



Control Number: 48533



Item Number: 34

Addendum StartPage: 0

DOCKET NO. 48533

APPLICATION OF BAMMEL FOREST
UTILITY COMPANY AND QUADVEST,
L.P. FOR SALE, TRANSFER, OR
MERGER OF FACILITIES AND
CERTIFICATE RIGHTS IN HARRIS
COUNTY

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2019 MAR 21 PM 3:55
PUBLIC UTILITY COMMISSION
OF TEXAS

**MOTION TO ADMIT EVIDENCE AND
PROPOSED NOTICE OF APPROVAL**

COME NOW Staff of the Public Utility Commission of Texas (Commission Staff), Bammel Forest Utility Company (Bammel Forest) and Quadvest, L.P. (Quadvest) (collectively, Parties), and file this Motion to Admit Evidence and Proposed Notice of Approval (Attachment A) in response to Order No. 6 and would show the following:

I.

BACKGROUND

On July 18, 2018, Bammel Forest and Quadvest (collectively, Applicants) filed an application with the Public Utility Commission of Texas (Commission) for the sale, transfer or merger of facilities and certificate rights in Harris County. Specifically, Applicants entered into an asset purchase agreement in which Bammel Forest will sell all of its water production and distribution assets to Quadvest. Bammel Forest's CCN No. 11597 will be cancelled and assets will be transferred to Quadvest's CCN No. 11612. This transfer includes approximately 324 acres and 346 current customers.

On January 29, 2019, Order No. 6 was issued, establishing a deadline of March 21, 2019, for the Parties to file joint proposed findings of fact and conclusions of law. Accordingly, this pleading is timely filed.

II.

MOTION TO ADMIT EVIDENCE

In order to complete the evidentiary record, the Parties respectfully request that the following additional documents be admitted into evidence in this proceeding for the purpose of supporting a Commission notice of approval:

- (1) Application of Bammel Forest and Quadvest filed on July 18, 2018;
- (2) Commission Staff's recommendation on administrative completeness filed on August 20, 2018;
- (3) Applicants' affidavit of notice, filed on August 31, 2018;
- (4) Commission Staff's recommendation finding notice sufficient, filed on September 7, 2018;
- (5) Commission Staff's recommendation on the transaction, filed on October 24, 2018;
- (6) Applicants' notice of proof that transaction has been completed and customer deposits have been properly addressed filed on January 7, 2019;
- (7) Commission Staff's recommendation on sufficiency of closing documents filed on January 22, 2019;
- (8) Applicants' consent forms filed on March 6, 2019 and March 12, 2019; and
- (9) The final maps, certificates, and tariffs filed on _____, 2019, attached to the Proposed Notice of Approval.

III.

PROPOSED NOTICE OF APPROVAL

Commission Staff, Bammel Forest, and Quadvest respectfully request that the Commission adopt the attached Proposed Notice of Approval.

IV.

CONCLUSION

Commission Staff and Bammel Forest have agreed that Quadvest is authorized to file this pleading on their behalf. Therefore, these Parties respectfully request that the Commission grant the Motion to Admit Evidence and adopt the Proposed Notice of Approval.

Respectfully submitted,

DuBois, Bryant & Campbell, LLP

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Attorneys for Quadvest, L.P.

CERTIFICATE OF SERVICE

I certify by my signature above that a copy of this document will be served on all parties of record on March 21, 2019, in accordance with 16 TAC § 22.74.

ATTACHMENT A

DOCKET NO. 48533

APPLICATION OF BAMMEL FOREST UTILITY COMPANY AND QUADVEST, L.P. FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN HARRIS COUNTY	§ § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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PROPOSED NOTICE OF APPROVAL

This Notice addresses the application of Bammel Forest Utility Company (Bammel Forest) and Quadvest, L.P. (Quadvest) for approval of Quadvest’s purchase of all of the water production and distribution assets from Bammel Forest. Bammel Forest’s CCN No. 11597 will be cancelled and assets will be transferred to Quadvest’s CCN No. 11612.

The Commission approves the Application.

The Commission adopts the following findings of fact and conclusions of law:

I. FINDINGS OF FACT

Applicants

1. Bammel Forest is a utility company that provides water service in Texas under CCN No. 11597.
2. Quadvest is a for-profit corporation that provides water service in Texas under CCN No. 11612.

Application

3. On July 18, 2018, Bammel Forest and Quadvest filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Harris County.

4. The total area being requested comprises approximately 324 acres and 346 current customers.
5. In Order No. 2 issued on August 22, 2018, the Commission administrative law judge (ALJ) deemed the application administratively complete, required notice to be given, and established a procedural schedule.

