

Control Number: 48329



Item Number: 16

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DOCKET NO. 48329

APPLICATION OF MONARCH §
UTILITIES I, L.P. FOR A MINOR §
TARIFF CHANGE TO IMPLEMENT §
FEDERAL TAX CHANGE CREDIT §
RIDER §

PUBLIC UTILITY COMMISSION 41
2018 AUG 24 PM 2:41
PUBLIC UTILITY COMMISSION
FILING CLERK
OF TEXAS

AGREED MOTION TO IMPLEMENT INTERIM RATES AND ADMIT EVIDENCE

Monarch Utilities I, L.P. (Monarch) and Public Utility Commission of Texas (Commission) Staff (collectively, Signatories) are parties to this case and have entered into the Agreement included as Exhibit 1. The Agreement addresses Monarch’s application for a minor tariff change to implement a new Federal Tax Change Credit Rider. Attachment A to the Agreement is the tariff sheets reflecting rates that are designed to refund Monarch’s tax savings from the Federal Tax Cut and Jobs Act (TCJA) to its customers. The Agreement resolves all issues in this proceeding and authorizes Monarch to file this motion on behalf of the parties. To implement the Agreement, the parties respectfully request that the Commission:

1. grant the Motion to Implement Interim Rates;
2. admit into the record the documents described in Section II below; and
3. after final consideration by the Commission approve the Federal Tax Change Credit Rider minor tariff change as presented in Attachment A.

I. BACKGROUND

On May 25, 2018, Monarch filed with the Commission an application for a minor tariff change, pursuant to 16 Texas Administrative Code (TAC) § 24.21(b)(2)(A)(v), for approval to implement a new Federal Tax Change Credit Rider that will be used to provide a credit to Monarch customers effective for bills rendered on or after July 1, 2018. On June 25, 2018, Commission Staff filed its recommendation that the application be found sufficient, and proposed a procedural schedule. On June 27, 2018, the Commission adopted the procedural schedule and approved the

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credit rider on an interim basis. On August 24, 2018, Commission Staff and Monarch entered into a stipulation that if approved by the Commission would result in an increase to the proposed credit rider and a shortened “Year 1” effective period.

II. MOTION TO IMPLEMENT INTERIM RATES

The Commission’s rules provide that interim relief “may be granted based on the agreement of all parties.”¹ Pursuant to the stipulation reached by the parties on August 24, 2018, as well as 16 TAC § 24.29, the parties have agreed to an updated credit rider to go into effect on an interim basis, as set forth in Attachment A to the Agreement, effective September 1, 2018. As a result Monarch, in conjunction with Commission Staff, respectfully request that an order be entered declaring that, effective September 1, 2018, the credit rider for water and wastewater rates as recommended in Exhibit “A” be set as an interim rider, until such time that the Commission approves the minor tariff change and sets a final credit rider.

III. MOTION TO ADMIT EVIDENCE

The Agreement refers to documents that the parties request be included in the record to support the Agreement and ultimate order by the Commission. These documents are:

- a) Monarch’s Application, filed on May 25, 2018;
- b) Commission Staff’s Recommendation on Stipulation and Settlement Agreement;
- c) Commission Staff’s Memorandum in Support of Stipulation and Settlement Agreement; and
- d) Stipulation and Settlement Agreement.

¹ 16 Tex. Admin. Code § 22.125(c) (TAC).

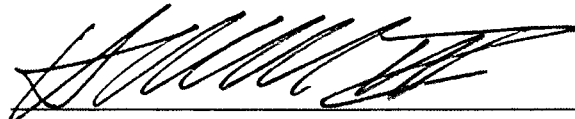
Admission of these document into evidence will allow the Commission to evaluate the reasonableness of the Agreement. Monarch will submit two copies of the admitted evidence to the Commission for inclusion in the record.

III. PRAYER

Wherefore, premises considered, Monarch and Commission Staff respectfully request that an order be issued granting the requests in this motion, and granting any other relief to which Monarch shows that it is justly entitled.

Respectfully submitted,

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ATTORNEYS FOR MONARCH UTILITIES I, L.P.

CERTIFICATE OF SERVICE

I, William A. Faulk, III, attorney, certify that a copy of this document was served on all parties of record in this proceeding on this 24th day of August, 2018, in the following manner: hand delivered, sent via facsimile, or mailed by U.S. First Class Mail.



WILLIAM A. FAULK, III

DOCKET NO. 48329

APPLICATION OF MONARCH	§	PUBLIC UTILITY COMMISSION
UTILITIES I, L.P. FOR A MINOR	§	
TARIFF CHANGE TO IMPLEMENT	§	
FEDERAL TAX CHANGE CREDIT	§	
RIDER	§	OF TEXAS

STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement (Stipulation) is entered into by Monarch Utilities I, L.P. (Monarch) and Public Utility Commission of Texas (Commission) Staff (Staff) (collectively, Signatories). The Signatories stipulate and agree as follows:

I. BACKGROUND

1. On May 25, 2018, Monarch filed its Application with the Commission requesting a minor tariff change, pursuant to 16 Texas Administrative Code (TAC) § 24.21(b)(2)(A)(v).
2. In the Application, Monarch sought approval of a new Federal Tax Change Credit Rider to provide a credit to Monarch customers effective for bills rendered on or after July 1, 2018.
3. The Signatories believe a negotiated resolution of this proceeding pursuant to the terms set out below is desirable and in the public interest because the result is reasonable under the circumstances and will conserve the public's and the Signatories' resources.

II. AGREEMENT

The Signatories have reached agreement on the issues as set out below and recommend that the Commission enter an order consistent with this Stipulation:

1. **Application.** The Signatories agree that Monarch's application should be approved consistent with, and as modified by, this Stipulation.
2. **Notice.** The Signatories agree that Monarch's notice was adequate and in compliance with 16 TAC § 24.21(b)(2)(F).

3. **Rates.** Attachment A to this Stipulation is the tariff schedules consistent with this Stipulation. The Signatories agree to the rates in Attachment A.
4. **Effective Date:** The Signatories agree that the tariff schedules subject to this Stipulation will become effective for bills rendered on and after September 1, 2018. The Signatories further agree that they support an agreed motion requesting interim rates pursuant to 16 TAC § 24.29 to be effective for bills rendered on and after September 1, 2018, in the form of Attachment B, Order Approving Interim Rates, to the extent necessary to effectuate this Stipulation.
5. **Obligation to Support this Stipulation.** The Signatories agree that they will support this Stipulation before the Commission and will take reasonable steps to support Commission entry of an order consistent with this Stipulation.
6. **Proposed Order and tariff.** The Signatories agree to recommend that the Commission issue the Joint Proposed Final Order, included as Attachment C, which is consistent with the terms of this Stipulation.
7. **Agreed Evidence.** The Signatories agree to support the admission into evidence of the following documents for the limited purpose of supporting this Stipulation:
 - (a) Monarch's Application, filed on May 25, 2018;
 - (b) Commission Staff's Recommendation on Stipulation and Settlement Agreement;
 - (c) Commission Staff's Affidavit in Support of Stipulation and Settlement Agreement;
 - and
 - (d) Stipulation and Settlement Agreement.

8. **Effect of Stipulation.**

- a) The Stipulation requests the Commission to adopt an appropriate order consistent with the terms stated herein. The terms of this Stipulation may not be used as an admission or concession or as evidence in any other proceeding. The Signatories further agree that all oral or written statements made during the course of the settlement negotiations may not be used for any purpose and are governed by Tex. R. Evid. 408. The obligations set forth in this subsection shall continue and be enforceable, even if this Stipulation is terminated as provided below.
- b) This Stipulation is binding on each Signatory only for the purpose of settling the issues as set out herein and for no other purpose. Except to the extent that this Stipulation expressly governs a Signatory's rights and obligations for future periods, this Stipulation, including all terms provided herein, shall not be binding or precedential on a Signatory outside of this case except for a proceeding to enforce the terms of this Stipulation. The Signatories acknowledge and agree that a Signatory's support of the matters contained in this Stipulation may differ from its position or testimony in other proceedings. To the extent there is a difference, a Signatory does not waive its position in such other proceedings. Because this is a settlement agreement, a Signatory is under no obligation to take the same position as set out in this Stipulation in other proceedings, whether those proceedings present the same or a different set of circumstances. A Signatory's agreement to entry of a final order of the Commission consistent with this Stipulation should not be regarded as an agreement to the appropriateness or correctness of any

assumptions, methodology, or legal or regulatory principle that may have been employed in reaching this Stipulation.

- c) This Stipulation reflects a compromise, settlement and accommodation among the Signatories, and the Signatories agree that the terms and conditions stated herein are interdependent. If the Commission does not accept this Stipulation as presented or enters an order inconsistent with any term of this Stipulation, any Signatory shall have the right to withdraw from all commitments and obligations and to seek a hearing on all issues, present evidence, and advance any positions it desires, as if it had not been a Signatory.
 - d) This Stipulation contains the entire understanding and agreement of the Signatories, supersedes all other written and oral exchanges or negotiations among them or their representatives with respect to the subjects contained herein. Neither this Stipulation nor any of the terms of this Stipulation may be altered, amended, waived, terminated, or modified, except by a writing properly executed by the Signatories.
 - e) There are no third-party beneficiaries of this Stipulation.
 - f) This Stipulation is a true and complete resolution of all issues in this proceeding.
9. **Execution.** The Signatories agree that this document may be executed in multiple counterparts and filed with facsimile signatures. The Signatories agree that they will use

their best efforts to obtain expeditious implementation of this Stipulation by entry of appropriate orders.

Executed on August 24, 2018.



Lambeth Townsend & William A. Faulk, III
Attorneys for
Monarch Utilities I, L.P.



