



Control Number: 48640



Item Number: 146

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SOAH DOCKET NO. 473-19-4089.WS
PUC DOCKET NO. 48640

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PUBLIC UTILITY COMMISSION
OF TEXAS

APPLICATION OF W.E. VLASEK § BEFORE THE STATE OFFICE
FOR AUTHORITY TO CHANGE § OF
RATES § ADMINISTRATIVE HEARINGS

STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement (Agreement) is entered into by the Staff of the Public Utility Commission of Texas (Staff) and W.E. Vlasek (Vlasek) (collectively, Signatories) and submitted to the Commission as a just and reasonable disposition of all issues in this docket consistent with the public interest.

I. BACKGROUND

On August 29, 2018, Vlasek filed an application for authority to change rates under water certificate of convenience and necessity (CCN) numbers 12685 and 11570 in Kerr County, Texas. The application was filed under Texas Water Code (TWC) § 13.1872(c)(2) using the procedures set out in TWC § 13.1871. Order No. 4, issued December 14, 2018, found Vlasek's supplemented application administratively complete, continued the suspension of the proposed effective date of the requested rate change, and directed Vlasek to re-notice customers with an updated effective date. On February 11 and 13, 2019, Vlasek filed proof of notice demonstrating that, on November 26, 2018, customers and other affected parties were mailed a Notice of Proposed Rate Change that included an effective date of February 1, 2019.

On April 18, 2019, this docket was referred to the State Office of Administrative Hearings (SOAH), and the SOAH Administrative Law Judge (ALJ) convened a prehearing conference on June 4, 2019. SOAH Order No. 2, issued June 4, 2019, required the parties to file a status report or agreed procedural schedule by June 28, 2019. In SOAH Order No. 3 issued on June 27, 2019, the SOAH ALJ suspended the effective date of the proposed rate change to November 9, 2019, and required the parties to file a status report or agreed procedural schedule by July 9, 2019. The parties timely filed an agreed procedural schedule that was adopted in SOAH Order No. 5 issued on July 31, 2019.

The Signatories reached a settlement agreement in principle and requested to abate this proceeding to allow time to prepare the settlement documents on January 10, 2020. The abatement

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was granted in SOAH Order No. 13 issued on January 31, 2020. The Signatories believe that a resolution of this docket under the terms stated below is reasonable and in the public interest. Settlement will also conserve the resources of the parties and the Commission and will mitigate litigation expense. The Signatories jointly request approval of this Agreement and entry of the Joint Proposed Order, including findings of fact and conclusions of law, attached hereto as Exhibit A. By this Agreement, the Signatories resolve all issues among them related to Vlasek's application as follows:

II. STIPULATION AND AGREEMENT

1. Agreements as to Rate/Tariff Changes.

- a. **Retail Water Rates.** The Signatories agree that Vlasek should be allowed to implement the retail water rates contained in the tariffs included as Exhibit B to this Agreement. The Signatories agree that the attached rates are just and reasonable and are consistent with the public interest.
- b. **Revenue Requirement.** The Signatories agree that Vlasek's aggregate annual revenue requirement for water CCN numbers 12685 and 11570 is \$284,621.
- c. **Weighted Average Cost of Capital.** The Signatories agree that Vlasek's weighted average cost of capital is 7.0%.
- d. **Rate Base.** The Signatories agree that Vlasek's aggregate invested capital (rate base) for water CCN numbers 12685 and 11570 as of December 31, 2017, includes \$459,350 of net plant as shown in Exhibit C. The Signatories further agree that Vlasek will maintain the original third-party invoices for any assets placed into service after the effective date of the final rates set in this case and for the materials used by Vlasek Pump Company to perform repairs that are capitalized.