Notice of Application

6. Notice of the application appeared in the July 24, 2018 issue of the *Texas Register*.
7. On December 31, 2018, Quadvest filed the affidavit of Jeff Eastman attesting that notice was provided to current customers, neighboring utilities, and affected parties on August 24, 2018.
8. In Order No. 3, issued on September 12, 2018, the ALJ deemed the notice sufficient and established a procedural schedule.

Sale

9. In Order No. 4 issued October 25, 2018, the Commission approved the sale and transfer to proceed and required completion of the sale and transfer within 180 days.
10. On January 7, 2019, Quadvest filed documents of the sale and transfer, which occurred on November 13, 2018, and the affidavit of Jeff Eastman, CFO of Quadvest, who attested that Bammel Forest's customer deposits had been transferred to Quadvest on December 19, 2018.
11. In Order No. 5 issued on January 25, 2019, the ALJ found the closing documents sufficient and established a procedural schedule.

Evidentiary Record

12. In Order No. __ issued on _____, 2019, the ALJ admitted the following evidence into the record: (1) Application of Bammel Forest and Quadvest filed July 18, 2018; (2) Commission Staff's Recommendation on Administrative Completeness, filed August 20, 2018; (3) Commission Staff's Amended Recommendation on Administrative Completeness, filed August 20, 2018; (4) Applicants' affidavit of notice, filed August 31, 2018; (5) Commission Staff's recommendation finding notice sufficient, filed on September 7, 2018; (6) Commission Staff's recommendation on the transaction, filed October 24, 2018; (7) Quadvest's Notice of Proof that Transaction has been Consummated and Customer Deposits have been Properly Addressed, filed January 7, 2019; (8) Commission Staff's Recommendation on the Closing of the Transaction, filed January 22, 2019; (9) Applicants' signed consent forms, filed March 6, 2019; (10) and Quadvest's amended consent form, filed March 12, 2019.

Compliance – TWC § 13.301(d), 16 TAC § 24.239(j)(5)(A)

13. There are no existing violations with the two public water systems, and those systems are in compliance with the drinking water rules of the Texas Commission on Environmental Quality (TCEQ).
14. Quadvest has not been subject to any enforcement action by the Commission, TCEQ, the Texas Health and Human Services Commission, the Office of Attorney General, or the United States Environmental Protection Agency.

Adequacy of Existing Service – TWC § 13.301(d), 16 TAC § 24.239(j)(5)(B); TWC § 13.246(c)(1), 16 TAC § 24.227(d)(l)

15. Bammel Forest provides service to the requested areas through its existing public water system.

Need for Additional Service – TWC § 13.301(d), 16 TAC § 24.239(j)(5)(C); TWC § 13.246(c)(2), 16 TAC § 24.227(d)(2)

16. The application is to transfer only existing facilities, customers and service areas.
17. Quadvest has not received any new requests for service, and Quadvest is not requesting to add additional uncertificated area.
18. Bammel Forest's existing customers in the requested areas have a need for service.

Effect of Approving the Transaction – TWC § 13.301(d), 16 TAC § 24.239(j)(5)(D); TWC § 13.46(c)(3), 16 TAC § 24.227(d)(3)

19. There are 47 utilities, cities, or political subdivisions providing water within two miles of the requested areas.
20. Bammel Forest and Quadvest are the only utilities affected by this sale and transfer.
21. Water rates will not change because of the sale and transfer.

Ability to Serve; Managerial and Technical - TWC § 13.301(b), 16 TAC § 24.239(g), (j)(5)(E); TWC §§ 13.241(a) and 13.246(c)(4), 16 TAC § 24.227(a)(4)

22. Quadvest's management team is comprised of 5 people, each having 10 or more years of experience in the water industry.
23. Quadvest has demonstrated adequate managerial and technical expertise to provide adequate water service.

Ability to Serve: Financial Ability and Stability - TWC § 13.301(b), 16 TAC § 24.239(g), (j)(5)(G); TWC §§ 13.241(a) and 13.246(c)(6), 16 TAC § 24.227(a), (d)(6)

24. Quadvest's projected operating revenues are sufficient to cover the projected operations and maintenance expense for the first five years after the completion of the proposed sale and transfer.
25. Quadvest's projected net operating income for a year, plus the depreciation and non-cash expenses for the year, divided by the projected debt service payments for the year, results in a debt-service-coverage ratio of more than 1.25 for the years 2018 and 2019.
26. Quadvest's debt-to-equity ratio is less than one.
27. Quadvest demonstrated that it has the available cash levels to serve the requested areas.
28. Quadvest has demonstrated the financial capability to provide adequate water service.

Financial Assurance – TWC § 13.246(d), 16 TAC § 24.227(e)

29. There is no need to require Quadvest to provide a bond or other financial assurance to ensure continuous and adequate service.

