewer utility service to the Property in a manner that is competitive with what can be provided through the proposed new systems. Your service would need to be sufficient to meet the TCEQ/PUC minimum service standards plus local demands to the Property as described by this letter, thereby providing continuous and adequate service to the consuming public.

Within the next twelve months (Year 1), Developer anticipates a need for sewer service to the Property sufficient to supply 84 living unit equivalents ("LUEs") (one LUE should be considered approximately 250 gallons per day) with another 146 LUEs to follow in the next 12-month period (Year 2). Within the next five years, at full build-out Developer anticipates a need for sewer service to the Property sufficient to supply 230 LUEs. Development within the Property is anticipated to be residential.

In accordance with PUC/TCEQ requirements, Developer hereby requests retail sewer utility service from your retail public utility for development of the Property as described. If you are ready, willing, and able to provide sewer utility service sufficient to serve the Property in the manner described for this development, please return a copy of this letter with the included questionnaire completed and indicating your proposal. You may email your response to Mike Shuping at mshuping@kbhome.com or mail it to Mr. Shuping at the address provided above.

Your timely response to this inquiry is greatly appreciated. Please feel free to attach additional sheets or supporting documents as necessary to answer each question in the sewer service questionnaire. Please be advised that your response will be filed with the PUC, and, potentially, the TCEQ as required. If you do not respond within twenty days of the date of this letter, it will be presumed that you do not desire to or cannot provide retail sewer utility service to the Property in the manner needed. Your lack of response will also be reported to the PUC or TCEQ as required.

Sincerely,

Mark Eubanks

Vice-President Finance KB Home Lone Star, Inc.

Enclosures.

#### **SERVICE QUESTIONNAIRE - SEWER**

1. Are you "Property")		o the property identified in Attachment A (the
yes _	no (mark appropriate statement with	n an X)
Please com	uplete Question Nos. 2-11 only if your	response to Question No. 1 was yes.
service to t	•	provide continuous and adequate sewer utility ssary to interconnect the Property with your
3. Will you	have to build additional sewer service of	apacities to serve the Property?
yes _	no	
4. What as Property?	re the additional sewer service capaciti	ies that will be required for you to serve the
5. What is t	the estimated cost for you to provide sev	ver service to the Property? \$
	amount identified in response to Quest and what amount will be paid by your re	tion No. 5, what amount will be paid by the stail public utility?
\$	to be paid by Developer \$	to be paid by your retail public utility
7. When w	rill sewer service be made available by y	ou to the Property?
8. Are ther	e any other requirements for obtaining s	ewer service to the Property from you?
	r wastewater system been compliant we consecutive years?yes	ith all TCEQ and PUC regulations for at least _no
state, and lo	-	with all applicable non-TCEQ/PUC Federal, atutes and regulations for at least the past five
11. What a	are your retail sewer utility service rates?	?
		(signature)
		(print name)
		(title)
		(Retail Public Utility/Entity)



Aqua Texas, Inc.
Proposed Amendment to Sewer CCN No. 21065
65.88 Acres in Fort Bend County





Requested Water CCN Service Area

Map by: S. Burl, ASBGI Date: March 1, 2018 Base: TxDOT 2015 Roadways Project: Detail Map on Imiligage-Siewer

0 175 350

February 6, 2018

Aqua Texas 1106 Clayton Lane, Suite 400W Austin, TX 78723

Re: Preliminary Engineering Report

Deer Run Meadows / Fort Bend County MUD No. 200

Ci Proposal No. 2017-258

To whom it may concern:

#### Location:

Deer Run Meadows (the "Project") includes approximately 66 acres of land in Fort Bend County, Texas, located approximately 4.2 miles south of F.M. 1093 bound by F.M. 723 Rd. to the east, F.M. 359 to the south, Jones Creek to the north, and acreage to the west. The entire proposed Project lies solely within the limits of Fort Bend County.

#### **Development Plan:**

The land within the Project is owned by KB Home and within Fort Bend County Municipal Utility District No. 200. Development plans for the Project include single-family development. The existing acreage was formerly used as pasture and has no inhabitants. At full development, the Project is proposed to serve approximately 230 equivalent single-family connections ("ESFCs"). (See Attachment 1 – Preliminary Land Use Map)

#### **Adjacent Areas:**

The Project is primarily surrounded by undeveloped acreage; however, a small business and a church are adjacent to the eastern boundary of the Project.

#### **Description:**

The area within the Project is primarily covered in grass with Jones Creek adjacent to the northern boundary. Most of the Project slopes toward the southern portion of the site with elevations ranging from 97.0 feet to an elevation of 92 feet along the southern boundary line. The average elevation is approximately 94.5. The Project lies within both the Brazos River watershed as well as the Jones Creek watershed. The northern most portion of the site drains to Jones Creek while the southern portion drains to the FM 359 roadside ditch system.

#### **Proposed Land Use:**

The Project is planned for single-family residential use. The planning estimates 32.4 Ac for Single Family use, 0.7 Ac of Park Area, 14.2 Ac of Open Space, 7 Ac for Drainage and Detention, 1.7 Ac for the Water and Wastewater Plant, and 9.9 Ac for road rights-of-way. The builders will comply with all building codes required by Fort Bend County.



Design and construction of these facilities will be in conformance with criteria published by Fort Bend County and Texas Commission on Environmental Quality ("TCEQ").

- 1. <u>Water Supply</u>: The Project will obtain water service from a proposed water plant that will be built and operated by Aqua Texas, Inc. The water plant will be located at the southeast corner of the Project.
  - a. Water Plant: One (1) 200 gpm water well with 212,000 gallons of ground storage and 1,500 gpm of booster pump capacity with the ability to expand to two (2) 200 gpm water wells with 424,000 gallons of ground storage and 1,500 gpm of booster pump capacity.

At full development, the Project will require approximately 230 ESFCs. The initial phase of Water Plant No.1 will be able to serve 249 ESFCs, with the ability to expand to serve 507 ESFCs.