Rosemary E. Hambright
Staff Attorney for
Public Utility Commission of Texas



WATER UTILITY TARIFF
Tariff Control Number: 48329

Monarch Utilities I, L.P.
(Utility Name)

12535 Reed Road
(Business Address)

Sugar Land, Texas 77478-2837
(City, State, Zip Code)

(866) 654-7992
(Area Code/Telephone)

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

12983

This tariff is effective in the following counties:

Bandera, Brazoria, Chambers, Denton, Grayson, Harris, Hays, Henderson, Hood, Johnson, Liberty, Marion, Matagorda, Medina, Montgomery, Parker, Polk, San Jacinto, Smith, Tarrant, Trinity, Van Zandt, Wise, Wood

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

This tariff is only effective in the portions of the subdivisions and public water systems in the environs, except for the cities of Aurora and Coffee City that have surrendered rate jurisdiction.

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

See attached list.

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

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- APPENDIX C – AGREEMENT FOR TEMPORARY WATER SERVICE

COUNTY	WATER SYSTEMS	PWS ID NUMBER	SUBDIVISIONS
Bandera	Lake Medina Shores	0100037	Lakeshore Beach, Wharton Dock, Lake Medina Shores, Lake Point
Brazoria	Holiday Shores	0200029	Holiday Shores
Chambers	Tower Terrace	0360069	Houston Raceway Park, West Chambers County Estates, Tower Terrace
Denton	Denton Creek Estates	0610015	Denton Creek Estates, Aero Valley Airport
	Ponderosa Addition	06101075	
	Stonecrest Estates	0610059	Sunrise Circle Estates, Ponderosa, Wild West Addition,
	Wynnwood Haven Estates	0610037	Stonecrest Estates,
	Ridgecrest (Grayson)	0910035	Wynnwood Haven, Estates, Snug Harbor
Grayson	Rocky Point Estates	0910038	Glen Eden, Hiland Shores, Lakeview, Little Mineral MHP, Millers Estates, Oak Estates, Preston Cove, Preston Forest, Preston Oaks, Preston Point Bend, Ridgecrest, Van Antwerp Hanna Cove Estates, Rocky Point Estates "B", Rock Point "A", Hanna Ranchettes
	Sherwood Shores	0910040	
	Tanglewood-on-Texoma	0910052	
			Cedar Mills Estates, Hillcrest Shores, Wright Acres, Sherwood Shores Angler's Estates, Cedar Oak Hills, Eagle Chase, Fairway Hollow, Greenway Bend, Lakecrest Village, Mill Creek Homesites, Oak Meadow Estates, Paradise Cove, Russwood-on-the-Lake, Simmons Shores, Sunrise Circle, Tanglewood Hills, Tanglewood Resort, Cambridge Shores, Highport, Mill Creek Meadows

COUNTY	WATER SYSTEMS	PWS ID NUMBER	SUBDIVISIONS
Harris	Harris County Mud 191	1012362	Villas of Willowbrook
Hays	Plum Creek	1050028	Amberwood, Bootstring Farms, Branch View Addition, Buda Business Park, Casey-Kyle, Double R, Dove Hill Estates, Goforth Estates, Green Pastures, Interstate Business, Kyle Crossing-Home Depot, Park South, Pinafore Park, Rolling Hills Estates, South Buda Business Park, Two Way, Village at Buda, Indian Paintbrush, River Oaks Ranch
	River Oaks Ranch	1050099	
Henderson	Beachwood Estates	1070069	Brentwood Estates, Deep Water Estates, Forest Shores, Greenwood Cove, Hidden Harbor, Indian Oaks, Beachwood Estates, Oak Forest Estates, Pebble Beach, Seis Hombres, Spillview Acres, Three-Way View, Treasure Isle, Waterboard
	Briarwood Harbor	1070220	Briarwood Harbor
	Carolynn Estates / Pinnacle Club	1070106	Bluffview, Brushy Creek, Bushwacker Estates, Carolynn Estates, Enclave, Esquire Estates II, Green Acres, Hidden Hills Harbor, Hillside Acres, Lynn Creek Cove, Payne Springs Estates, Forest Glen, The Highlands at Cedar Creek Lake, Michael's Cove, Pinnacle Club
	Cherokee Shores	1070206	Allen Ranch, Carson Addition, Coleman Tract, La Martinique, Landmarck Passage, Manning Ranch, Robinson Tract (Country Estates), Taylor Tract, Waterfront Shores, Cherokee Shores

COUNTY	WATER SYSTEMS	PWS ID NUMBER	SUBDIVISIONS
Henderson	Highsaw	1070124	Brierwood Bay, Coffee City*, Diamond Head Bay, Coffee Landing Addition, Fincastle Farms, Highsaw, Hillside Estates
	Lollipop Landing	1070039	Lollipop Landing
	Westwood Beach	1070085	Cooper Estates, Lakeway, Oak Trail Shores, Shiloh, Waterwood, Wildewood, Westwood Beach
Hood	Acton (Royal Oaks)	1110055	Acton Royal Oaks
	Comanche Cove	1110060	Heritage Heights, Scenic View, Comanche Cove
	Comanche Harbor	1110022	Comanche Point, Island Village, Ports O'Call, Comanche Harbor
	Granbury Acres	1110109	377 Sunset Strip, Granbury Acres
	Hideaway Bay Estates	1110002	Hideaway Bay
	Montego Bay Estates	1110044	Montego Bay
	Oak Trail Shores	1110004	Lake Granbury Estates, Oak Trail Plaza, Oak Trail Shores, Arrowhead Shores, Lake Granbury Harbor
	Rancho Brazos	1110036	Rancho Brazos
	Western Hills Harbor	1110005	Western Hills Harbor, Whisperview Village, Kings Plaza
Johnson	Crowley One Acre	1260011	Blue Grass Estates, Crowley One Acre, Highcrest Estates, Skyline Ranch, Lakeside Estates, Lakeview Ranchettes
	Falcon Crest Addition	1260076	Falcon Crest Addition
	Metroplex Homesteads	1260074	Metroplex Homesteads, The Homesteads
	Nolan River Estates	1260099	Nolan River Estates

*This subdivision is within the corporate limits of Coffee City who has surrendered utility rate jurisdiction.

COUNTY	WATER SYSTEMS	PWS ID NUMBER	SUBDIVISIONS
Johnson	Ridgecrest Estates (Johnson)	1260035	Misty Hollow, Ridgecrest
	Southern Acres	1260094	Southern Acres
	Sundance Addition	1260025	Space Acres North, Space Acres, X-Cell Ranch Estates, Sundance
	Tex-Rides Fifth	1260037	Tex-Rides Fifth
	Triple H Estates	1260116	Triple H Estates
	Twin Creeks Addition	1260038	Rolling Acres, North Hills Estates, Twin Creeks Addition
	West Meadows	1260063	West Meadows
	West Park Village	1260077	West Park Village
Liberty	Raywood	1460041	Raywood
Marion	Indian Hills Harbor	1580063	Indian Hills Harbor
	Pine Harbor	1580023	Pine Harbor
Matagorda	Camelot Forest	1610058	Camelot Forest
Medina	Lake Medina Shores	0100037	Holiday Villages of Medina, Lake Medina Shores
Montgomery	Crystal Springs	1700331	Crystal Springs
	Decker Hills	1700386	Champions Glen, Decker Hills, Hidden Lake Estates, Inverness Crossing, Park Place
	Hulon Lakes	1700014	Hilltop Village, Woodcreek Valley, Hulon Lakes
	Oak Woods	1700454	Oak Woods
	Serenity Woods	1700483	Pine Loch, Serenity Woods
Parker	Green Acres	1840120	Green Acres, Robertson Village
	Spanish Park Estates	1840026	Spanish Park Estates
	Western Lake Estates	1840014	Cedar Ridge (Formerly Ruby Ridge), Brazos Ridge Estates, Western Lake Estates
	Westview (Parker)	1840105	Westview
Polk	Chesswood	1870088	Chesswood
	Countrywood	1870138	Country Wood
	Garden Acres	1870160	Garden Acres
	Longhorn Valley	1870152	Longhorn Valley
	Oak Terrace Estates	1870055	Oak Terrace Estates

COUNTY	WATER SYSTEMS	PWS ID NUMBER	SUBDIVISIONS
Polk	Phillips Acres	1870146	Phillips Acres
	Pinwah Pines	1870130	Pinwah Pines
San Jacinto	Bluewater Cove	2040059	Bluewater Cove
	Cedar Valley	2040045	Cedar Valley
	Coldspring Terrace	2040031	Coldspring Terrace
	Governor's Point	204008	Governor's Point
	Holiday Villages of Livingston	2040067	Hidden Coves, Holiday Village of Livingston, Palmetto Point
	Shepherd Hill Estates	2040061	Shepherd Hills Estates, Shepherd Ranch Estates
Smith	Lakeway Harbor	2120064	Lakeway Harbor
	Pine Trail Shores	2120035	Pine Trail Shores
Tarrant	Benbrook Hills	2200313	Benbrook Hills
	Markum Ranch Estates	2200281	Markum Ranch Estates
	Silver Saddle	2200299	Silver Saddle
	Westside Addition	2200079	Gun Club, Cabot Estates, Willow Creek Additions, Westside
Trinity	Harbor Point	2280035	Harbor Point
Van Zandt	Callender Lake	2340007	Callender Lake, Hickory Hills
Wise	Aurora Vista	2490051	Aurora Vista*
Wood	Holiday Villages of Fork	2500058	Holiday Villages of Fork

* This subdivision is within the corporate limits of the City of Aurora who has surrendered utility rate jurisdiction.