Service From Adjacent Retail Public Utility – TWC § 13.301(d), 16 TAC § 24.239(j)(5)(F); TWC § 13.246(c)(5), 16 TAC § 24.227(d)(5)

30. Bammel Forest is serving the customers in the requested area, and following the transfer, Quadvest will provide service using existing infrastructure; therefore, the feasibility of obtaining service from another adjacent retail public utility was not considered.

Regionalization or Consolidation – TWC § 13.241(d), 16 TAC § 24.227(b)

31. Quadvest does not anticipate building any new facilities to continue serving the area.

Environmental Integrity – TWC § 13.301(d), 16 TAC § 24.239(j)(5)(H); TWC § 13.246(c)(7), 16 TAC § 24.227(d)(7)

32. The area will be served with existing infrastructure, and the transfer should have a minimal effect on the environmental integrity of the requested area.

Effect on the Land – TWC § 13.246(c)(9), 16 TAC § 24.227(d)(9)

33. The area will be served with existing infrastructure, and the transfer should have a minimal effect on the land.

Improvement of Service – TWC § 13.301(d), 16 TAC § 24.239(j)(5)(I); TWC § 13.246(c)(8), 16 TAC § 24.227(d)(8)

34. Quadvest intends to improve customer service and communications with customers.
35. Quadvest intends to improve regulatory compliance issues.

Lowering of Costs – TWC § 13.301(d), 16 TAC § 24.239(j)(5)(I); TWC § 13.246(c)(8), 16 TAC § 24.227(d)(8)

36. Customers in the requested area will be charged the same rates they were charged before the sale of Bammel Forest's water system.

Tariff and Maps

37. On February 19, 2019, Commission Staff emailed to Quadvest and Bammel Forest proposed maps, certificates, and tariffs related to this docket.
38. On March 6, 2019 and March 12, 2019, Quadvest and Bammel Forest filed consent forms concurring with the maps and certificates as prepared by Commission Staff.
39. On March 21, 2019, the proposed tariffs, certificates, and maps were filed as an attachment to the joint motion to admit evidence.

Informal Disposition

40. More than 15 days have passed since the completion of the notice provided in this docket.
41. No issues of fact or law are disputed by the parties.
42. The sale and transfer approved in this Order is not adverse to any party.
43. No hearing is necessary in this proceeding.

II. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this application under TWC §§ 13.041, 13.241, 13.246, 13.251, and 13.301.
2. Bammel Forest and Quadvest are retail public utilities as defined in TWC § 13.002(19) and 16 TAC § 24.3(59).
3. Public notice of the application was provided as required by TWC § 13.301(a)(2) and 16 TAC § 24.239(a), (b), (c), and (e).
4. The Commission processed the application in accordance with the requirements of TWC §§ 13.251 and 13.301 and 16 TAC § 24.239.
5. After consideration of the factors in TWC § 13.246(c), Quadvest has demonstrated adequate financial, managerial, and technical capability under TWC § 13.251 and 16 TAC § 24.239(g) to provide adequate and continuous service to the requested area.
6. Bammel Forest and Quadvest complied with the requirements of 16 TAC § 24.239(m) with respect to customer deposits.
7. Bammel Forest and Quadvest completed the sale within the time authorized by the Commission in accordance with 16 TAC § 24.239(o).
8. Bammel Forest and Quadvest have demonstrated that it is necessary for the service, accommodation, convenience, and safety of the public to transfer the public water system area under CCN No. 11597 from Bammel Forest to Quadvest's CCN No. 11612. Bammel Forest's CCN No. 11597 will be cancelled.
9. Quadvest must record a certified copy of the certificate transferred and maps approved by the Order, along with a boundary description of the service areas, in the real property

records of Harris County within 31 days of receiving the Order and submit to the Commission evidence of the recording. TWC § 13.257(r), (s).

III. ORDERING PARAGRAPHS

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

1. The Commission approves Quadvest's purchase of Bammel Forest's water system and the transfer of Bammel Forest's water CCN No. 11597 to Quadvest, to the extent provided in the Order.
2. The Commission transfers water CCN 11597 to Quadvest.
3. The Commission cancels CCN No. 11597.
4. The Commission approves the water-service tariff attached to this joint motion to admit evidence filed on March 21, 2019.
5. Within ten days after the Order is issued, Commission Staff must file a clean copy of the tariff approved by the Order to central records to be marked *Approved* and filed in the Commission's tariff books.
6. Quadvest must provide continuous and adequate water service to every customer and applicant for service within the service area for water CCN number 11612 in accordance with Quadvest's water tariff.
7. Bammel Forest and Quadvest must comply with the recording requirements in TWC § 13.257(r) and (s) for the areas in Harris County affected by the application.
8. Bammel Forest and Quadvest must submit to the Commission evidence of the recording no later than 45 days after receipt of the signed Order.

9. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the _____ day of _____, 2019

PUBLIC UTILITY COMMISSION OF TEXAS

HUNTER BURKHALTER
ADMINISTRATIVE LAW JUDGE

QUADVEST, L.P.
CCN 11612
(Docket No. 48533)

TARIFF



WATER UTILITY TARIFF

Tariff Control Number: 48533

Quadvest, L.P.
(Utility Name)

26926 FM 2978
(Business Address)

Magnolia, Texas 77354
(City, State, Zip Code)

281/356-5347
(Area Code/Telephone)

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

11612

This tariff is effective in the following counties:

Aransas, Brazoria, Fort Bend, Harris, Jackson, Liberty, Matagorda, Montgomery, Walker, and Waller

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

Richmond (portion of Bridlewood Estates only - same rates)

This tariff is effective in the following subdivisions or systems:

See attached chart.

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

<i>QUADVEST LP</i>			
SUBDIVISION	PWS ID NUMBER	COUNTY	SUBSIDENCE DISTRICT
Bauer Landing	1013526	Harris	NHCRWA
Bayer Utility (Old Town Spring)	1010212	Harris	NHCRWA
Bella Vista	1460175	Liberty	No Subsidence
Benders Landing	1700678	Montgomery	SJRA
Benders Landing Estates	1700678	Montgomery	SJRA
Brazos Lakes	0790363	Fort Bend	NFBWA
Bridlewood Estates	0790350	Fort Bend	City of Rosenberg
Caddo Village	1700473	Montgomery	SJRA
Camino Real	1460175	Liberty	No Subsidence
Campwood	1700624	Montgomery	SJRA
Canterbury Ranch	1700624	Montgomery	SJRA
Cape Shores	1200044	Jackson	No Subsidence
Chenango Ranch	0200656	Brazoria	Brazoria GWD
Clear Creek Forest	1700576	Montgomery	SJRA
Creeside Village	1700742	Montgomery	SJRA
Decker Oaks Estates	1700605	Montgomery	SJRA
Estates of Clear Creek	1700576	Montgomery	SJRA
Freeman Ranch	2370123	Waller	Bluebonnet GWD
Grande San Jacinto	1460179	Liberty	No Subsidence
Indigo Lake Estates	1700576	Montgomery	SJRA
Jacobs Reserve	1700609	Montgomery	SJRA
Lake House* (Formerly Cane Island)	2370111	Waller	No Subsidence
Lake Pointe Estates*	0790350	Fort Bend	NFBWA
Lake Windcrest	1700624	Montgomery	SJRA
Lakes of Fairhaven*	1013288	Harris	NHCRWA
Lakes of Magnolia	1700736	Montgomery	SJRA
Live Oak Landing	1610129	Matagorda	No Subsidence
Lone Star Ranch	1700655	Montgomery	SJRA
Magnolia Reserve	1700864	Montgomery	No Subsidence
McCall Sound	1700763	Montgomery	SJRA
Montgomery Trace	1700577	Montgomery	SJRA
Mostyn Manor	1700669	Montgomery	SJRA
Northcrest Ranch	1700623	Montgomery	SJRA
Oaks of Sun creek	0200640	Brazoria	Brazoria GWD
Rancho San Vicente	1460178	Liberty	No Subsidence
Red Oak Ranch	1700609	Montgomery	SJRA
Rocky Creek	1013393	Harris	WHCRWA
Sawmill Estates	1700576	Montgomery	SJRA
Sendera Ranch	1700577	Montgomery	SJRA

Shaw Acres	1013468	Harris	NHCRWA
Sierra Woods	1700624	Montgomery	SJRA
Sonoma Ridge	1700763	Montgomery	SJRA
Stonecrest Ranch	1700611	Montgomery	SJRA
Summerset Estates	1700655	Montgomery	SJRA
Suncreek Estates	0200640	Brazoria	Brazoria GWD
Suncreek Ranch	0200616	Brazoria	Brazoria GWD
Sunrise Bay	1200037	Jackson	No Subsidence
Sunset Bay	0040055	Aransas	No Subsidence
Telge Terrace	1011805	Harris	Harris Galv. Sub.
Texas Grand Ranch	2360088	Walker	Bluebonnet GWD
The Colony/Intercontinental	1011806	Harris	Harris Galv. Sub.
Timberdale	1011810	Harris	Harris Galv. Sub.
Vaquero River Estates	1610129	Matagorda	No Subsidence
Villa Nueva	1460175	Liberty	No Subsidence
Village of Decker Oaks	1700605	Montgomery	SJRA
Waterstone Estates	1013389	Harris	NHCRWA
Waypoint Landing	1610137	Matagorda	No Subsidence
Westwood	2370042	Waller	Bluebonnet GWD
Windcrest Farms	1700577	Montgomery	SJRA
Yesterdays Crossing	1700758	Montgomery	No Subsidence

*Lake House, Lake Point Estates and Lakes of Fairhaven (Formerly Westside Water, LLC) have a separate tariff page.