2. <u>Water Distribution System:</u> A properly sized water main loop system is proposed throughout the Project to ensure that all proposed service connections will have proper supply of water at an acceptable pressure. The pipe, valves, and fittings will be of acceptable material and design, and the proposed construction methods should provide a reliable system with little maintenance.

The water distribution system will contain a combination of 6-inch (6"), 8-inch (8") and 12-inch (12") water lines. The 12" water line will extend to FM 359 right-of-way allowing for future expansion of the Project. The 6-inch and 8-inch water lines will be used to serve the proposed single-family connections.

- 3. Wastewater Treatment Plant: The Project's wastewater will be treated by the proposed wastewater treatment plant that will be built and operated by Aqua Texas, Inc. It will be located at the northwest corner within the Project's boundary. The proposed wastewater treatment plant will be designed and constructed in two-phases. The initial phase will include a 75,000 gpd plant with the ability to expand into two (2) 75,000 gpd plants in the second phase. At full development the Project will require 69,000 gpd at average daily flow.
- 4. <u>Wastewater Collection System:</u> The proposed wastewater collection system for the Project are gravity systems designed to accommodate normal infiltration and sewage flows from the Project's customers. The proposed pipe material, bedding, and manhole design will provide collection systems that will require little maintenance and allow minimum infiltration.

The wastewater collection system for the Project will consist of 6-inch, 8-inch and 10-inch sanitary lines connecting to the wastewater treatment plant.

Sincerely,

Costello, Inc.

Bao Linh Tran, PE. Project Manager

W:\2017\2017258 Fort Bend Count MUD No. 200\For CCN\PER 2-15-18.docx

# Attachment 1 - Preliminary Land Use Map

All intervations furnished a sparing this property is from courses december cellulation. However, Year Planning has not made an interpretability of the course of the water stay or preparations to make the year of the water stay or preparations to make the year of the water stay or preparations to make the year of the security of the property of the

SCALE: 1" = 100'



#### LEGEND

RESIDENT	TAL		
USE	UNITS	LOT MIX	ACREAGE
A 45 x 120	230	100%	33.0 AC.
TOTAL	230	100%	33.0 Ac.

NON-RESIDENTIAL USE	ACREAGE
PARKS	.7 AC.
OPEN SPACE/FLOODPLAIN	13.5 AC.
DETENTION/DRAINAGE	7.0 AC.
WWPT/WP	1.7 AC.
RIGHT OF WAYS	10.0 AC.
TOTAL	32.9 AC.











# SEWER UTILITY TARIFF

#### Docket Number 44875 Southeast Region

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

1106 Clayton Lane, Suite 400W (Business Address)

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

Strain Strain Contract

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

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

<u>21065</u>

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 thie 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 utilty.

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):

SECTION 1.0 RATE SCHEDULE	****************	.2
SECTION 2.0 SERVICE RULES AND POLICIES	***********	. 5
SECTION 2.20 SPECIFIC SERVICE RULES AND POLICIESError!	Bookmark	not
defined.	:	
SECTION 3.0 EXTENSION POLICY	*******************	12
SECTION 3.20 – SPECIFIC EXTENSION POLICY		13
• 1 • 1		

APPENDIX A -- SAMPLE SERVICE AGREEMENT APPENDIX B - APPLICATION FOR SERVICE

Table - Southeast Region - The Control of the Contr		
System/Subdivision Name	Permit No.	County
Black Oak .		Montgomery
Blazer Business Park (Brittmoore)		Harris
Brittmoore I & II	WQ0011193001	Harris
Brittmoore III	-WQ0014117001	Harris
Brushy Creek	WQ0012898001 .	Montgomery
Candlelight Hills	. WQ0011314001	Нагтіз
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)	<u> </u>	Harris
Heron Lakes	WQ0013433001	Harris
Imperial Valley	WQ0014106001	Harris
Independence Farms (Brittmore)		Harris
Independence Gardens (Brittmore)	1 1 1 1	Harris -
Industrial Utilities Services, Inc.	WQ0012122001 ·	Harris
Jersey Acres (Brittmore)		Наттія
Lake Conroe Forest Subdivision	WQ0014357001	Montgomery
Lake Conroe Forest - Tejas Creek	24.74	Montgomery
Lake Conroe Village in	WQ0014081001	Montgomery
Lake Livingston Village	WQ0013209001	Polk
Lakes of Mission Grove	WQ0014243001:	Fort Bend
N W Business Park (Brittmore)	, 11 4007.12.10.007	Harris.
Niagra Subdivision (Astro Commercial).	WQ0013600001	Fort Bend
Oakwood Village	WQ0012303001	Harris '
Old Egypt	WQ0014141001	Montgomery
Palm Crest	WQ0014279001	Brazoria
Petro Park & PAR (Brittmore)	WQ0014277001	Harris
Pine Trails Subdivision	WQ0011701001	Harris
Port Adventure	WQ0014096001	Trinity
Redwood Estates MHP	WQ0014096001	Harris
Riverwood Forest	WQ0012990001 WQ0014194001	Fort Bend
Rosemeadows III	WQ0014175001	Fort Bend
Shadow Bay	WQ0014173001 WQ0011419001	
Stable Gates		Montgomery Harris
	WQ0014032001	
Tanner Heights (Brittmore)	WQ0014007001	Harris
Timberloch Estates		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

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

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.

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.

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REGULATORY ASSESSMENT 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). 

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

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

TAP FEE (Large Meter) 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)
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
LATE CHARGE (EITHER \$5.00 OR 10% OR THE BILL)
RETURNED CHECK CHARGE \$25.00
CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)
COMMERCIAL & NON-RESIDENTIAL DÉPOSIT 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 3.0EXTENSION 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:

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

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

= 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 wastesewer generation and increasing the monthly flat rate according to the following formula:

 $AMR = MR + (B \times 5)$ . Where:

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

MR = approved monthly flat rate;

and the second second

= change in purchased wastesewer treatment charge (per 1,000 gallons)  $\mathbf{B}$ .