SECTION 1.0 - RATE SCHEDULE

Section 1.01 – Rates

Rates Effective October 1, 2016

Meter Size	Monthly Minimum Charge (Includes 0 gallons)	Gallage Charge
5/8"	\$49.30	\$7.47 per 1,000 gallons from 0 to 2,000 gallons \$9.20 per 1,000 gallons from 2,001 to 10,000 gallons \$10.43 per 1,000 gallons from 10,001 to 20,000 gallons \$11.11 per 1,000 from 20,001 and thereafter
3/4"	\$73.95	
1"	\$123.25	
1½"	\$246.49	
2"	\$394.38	
3"	\$739.47	
4"	\$1,232.44	
6"	\$2,464.89	
8"	\$3,943.82	

Federal Tax Change Credit Rider

Meter Size	Monthly Credit Effective September 1, 2018 -	Additional Monthly Credit Effective September 1, 2018 – February 28, 2019
5/8"	(\$2.76)	(\$2.35)
3/4"	(\$4.14)	(\$3.53)
1"	(\$6.90)	(\$5.88)
1½"	(\$13.80)	(\$11.75)
2"	(\$22.08)	(\$18.80)
3"	(\$41.40)	(\$35.25)
4"	(\$69.00)	(\$58.75)
6"	(\$138.00)	(\$117.50)
8"	(\$220.80)	(\$188.00)

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

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

Cash , Check , Money Order , MasterCard , Visa , Electronic Fund Transfer
 THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENT MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

Tariff Control No. 48329

SECTION 1.0 - RATE SCHEDULE (Continued)

Section 1.02 - Miscellaneous Fees

TAP FEE \$700.00

TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" METER PLUS UNIQUE COSTS.

TAP FEE (unique costs permitted by PUC rule)..... Actual Cost

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

LARGE METER TAP FEE Actual Cost

TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8 " METERS.

RECONNECTION FEE

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

a) Non-payment of bill \$25.00

b) Customer's request..... \$50.00

Or other reasons listed under section 2.0 of this tariff

TRANSFER FEE \$45.00

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

LATE CHARGE 10% of the delinquent bill

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

RETURNED CHECK CHARGE..... \$25.00

CUSTOMER DEPOSIT – RESIDENTIAL..... \$50.00

CUSTOMER DEPOSIT – NON-RESIDENTIAL..... 1/6TH EST. ANNUAL BILL

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

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

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.

METER RELOCATION FEE Actual cost to relocate that meter

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING METER.

METER CONVERSION FEE..... Actual cost to convert that meter

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS CHANGE OF SIZE OF AN EXISTING METER OR CHANGE IS REQUIRED BY MATERIAL CHANGE IN CUSTOMER'S SERVICE DEMAND.

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 2.12 SPECIFIC UTILITY SERVICE RULES AND SECTION 3.02 UTILITY SPECIFIC EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES.

Tariff Control No. 48329

SECTION 1.0 - RATE SCHEDULE (Continued)

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

INCREASES IN INSPECTION FEES AND WATER TESTING COSTS IMPOSED BY STATE OR FEDERAL LAW MAY BE PASSED THROUGH AS AN ADJUSTMENT TO THE MONTHLY BASE RATE CHARGE UNDER THE TERMS AND CONDITIONS OF 16 TAC § 24.21(F) AFTER NOTICE TO CUSTOMERS AND UPON WRITTEN APPROVAL BY THE PUC.

SUPPLEMENTAL EMERGENCY SERVICE FEE

APPLICABLE TO NONRESIDENTIAL WATER SERVICE CUSTOMERS THAT REQUIRE SUPPLEMENTAL SERVICE OVER AND ABOVE THEIR EXISTING WATER SERVICE FROM TIME TO TIME. USAGE TO BE DETERMINED BY CUSTOMER. THE MINIMUM DIAMETER FOR SUPPLEMENTAL SERVICE METER SHALL BE 2 INCHES.

MONTHLY SUPPLEMENTAL SERVICE RATE\$14.64
PER INCH DIAMETER OF SERVICE CONNECTION PIPE
AND USAGE IS BILLED AT HIGHEST TIER.

WATER PASS-THROUGH GALLONAGE CHARGE ADJUSTMENT:

CHANGES IN FEES IMPOSED BY ANY NON-AFFILIATED THIRD PARTY WATER SUPPLIER OR UNDERGROUND WATER DISTRICTS HAVING JURISDICTION OVER THE UTILITY SHALL BE CHARGED THROUGH THE WATER PASS-THROUGH GALLONAGE CHARGE ADJUSTED ANNUALLY ACCORDING TO THE FOLLOWING TRUE-UP FORMULA INTENDED TO BALANCE REVENUE FROM THE CHARGE AGAINST ACTUAL PAYMENTS AND COLLECTIONS FROM THE PRIOR YEAR:

WPC = (E + (AP - AC)) / (ME x AU) Where:

- WPC = Water Pass-Through Gallonage Charge per 1,000 gallons, rounded to the nearest cent
- E = Projected sum for upcoming 12 months of Purchase Water and District costs
- AP = Actual Payments by utility for prior 12 months for Purchase Water and District costs
- AC = Actual Collections by utility in prior 12 months from the previously approved water pass-through gallonage charge
- AP-AC= Difference between actual payments and actual collections from the previously approved water pass-through gallonage charge for the prior 12 months
- ME = Year End Meter Equivalents
- AU = Average Annual Usage per meter equivalent, in 1,000 gallons, from most recent rate case

The WPC must be trued up and adjusted every twelve months.

To implement, all notice requirements must be met. The utility may begin to charge the new filed WPC on the proposed effective date in the notice. Implementation of this WPC adjustment provision shall be governed by TAC § 24.21(h).

With each annual WPC adjustment, the utility must file a true-up report with the Commission that shows the calculation for the next 12-month WPC reflected in the notice. The report shall contain up to five years' worth of data, as available, showing the annual and accumulated difference between WPC amounts collected from customers and amounts actually paid to the entities whose charges are included in the WPC. The report shall also show how the new WPC was calculated according to the adjustment formula above.

SECTION 1.0 - RATE SCHEDULE (Continued)

TEMPORARY WATER RATE:

Unless otherwise superseded by PUC order or rule, if the Utility is ordered by a court or governmental body of competent jurisdiction to reduce its pumpage, production or water sales, the Utility shall be authorized to increase its approved gallonage charge according to the formula:

$$TGC = \frac{cgc + (pr)(cgc)(r)}{(1.0-r)}$$

Where:

- TGC = temporary gallonage charge;
- cgc = current gallonage charge;
- r = water use reduction expressed as a decimal fraction (the pumping restriction); and
- pr = percentage of revenues to be recovered expressed as a decimal fraction.
For this tariff, pr shall equal 0.5.

To implement the Temporary Water Rate, the Utility must comply with all notice and other requirements of 16 TAC § 24.21(j).

METER TAMPERING, DAMAGE OR SERVICE DIVERSION PENALTY:

ONE TIME PENALTY PER OCCURRENCE FOR TAMPERING WITH OR DAMAGING A WATER METER OR ANY APPURTENANCE THERETO INCLUDING LOCKS AND METER BOXES OR SERVICE DIVERSION OF ONE HUNDRED DOLLARS (\$100.00).

FRANCHISE FEE PASS THROUGH CLAUSE:

Charges a municipality makes for use of streets and alleys pursuant to Tax Code §182.025 or other applicable state law not to exceed 2% or the actual amount charged by the municipality shall be passed through utility-wide as an adjustment to the water gallonage charge according to the following formula:

$$AG = G + B, \text{ where,}$$

- AG = adjusted gallonage charge, rounded to the nearest one cent;
- G = approved gallonage charge (per 1,000 gallons); and
- B = projected franchise fees payable (per 1,000 gallons).

FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):

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

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8"	<u>\$8.24</u> (includes 2,000 gallons) Same for all meter sizes	<u>\$4.12</u> per 1000 gallons from 2,001 and thereafter Same for all meter sizes

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

Cash Check Money Order MasterCard Visa Electronic Fund Transfer
 THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENT MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$525.00
 TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" METER PLUS UNIQUE COSTS.

TAP FEE \$2,000.00
 TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 1" METER PLUS UNIQUE COSTS.

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

LARGE METER TAP FEE Actual Cost
 TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 1" METERS.

METER TEST FEE (actual cost of testing the meter up to) \$25.00
 THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY.

METER RELOCATION FEE Actual cost to relocate that meter
 THE FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING METER.

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

- a) Non-payment of bill \$25.00
- b) Customer's request..... \$50.00

TRANSFER FEE \$30.00
 THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

LATE CHARGE 10% of the delinquent bill
 A ONE-TIME PENALTY MAY BE MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING

SECTION 1.0 -- RATE SCHEDULE (Cont.)

RETURNED CHECK CHARGE.....\$25.00

CUSTOMER DEPOSIT – RESIDENTIAL.....\$50.00

CUSTOMER DEPOSIT – NON-RESIDENTIAL..... 1/6TH EST. ANNUAL BILL

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 2.12 SPECIFIC UTILITY SERVICE RULES AND SECTION 3.20 UTILITY SPECIFIC EXTENSION POLICY FOR TERMS, CONDITIONS AND CHARGES.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

INCREASES IN INSPECTION FEES AND WATER TESTING COSTS IMPOSED BY STATE OR FEDERAL LAW MAY BE PASSED THROUGH AS AN ADJUSTMENT TO THE MONTHLY BASE RATE CHARGE UNDER THE TERMS AND CONDITIONS OF § 24.21(F) AFTER NOTICE TO CUSTOMERS AND UPON WRITTEN APPROVAL BY THE PUC.

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE – ALL WATER SUPPLY SUBJECT TO FEE:

Changes in fees imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through utility-wide as an adjustment to the water gallonage charge according to the following formula:

AG= $G/(1-L)$, where

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

G = approved gallonage charge from the third party water supplier or district (per 1,000 gallons); and

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

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE – PORTION OF WATER SUPPLY SUBJECT TO FEE:

Upon notice from a water supplier of either an increase or decrease in the cost of purchased water, the Utility shall provide notice to customers and the Commission of its intent to implement rates imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through Utility-wide as an adjustment to the water gallonage charge according to the following formula:

Adjustment to the gallonage rate = AG = $(CP/GB) \times 1,000$

Adjustment to the minimum bill = AMB = $GMB \times AG$

CP = $CP1 - CP0$ = change in cost of purchased water;

CP1 = Cost of purchased water during the most recent 12 month period at the new rate;

CP0 = Cost of purchased water during the most recent 12 month period at the previous rate;

GMB = Number of gallons in the minimum bill, divided by 1,000; and

GB = Number of gallons billed to customers in excess of the amount included in the monthly minimum bill for the 12 month period used above.