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

LIST OF SUBDIVISIONS AND SYSTEMS (Formerly Bammel Forest Utility Company)

System Name	PWS ID No.	County
Bammel Forest	1010096	Harris
Bammel Timbers	1010096	Harris
Pecan Forest	1010096	Harris

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$28.75</u> (Includes 0 gallons)	<u>\$1.75</u> per 1000 gallons for the first 10,000 gallons
1"	<u>\$71.88</u>	<u>\$2.00</u> per 1,000 gallons from 10,001 to 20,000 gallons
1½"	<u>\$143.75</u>	<u>\$2.25</u> per 1,000 gallons from 20,001 to 30,000 gallons
2"	<u>\$230.00</u>	<u>\$2.93</u> per 1,000 gallons thereafter
3"	<u>\$431.25</u>	
4"	<u>\$718.75</u>	
6"	<u>\$1,437.50</u>	
8"	<u>\$2,300.00</u>	
10"	<u>\$3,306.25</u>	
12"	<u>\$6,181.25</u>	

An additional pass through gallonage charge per 1,000 gallons of water will be added for fees imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the utility. Bluebonnet GRP (BGCD), Brazoria GRP (BCGCD), City of Rosenberg GRP (CR), North Fort Bend GRP (NFBWA), West Harris County Regional Water Authority (WHCRWA), Harris-Galveston Subsidence District (HGSD), North Harris County Regional Water Authority (NHCRWA) San Jacinto River Authority GRP (SJRA) and Shaw Acres. Each pass through gallonage charge is represented in the table below. **SEE PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE.**

	BGCD	BCGCD	CR	HCSD	WHCRWA	NFBWA	NHCRWA	SJRA	Shaw Acres
Rate per thousand gallons	\$0.07	\$0.04	\$2.27	\$0.02	\$3.01	\$3.86	\$4.30	\$2.88	\$3.45

*Chart excludes Caddo Village, Lake House, Lake Pointe Estates and Lakes of Fairhaven, which have separate tariff pages
(*Tariff Control No. 48041*)

FEDERAL TAX CHANGE CREDIT RIDER
(*Tariff Control No. 48533*)

Monthly Fixed Rate Adjustment	<u>May 1, 2018-December 31, 2018</u>	<u>January 1, 2019</u>
5/8" or 3/4"	\$(0.53)	\$(0.42)
1"	\$(1.33)	\$(1.05)
1½"	\$(2.66)	\$(2.10)
2"	\$(4.26)	\$(3.35)
3"	\$(7.99)	\$(6.29)
4"	\$(13.32)	\$(10.48)
6"	\$(26.63)	\$(20.97)
8"	\$(42.61)	\$(33.55)
10"	\$(61.26)	\$(48.22)
12"	\$(114.52)	\$(90.16)

SECTION 1.0 -- RATE SCHEDULE (Continued)

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

Cash X, Check X, Money Order X, Credit Card X, Other (specify) Bank Draft

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

REGULATORY ASSESSMENT 1.0%

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$810.00

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

TAP FEE \$910.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD 3/4" and 1" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Large meter) Actual Cost

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

TAP FEE (Unique Costs) Actual Cost

FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE A SUBDIVISION IS A UNIQUE COST. UNIQUE COST WILL BE DETERMINED ON A CASE BY CASE BASIS.

RECONNECTION FEE

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

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

b) Customer's request that service be disconnected \$50.00

OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF

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.

TRANSFER FEE \$45.00

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

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

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

RETURNED CHECK CHARGE \$25.00

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

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

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

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.

METER RELOCATION FEEActual Cost to Relocate the Existing Meter

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

METER CONVERSION FEEActual Cost to Convert the Existing 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 CUSTOMERS SERVICE DEMAND.

ILLEGAL RECONNECTION, LOCK REMOVAL OR DAMAGE FEE.....\$100.00

THIS FEE MAY BE CHARGED TO A DISCONNECTED CUSTOMER FOR DAMAGE CAUSED BY CUSTOMER'S ATTEMPT TO RESTORE WATER SERVICE BY CUTTING OR BREAKING LOCK, REMOVAL OR BYPASS OF METER.

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 § 24.25(b)(2)(G)]

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.

TEMPORARY WATER RATE:

Unless otherwise superseded by PUC order or rule, if the Utility is ordered by a court or government 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:

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

Where:

TGC = temporary gallonage charge

cgc = current gallonage charge

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

prr = percentage of revenues to be recovered expressed as a decimal fraction, for this tariff prr shall equal 0.5

To implement the Temporary Water Rate, the Utility must comply with all notice and other requirements of 16 TAC § 24.25(j).