- e. **Miscellaneous Fees.** The Signatories agree to an increase in Vlsek's Returned Check Charge from \$25.00 to \$30.00.
- f. **Rate-Case Expenses.** The Signatories agree that Vlsek shall be allowed to recover rate-case expenses of \$37,000 via a surcharge of \$4.00 per connection per month calculated as follows: $\$37,000 \div 386 \text{ connection} \div 24 \text{ months} = \3.995 (rounded to \$4.00). Vlsek may collect the surcharge for 24 consecutive months or until \$37,000 has been recovered, whichever period is shorter. If necessary, Vlsek may adjust the surcharge to be collected for the final month to an amount that is less than \$4.00 per connection to prevent an over-collection. The Signatories further agree that Vlsek may not seek to recover any additional rate-case expenses incurred in connection with this application in a future proceeding.
- g. **Effective Date.** The Signatories agree that the rates shown in Exhibit B shall be effective for usage on and after March 1, 2020, or the date of the Commission's final order setting the rates in this docket, whichever is earlier. To achieve this objective, the Signatories agree to request the presiding Administrative Law Judge to order that the new agreed rates shall be effective on an interim basis for usage on and after March 1, 2019, subject to refund or surcharge if the Commission ultimately establishes different rates.

2. **Agreements Regarding Affiliate Expenses.**

- a. **Agreement for Services.** The Signatories agree that Vlsek Pump Company and Vlsek will execute a written agreement establishing the fees charged to Vlsek for services including, but not limited to: meter reading, mowing/weed eating, billing (including postage), water line repairs, equipment repairs, and building repairs. The fees charged to Vlsek will take into account that, unlike Vlsek Pump Company's unaffiliated customers, Vlsek is allocated a portion of Vlsek Pump Company's fuel expenses and overhead expenses like office supplies, office telephone service, service vehicle maintenance, etc.
 - i. For those expenses that cannot be direct billed to a CCN, the written agreement for services will specify how expenses incurred by Vlsek Pump Company will be

allocated between Vlasek Pump Company and Vlasek and explain the basis for the allocation. The allocation may vary depending on the type of expense.

- ii. The agreement will also specify the allocation factor to be used to allocate expenses that are incurred by Vlasek and cannot be direct billed to a CCN between CCN numbers 12685 and 11570. The allocation factor must be based on meter equivalents or some other quantifiable data point that is related to the cost of serving each CCN.

b. **Direct Billing.** The Signatories agree that Vlasek Pump Company will direct bill expenses to each water CCN whenever possible.

c. **Payroll Expenses.** To allow for the direct billing of payroll expenses to each CCN, the Signatories agree that Vlasek will support its future payroll expenses with time sheets for each employee of Vlasek Pump Company that track the hours spent by the employee working on tasks related to the water utility.

3. **Proposed Order.** The Signatories jointly propose a final order in the form attached as Exhibit A. The Signatories submit the stipulated and agreed-upon findings of fact and conclusions of law in the proposed order for inclusion in a final order in this case implementing the terms of this Agreement.

III. IMPLEMENTATION OF AGREEMENT

1. **Obligation to Support this Agreement.** The Signatories agree to support this Agreement and will take reasonable steps to support expeditious entry of orders fully consistent with this Agreement. This provision shall not preclude any party from taking action that is mandatory and nondiscretionary pursuant to a law enacted after the date this Agreement is filed with the Commission.

2. **Effect of Agreement.**

- a. The Agreement does not adopt any particular methodology underlying the settlement rates or rate design reflected in the Agreement.