SECTION 1.0 -- RATE SCHEDULE (Cont.)

TEMPORARY WATER RATE:

Unless otherwise superseded by PUC order or rule, if the Utility is ordered by a court or governmental body of competent jurisdiction to reduce its pumpage, production or water sales, the Utility shall be authorized to increase its approved gallonage charge according to the formula:

$$\text{TGC} = \frac{\text{cgc} + (\text{pr}) (\text{cgc}) (\text{r})}{(1.0 - \text{r})}$$

Where:

TGC = temporary gallonage charge;

cgc = current gallonage charge;

r = water use reduction expressed as a decimal fraction (the pumping restriction); and

pr = percentage of revenues to be recovered expressed as a decimal fraction. For this tariff, pr shall equal 0.5.

To implement the Temporary Water Rate, the Utility must comply with all notice and other requirements of 16 TAC § 24.21(j).

FRANCHISE FEE PASS THROUGH CLAUSE:

Charges a municipality makes for use of streets and alleys pursuant to Tax Code §182.025 or other applicable state law not to exceed 2% or the actual amount charged by the municipality shall be passed through utility-wide as an adjustment to the water gallonage charge according to the following formula:

$$\text{AG} = \text{G} + \text{B}, \text{ where,}$$

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

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

B = projected franchise fees payable (per 1,000 gallons).

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	<u>\$43.50</u> (Includes 0 gallons)	<u>\$3.00</u> per 1000 gallons
1"	<u>\$87.00</u>	

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

Cash , Check , Money Order , Credit Card , Other (specify) **Electronic Fund Transfer**
 THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

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

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$450.00
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

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

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

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

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

TRANSFER FEE\$50.00
 THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00).....\$25.00
- b) Customer's request that service be disconnected.....\$50.00

SECTION 1.02 – MISCELLANEOUS FEES (Continued)

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

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

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

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

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

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS

Section 2.01 – Rules

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

Section 2.02 - Application for and Provision of Water Service

All applications for service will be made on the Utility's standard application or contract form (attached in the Appendix to this tariff) and will be signed by the applicant before water 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 tap, meter, and utility cut-off valve and/or take all necessary actions to initiate service. The Utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the Utility will provide the applicant with a written explanation of the construction required and an expected date of service.

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

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers may be required to install a customer owned cut-off valve on the customer's side of the meter or connection.

Section 2.03 - Refusal of Service

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

Section 2.04 - Customer Deposits

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

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the Utility or another water or sewer utility 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 residential customer who has paid 18 consecutive billings without being delinquent. Deposits from non-residential customers may be held as long as that customer takes service.

Section 2.05 - Meter Requirements, Readings, and Testing

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

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

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

Section 2.06 - Billing

Bills from the Utility will be mailed monthly unless otherwise authorized by the PUC. The due date of the bills for utility service will be at least sixteen (16) days from the date of issuance. If the customer is a state agency, the due date for the bill may not be less than 30 days after issuance, unless otherwise agreed to by the agency. 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. At the customer's option, bills may be sent in a paperless, electronic form by email. The date of the email will constitute the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the Utility or the Utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

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

Each bill will provide all information required by the PUC Rules. For each of the systems it operates, the Utility will maintain and note on the monthly bill a telephone number (or numbers) which may be reached by a local call by customers.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

At the Utility's option, a toll-free telephone number or the equivalent may be provided.

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

Section 2.07 - Service Disconnection

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

The Utility may 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 has not been entered into within 30 days from the date of issuance of a bill and if proper notice of termination has been given.

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

Section 2.08 - Reconnection of Service

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

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

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

Section 2.09 - Service Interruptions

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

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

Section 2.10 - Quality of Service

The Utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the Commission, the Utility will maintain facilities as described in the TCEQ Rules and Regulations for Public Water Systems.

SECTION 2.20 – SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

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.

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

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

All references in Utility's tariff, service contracts, or PUC rules shall mean the Utility's offices at 12535 Reed Road, Sugar Land, TX 77478. Customers may make payments, apply for service, and report service problems at the office. Use of the term "business office" shall refer to this office.

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.

Customers shall not be allowed to use the Utility's cutoff valve on the Utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers must install customer-owned and -maintained cutoff valves on their side of the meter.

No water connection from any public drinking water supply system shall be made to any establishment where an actual or potential contamination or system hazard exists without an air gap separation between the drinking water supply and the source of potential contamination. The containment air gap is sometimes impractical and, instead, reliance must be placed on individual "internal" air gaps or mechanical backflow prevention devices.

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

Under these conditions, additional protection shall be required at the meter in the form of a backflow prevention device (in accordance with AWWA Standards C510 and C511, and AWWA Manual M14) on those establishments handling substances deleterious or hazardous to the public health. The water purveyor need not require backflow protection at the water service entrance if an adequate cross-connection control program is in effect that includes an annual inspection and testing by a certified backflow prevention device tester. It will be the responsibility of the water purveyor to ensure that these requirements are met.

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 - Public water utilities are required to deliver water to the customer's side of the meter or service connection that meets the potability and pressure standards of the TCEQ. The Utility will not accept liability for any injury or damage to individuals or their property occurring on the customer's side of the meter when the water delivered meets these state standards. The Utility makes no representations or warranties (expressed or implied) that customer's appliances will not be damaged by disruptions of or fluctuations in water service whatever the cause.

The Utility will not accept liability for injuries or damages to persons or property due to disruption of water 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 rules, (3) electrical power failures in water systems not required by TCEQ rule to have auxiliary power supplies, or (4) termination of water service pursuant to the Utility's tariff and the PUC's rules. The Utility is not required by law and does not provide fire prevention or fire-fighting services. The Utility therefore does not accept liability for fire-related injuries or damages to persons or property caused or aggravated by the availability (or lack thereof) of water or water pressure (or lack thereof) during fire emergencies. The Utility will accept liability for any injury or damage to individuals or their property directly caused by defective utility plant (leaking water lines or meters) or the repairs to or construction of the Utility's facilities.

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, the Utility and the applicant will select such engineer, 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 water production, treatment, pumping storage and transmission.

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 before payment and/or commencement of construction.

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

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

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

The Utility adopts the Uniform Plumbing Code pursuant to TCEQ Rule 290.46(i). The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the TCEQ, the Uniform Plumbing Code and with the service rules and regulations of the Utility. The customer will bring out his service line to his property line at the point on the customer's property mutually acceptable to the customer and the Utility subject to such requirements as may exist by PUC rule. No water service smaller than 5/8" will be connected. No pipe or pipe fitting which contains more than 8.0% lead can be used for the installation or repair of plumbing at any connection, which provides water for human use. No solder or flux, which contains more than 0.2% lead, can be used at any connection that provides water for human use.

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 water mains or other equipment used in connection with its provision of water 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 water quality tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours. The customer may require any Utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the Utility, and the purpose of their entry.

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

Except in cases where the customer has a contract with the Utility for reserve or auxiliary service, no other water 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 water lines on his premises. Two places shall not be permitted to be supplied with one service pipe where there is a water main abutting the premises.

No connection shall be allowed which allows water to be returned to the public drinking water supply. No backflow prevention device shall be permitted to be installed in the customer's plumbing without notice to and written permission from the Utility. Any backflow prevention devices so installed shall be inspected annually by a licensed backflow prevention device inspector or appropriately licensed plumber and a written report of such inspection delivered to the Utility.

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

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

It is agreed and understood that any and all meters, water 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 meters, lines, or equipment to any customer. All tap and extension charges shall be for the privilege of connecting to said water lines and for installation, not purchase, of said meters and lines.

Applicants for service at new consuming facilities or facilities which have undergone extensive plumbing modifications are required to deliver to the Utility a certificate that their facilities have been inspected by a state-licensed inspector and that they are in compliance with all applicable plumbing codes and are free of potential hazards to public health and safety. Service may be denied until the certificate is received or any identified violations or hazards are remedied. The Utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer to locate and obtain the services of a licensed inspector in a timely manner. When potential sources of contamination are identified which, in the opinion of the inspector or the Utility, require the installation of a state-approved backflow prevention device, such backflow prevention device shall be installed on the customer's service line or other necessary plumbing facilities by an appropriately licensed plumber/backflow prevention device specialist at the customer's expense. The backflow prevention device shall be maintained by the customer at his expense and inspected annually by a licensed inspector. Copies of the annual inspection report must be provided to the Utility. Failure to comply with this requirement may constitute grounds for termination of water service with notice.

All customers or service applicants shall provide access to meters and Utility cutoff valves at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply. Access to meters and cutoff valves shall be controlled by the provisions of 16 TAC § 24.89(c).

Where necessary to serve an applicant's property, the Utility may require the applicant to provide it a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant.

Service applicants may be required to comply with any pre-condition to receiving service not printed herein as may exist under TCEQ rule (customer service, health and safety, water conservation, or environmental), USEPA rule, TWDB rule, local water 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 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 water mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional production, storage, or treatment facilities. Contributions in aid of construction may not be required of individual residential customers for production, storage, treatment or transmission facilities unless otherwise approved by the Commission under this specific extension policy.

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

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

SECTION 3.20 – SPECIFIC UTILITY EXTENSION POLICY

Section 3.20 - Specific Utility Extension Policy

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

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

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

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. 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.

When an individual residential applicant requires an extension of a main line beyond 200 feet, the charge to that applicant shall be the actual cost of such extension in excess of 200 feet, plus the applicable tap fee plus such other approved costs as may be provided in this tariff and/or PUC rules.

Residential tap fees may be increased by other unique costs not normally incurred as permitted by PUC rule. Larger meter taps shall be made at actual cost associated with that tap which shall include such extraordinary expenses.

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 production, transmission, storage, pumping and treatment 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.

Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction for the actual costs of any additional facilities required to maintain compliance with the TCEQ minimum design criteria for water production, treatment, pumping, storage and transmission.

SECTION 3.20 – SPECIFIC UTILITY EXTENSION POLICY (CONTINUED)

Unless expressly exempted by PUC rule or order, each point of use (as defined by 16 TAC § 24.3) must be individually metered.