#### Aqua Texas, Inc. dba Aqua Texas Southeast Region

#### 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 reconnected 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 delinguent.

#### 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 grandenii k 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. the state of the s

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. military of the second

#### Section 2.07 - Service Disconnection

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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.

<u>Prorated Bills.</u> 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.

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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 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.

#### Agua Texas, Inc. dba Agua Texas Southeast Region

#### 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.

1 3 3 1 4 4 ± Threats to or assaults upon Utility personnel shall result in criminal prosecution.

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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 PUC Rule 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 PUC Rule 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.

#### Aqua Texàs, Inc. dba Aqua Texas Southeast Region

#### 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.

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#### 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.

Page 100

Survey Burger & Same

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#### 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 TCEO 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 TCEO 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: STATE SILVE
- (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 and the second of the second o

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- (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.

Bryan W. Shaw, Ph.D., P.E., Chairman Toby Baker, Commissioner Jon Niermann, Commissioner Richard A. Hyde, P.E., Executive Director



Attachment 11

#### TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 23, 2018

Ms. Shelley Young, P.E. WaterEngineers, Inc. 17230 Huffmeister Road, Suite A Cypress, TX 77429

RE: Declaration of Administrative Completeness

Aqua Texas, Inc.: (CN604062463)

Permit No.: WQ0015642001 (EPA I.D. No. TX0138185) Site Name: Deer Run Meadows WWTP (RN110110905)

Type of Application: New

Dear Ms. Young:

The executive director has declared the above referenced application, received on January 17, 2018 administratively complete on February 23, 2018.

You are now required to publish notice of your proposed activity and make a copy of the application available for public review. The following items are included to help you meet the regulatory requirements associated with this notice:

- Instructions for Public Notice
- Notice for Newspaper Publication
- Public Notice Verification Form
- Publisher's Affidavits

You must follow all the directions in the enclosed instructions. The most common mistakes are the unauthorized changing of notice, wording, or font. If you fail to follow these instructions, you may be required to republish the notices.

The following requirements are also described in the enclosed instructions. However, due to their importance, they are highlighted here as well.

1. Publish the enclosed notice within 30 calendar days after your application is declared administratively complete. (See this letter's first paragraph for the declaration date.) You may be required to publish the notice in more than one newspaper, including a newspaper published in an alternative language, to satisfy all of the notice requirements.

**Declaration of Administrative Completeness** 

- 2. On or before the date you publish notice, place a copy of your permit application in a public place in the county where the facility is or will be located. This copy must be accessible to the public for review and copying, must be updated to reflect changes to the application, and must remain in place throughout the comment period.
- 3. For each publication, submit proof of publication of the notice that shows the publication date and newspaper name to the Office of the Chief Clerk within 30 calendar days after notice is published in the newspaper.
- 4. Return the original enclosed Public Notice Verification and the Publisher's Affidavits to the Office of the Chief Clerk within **30 calendar days** after the notice is published in the newspaper.

If you do not comply with <u>all</u> the requirements described in the instructions, further processing of your application may be suspended or the agency may take other actions.

If you have any questions regarding publication requirements, please contact the Office of Legal Services at (512) 239-0600. If you have any questions regarding the content of the notice, please contact Ms. Velma Fuller at (512) 239-3321.

Sincerely,

Lana D'Souza, Team Leader

Applications Review and Processing Team (MC-148)

Water Quality Division

LD/vf

cc:

**Enclosures** 

TCEQ Region 12, Water Program Manager

### TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



# NOTICE OF RECEIPT OF APPLICATION AND INTENT TO OBTAIN WATER QUALITY PERMIT

#### PROPOSED PERMIT NO. WO0015642001

APPLICATION. Aqua Texas, Inc., 1106 Clayton Lane, Suite 400W, Austin, Texas 78723, has applied to the Texas Commission on Environmental Quality (TCEQ) for proposed Texas Pollutant Discharge Elimination System (TPDES) Permit No. WQ0015642001 (EPA I.D. No. TX0138185) to authorize the discharge of treated wastewater at a volume not to exceed a daily average flow of 150,000 gallons per day. The domestic wastewater treatment facility is located approximately 3,025 feet northwest of the intersection of Farm-to-Market Road 359 and Farm-to-Market Road 723, in Fort Bend County, Texas 77406. The discharge route is from the plant site to Jones Creek; thence to Brazos River Below Navasota River. TCEQ received this application on January 17, 2018. The permit application is available for viewing and copying at George Memorial Library, 1001 Golfview Drive, Richmond, Texas. This link to an electronic map of the site or facility's general location is provided as a public courtesy and not part of the application or notice. For exact location, refer to application. http://www.tceq.texas.gov/assets/public/hb610/index.html?lat=29.638339&lng=-

http://www.tceq.texas.gov/assets/public/hb610/index.html?lat=29.638339&lng=-95.81704&zoom=13&tvpe=r

ADDITIONAL NOTICE. TCEQ's Executive Director has determined the application is administratively complete and will conduct a technical review of the application. After technical review of the application is complete, the Executive Director may prepare a draft permit and will issue a preliminary decision on the application. Notice of the Application and Preliminary Decision will be published and mailed to those who are on the county-wide mailing list and to those who are on the mailing list for this application. That notice will contain the deadline for submitting public comments.

PUBLIC COMMENT / PUBLIC MEETING. You may submit public comments or request a public meeting on this application. The purpose of a public meeting is to provide the opportunity to submit comments or to ask questions about the application. TCEQ will hold a public meeting if the Executive Director determines that there is a significant degree of public interest in the application or if requested by a local legislator. A public meeting is not a contested case hearing.