- b. The failure to litigate any specific issue in this docket does not waive any Signatory's rights to contest that issue in any other current or future proceeding. The failure to litigate an issue cannot be asserted as a defense or estoppel, or any similar argument, by or against any Signatory in any other proceeding.
- c. The terms of this Agreement may not be used either as an admission or concession of any sort or as evidence in any proceeding except to enforce the terms of this Agreement. Oral or written statements made during the course of the settlement negotiations may not be used for any purposes other than as necessary to support the entry by the Commission of an order implementing this Agreement. All oral or written statements made during the course of the settlement negotiations are governed by Tex. R. Evid. 408.
- d. The Signatories arrived at this Agreement through extensive negotiation and compromise. This Agreement reflects a compromise, settlement, and accommodation among the Signatories, and the Signatories agree that the terms and conditions herein are interdependent. The Signatories agree that this Agreement is in the public interest. All actions by the Signatories contemplated or required by this Agreement are conditioned upon entry by the Commission of a final order fully consistent with this Agreement. If the Commission does not accept this Agreement as presented or enters an order inconsistent with any term of this Agreement, any Signatory shall be released from all commitments and obligations, and shall have the right to seek hearing on all issues, present evidence, and advance any positions it desires, as if it had not been a Signatory.
- e. This Agreement is binding on each of the Signatories only for the purpose of settling the issues as set forth herein and for no other purposes. It is acknowledged that a Signatory's support of the matters contained in this Agreement may differ from the position taken or testimony presented by it in this proceeding or other proceedings. To the extent that there is a difference, a Signatory does not waive its position in any other proceedings. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Agreement in other proceedings, whether those proceedings

positions as set out in this Agreement in other proceedings, whether those proceedings present the same or a different set of circumstances, except as may otherwise be explicitly provided in this Agreement.

- f. There are no third-party beneficiaries of this Agreement. Although this Agreement represents a settlement among the Signatories with respect to the issues presented in this docket, this Agreement is merely a settlement proposal submitted to the Commission, which has the authority to enter an order resolving these issues.
- g. This Agreement supersedes any prior written or oral agreement in this docket regarding the subject matter of this Agreement.
- h. The final resolution of this docket does not impose any conditions, obligations, or limitations on Vlasek's right to file a future rate application and obtain rate relief in accordance with the Texas Water Code.
- i. Except to the extent that this Agreement expressly governs a Signatory's rights and obligations for future periods, this Agreement shall not be binding or precedential upon a Signatory outside this docket, and Signatories retain their rights to pursue relief to which they may be entitled in other proceedings.

3. **Execution.** The Signatories agree that this Agreement may be executed in multiple counterparts and filed with facsimile or computer-image signatures.

Executed as shown below:

W.E. VLASEK

By: _____

Les Romo

Date: _____

2-25-2020

STAFF OF THE PUBLIC UTILITY COMMISSION OF TEXAS

By: Eleanor D'Ambrosio
Eleanor D'Ambrosio

Date: 2/25/2020

EXHIBIT A

**PUC DOCKET NO. 48640
SOAH DOCKET NO. 473-19-4089.WS**

APPLICATION OF W.E. VLASEK FOR AUTHORITY TO CHANGE RATES	§ § §	PUBLIC UTILITY COMMISSION OF TEXAS
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JOINT PROPOSED ORDER

This Joint Proposed Order addresses the application of W.E. Vlasek (Vlasek) for authority to changes its water rates and tariffs under water certificate of convenience and necessity (CCN) numbers 12685 and 11570 in Kerr County. Vlasek and the Staff of the Public Utility Commission of Texas (Commission Staff), entered into a Stipulation and Settlement Agreement (Agreement) resolving all of the issues in this docket. The Commission approves Vlasek’s change in water rates, as modified by the Agreement to the extent provided in this Order.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicant

1. Vlasek is a sole proprietorship owned by William E. Vlasek and operating in Kerr County, Texas.
2. William E. Vlasek also owns and operates Vlasek Pump Company, LLC (Vlasek Pump), which is registered with the Texas Secretary of State under file number 802733798.
3. Vlasek provides retail water service to customers in the Canyon Springs and Shalako Estates subdivisions under water CCN number 12685.
4. Vlasek provides retail water service to customers in the Mary Meade, Rustic Hills, and Village West subdivisions under water CCN number 11570.
5. Vlasek served 250 connections under water CCN number 12685 and 138 connections under water CCN number 11570 as of December 31, 2017.

The Application

6. On August 29, 2018, Vlasek filed a class B application for authority to increase water rates and revise the associated tariffs for its service area in Kerr County.
7. The application is based on an historic test year that ended on December 31, 2017.