The imposition of additional extension costs or charges as provided by Sections 2.12 and 3.02 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 before 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 any individual applicant desires one service connection. Service application forms will be available for applicant pick up at the Utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions that 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, (4) delivered an executed customer service inspection certificate to the Utility and (5) 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 is made. The tap request must be accompanied with a plat, map, diagram, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed along the applicant's property line.

Tariff Control No. 48329

SECTION 3.20 – SPECIFIC UTILITY EXTENSION POLICY (CONTINUED)

The actual point of connection and meter installation must be readily accessible to Utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's near service main with adequate capacity to service the applicant's full potential service demand. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, applicant may refer the matter to the PUC for resolution. Unless otherwise ordered by the PUC, the tap or service connection will not be made until the location dispute is resolved.

The Utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property. The Developer shall be required to obtain all necessary easements and rights-of-way required to extend the Utility's existing service facilities from their nearest point with adequate service capacity (as prescribed by TCEQ rules and local service conditions) to and throughout the Developer's property. The easements shall be sufficient to allow the construction, installation, repair, maintenance, testing, and replacement of any and all utility plant necessary to provide continuous and adequate service to each and every potential service location within the property at full occupancy. Unless otherwise restricted by law, well plant sites shall convey with unrestricted rights to produce water for public drinking water supply. Developers shall be required to provide sanitary control easements acceptable to the TCEQ for each water well site to be located within their property or otherwise being obtained to serve their property. 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 production, storage, treatment, pressurization, and disposal sites that 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.

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

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

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

SECTION 3.20 – SPECIFIC UTILITY EXTENSION POLICY (CONTINUED)

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

(d) The Utility shall be provided with three (3) certified copies of the final plat(s) approved by the County Commissioners Court. At this time, the Utility will begin engineering the facilities necessary to serve the property. Plans and specifications will be prepared and submitted to the TCEQ by the Utility if required by law. If further plat or plans changes are necessary to accommodate the specific service needs of the property and the anticipated customer demands, the Developer will be so notified. Plat amendments must be obtained by the Developer. The Developer shall be notified when all required TCEQ or other governmental approvals or permits have been received. No construction of utility plant that requires prior TCEQ plans approval shall be commenced until that approval has been received by the Utility and any conditions imposed by the TCEQ in association with its approvals have been satisfied.

(e) The Developer shall be required to post bond or escrow the funds necessary to construct all required Utility system extensions, except individual taps, meters, and water 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 before the bonding or escrowing of all funds associated with that phase.

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

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

(h) As soon as the roads are rough cut and before 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.

(i) The Developer, not the Utility, shall insure that Developer's employees, agents, contractors, and others under its control coordinate their work or construction throughout the property with the Utility to insure the orderly and timely construction of all utility plant necessary to serve the public.

SECTION 3.20 – SPECIFIC UTILITY EXTENSION POLICY (CONTINUED)

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

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

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

(c) that the residential service applicant purchased the property from the Developer after the Developer was notified of the need to provide facilities to the Utility. A residential service applicant may be charged the remaining costs of extending service to his property; provided, however, that the residential service applicant may only be required to pay the cost equivalent to the cost of extending the nearest water main, whether or not that line has adequate capacity to serve that residential service applicant. The following criteria shall be considered to determine the residential service applicant's cost for extending service:

- (1) The residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution.
- (2) Exceptions may be granted by the PUC if:
 - (i) 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;
 - (ii) larger minimum line sizes are required under subdivision platting requirements or applicable building codes.
- (3) If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

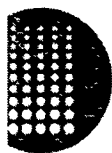
For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certificated area, industrial, and wholesale customers shall be treated as developers.

A service applicant requesting a one-inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

APPENDIX A -- DROUGHT CONTINGENCY PLAN

“This page incorporates by reference the utility’s Drought Contingency Plan, as approved and periodically amended by the Texas Commission on Environmental Quality.”

APPENDIX B – APPLICATION FOR SERVICE



**Monarch
Utilities I, L.P.**

A SouthWest Water Company

Return Signed Application to:

Mail: 12535 Reed Rd, Sugar Land, TX 77478

Fax: (832) 209-5395 Phone: (866) 654-7992

Email: turnon@swwc.com

(We must receive second page with signature)

THIS APPLICATION MUST BE COMPLETED, SIGNED AND RETURNED TO MONARCH UTILITIES I, L.P. BEFORE SERVICE CAN BE ESTABLISHED. A TRANSFER FEE IN THE AMOUNT OF \$45 MAY BE ASSESSED IF APPLICABLE.

Monarch Utilities, I, L.P.

CONTRACT/APPLICATION FOR UTILITY SERVICE

Service Address:		
City:	State:	Zip Code:
Lot:	Block:	Section:
Mailing Address if different then above:		
City:	State:	Zip Code:

Name of Applicant*: _____ **Authorized User:** _____
**This is the person or other entity in whose name service will be rendered and who will responsible of all service and other bills.*

Are you **Buying** or **Renting**? (provide valid Lease Agreement) **Purchase Settlement/Lease Date:** ___/___/___

SSN Last 4 Digits: _____ **Driver's License:** _____ **Date of Birth:** ___/___/___

Date to Begin Service (MM/DD/YY): ___/___/___ **Is the water currently on?** **Yes** **No**

Type of service Water , Sewer , or Both **Residential** , **Commercial** , **Industrial** , or **Developer**

Water Emergency Contact Preference (please check one): **Home Phone:** **Cell Phone:** **Text:** **E-mail:**

Telephone(s): Home: (____) _____ Day: (____) _____ Cell: (____) _____

Email address: _____

Have you ever been an Monarch Utilities I, L.P. customer? **Yes** **No**

Previous Address: _____
 (Street, City, State, Zip)

All utility services to be provided hereunder shall be subject to all terms and conditions of Utility's state-approved tariff(s), Public Utility Commission of Texas ("PUCT") and the rules of the Texas Commission on Environmental Quality ("TCEQ"). This Contract/Application for Utility Service ("Contract/Application") is by and between Monarch Utilities I, L.P., a Texas corporation, ("Utility") and the applicant ("Customer" or "Applicant") whose name and signature is shown below at the end of this document.

Deposit: If a residential service applicant does not establish credit to the satisfaction of the utility, the residential service applicant may be required to pay a deposit of \$50 for water service and \$50 for sewer service. No deposit may be required of a residential service applicant who is 65 years of age or older if the applicant does not have a delinquent account balance with the utility or another water or sewer utility. Applicant must provide valid proof of age.

CUSTOMER LIABILITY: Customer shall be liable for any damage or injury to Utility-owned property or personnel by the customer or others under his control. Customer agrees to take no action to create a health or safety hazard or otherwise endanger, injure, damage or threaten Utility's plant, its personnel, or its customers.

LIMITATION ON UTILITY'S PRODUCT/SERVICE LIABILITY: Public water utilities are required to deliver water to the customer's side of the meter or service connection which meets the potability and pressure standards of the TCEQ. Utility will not accept liability for any injury or damage occurring on the customer's side of the meter. Utility will not accept liability for injuries or damages to persons or property due to disruption of water service caused by: (1) acts of God, (2) acts of third parties not subject to the control of Utility, (3) electrical power failures, or (4) termination of water service pursuant to Utility's tariff, TCEQ and PUCT rules.

FIRE PROTECTION: Utility is not required by law and does not provide fire prevention or firefighting services. Utility therefore does not accept liability for fire-related injuries or damages to persons or property caused or aggravated by the availability (or lack thereof) of water or water pressure (or lack thereof) during fire emergencies.

PLUMBING CODE: Utility has adopted the Uniform Plumbing Code. Utility has further adopted its own specific plumbing rules contained in its tariff. Any extensions and/or new facilities shall comply with that code and all standards established by the TCEQ. Where conflicts arise, the more stringent standard must be followed. 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 applicable regulatory authorities and all tariffed service rules of Utility. No other water service will be used by the Customer on the same property in conjunction with Utility's service, either by means of a cross-over valve or any other connection. Customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises. The following undesirable plumbing practices are prohibited by state regulations. Other prohibitions are found in the Uniform Plumbing Code and/or Utility's tariff.

- A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public drinking water system by an air-gap only.
- B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap only.
- C. No connection that allows water to return to the public drinking water supply is permitted.
- D. No pipe or pipe fitting which contains more than 0.25% lead may be used for the installation or repair of plumbing at any connection that provides water for human use.
- E. No solder or flux that contains more than 0.2% lead can be used for the installation or repair of plumbing of any connection that provides water for human use.

RIGHT OF ACCESS AND EASEMENTS: Utility will have the right of access and use of the Customer's premises at all reasonable times for the purpose of installing, inspecting or repairing water mains or other equipment used in connection with its provision of water service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of Utility's system. If the property to be served does not have dedicated, recorded public utility easements available for Utility's use in providing water utility service to the property, the Applicant (or the Applicant's landlord in the case of a tenant applicant) shall be required to provide Utility with a recorded permanent easement as a condition of service. Such easement shall be in a location acceptable to Utility and shall be for a corridor no less than fifteen (15) feet in width.

LANDLORD GUARANTEE: Applications by tenants must be countersigned by the fee owner of the property. By signing the application, the landlord grants all required rights of access and easements.

PLUMBING INSPECTION: Applicants for service at new consuming facilities or facilities which have undergone extensive plumbing modifications, including remodeling, are required to deliver to the Utility a certificate that their facilities have been inspected by a state-licensed inspector and that they are in compliance with all applicable plumbing codes and are free of potential hazards to public health and safety. Service may be denied until the certificate is received or any identified violations or hazards are remedied. When potential sources of contamination are identified that require the installation of a backflow prevention device, such backflow flow prevention device shall be installed, tested and maintained at the customer's expense.