OPPORTUNITY FOR A CONTESTED CASE HEARING. After the deadline for submitting public comments, the Executive Director will consider all timely comments and prepare a response to all relevant and material, or significant public comments. Unless the application is directly referred for a contested case hearing, the response to comments, and the Executive Director's decision on the application, will be mailed to everyone who submitted public comments and to those persons who are on the mailing list for this application. If comments are received, the mailing will also provide

instructions for requesting reconsideration of the Executive Director's decision and for requesting a contested case hearing. A contested case hearing is a legal proceeding similar to a civil trial in state district court.

TO REQUEST A CONTESTED CASE HEARING, YOU MUST INCLUDE THE FOLLOWING ITEMS IN YOUR REQUEST: your name, address, phone number; applicant's name and proposed permit number; the location and distance of your property/activities relative to the proposed facility; a specific description of how you would be adversely affected by the facility in a way not common to the general public; a list of all disputed issues of fact that you submit during the comment period and, the statement "[I/we] request a contested case hearing." If the request for contested case hearing is filed on behalf of a group or association, the request must designate the group's representative for receiving future correspondence; identify by name and physical address an individual member of the group who would be adversely affected by the proposed facility or activity; provide the information discussed above regarding the affected member's location and distance from the facility or activity; explain how and why the member would be affected; and explain how the interests the group seeks to protect are relevant to the group's purpose.

Following the close of all applicable comment and request periods, the Executive Director will forward the application and any requests for reconsideration or for a contested case hearing to the TCEQ Commissioners for their consideration at a scheduled Commission meeting.

The Commission may only grant a request for a contested case hearing on issues the requestor submitted in their timely comments that were not subsequently withdrawn. If a hearing is granted, the subject of a hearing will be limited to disputed issues of fact or mixed questions of fact and law relating to relevant and material water quality concerns submitted during the comment period.

MAILING LIST. If you submit public comments, a request for a contested case hearing or a reconsideration of the Executive Director's decision, you will be added to the mailing list for this specific application to receive future public notices mailed by the Office of the Chief Clerk. In addition, you may request to be placed on: (1) the permanent mailing list for a specific applicant name and permit number; and/or (2) the mailing list for a specific county. If you wish to be placed on the permanent and/or the county mailing list, clearly specify which list(s) and send your request to TCEQ Office of the Chief Clerk at the address below.

INFORMATION AVAILABLE ONLINE. For details about the status of the application, visit the Commissioners' Integrated Database at <a href="https://www.tceq.texas.gov/goto/cid">www.tceq.texas.gov/goto/cid</a>. Search the database using the permit number for this application, which is provided at the top of this notice.

AGENCY CONTACTS AND INFORMATION. Public comments and requests must be submitted either electronically at <a href="www.tceq.texas.gov/about/comments.html">www.tceq.texas.gov/about/comments.html</a>, or in writing to the Texas Commission on Environmental Quality, Office of the Chief Clerk, MC-105, P.O. Box 13087, Austin, Texas 78711-3087. Please be aware that any contact information you provide, including your name, phone number, email address, and physical address will become part of the agency's public record. For more information about this permit application or the permitting process, please call the TCEQ Public Education Program, Toll Free, at 1-800-687-4040 or visit their website at <a href="www.tceq.texas.gov/goto/pep">www.tceq.texas.gov/goto/pep</a>. Si desea información en Español, puede llamar al 1-800-687-4040.

Further information may also be obtained from Aqua Texas, Inc. at the address stated above or by calling Ms. Shelley Young, P.E., WaterEngineers, Inc., at 281-373-0500.

Issuance Date: February 23, 2018



#### WATER & WASTEWATER TREATMENT CONSULTANTS

17230 HUFFMEISTER ROAD, SUITE A ~ CYPRESS, TEXAS 77429-1643 Tel: 281-373-0500 Fax: 281-373-1113

February 27, 2018

Mr. Louis C. Herrin III, P.E.
Plan Review Team (MC 148)
Texas Commission on Environmental Quality
12100 Park 35 Circle, Bldg F
Austin, Texas 78753

Re: Chapter 217 Summary Transmittal Letter

Deer Run Meadows WWTP TPDES Permit No.: Pending Fort Bend County, Texas

Dear Mr. Herrin:

The purpose of this letter is to provide TCEQ with the information necessary to comply with the requirements of 217.6 of the TCEQ's rules entitled, <u>Design Criteria for Domestic Wastewater Systems</u>. The information includes:

- 1. WaterEngineers, Inc. (TBPE Firm No. 2066), located at 17230 Huffmeister Road, Suite A, Cypress, Texas 77429 has prepared engineering plans and a design report for the Deer Run Meadows Wastewater Treatment Plant.
- 2. D. Ray Young, P.E., with the engineering firm of WaterEngineers, Inc., is the responsible design engineer for the design of the new Deer Run Meadows Wastewater Treatment Plant. He can be reached by telephone at 281-373-0500, by fax at 281-373-1113, or by email dray@waterengineers.com.
- 3. The project is located approximately 2,750 feet northwest of the intersection of Farm-to-Market Road 359 and Farm-to-Market Road 723 in Fort Bend County, Texas 77357.
- 4. The name of the project is Deer Run Meadows Wastewater Treatment Plant.
- 5. The WWTP will provide treatment for the domestic wastewater from the Deer Run Meadows Subdivision. An application to amend Aqua Texas, Inc. Water CCN No. 13203 and Sewer CCN 21065 to include the proposed service area will be submitted to the Public Utility Commission. The WWTP will be managed and operated by employees of Aqua Texas, Inc. The proposed plant operator, Mr. Richard Lira, holds TCEQ Class "B" Wastewater Operator License No. WW0049512.
- 6. The owner of the treatment facility is Aqua Texas, Inc. The TPDES discharge permit application has been submitted and was declared administratively complete on February 23, 2018. The TPDES Permit number that has been assigned to the discharge is WQ0015642001.