SECTION 1.0 -- RATE SCHEDULE (Continued)

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

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

$WPC = (E + (AP - AC)) / (JC \times AU)$, Where:

- WPC = Water pass-through gallonage charge per 1,000 gallons, rounded to the nearest cent
- E = Estimated sum of upcoming 12 months of purchase water, groundwater conservation district costs, and fees
- AP = Actual payments by utility for prior to 12 months for purchase water, district costs and fees
- AC = Actual collections by utility in prior 12 months from water pass-through gallonage charge
- JC = Year end customer connections
- AU = Average annual usage per connection, in 1,000 gallons from most recent year

The WPC must be true-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 16 TAC § 24.25(F).

With each annual WPC adjustment, the utility must file a true-up report that shows the calculation for the next 12 month WPC reflected in the notice. The report shall contain up to five years 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.

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge*</u>	<u>Gallage Charge</u>
5/8"	\$17.85 (Includes 0 gallons)	\$1.50 per 1000 gallons, Residential
3/4"	\$26.80	\$2.00 per 1,000 gallons, Non-Residential
1"	\$44.65	
1 1/2"	\$89.25	
2"	\$142.80	
3"	\$267.75	
4"	\$535.50	

PLUS:

Pass Through Fees:

North Harris County Regional Water Authority (NHCRWA) for
 Lakes of Fairhaven..... \$3.56 per 1,000 gallons
 (Tariff Control No. 48051)

North Fort Bend Water Authority (NFBWA) for
 Lake Point Estates..... \$3.35 per 1,000 gallons
 (Tariff Control No. 48052)

FEDERAL TAX CHANGE CREDIT RIDER
 (Tariff Control No. 48533)

<u>Monthly Fixed Rate</u>	<u>May 1, 2018-December 31, 2018</u>	<u>January 1, 2019</u>
<u>Adjustment</u>		
5/8"	\$(1.08)	\$(0.78)
3/4"	\$(1.62)	\$(1.18)
1"	\$(2.70)	\$(1.96)
1 1/2"	\$(5.39)	\$(3.92)
2"	\$(8.63)	\$(6.26)
3"	\$(16.18)	\$(11.75)
4"	\$(32.37)	\$(23.49)

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

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

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$500.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" x 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 A SUBDIVISION IS A UNIQUE COST. UNIQUE COST WILL BE DETERMINED ON A CASE BY CASE BASIS.

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
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.

METER CONVERSION FEE. Actual Cost to Convert the Existing 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 CUSTOMERS SERVICE DEMAND.

ILLEGAL RECONNECTION, LOCK REMOVAL OR DAMAGE FEE.....\$100.00
THIS FEE MAY BE CHARGED TO A DISCONNECTED CUSTOMER FOR DAMAGE CAUSED BY CUSTOMER'S ATTEMPT TO RESTORE WATER SERVICE BY CUTTING OR BREAKING LOCK, REMOVAL OR BYPASS OF METER.

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\$40.00

TRANSFER FEE\$40.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) 10%
TCEQ 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\$35.00
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC § 24.25(b)(2)(G)]

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.

PASS THROUGH PROVISION:

For utilities subject to changes in cost imposed by any non-affiliated provider of purchased water or sewer or a groundwater conservation district having jurisdiction over the Utility, these increases (decreases) shall be passed through as an adjustment to the gallonage charge according to the formula:

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

Where:

AG = adjusted gallonage charge, rounded to the nearest one cent
G = supplier or district approved gallonage charge per 1,000 gallons
L = water or sewer line loss from preceding 12 months, not to exceed 0.15 (15%)

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Rate</u> (Includes 0 Gallons)	<u>Gallonage Charge</u>
5/8" or 3/4"	<u>\$35.00</u>	<u>\$2.50</u> per 1,000 gallons
3/4"	<u>\$52.50</u>	
1"	<u>\$87.50</u>	
1½"	<u>\$175.00</u>	
2"	<u>\$280.00</u>	
3"	<u>\$525.00</u>	

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

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

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

Section 1.02 - Miscellaneous Fees

TAP FEE..... \$500.00
 TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" or 3/4" METER PLUS UNIQUE COSTS AS PERMITTED BY PUC RULE AT COST.

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

TAP FEE (Large Meter) Actual Cost
 TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" or 3/4" 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
 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.