SEWER REGULATIONS: *(only if sewer service provided)* 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 wastewater treatment plant within the parameters of the Utility's wastewater discharge permit. **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. NO GREASE, OIL, SOLVENT, PAINT, OR OTHER TOXIC CHEMICAL COMPOUND MAY BE DIVERTED INTO OR DRAINED INTO THE UTILITY'S COLLECTION SYSTEM.** 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 there is excessive, infiltration or inflow or failure to provide proper pretreatment, the Utility may require the customer to repair the line or eliminate the infiltration or inflow or take such actions necessary to correct the problem.

RESIDENTIAL SINGLE FAMILY GRINDER / SEWAGE STATIONS : *(only if sewer service provided)* The utility will install the grinder pumps, storage tanks, controls and other appurtenances necessary to provide pressurized sewer service to a residential connection. The customer will have ownership of all utility-installed grinder pumps, receiving tanks, lift stations or controls on the customer's property, and all maintenance, repairs and replacement are the customer's responsibility. The repairs may be performed by anyone selected by the customer, who is competent to perform such repairs. The utility requires that parts and equipment meet the minimum standards approved by the TCEQ, to insure proper and efficient operation of the sewer system.

CUSTOMER AGREEMENT: By signing this application for public utility service, I agree to comply with Utility's rules and tariff and all rules and regulations of applicable regulatory agencies. I guarantee prompt payment of all utility bills for the service address printed above. I will remain responsible for utility bills until the day service is terminated at my request. I agree to take no action to create a health hazard or otherwise endanger, injure, damage or threaten Utility's plant, its personnel, or its customers. I agree to put no unsafe, non-domestic service demands on Utility's system without notice to and permission from Utility.

Signature: _____ Date: ___/___/___ Reference Number: _____

APPENDIX C – AGREEMENT FOR TEMPORARY WATER SERVICE

AGREEMENT FOR TEMPORARY WATER SERVICE

The water utility service applicant indicated below (“Customer”) has applied for water utility service from **MONARCH UTILITIES I, LP**, a Texas corporation (“Utility”), at the service location indicated below. Under state public health and water utility service regulations [16 TAC 24.46(j)], Utility may not provide continuous potable water utility service to any new construction, to any existing service location where significant plumbing modifications have been made, or to any location where Utility has reason to believe that a cross-connection or other undesirable or unsafe condition exists until the service applicant or customer presents Utility with an executed Customer Service Inspection Certificate (30 TAC 290.47-Appendix D). It is Customer’s sole obligation and responsibility, at his/her expense, to have the necessary inspection performed by a properly licensed inspector. Neither Utility nor its operators perform customer service inspections on behalf of Utility.

Notwithstanding this inspection requirement before permanent water service can be provided, Utility is allowed to provide Customer with temporary water service for construction purposes only. Utility agrees to provide such temporary construction water service at its standard rates and conditions of service upon Customer’s agreement that:

1. The water service provided will be used for construction, testing or landscaping purposes only.
2. The water provided will not be consumed by humans or absorbed into the human body. This water is not to be used for washing or bathing of humans. It will not be used for cleaning utensils used in cooking or eating. It will not be used for cooking or preparing food. This water will not be used for any purpose described or suggested in 30 TAC §290.38(23) as constituting "human consumption."
3. Customer will notify Utility in writing when to initiate the temporary construction service.
4. Customer will notify Utility in writing when construction at the indicated service location has ended,
5. Customer agrees not to occupy or reside in the indicated service location until Customer has delivered a fully executed Customer Service Inspection Certificate to Utility.

If Customer fails to abide by any provision of this agreement, water service to the indicated service location will be terminated and will not be restored under any circumstances until a fully executed Customer Service Inspection Certificate has been delivered to Utility. Termination will be made without notice if, in the opinion of Utility’s licensed operator(s), Customer’s service creates an immediate hazard to public health and safety. If no such hazard exists, Customer shall be notified and given a limited time to come into compliance. Utility’s state-approved reconnect fee will be charged as a condition of service restoration if temporary water service is terminated for breach of this agreement.

1. Customer name: _____
2. Customer’s billing address: _____
3. Customer’s phone number: (____) _____ - _____
4. Service location: _____

Subdivision: _____

Entered into in _____ County, Texas on the ____ day of _____, 20__.

Customer:
By: _____

Utility:
By: _____



SEWER UTILITY TARIFF
Tariff Control Number: 48329

Monarch Utilities I, L.P.
(Utility Name)

12535 Reed Rd.
(Business Address)

Sugar Land, TX 77478-2837
(City, State, Zip Code)

(866) 654-7992
(Area Code/Telephone)

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

20899

This tariff is effective in the following counties:

Chambers, Grayson, Harris, Henderson, Medina, Montgomery, San Jacinto, Trinity, Wood

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

This tariff is only effective in the portions of the subdivisions or systems in the environs.

This tariff is effective in the following subdivisions or systems:

See Attached List

TABLE OF CONTENTS

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

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COUNTY	UTILITY	SYSTEMS
Chambers	Tower Terrace	Houston Raceway Park, Tower Terrace, West Chambers County Estates
Grayson	Tanglewood-on Texoma	Eagle Chase, Fairway Hollow, Greenway Bend, Highport, Sunrise Circle, Tanglewood Hills, Tanglewood Resort
Harris	Harris County MUD 191	Villas at Willowbrook Homeowners Association
Henderson	Beachwood Estates	Beachwood Estates, Brentwood Estates, Deep Water Estates, Forest Shores, Greenwood Cove, Hidden Harbor, Indian Oaks, Oak Forest Estates, Pebble Beach, Seis Hombres, Three-Way View, Treasure Isle, Waterboard, Key Ranch Estates
	Cherokee Shores	Cherokee Shores, Deep Water Bay, Deer Island, Diamond Oaks, Glenn Road, Grandview Terrace, Moon Waters, Nee Toni Jo, Robinson Tract/Country Estates, Spillview Estates II, Taylor Tract, Timber Bay, Waterfront Shores, Wood Canyon Waters
	Carolynn Estates	Pinnacle Club
Medina	Holiday Villages of Medina Lake	Holiday Villages of Medina
Montgomery	Decker Hills	Champions Glen, Decker Hills, Hidden Lake Estates, Inverness Crossing
San Jacinto	Blue Water Cove	Blue Water Cove
	Holiday Villages of Lake Livingston	Holiday Villages of Livingston, Somerset Shores
Trinity	Harbor Point	Harbor Point
Wood	Lake Fork Estates	Holiday Villages of Fork

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

Rates Effective October 1, 2016

METER SIZE	MONTHLY MINIMUM RATE	GALLONAGE CHARGE
5/8"	\$75.26	\$2.64 per 1,000 gallons
3/4"	\$112.90	
1"	\$188.16	
1½"	\$376.31	
2"	\$602.11	
3"	\$1,128.95	
4"	\$1,881.58	
6"	\$3,763.18	
8"	\$6,020.97	

Residential sewer service will be billed year round using that service connection’s average winter water consumption during December, January and February. Single family residential service connections without a historic average will have an imputed average of 5,000 gallons until they have established an average. A new single family residential customer may request a true-up based on their first actual winter average for the months that an imputed average was applied. Such request must be made within 60 days of the billing date of the customer’s first bill with their actual winter average. Multi-family residential service connections without a historic winter average will have an imputed average of 5,000 gallons per residential unit until they have established an average.

Non-residential service connections will be billed on actual monthly water consumption without the use of winter averaging.

Federal Tax Change Credit Rider

METER SIZE	MONTHLY CREDIT SEPTEMBER 1, 2018 -	ADDITIONAL MONTHLY CREDIT SEPTEMBER 1, 2018 – FEBRUARY 28, 2019
5/8"	(\$2.61)	(\$2.36)
3/4"	(\$3.92)	(\$3.54)
1"	(\$6.53)	(\$5.90)
1½"	(\$13.05)	(\$11.80)
2"	(\$20.88)	(\$18.88)
3"	(\$39.15)	(\$35.40)
4"	(\$65.25)	(\$59.00)
6"	(\$130.50)	(\$118.00)
8"	(\$208.80)	(\$188.80)

SECTION 1.0 (Continued)

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

Cash X, Check X, Money Order X, MasterCard X, Visa X, Electronic Fund Transfer X
 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. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

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

Section 1.02 – Miscellaneous Fees

TAP FEE (Gravity sewer, street or easement installation).....\$700.00

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

TAP FEE (Pressure sewer, non-rock installation).....\$1,525.00
 TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION PLUS UNIQUE COSTS AS PERMITTED BY PUC RULE AT COST.

TAP FEE (Pressure sewer, rock installation)\$3,776.00
 TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION PLUS UNIQUE COSTS AS PERMITTED BY PUC RULE AT COST.

ACCOUNT SET UP FEE.....\$25.00
 FEE TO SET UP ACCOUNT FOR NEW CUSTOMER APPLYING FOR SEWER SERVICE ONLY.

RECONNECTION FEE

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

- a) Non-payment of bill (Maximum \$25.00).\$25.00
- b) Customer's request\$50.00
 or other reasons listed under section 2.0 of this tariff.

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

LATE CHARGE..... 10%
 A ONE-TIME PENALTY MAY BE MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE.....\$25.00

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

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

SECTION 1.02 – MISCELLANEOUS FEES (Continued)

SERVICE RELOCATION FEE.....Actual cost to relocate that service connection
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING SERVICE CONNECTION.

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

LINE EXTENSION AND CONSTRUCTION CHARGES:
REFER TO SECTION 2.12 SPECIFIC UTILITY SERVICE RULES AND SECTION 3.02 UTILITY SPECIFIC EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:
INCREASE IN INSPECTION FEES AND WATER TESTING COSTS IMPOSED BY STATE OR FEDERAL LAW MAY BE PASSED THROUGH AS AN ADJUSTMENT TO THE MONTHLY BASE RATE CHARGE UNDER THE TERMS AND CONDITIONS OF 16 TAC § 24.21(F) AFTER NOTICE TO CUSTOMERS AND UPON WRITTEN APPROVAL BY THE PUC.

DAMAGE OR SERVICE DIVERSION FEE.....\$100.00
ONE TIME PENALTY FOR TAMPERING WITH OR DAMAGING A SEWER SERVICE CONNECTION, OR ANY APPURTENANCE THERETO, INCLUDING PUMPS OR SERVICE DIVERSION.