Mr. Louis C. Herrin III, P.E. Summary Transmittal Letter Deer Run Meadows WWTP February 27, 2018 Page 2

- 7. The plans and specifications which describe the project identified in this letter are in substantial compliance with all the requirements of Chapter 217.
- 8. Any variances from Chapter 217 requirements are minor and will not threaten public health or the environment based on my best professional judgment.
- 9. The proposed wastewater treatment plant is designed as a concrete conventional, single string nitrification activated sludge plant for an average daily flow of 75,000 gallons per day (gpd) with a peak flow of 208 gpm (300,000 gpd). The design influent BOD strength is 300 mg/l (187.7 lbs. BOD/day). The TPDES permit for the plant is based on a 4Q peak, and that is the basis of design. A 150-foot buffer zone is provided around present and future treatment units as required by TAC 309.13(e).

Wastewater will flow to the plant in a 10-inch gravity sewer into the plant lift station. The flow will be pumped to the influent bar screen by a proposed triplex 7.5 HP submersible pump lift station. Lift station hydraulic calculations confirm that the peak flow of 300,000 gpd (208 gpm) can be delivered with two pumps in service.

Flow from the lift station will enter the 1,082-cu ft Selector (Anoxic) Basin, then flow to the Aeration Basins. The aeration (aerobic) basin process is divided into two aeration process trains with a total volume 7,416 cu ft (including the Selector Basin). The aeration basin BOD design loading is 25.3 lb BOD/1000 cu ft, based on an influent BOD of 188 lbs BOD/day and the aeration basin detention time is 17.75 hours (based on Qi only).

Mixed liquor from both aeration trains will flow into the 21.0-foot diameter by 10.32-foot side water depth secondary clarifier through gated inlet boxes. The clarifier will have a mechanical sludge collector and a full surface skimmer. Settled sludge will be air lifted to the Selector Basin with a 4-inch Return S\sludge air lift pump or wasted to one of two Aerobic Digesters with 4-inch WAS airlift pumps. The clarifier overflow rate at the peak 2-hour flow is 866 gpd/sq ft and the detention time is 2.12 hours.

Scum will be collected from the clarifier surface with a full surface length slotted pipe. The scum will flow to an airlift pump, then through a pipe to a Static (Sidehill) Screen. Screening will be collected in a perforated SS container and removed by shovel to disposal in a dumpster. The filtered flow will be returned to the lift station.

Clarified effluent will be dosed with chlorine solution at the clarifier launder effluent pipe and will flow into the aerated, baffled chlorine contact chamber. The chlorine contact chamber will have three intermediate baffles with an overall volume of 716 cu ft (5,356 gallons), providing a detention time of 25.7 minutes at the two-hour peak flow rate of 300,000 gpd. An effluent ultrasonic flow meter and chart recorder will document effluent flow and provide a flow-paced signal to the peristaltic chlorine solution feed pump.

Mr. Louis C. Herrin III, P.E. Summary Transmittal Letter Deer Run Meadows WWTP February 27, 2018 Page 3

10% sodium hypochlorite solution will be stored in two 75-gallon polyethylene vertical tanks, nested in 100 gallon open-top tanks that provides spill protection. The solution feed pumps will be 24 gal/day peristaltic pumps that are flow paced with a 4-20 mA signals from the flow meter.

A 125 kW propane fired auxiliary generator and 200-amp automatic transfer switch will be installed to provide power to the WWTP equipment during electrical outages.

Design variances include not having a straight channel length of 20 times the head over the effluent weir. 217.3(c)(A) requires "A channel approach section to a weir must be straight for at least 20 times the maximum expected head on a weir."

Our design provides 6.5 feet of straight channel in front of the weir. The head over the 45-degree weir at the peak flow of 0.300 mgd will be 0.73 feet. Therefore, the ratio will only be 6.5'/0.73' = 8.90.

10. I, D. Ray Young, P.E., certify that to the best of my knowledge the plans and specifications for the proposed wastewater treatment system are in substantial compliance with the requirements of Chapter 217.

If you have any questions regarding this project, please contact me by telephone at 281-373-0500, by fax at 281-373-1113, or by email <u>d.ray@waterengineers.com</u>.

Sincerely,

WATERENGINEERS, INC.

D. Ray Young, P.E. Principal Engineer

Encls:

cc:

Process Design & Loading Criteria Cover Sheet Drawing Showing Location Process Schematic Site Layout Plant Plan View

Mr. Chris Garcia, Aqua Texas, Inc. via email to CAGarcia@aquaamerica.com

Mr. Mario Chapa, Aqua Texas, Inc. via email to MGChapa@aquaamerica.com

Mr. Butch Callegari, Callegari Law Firm via email to wcj1304@msn.com

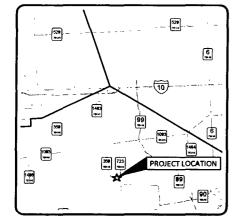
Mr. Steve Tennis, Concourse Development via email to Stennis@concourseco.com

TCEQ Region 12 - Houston via email to R12WQ@tceq.texas.gov

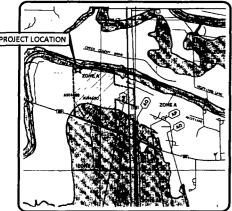
# ATTACHMENT "C" DESIGN & LOADING CRITERIA DEER RUN MEADOWS WWTP PHASE I - 75,000 GPD CAPACITY (4Q)