8. Vlasek's application requested a single revenue requirement for both of its tariffs of \$306,289, which represents a 12.67% increase over historic test year revenue.
9. On October 9, 2018, Vlasek filed a supplement to the application.
10. In Order No. 4 issued on December 14, 2018, the Commission Administrative Law Judge (ALJ) found the application, as supplemented, administratively complete and continued the suspension of the effective date of the proposed rate increase.

Notice

11. On September 1, 2018, Vlasek sent a Notice of Proposed Rate Change to each customer or other party affected by the proposed rate increase via United States mail.
12. On August 29, 2018, Vlasek filed the affidavit of William E. Vlasek attesting to the provision of notice as described in finding of fact 11.
13. On October 8, 2018, Vlasek filed a copy of the Notice of Proposed Rate Change sent to each customer or other affected party within the service area under water CCN number 11570, which was inadvertently omitted from the application.
14. In Order No. 4 issued on December 14, 2018, the Commission ALJ ordered Vlasek to re-notice ratepayers with an updated effective date that was at least 35 days before the effective date of the proposed rate change.
15. On November 26, 2018, Vlasek sent a revised Notice of Proposed Rate Change to each customer or other party affected by the proposed rate increase via United States mail.
16. On February 11, 2019, Vlasek filed the affidavit of Shaleah L. Hill, Vlasek's authorized representative, to the provision of revised notice as described in finding of fact 15.
17. On February 13, 2019, Vlasek filed a copy of the revised Notice of Proposed Rate Change with an effective date of February 1, 2019, that was mailed to each customer or affected party on November 26, 2018.
18. In SOAH Order No. 1 issued on April 26, 2019, the SOAH ALJ directed Vlasek to provide notice of the prehearing conference scheduled for June 4, 2019, to each affected municipality and county and to each ratepayer at least 20 days before the prehearing conference.
19. On May 5, 2019, Vlasek sent a Notice of Prehearing Conference to each customer via United States mail.

20. On May 22, 2019, Vlasek filed the affidavit of Wendy Emley, Vlasek's authorized representative, attesting to the provision of notice of the prehearing conference as described in finding of fact 19.

Referral to SOAH

21. More than 10% of the ratepayers affected by the proposed rate increase filed protests in this docket.
22. On April 18, 2019, the Commission referred this case to SOAH for assignment of an ALJ to conduct a hearing and issue a proposal for decision, if necessary.
23. In SOAH Order No. 1 issued on April 26, 2019, the SOAH ALJ described the case, continued the suspension of the effective date of the proposed rate change, established jurisdiction, established deadlines for written and oral motions to intervene, and scheduled a prehearing conference.
24. On May 24, 2019, the Commission issued a preliminary order.
25. On June 4, 2019, the SOAH ALJ convened a prehearing conference and entered appearances by Vlasek and Commission Staff.
26. In SOAH Order No. 2 issued on June 4, 2019, the SOAH ALJ memorialized the prehearing conference, discussed the suspension of the effective date, and directed the parties to file a status report or agreed procedural schedule by June 28, 2019.
27. On June 26, 2019, Commission Staff filed a status report accompanied by a request to suspend the effective date of the proposed rate change under 16 TAC § 24.33(a)(2).
28. In SOAH Order No. 4 issued on June 27, 2019, the SOAH ALJ suspended the effective date of the proposed rate change until November 9, 2019, and directed the parties to file a status report or agreed procedural schedule by July 19, 2019.
29. On July 19, 2019, the parties filed a status report and agreed procedural schedule.
30. In SOAH Order No. 5 issued on July 31, 2019, the SOAH ALJ adopted the agreed procedural schedule and set a hearing on the merits for October 15 and 16, 2019.
31. The parties filed requests to amend the procedural schedule on August 13, 2019, September 25, 2019, October 15, 2019, and November 18, 2019, all of which were granted by the SOAH ALJ.