FRANCHISE FEE PASS THROUGH CLAUSE:
Charges a municipality makes for use of streets and alleys pursuant to tax code §182.025 or other applicable state law not to exceed 2% or the actual amount charged by the municipality shall be passed through utility-wide as an adjustment to the sewer gallonage charge according to the following formula:

$$AG = G + B$$

Where:

- AG = adjusted gallonage charge, rounded to the nearest one cent:
- G = approved gallonage charge (per 1,000 gallons) and
- B = projected franchise fees payable (per 1,000 gallons).

SECTION 1.02 – MISCELLANEOUS FEES (Continued)

SEWER PASS-THROUGH GALLONAGE CHARGE ADJUSTMENT:

CHANGES IN FEES IMPOSED BY ANY NON-AFFILIATED THIRD PARTY SEWAGE TREATMENT ENTITY SHALL BE CHARGED THROUGH THE SEWER PASS-THROUGH GALLONAGE CHARGE ADJUSTED ANNUALLY ACCORDING TO THE FOLLOWING TRUE-UP FORMULA INTENDED TO BALANCE REVENUE FROM THE CHARGE AGAINST ACTUAL PAYMENTS AND COLLECTIONS FROM THE PRIOR YEAR:

SPC = (E + (AP - AC)) / (ME x AU) Where:

- SPC = Sewer Pass-Through Gallonage Charge per 1,000 gallons, rounded to the nearest cent
- E = Projected sum for upcoming 12 months of Purchase Sewer costs
- AP = Actual Payments by utility for prior 12 months for Purchase Sewer costs
- AC = Actual Collections by utility in prior 12 months from the previously approved sewer pass-through gallonage charge
- AP-AC= Difference between actual payments and actual collections from the previously approved sewer pass-through gallonage charge for the prior 12 months
- ME = Year End Meter Equivalents
- AU = Average Annual Usage per meter equivalent, in 1,000 gallons, from most recent rate case

The SPC must be trued up and adjusted every twelve months.

To implement, all notice requirements must be met. The utility may begin to charge the new filed SPC on the proposed effective date in the notice. Implementation of this SPC adjustment provision shall be governed by TAC § 24.21(h).

With each annual SPC adjustment, the utility must file a true-up report with the Commission that shows the calculation for the next 12-month SPC reflected in the notice. The report shall contain up to five years' worth of data, as available, showing the annual and accumulated difference between SPC amounts collected from customers and amounts actually paid to the entities whose charges are included in the SPC. The report shall also show how the new SPC was calculated according to the adjustment formula above.

FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):

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

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

	<u>Monthly Flat Rate</u>	
Residential	<u>\$10.00</u>	
	<u>Monthly Minimum Rate</u>	<u>Gallonage Charge</u>
Non-Residential	<u>\$15.00</u> (includes 1,000 gallons)	<u>\$1.50</u> per 1,000 gallons over 1,000

Cash X, Check X, Money Order X, MasterCard X, Visa X, Electronic Fund Transfer X
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. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

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

Section 1.02 – Miscellaneous Fees

TAP FEE.....Actual Cost plus 200%
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR TAP SIZE INSTALLED PLUS 200%, BUT IN NO EVENT WILL EXCEED THREE TIMES THE ACTUAL COST.

RECONNECTION FEE

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

- a) Non-payment of bill (Maximum\$25.00).\$25.00
 - b) Customer's request.....\$50.00
- or other reasons listed under section 2.0 of this tariff.

TRANSFER FEE.....\$30.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

LATE CHARGE..... 10%
A ONE-TIME PENALTY MAY BE MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE\$25.00

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

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

SECTION 1.0 - RATE SCHEDULE

Section 1.02 – Miscellaneous Fees (Continued)

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 2.12 SPECIFIC UTILITY SERVICE RULES AND SECTION 3.02 UTILITY SPECIFIC EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

INCREASE IN INSPECTION FEES AND WATER TESTING COSTS IMPOSED BY STATE OR FEDERAL LAW MAY BE PASSED THROUGH AS AN ADJUSTMENT TO THE MONTHLY BASE RATE CHARGE UNDER THE TERMS AND CONDITIONS OF 16 TAC § 24.21(F) AFTER NOTICE TO CUSTOMERS AND UPON WRITTEN APPROVAL BY THE PUC.

FRANCHISE FEE PASS THROUGH CLAUSE:

Charges a municipality makes for use of streets and alleys pursuant to tax code §182.025 or other applicable state law not to exceed 2% or the actual amount charged by the municipality shall be passed through utility-wide as an adjustment to the sewer gallonage charge according to the following formula:

$$AG = G + B$$

Where:

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

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

B = projected franchise fees payable (per 1,000 gallons).

PURCHASED SEWER PASS THROUGH CLAUSE:

Changes in fees imposed by any non-affiliated third party wholesale sewer service provider shall be passed through utility-wide as an adjustment to the sewer gallonage charge according to the following formula:

$$AG = G + B$$

Where:

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

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

B = change in purchased sewer service gallonage charge (per 1,000 gallons).

SECTION 2.0--SERVICE RULES AND REGULATIONS

Section 2.01—Public Utility Commission of Texas

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

Section 2.02--Application for and Provision of Sewer Service

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

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

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

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

Section 2.03--Refusal of Service

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

Section 2.04--Customer Deposits

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

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

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

SECTION 2.0--SERVICE RULES AND REGULATIONS (Continued)

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

Section 2.05--Meter Requirements, Readings, and Testing

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

Section 2.06--Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of the bills for utility service will be at least twenty (20) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next work day after the due date.

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

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

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

Section 2.07--Service Disconnection

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

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

SECTION 2.0--SERVICE RULES AND REGULATIONS (Continued)

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

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

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

Section 2.08--Reconnection of Service

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

Section 2.09--Service Interruptions

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

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

Section 2.10--Quality of Service

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

Section 2.11--Customer Complaints and Disputes

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

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

SECTION 2.20--SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Pursuant to TCEQ Rule 291.87(n), the utility may charge for all labor, material, equipment, and other costs necessary to repair to replace all equipment damaged due to service diversion or the discharge of wastes which the system cannot properly treat. This shall include all repair and cleanup costs associated with discharges of grease and oils, except as incidental waste in process or wash water, used in or resulting from food preparation by sewer utility customers engaged in the preparation and/or processing of food for other than domestic consumption or for sale to the public discharged from grease traps or other grease and/or oil storage containers. The utility may charge for all costs necessary to correct service diversion or unauthorized taps where there is no equipment damage, including incidents where service is reconnected without authority. The utility may not charge any additional penalty or charge other than actual costs unless such penalty has been expressly approved by the regulatory authority having rate/tariff jurisdiction and filed in the utility's tariff.

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

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

In accordance with the requirements of Utility's Wastewater discharge Permit, any and all repairs and maintenance of Utility's lines, tanks, pumps and equipment located on Customer's premises shall be performed exclusively by the Utility. Copies of the utility's state and federal waste water discharge permits shall be available for public inspection and copying in the utility's business office during normal business hours.

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

RESIDENTIAL SINGLE FAMILY GRINDER / SEWAGE STATIONS

The Utility will install the grinder pumps, storage tanks, controls and other appurtenances necessary to provide pressurized sewer service to a residential connection. Electric bills are the customer's responsibility. 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

The customer will have the option to install the grinder pumps, storage tanks, controls, and other appurtenances necessary to provide pressurized sewer service to a multifamily or commercial service connection. 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.

Before approval for the installation and use of an existing receiving tank or lift station that is being used as an interceptor tank for primary treatment, wastewater 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.

The customer shall be responsible for the monthly electric bill.

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

If the collection system that discharges into the receiving tank / lift station has an inflow or infiltration problem and collects rainfall discharge, the owner or P.O.A. will correct it within go 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 or P.O.A.'s expense. The Utility is not responsible for the collection system that discharges into the receiving tank / lift station.

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

SECTION 3.0--EXTENSION POLICY

Section 3.01--Standard Extension Requirements

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

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

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

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

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

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY

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

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

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

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

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

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

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

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

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

The Utility will provide a written service application form to the applicant for each request for service received by the Utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant. Service applications forms will be available for applicant pick up at the Utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class 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.

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (Continued)

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. The tap request must be accompanied with a plat, map, diagram or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the connection is to be installed, along the applicant's property line. The actual point of connection must be readily accessible to Utility personnel for inspection, servicing and testing while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's near service main with adequate capacity to service the applicant's full potential service demand. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, applicant may refer the matter to the PUC for resolution. Unless otherwise ordered by the PUC, the tap or service connection will not be made until the location dispute is resolved.

The Utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property. The Developer shall be required to obtain all necessary easements and rights-of-way required to extend the Utility's existing service facilities from their nearest point with adequate service capacity (as prescribed by TCEQ rules and local service conditions) to and throughout the Developer's property. The easements shall be sufficient to allow the construction, installation, repair, maintenance, testing, and replacement of any and all utility plant necessary to provide continuous and adequate service to each and every potential service location within the property at full occupancy. Unless otherwise restricted by law, sewage treatment, holding tank sites, lift station sites shall convey with all permanent easements and buffers required by TCEQ rules. Unless otherwise agreed to by the Utility, pipe line right-of-way easements must be at least 15 feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and meters. Easements must be provided for all storage, treatment, pressurization and disposal sites which are sufficient to construct and maintain all weather roads as prescribed by TCEQ rules. All easements shall be evidenced, at Developer's expense, by recorded county-approved subdivision plat or by specific assignment supported by metes and bounds survey from a surveyor licensed by the State of Texas.

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

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

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (Cont.)