Parameter	Value		
INFLUENT CONDITIONS	value	Clarifier	
Average Daily Flow, mgd	0.075	Selected Internal Diameter, ft	21
Ratio Average/Peak Flow	4.00	Side Water Depth, ft	10.25
Peak 2-Hour Flow, mgd	0.300	Total Area sq ft	346
BOD, mg/l	300	Total Volume, cu ft	3,550
BOD, lb/day	188		3,330 217
	100	Avg. SOR, gpd/sq ft	866
TREATMENT UNITS	10	Peak SOR, gpd/sq ft	1
Tank Wall Height, ft Tank Freeboard, ft	12	Avg. Detention, hr	8.50 2.12
•	1.5	Peak Detention, hr	
Side Water Depth, ft	10.5	Max Qr @ 400 mgd/sf, gpd	0.139
ACTIVATED SLUDGE PLANT		Max Qp + Qr, mgd	0.439
Anoxic/Selector Zone	0	CHLORINATION	00
Design Detention, hrs	2	Min. Detention, min.	22
Required Volume, cu ft	836	Side Water Depth, ft	8.73
Required Volume, Gallons	6,250	Minimum Volume, cu ft	613
Anoxic Basin Depth, ft	10.5	Min. Surface Area, sq ft	70
Required Anoxic Basin Surface Area, sq f	80	Actual Surface Area, sq ft	82
Actual Anoxic Basin Surface Area, sq ft	103	Actual Volume, cu ft	716
Actual Anoxic Basin Volume, cu ft	1,082	Detention @ Qp, minutes	25.7
Detention, hours	2.59	Air Supply @ 10 scfm/1000 cf	7
Air Supply, scfm/1000 cu ft	20	AEROBIC DIGESTION	20
Air Supply, scfm	22	Req'd Loading, cu ft/# BOD	22
Aeration Basin Oxic Zones		Required Volume, cu ft	4,128
Aeration Basin Loading, lb BOD/1000 cu f	30	Basin Depth, ft	10.5
Aeration Basin Volume, cu ft	6,255	Min. Surface Area, sq ft	393
Aeration Basin Depth, ft	10.25	Actual Surface Area, sq ft	420.0
Req'd Aeration Basin Surface Area, sq ft	610.2	Total Actual Volume, cu ft	4,410
Actual Aeration Basin Surface Area, sq ft	618.0	Loading, cu ft/# BOD	23.5
Actual Aeration Basin Volume, cu ft	6,334.5	Air Supply Rate, scfm/1000 cu ft	30
Total Aerated Volume (AO + AX), cu ft	7,416	Total Air Supply, cfm	132
Aeration Basin Loading, # BOD/1000 cf	25.3	No. diffusers	60
Detention, hours	17.75	Airflow/diffuser, scfm/sq ft	2.21
O2 Req'd @ 2.2 # O2/lb BOD	413	AIR BLOWERS	
Correction Factor	0.45	Anoxic Basin, scfm	22
Air Diffuser Submergence, ft	9.50	Oxic Basins, scfm	262
Air Diffuser Efficiency, %/ ft sub	0.017	RAS Airlift, scfm	14
Air Diffuser eff., %	16.2%	Scum Airlift, scfm	5
Req'd Aeration Basin Air Flow Rate, scfm	207	Chlorine Contact Basin, scfm	7
Mixed Liquor Temperrature, deg C	30	Aerobic Digester Basin, scfm	132
Air Supply Temperature Correction Factor	1.268	Total Air Supply Required, scfm	443
Corrected Air Supply Rate, scfm	262	No. of Blowers	2
No. Tube Diffuser Membranes (36.4" long	52	Capacity, scfm	450
Active membrane/diffuser, sq ft	2.54	Firm Capacity, scfm	450
Diffuser air flow, scfm/SF of membrane	1.99	Blower Op Pressure, psi	5.36
Air Supply, scfm/1000 cf	33		
R.S. Airlift Air, scfm	14		
Skimmer Airlift Air, scfm	5		

# **DEER RUN MEADOWS SUBDIVISION** 0.075 MGD ADF **WASTEWATER TREATMENT PLANT**



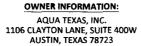
#### **LOCATION MAP**



# FLOOD PLAIN MAP

ACCORDING TO THE FEDERAL EMERGENCY MANAGEMENT AGENCY FLOOD INSURANCE RATE MAP COMMUNITY PANEL NO 45157C01151. DATED 04/02/2014

THIS TRACT LIES INSIG SHADED ZONE "AE", MASS INSIGE OF THE 100 YEAR FLOOD PLAIN
THE BASE FLOOD ELEVATION S 54'2



#### PROJECT LOCATION: TPDES PERMIT No. WQ0015642-001

#### PROJECT LOCATION: **NEAR INTERSECTION OF** FM 359 & FM 723

PROJECT LOCATION AND AND AND AND AND AND AND AND AND AN	ON ON	STATE HIGHWAY 359
BEADLE IN		

#### VICINITY MAP

FORT BEND COUNTY, TEXAS KEY MAP PAGE No. 564 KEY MAP BLOCK No. G



#### SHEET LIST TABLE

	,
SHEET No	SHEET TITLE
01	COVER SHEET
02	HYDRAULIC PROFILE & PROCESS SCHEMATIC
03	SERVICE AREA
04	SITE PLAN
05	YARD PIPING PLAN
06	LIFT STATION PLAN & DETAILS
07	LIFT STATION DETAILS
08	MECHANICAL UPPER PLAN
09	MECHANICAL SECTIONS 1
10	MECHANICAL SECTIONS 2
11	MECHANICAL SECTIONS 3
12	MECHANICAL DETAILS 1
13	MECHANICAL DETAILS 2
14	MECHANICAL DETAILS 3
15	MECHANICAL DETAILS 4
16	CIVIL DETAILS
17	STATIC SCREEN FACILITY PLAN & DETAILS
18	BLOWER SHELTER PLAN & DETAILS
19	BLOWER SHELTER ELEVATIONS
20	STRUCTURAL UPPER PLAN
21	STRUCTURAL LOWER PLAN
22	STRUCTURAL SECTIONS 1
23	STRUCTURAL SECTIONS 2
24	STRUCTURAL SECTIONS 3
25	STRUCTURAL DETAILS
26	ELECTRICAL SITE PLAN
27	ELECTRICAL ONE-LINE & DETAILS
28	ELECTRICAL DETAILS
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COVER SHEET