32. In SOAH Order No. 12 issued on December 20, 2019, the SOAH ALJ scheduled a hearing on the merits for February 4 and 5, 2020.
33. On January 10, 2020, the parties filed a request to abate this proceeding to allow them time to finalize the necessary settlement documents.
34. In SOAH Order No. 13 issued on January 17, 2020, the SOAH ALJ abated this proceeding, cancelled the hearing on the merits, and directed the parties to file a status report by February 4, 2020.
35. On February 3 and 18, 2020, the parties filed status reports requesting to continue the abatement to allow time to finalize the settlement documents.
36. On February 26, 2020, the parties jointly filed the Agreement, with exhibits, and a request for interim rates and motion to admit evidence and remand the proceeding to the Commission.
37. In SOAH Order No. ____ issued on _____, 2020, the SOAH ALJ admitted evidence, dismissed this case from the SOAH docket, and remanded this case to the Commission.

Testimony

38. On August 21, 2019, Vlasek filed the direct testimonies and exhibits of Les Romo and Bret W. Fenner, P.E.
39. On September 19, 2019, Commission Staff filed the direct testimonies and attachments of Leila C. Guerrero, Patricia Garcia, and Emily Sears.
40. On September 19, 2019, Commission Staff filed the workpapers to the direct testimonies of Leila C. Guerrero, Patricia Garcia, and Emily Sears.
41. On October 25, 2019, Vlasek filed the rebuttal testimony and exhibits of Bret W. Fenner, P.E.
42. On February 26, 2020, in support of the Agreement, Commission Staff filed the testimony of Patricia Garcia and Vlasek filed the testimony of Bret W. Fenner, P.E.

Agreement

43. The parties agreed that Vlasek is authorized to charge the rates shown in the tariffs included as Exhibit B to the Agreement.
44. The parties agreed that Vlasek's aggregate annual revenue requirement for CCN numbers 12685 and 11570 is \$284,621.

45. The parties agreed that Vlasek's weighted average cost of capital is 7.0%.
46. The parties agreed that Vlasek's aggregate invested capital (rate base) for CCN numbers 12685 and 11570 as of December 31, 2017, includes \$459,350 of net plant as shown in Exhibit C to the Agreement.
47. The parties agreed that Vlasek will maintain the original third-party invoices for any assets placed into service after the effective date of the final rates set in this case and for the materials used by Vlasek Pump to perform repairs that are capitalized.
48. The parties agreed that Vlasek is authorized to increase its charge for returned checks to \$35.00 as shown on the tariffs included as Exhibit B to the Agreement.
49. The parties agreed that Vlasek is authorized to collect rate-case expenses of \$37,000 over a period not to exceed 24 consecutive months via a surcharge of \$4.00 per connection per month as shown in the tariffs included as Exhibit B to the Agreement.
50. The parties agreed that Vlasek may not seek to recover any additional rate-case expenses incurred in connection with this application in a future proceeding.
51. The parties agreed that the rates shown in Exhibit B to the Agreement will be effective for usage on and after March 1, 2020, or the date of the Commission's final order setting the rates in this docket, whichever is earlier.
52. Vlasek agreed to direct bill expenses to each water CCN whenever possible.
53. Vlasek agreed to execute a written agreement with Vlasek Pump (Affiliate Agreement) establishing the fees charged to Vlasek for services including, but not limited to: meter reading, mowing/weed eating, billing (including postage), water line repairs, equipment repairs, and building repairs.
54. Vlasek agreed that the amount of the fees established in the Affiliate Agreement will take into account that, unlike Vlasek Pump's unaffiliated customers, Vlasek is allocated a portion of Vlasek Pump's fuel expenses and overhead expenses like office supplies, office telephone service, service vehicle maintenance, etc.
55. Vlasek agreed that the Affiliate Agreement will specify the allocation factor to be used to allocate expenses incurred by Vlasek Pump that cannot be direct billed to a CCN between Vlasek and Vlasek Pump and explain the basis for the allocation. The allocation factor may vary depending on the type of expense.