SECTION 1.0 -- RATE SCHEDULE

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

b) Customer's request \$25.00

OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF

SEASONAL RECONNECTION FEE

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

TRANSFER FEE \$25.00

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

LATE CHARGE \$5.00

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 EST. ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

WHEN AUTHORIZED IN WRITING BY ICEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC § 24.25(b)(2)(G)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 1.0 -- RATE SCHEDULE

TEMPORARY WATER RATE:

Unless otherwise superseded by TCEQ 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)

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 § 24.25(j).

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE

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

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

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

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

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

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

SECTION 2.0 -- SERVICE RULES AND POLICIES

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

Section 2.01 - Application for 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), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

Section 2.02 - 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 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected

(A) 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 - Miscellaneous Fees 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.

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 2.0 -- SERVICE RULES AND POLICIES (Continued)

(B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. 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 given a written explanation of such costs prior to request for 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 be informed of their 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.

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 Texas Commission on Environmental Quality minimum design criteria for water production, treatment, pumping storage and transmission.

Fees in addition to the regular tap fee may be charged if listed specifically in Section 1 to cover unique costs not normally incurred as permitted by 16 TAC § 24.163(a)(1)(C). For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

(C) Easement Requirement

Where recorded public utility easements on the service applicant's property do not exist or public road right-of-way easements are not available to access the applicant's property, the Utility may require the applicant to provide it with a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant. Such easement(s) shall not be used for the construction of production, storage, transmission or pressure facilities unless they are needed for adequate service to that applicant.

Section 2.04 - Utility Response to Applications for Service

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.

Except for good cause where service has previously been provided, service will be reconnected

within one working day after the applicant has met the requirements for reconnection.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will 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 may be required to install and maintain a cutoff valve on their side of the meter.

No direct connection between a public water supply system and any potential source of contamination or between a public water supply system and a private water source (ex. private well) will be allowed. A customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises.

Section 2.06 - Customer Service Inspections

Applicants for new service connections or facilities which have undergone extensive plumbing modifications are required to furnish the utility a completed customer service inspection certificate. The inspection certificate shall certify that the establishment is in compliance with the Texas Commission on Environmental Quality (TCEQ) Rules and Regulations for Public Water Systems, 30 TAC § 290.46(j). The Utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

Section 2.07 - Back Flow Prevention Devices

No water connection shall be allowed to any residence or establishment where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination by either an approved air gap, backflow prevention assembly, or other approved device. The type of device or backflow prevention assembly required shall be determined by the specific potential hazard identified in 30 TAC § 290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems.

The use of a backflow prevention assembly at the service connection shall be considered as additional backflow protection and shall not negate the use of backflow protection on internal hazards as outlined and enforced by local plumbing codes. When a customer service inspection certificate indicates that an adequate internal cross-connection control program is in effect, backflow protection at the water service entrance or meter is not required.

At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in 30 TAC § 290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems, then a backflow prevention assembly or device is not required. Outside hose bibs do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker. All backflow prevention assemblies or devices shall be tested upon installation by a TCEQ certified backflow prevention assembly tester and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against health hazards must also be tested and certified to be operating within specifications at least annually by a certified backflow prevention assembly tester.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

If the utility determines that a backflow prevention assembly or device is required, the utility will provide the customer or applicant with a list of TCEQ certified backflow prevention assembly testers. The customer will be responsible for the cost of installation and testing, if any, of backflow prevention assembly or device. The customer should contact several qualified installers to compare prices before installation. The customer must pay for any required maintenance and annual testing and must furnish a copy of the test results demonstrating that the assembly is functioning properly to the utility within 30 days after the anniversary date of the installation unless a different date is agreed upon.

The Utility adopts the Uniform Plumbing Code pursuant to 30 TAC § 290.46(i). The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the PUC and/or 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 and/or TCEQ rules. No water service smaller than 5/8" will be connected. No pipe or pipe fitting which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use. No solder or flux which contains more than 0.25% lead can be used at any connection which provides water for human use.

Section 2.08 - Access to Customer's Premises

The utility will have the right of access to the customer's premises at all reasonable times 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 and the utility personnel will attempt to notify the customer that they will be working on the customer's property. 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.

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.

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

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.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.09 - Meter Requirements, Readings, and Testing

One meter is required for each residential, commercial, or industrial connection. 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.

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

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer.

Whenever possible, the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

Section 2.10 - Billing

(A) Regular Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

(B) Late Fees

A late penalty of either \$5.00 or 10.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

(C) Information on Bill

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 local or toll-free telephone number (or numbers) to which customers can direct questions about their utility service.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

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

(D) 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 2.11- Payments

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 payer 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.

Section 2.12 - Service Disconnection

(A) With Notice

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. If the customer elects to receive electronic communications, the disconnect notice may be emailed in lieu of mailing or hand delivery.

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

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

(B) Without Notice

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

Section 2.13 - Reconnection of Service

Utility personnel must be available during normal business hours to accept payments on the day service is disconnected and the following day 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, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are

corrected.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.14 - 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.