DEER RUN MEADOWS SUBDIVISION 0.075 MGD ADF WASTEWATER TREATMENT PLANT

REVISION

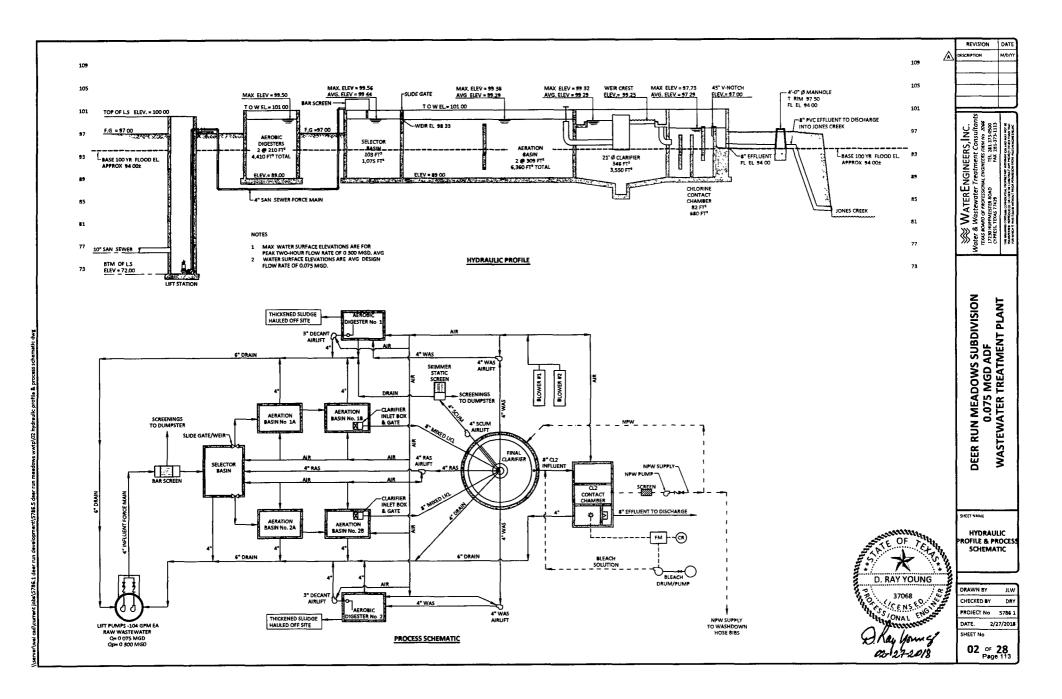
WATERENGINEERS, INC.

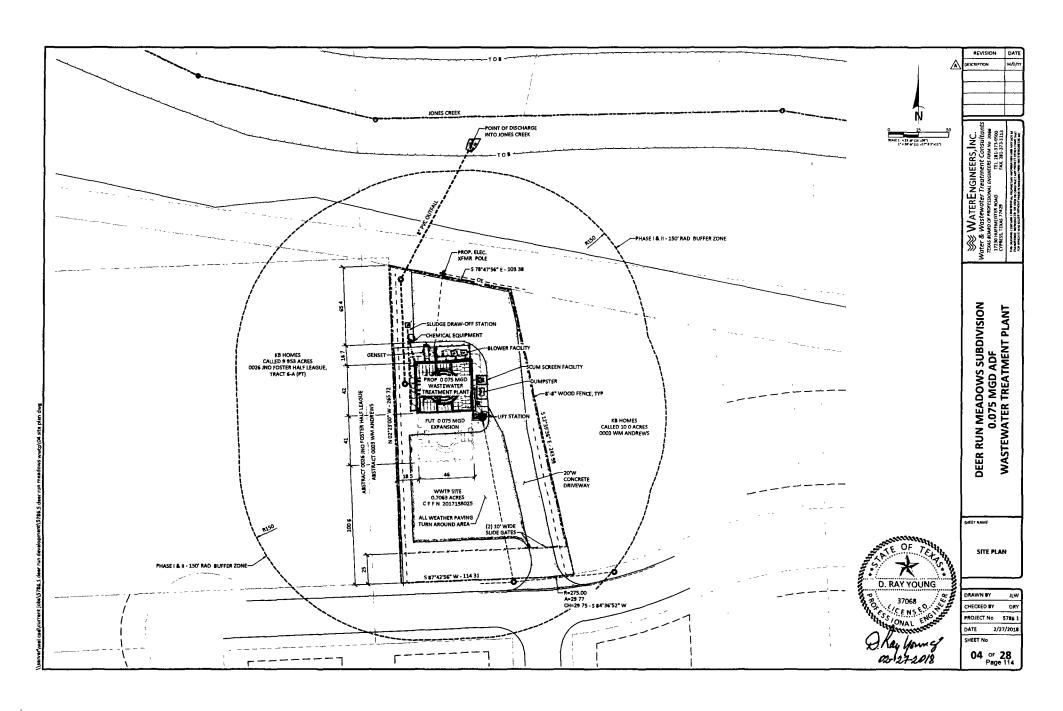
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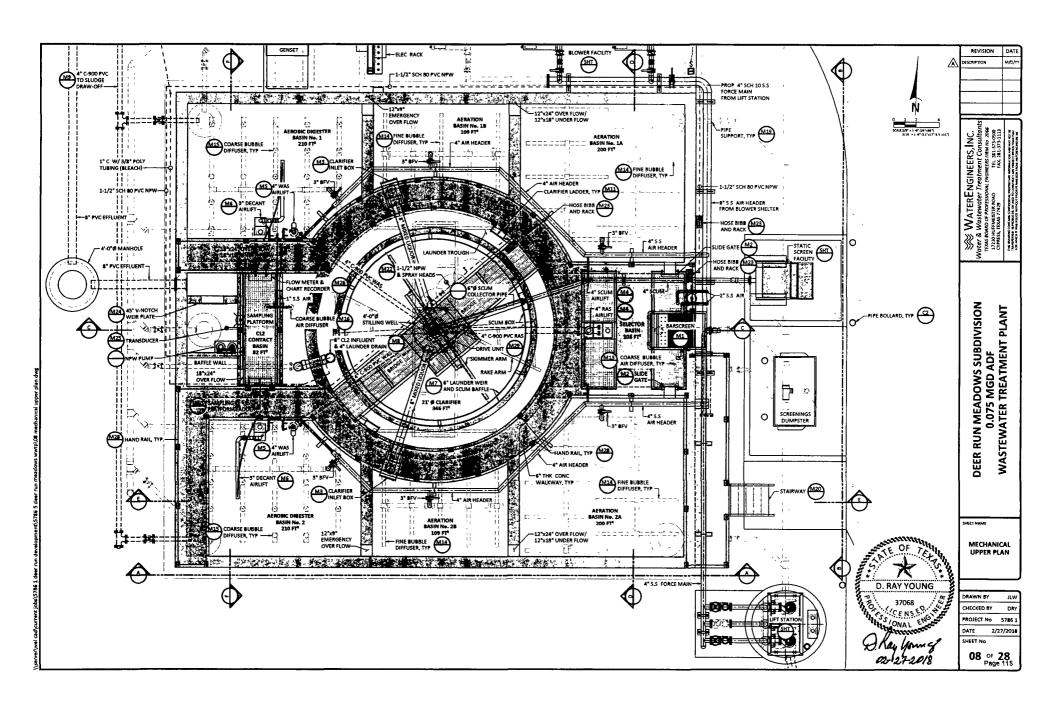
D. RAY YOUNG CHECKED BY DRY PROJECT No 5786 DATE 2/13/2018 SHEET No