56. Vlasek agreed that the Affiliate Agreement will specify the allocation factor to be used to allocate expenses that are incurred by Vlasek and cannot be direct billed to a CCN between CCN numbers 12685 and 11570. The allocation factor must be based on a meter equivalents or some other quantifiable data point that is related to the cost of serving the customers in each CCN.
57. Vlasek agreed that it will support payroll expenses claimed in a future rate filing with time sheets for each employee of Vlasek Pump that track the hours spent by the employee working on tasks related to the water utility.
58. The rates, terms, and conditions of the tariff resulting from the agreement are just and reasonable.
59. The rates contained in the tariff are not unreasonable, preferential, prejudicial, or discriminatory, and are sufficient, equitable, and consistent in application to each class of customers.
60. The rate-case expenses in the amount of \$37,000 are reasonable and necessary.

Evidence

61. In SOAH Order No. ____ issued on _____, 2020, the SOAH ALJ admitted the following evidence into the record:
 - a. Application of W.E. Vlasek for Authority to Change Rates filed on August 29, 2018;
 - b. W.E. Vlasek's Response to Order No. 2 filed on October 9, 2018;
 - c. W.E. Vlasek's proof of notice filed on February 11, 2019;
 - d. W.E. Vlasek's amended proof of notice filed on February 13, 2019;
 - e. W.E. Vlasek's proof of notice of prehearing conference filed on May 22, 2019;
 - f. Direct Testimony of Les Romo, including all attachments thereto, filed on August 21, 2019;
 - g. Direct Testimony of Bret W. Fenner, P.E., including all attachments thereto, filed on August 21, 2019;
 - h. Direct Testimony of Leila C. Guerrero, including all attachments thereto, filed on September 19, 2019;
 - i. Workpapers to the Direct Testimony of Leila C. Guerrero filed on September 19, 2019;

- j. Direct Testimony of Patricia Garcia, including all attachments thereto, filed on September 19, 2019;
- k. Workpapers to the Direct Testimony of Patricia Garcia, including all attachments thereto, filed on September 19, 2019;
- l. Direct Testimony of Emily Sears, including all attachments thereto, filed on September 19, 2019;
- m. Workpapers to the Direct Testimony of Emily Sears filed on September 19, 2019;
- n. Rebuttal Testimony of Bret W. Fenner, P.E., including all attachments thereto, filed on October 25, 2019;
- o. Stipulation and Settlement Agreement, including Exhibits A through C, filed on February 26, 2020;
- p. Testimony of Patricia Garcia in Support of Stipulation and Settlement Agreement filed on February 26, 2020; and
- q. Testimony of Bret W. Fenner, P.E. in Support of Stipulation and Settlement Agreement filed on February 26, 2020.

Informal Disposition

- 62. More than 15 days have passed since completion of the notice provided in this docket.
- 63. No hearing is required in this case.
- 64. This docket does not contain any remaining contested issues of fact or law.
- 65. The decision is not adverse to any party in this proceeding.

II. Conclusions of Law

- 1. The Commission has jurisdiction to consider Vlasek's application for a water rate increase under TWC §§ 13.041, 13.181, 13.1871, and 13.1872(c)(2) using the procedures in subchapter B of 16 TAC chapter 24.
- 2. Vlasek is a public utility as defined in TWC § 13.002(23) and 16 TAC § 24.3(51) and (76).
- 3. Vlasek is a class C utility as defined in TWC § 13.002(4-c) and 16 TAC § 24.3(17).
- 4. Vlasek gave notice of the application in accordance with the requirements of TWC § 13.1871 and 16 TAC §§ 24.27 and 24.35.