Section 2.15 - 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 2.16 - 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.

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 2.17 - Customer and Utility Liability

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

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

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 preventative measures as are required by TCEQ and PUC rules, (3) electrical power failures in water systems not required by TCEQ rules 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 firefighting 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. Utility may (but is not required to) contract with individual customers/applicants to provide water service capacities to their properties in excess of the TCEQ's domestic water system regulations so that such water volumes and pressures may be used by the customer/applicant or local fire department (at their sole election and responsibility) for firefighting purposes. Such additional water services capacities shall be provided only in response to and according to design criteria and/or plans prepared by the customer/applicant's registered professional engineer. Notwithstanding any understanding or intent of such customer/applicant for the use of such excess water service capacity, Utility does not profess, state, warrant, guarantee, or imply that such additional water service capacity is, or shall ever be, adequate or sufficient for firefighting. Utility neither possesses nor claims to possess knowledge or expertise in firefighting or the requirements of firefighting. No statement or action of Utility shall ever be implied or meant to suggest that any facilities of Utility comply with any state or local fire code.

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 Utility is not required to extend service to any applicant outside of its certified service area and will only do so under terms and conditions mutually agreeable to the Utility and the applicant, in compliance with PUC rules and policies, and upon extension of the Utility's certified service area boundaries by the PUC.

The applicant for service 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.

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

Within its certified 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 in writing 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.

Residential customers 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 additional 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.

Unless an exception is granted by the PUC, the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution and pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.

Exceptions may be granted by the PUC if:

- 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;
- or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

SECTION 3.0 -- EXTENSION POLICY (Continued)

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 overriding 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 certified 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.

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 beyond 200 feet and throughout his property including the cost of all necessary transmission facilities.

The utility will bear the full cost of any over-sizing 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.

Section 3.03 - Contributions in Aid of Construction

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.

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.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC § 24.163(d). 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 for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by 16 TAC § 24.161(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

SECTION 3.0 -- EXTENSION POLICY (Continued)

A utility may only charge a developer standby fees for unrecovered costs of facilities committed to a developer's property under the following circumstances:

- Under a contract and only in accordance with the terms of the contract; or
- If service is not being provided to a lot or lots within two years after installation of facilities necessary to provide service to the lots has been completed and if the standby fees are included on the utility's approved tariff after a rate change application has been filed. The fees cannot be billed to the developer or collected until the standby fees have been approved by the PUC.
- For purposes of this section, a manufactured housing rental community can only be charged standby fees under a contract or if the utility installs the facilities necessary to provide individually metered service to each of the rental lots or spaces in the community.

Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy 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 given 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 be informed of 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(is) is located.

Section 3.05 - Applying for Service

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 application forms will be available at the Utility's business office during normal weekday business hours. Service applications can be sent by mail, email, or fax upon request. Completed applications can be returned by mail, email, or fax.

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. A diagram, map, plat, 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 may also be required with the tap request. 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 nearest service main with adequate capacity to service the applicant's full potential service demand.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. 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, the applicant may refer the matter to the PUC for resolution.

Section 3.06 - Qualified Service Applicant

A "qualified service applicant" is an applicant who has: (1) met all of the Utility's requirements for service contained in this tariff, PUC rules and/or PUC order, (2) has made payment or made arrangement for payment of tap fees, (3) has provided all easements and rights-of-way required to provide service to the requested location, (4) delivered an executed customer service inspection certificate to the Utility, if applicable, and (5) has executed a customer service application for each location to which service is being requested.

The Utility shall serve each qualified service applicant within its certified 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 by PUC rules.

Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, 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.

APPENDIX A -- DROUGHT CONTINGENCY PLAN

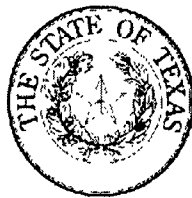
“This page incorporates by reference the utility’s Drought Contingency Plan, as approved and periodically amended by the Texas Commission on Environmental Quality.”

APPENDIX B -- SAMPLE SERVICE AGREEMENT

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

QUADVEST, L.P.
CCN 11612
(Docket No. 48533)

CERTIFICATE



Public Utility Commission of Texas

By These Presents Be It Known To All That Quadvest, L.P.

having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Quadvest, L.P., is entitled to this

Certificate of Convenience and Necessity No. 11612

to provide continuous and adequate water utility service to that service area or those service areas in Aransas, Brazoria, Fort Bend, Harris, Jackson, Liberty, Matagorda, Montgomery, Walker, and Waller Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 48533 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Quadvest, L.P., to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____ day of _____ 2019.

QUADVEST, L.P.
CCN 11612
(Docket No. 48533)

MAP

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