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PROJECT LOCATION







#### TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

March 2, 2018

Mr. D. Ray Young, P.E. WaterEngineers, Inc. 17230 Huffmeister Road, Suite A Cypress, Texas 77429-1643

Re:

Aqua Texas, Inc.

Deer Run Meadows WWTP
Permit No. WQ0015642001
WWPR Log No. 0318/003
CN604062463, RN110110905

Fort Bend County

Dear Mr. Young:

TCEQ received the project summary transmittal letter dated February 27, 2018.

The rules which regulate the design, installation and testing of domestic wastewater projects are found in 30 TAC, Chapter 217, of the Texas Commission on Environmental Quality (TCEQ) rules titled, <u>Design Criteria for Wastewater Systems</u>.

Section 217.6(d), relating to case-by-case reviews, states in part that upon submittal of a summary transmittal letter, the executive director may approve of the project without reviewing a complete set of plans and specifications.

Under the authority of §217.6(e) a technical review of complete plans and specifications is not required. However, the project proposed in the summary transmittal letter is approved for construction. Please note, that this conditional approval does not relieve the applicant of any responsibilities to obtain all other necessary permits or authorizations, such as wastewater treatment permit or other authorization as required by Chapter 26 of the Texas Water Code. Below are provisions of the Chapter 217 regulations, which must be met as a condition of approval. These items are provided as a reminder. If you have already met these requirements, please disregard this additional notice.

• You must keep certain materials on file for the life of the project and provide them to TCEQ upon request. These materials include an engineering report, test results, a summary transmittal letter, and the final version of the project plans and specifications. These materials shall be prepared and sealed by a Professional Engineer licensed in the State of Texas and must show substantial compliance with Chapter 217. All plans and specifications must conform to any waste discharge requirements authorized in a permit by the TCEQ. Certain specific items which shall be addressed in the engineering report are discussed in §217.6(c). Additionally, the engineering report must include all constants, graphs,

Mr. D. Ray Young, P.E. Page 2 March 2, 2018

equations, and calculations needed to show substantial compliance with Chapter 217. The items which shall be included in the summary transmittal letter are addressed in  $\S217.6(c)(1)-(10)$ .

- Any deviations from Chapter 217 shall be disclosed in the summary transmittal letter and the
  technical justifications for those deviations shall be provided in the engineering report. Any
  deviations from Chapter 217 shall be based on the best professional judgement of the
  licensed professional engineer sealing the materials and the engineer's judgement that the
  design would not result in a threat to public health or the environment.
- Any variance from a Chapter 217 requirement disclosed in your summary transmittal letter is approved. If in the future, additional variances from the Chapter 217 requirements are desired for the project, each variance must be requested in writing by the design engineer. Then, the TCEQ will consider granting a written approval to the variance from the rules for the specific project and the specific circumstances.
- Within 60 days of the completion of construction, an appointed engineer shall notify both the Wastewater Permits Section of the TCEQ and the appropriate Region Office of the date of completion. The engineer shall also provide written certification that all construction, materials, and equipment were substantially in accordance with the approved project, the rules of the TCEQ, and any change orders filed with the TCEQ. All notifications, certifications, and change orders must include the signed and dated seal of a Professional Engineer licensed in the State of Texas.

This approval does not mean that future projects will be approved without a complete plans and specifications review. The TCEQ will provide a notification of intent to review whenever a project is to undergo a complete plans and specifications review. Please be reminded of 30 TAC §217.7(a) of the rules which states, "Approval given by the executive director or other authorized review authority does not relieve an owner of any liability or responsibility with respect to designing, constructing, or operating a collection system or treatment facility in accordance with applicable commission rules and the associated wastewater permit".

If you have any questions, or if we can be of any further assistance, please call me at (512) 239-4924.

Sincerely

Balt Zar Lucero-Ramirez, P.E.

Wastewater Permits Section (MC 148)

Water Quality Division

Texas Commission on Environmental Quality

BLR/lb

cc: TCEQ, Region 12 Office

# **CD ATTACHED**

# PLEASE CONTACT CENTRAL RECORDS AT 512-936-7180