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

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

- (a) that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the Utility's approved extension policy after receiving a written request from the Utility; or,
- (b) that the Developer defaulted on the terms and conditions of a written agreement or contract existing between the utility and the developer or the terms of this tariff regarding payment for services, extensions, or other requirements; or in the event the Developer declared bankruptcy and was therefore unable to meet obligations; and,
- (c) that the residential service applicant purchased the property from the Developer after the Developer was notified of the need to provide facilities to the utility. A residential service applicant may be charged the remaining costs of extending service to his property; provided, however, that the residential service applicant may only be required to pay the cost equivalent to the cost of extending the nearest water main or wastewater collection line, whether or not that line has adequate capacity to serve that residential service applicant. The following criteria shall be considered to determine the residential service applicant's cost for extending service:
 - (1) the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.
 - (2) Exceptions may be granted by the PUC if:
 - (i) 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;
 - (ii) larger minimum line sizes are required under subdivision platting requirements or applicable building codes.
 - (3) If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

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

DOCKET NO. 48329

APPLICATION OF MONARCH UTILITIES I, L.P. FOR A MINOR TARIFF CHANGE TO IMPLEMENT FEDERAL TAX CHANGE CREDIT RIDER	§ § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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PROPOSED ORDER NO. _____
APPROVING INTERIM RATES AND ADMITTING EVIDENCE

On August 24, 2018, Monarch Utilities I, LP (Monarch or Company) filed an Agreed Motion for Interim Rates and to Admit Evidence (Agreed Motion). The Motion explained that the parties to this proceeding have agreed to, or do not oppose, the implementation of tariffs (FTCC Tariffs) attached to the Stipulation and Settlement Agreement of the parties filed on August 24, 2018. In the Agreed Motion, the parties agreed that interim rates should be approved for bills rendered on and after September 1, 2018. The interim rates requested through the Agreed Motion reflect the FTCC Tariffs. No party opposes the Agreed Motion or the implementation of the FTCC Tariffs.

The Commission finds that the request for interim rates has merit and is hereby GRANTED, consistent with the Stipulation and Settlement Agreement. The tariff to implement the interim rates as attached to the Stipulation and Settlement Agreement is APPROVED on an interim basis effective for bills rendered on and after September 1, 2018.

Further, the Agreed Motion requests that the following materials be admitted into the evidentiary record of this proceeding:

- (a) Monarch’s Application, filed on May 25, 2018;
 - (b) Commission Staff’s Recommendation on Stipulation and Settlement Agreement;
 - (c) Commission Staff Affidavit in Support of Stipulation and Settlement Agreement;
- and

(d) Stipulation and Settlement Agreement.

As demonstrated by the concurrently filed Stipulation and Settlement Agreement, there are no disputed issues, and no hearing is required in this proceeding. Therefore, the Agreed Motion for Interim Rates and to Admit Evidence is GRANTED and the request to implement interim rates as described in the Stipulation and Settlement Agreement is GRANTED until such time that the Commission has had an opportunity to review and consider the Stipulation.

SIGNED _____, 2018.

[name]

**ADMINISTRATIVE LAW JUDGE
PUBLIC UTILITY COMMISSION**

DOCKET NO. 48329

APPLICATION OF MONARCH UTILITIES I, L.P. FOR A MINOR TARIFF CHANGE TO IMPLEMENT FEDERAL TAX CHANGE CREDIT RIDER	§ § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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JOINT PROPOSED FINAL ORDER

This Order addresses the Application of Monarch Utilities I, L.P. (Monarch) for a minor tariff change to implement a new Federal Tax Change Credit Rider (FTCCR), pursuant to 16 Texas Administrative Code (TAC) § 24.21(b)(2)(A)(v). A Stipulation and Settlement Agreement was executed that resolves all of the issues in this proceeding. As modified by the Stipulation and this Order, the Application is approved.

FINDINGS OF FACT

Procedural History, Application, and Disposition

1. In 2017, the Tax Cuts and Jobs Act (TCJA) was passed and, in part, amends the Internal Revenue Code¹ by, among other things, reducing the federal income tax rate to be imposed on C corporations from 35% to 21%, effective January 1, 2018, as well as reducing the federal income tax rate on certain other entities.²
2. On February 15, 2018, the Public Utility Commission of Texas (Commission) issued an amended accounting order to address the change in the federal income tax rates for investor-owned electric, telecommunications, water, and sewer utilities in the State of Texas.³

¹ Internal Revenue Code, 26 U.S.C.A. § 61 (West 2011 and Supp. 2014).

² Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018, Pun. L. No. 115-97, 133 Stat. 2054 (Dec. 22, 2017).

³ *Proceeding to Investigate and Address the Effects of Tax Cuts and Jobs Act of 2017 on the Rates of Texas Investor-Owned Utility Companies*, Project No. 47945, Amended Accounting Order (Feb. 15, 2018).

3. The Commission issued an amended accounting order under its statutory authority to preserve any changes in the federal income tax expense charged by utilities until a rate change is approved to adjust charges to Texas customers.⁴
4. On May 25, 2018, Monarch filed an application for a minor tariff change with the Commission to implement a new FTCCR, giving effect to the TCJA via a minor tariff change under the Commission's original ratemaking jurisdiction pursuant to 16 TAC § 24.21(b)(2)(A)(v).
5. Monarch is requesting to implement a mechanism to lower its rates so that customers experience lower water and sewer rates immediately as a result of the TCJA.
6. The rates established by this Order accurately reflect the federal income tax rate reduction from 34% to 21% on Monarch's annual federal income tax expenses.
7. The FTCCR does not address the accounting and rate-making treatment of excess accumulated deferred federal income tax arising from changes to the federal tax law in the TCJA.
8. It is permissible for Monarch to defer for future regulatory treatment any amortization of the protected and unprotected excess accumulated deferred federal income taxes that it records for accounting purposes and reflect such deferred liability amounts in the determination of Monarch's rates in its next base rate application.
9. On June 25, 2018, Commission Staff filed its Sufficiency Recommendation in which it found Monarch's application to be administratively complete.

⁴ Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-58.302 (West 2016 & Supp. 2017), §§ 59.001-66.016 (West 2007 & Supp. 2017) (PURA).

10. On June 27, 2018, the Administrative Law Judge ruled that Monarch's application is administratively complete, that the deadline to intervene was June 25, 2018, and that the deadline for Commission Staff to file a final recommendation or request for referral to the State Office of Administrative Hearings (SOAH) was July 20, 2018.
11. No third-party motions to intervene in the proceeding were filed by the intervention deadline of June 25, 2018.
12. On August 24, 2018, Monarch and Commission Staff filed an Agreed Motion for Interim Rates and to Admit Evidence (Agreed Motion) pursuant to a mutually agreed Stipulation and Settlement Agreement (Stipulation).
13. On August 24, 2018, Commission Staff filed an affidavit in support of the Stipulation.
14. Monarch does not have a comprehensive base-rate proceeding pending before the Commission.

Notice

15. On May 25, 2018, notice of the application was issued to all of Monarch's customers within the original ratemaking jurisdiction of the Commission.
16. The Affidavit of Robert Kelly attested to provision of such notice, and was included in Monarch's application.

Informal Disposition

17. More than 15 days have passed since completion of the notice provided in this docket.
18. Commission Staff and Monarch are the only parties to this proceeding.

Stipulation

19. On August 24, 2018, the Parties filed the Stipulation, resolving all issues in this proceeding, and also filed an Agreed Motion.

20. On August 24, 2018, the Commission granted the Agreed Motion, admitting evidence and approving interim rates effective for bills rendered on or after September 1, 2018.
21. It is appropriate that the application be approved consistent with and as modified by the Stipulation.
22. Attachment A to the Stipulation and Settlement Agreement are the tariff schedules consistent with the Stipulation. The Signatories agreed to the rates in those tariffs.
23. It is appropriate that the rates subject to this Stipulation will become effective for bills rendered on or after September 1, 2018.
24. The FTCCR tariff schedules attached to the Stipulation and approved on an interim basis in Commission Order No. _____ reflect the rates agreed to by the signatories.

Consistency of the Agreement with PURA and Commission Requirements

25. Considered in light of the application, the Stipulation is the result of compromise, and these efforts, as well as the overall result of the Stipulation viewed in light of the record evidence as a whole, support the reasonableness and benefits of the terms of the Stipulation.
26. The evidence admitted in support of the Stipulation demonstrates that the Stipulation is the result of compromise, and these efforts, as well as the overall result of the Stipulation viewed in light of the record evidence as a whole, support the reasonableness and benefits of the terms of the Stipulation.

CONCLUSIONS OF LAW

1. Monarch is a water and sewer utility as defined in Texas Water Code § 13.002(23) and 16 TAC § 24.3(76), and provides water and sewer service under Certificate of Convenience and Necessity numbers 12983 and 20899.
2. The Commission has jurisdiction over the application filed in this docket under TWC § 13.041 and 16 TAC § 24.21(b)(2)(A).

3. Monarch provided notice of the petition in compliance with 16 TAC § 24.21(b)(2)(F).
4. This docket was processed in accordance with the requirements of the Texas Water Code, the APA,⁵ and Commission rules.
5. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.
6. The Stipulation, taken as a whole, is supported by a preponderance of the credible evidence in the record and is consistent with the relevant provisions of PURA and Commission rules.

ORDERING PARAGRAPHS

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

1. As modified by the Stipulation and this Order, the application for a minor tariff change to implement the FTCCR is approved.
2. The rates, terms, and conditions of the Stipulation are approved as final.
3. The FTCCR tariff schedules attached to the Stipulation and Settlement Agreement and approved on an interim basis and attached to this Order are approved as final.
4. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the Stipulation. Entry of this Order shall not be regarded as a binding holding or precedent as to the appropriateness of any principle or methodology underlying the Stipulation.
5. Within 10 days of the date of this Order, Monarch shall file a clean copy of the approved FTCCR tariff schedules to be stamped approved by Central Records.

⁵ Administrative Procedure Act. Tex. Gov't Code Ann. §§ 2001.001-.902 (West 2016 & Supp. 2017) (APA).

6. All other motions, requests for entry of specific findings of fact, conclusions of law, and ordering paragraphs, and any other requests for general or specific relief, if not expressly granted, are denied.

SIGNED _____, 2018.

[name]

**ADMINISTRATIVE LAW JUDGE
PUBLIC UTILITY COMMISSION**