5. Under TWC § 13.184(c) and 16 TAC § 24.12, Vlasek bears the burden of proof to establish that the proposed rates are just and reasonable.
6. The Commission processed this docket in accordance with the requirements of the TWC, Texas Administrative Procedure Act,¹ and Commission Rules.
7. The rates established by this Order are just and reasonable as required by TWC § 13.182(a).
8. The rates established by this Order are not unreasonable, preferential, prejudicial, or discriminatory, and are sufficient, equitable, and consistent in application to each class of customers as required by TWC § 13.182(b).
9. Vlasek's overall revenues will permit it a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public over and above its reasonable and necessary operating expenses and will preserve Vlasek's financial integrity.
10. An overall rate of return of 7.0% will not yield Vlasek more than a fair return on the invested capital used and useful in rendering service.
11. The amount of rate-case expenses Vlasek will recover is just, reasonable, necessary, and in the public interest as required by 16 TAC § 24.44(a).
12. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

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

1. The Commission approves Vlasek's change in water rates, as modified by the Agreement to the extent provided in this Order.
2. The Commission approves the rates and terms included in the tariffs attached to the Agreement as Exhibit B.
3. The Commission approves the rate base schedule attached to the Agreement as Exhibit C.
4. Vlasek must comply with the commitments set forth in the Agreement, except as modified by this Order.
5. In its next filing for a rate increase under TWC § 13.1872(c)(2), Vlasek must use Exhibit C to the agreement to determine Vlasek's aggregate rate base for CCN numbers 12685 and 11570 as of December 31, 2017.

¹ Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001-.902 (West 2016 & Supp. 2018).

6. Vlasek must recover \$37,000 in rate-case expenses from this docket over a 24-month period via a surcharge.
7. Vlasek may not seek to recover any additional rate-case expenses incurred in connection with this application in a future proceeding.
8. The surcharge for rate-case expenses must be implemented in Docket No. _____, *Compliance Docket Related to Rate-Case Expense Surcharge Approved in Docket No. 48640*.
9. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the Agreement and shall not be regarded as precedential as to the appropriateness of any principle or methodology underlying the Agreement.
10. Within 10 days of the date of this Order, Commission Staff must file a clean copy of Vlasek's tariffs with Central Records to be marked *Approved* and kept in the Commission's tariff book.
11. All other motions and any other requests for general or specific relief, if not expressly granted in this Order, are denied.

SIGNED IN AUSTIN, TEXAS the _____ day of _____, 2020.

PUBLIC UTILITY COMMISSION OF TEXAS

DEANN T. WALKER, CHAIRMAN

ARTHUR C. D'ANDREA, COMMISSIONER

SHELLY BOTKIN, COMMISSIONER

Exhibit B



WATER UTILITY TARIFF
Docket Number 48640

W.E. Vlasek dba Shalako Estates and
Canyon Springs Water Systems
(Utility Name)

P.O. Box 326
(Business Address)

Hunt, Texas 78024
(City, State, Zip Code)

830/238-4877
(Area Code/Telephone)

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

12685

This tariff is effective in the following county(ies):

Kerr

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

None

This tariff is effective in the following subdivisions or systems:

Canyon Springs: PWS ID#1330006

Shalako Estates: PWS ID#1330119

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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 A – DROUGHT CONTINGENCY PLAN

APPENDIX B – APPLICATION FOR SERVICE

NOTE: Appendix A – Drought Contingency Plan (DCP) is approved by the Texas Commission on Environmental Quality (TCEQ); however the DCP is included as part of your approved tariff pursuant to PUC rules. If you are establishing a tariff for the first time, please contact the TCEQ to complete and submit a DCP for approval.

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons all meters)	<u>Gallonge Charge</u>
5/8"	\$31.86	\$4.15 per 1,000 gallons, 1st 9,999 gallons
3/4"	\$47.79	\$5.40 per 1,000 gallons thereafter
1"	\$79.65	
1½"	\$159.29	
2"	\$254.87	
3"	\$477.87	
4"	\$796.46	
6"	\$1,592.91	

Surcharge for Rate Case Expense:

To be collected from all ratepayers through a monthly surcharge of \$4.00 per connection. The monthly surcharge shall cease at the earlier of when \$37,000 has been recovered or March 31, 2022. (***Docket No. 48640***)

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

Cash X, Check X, Money Order X, Credit Card _____, Other (specify) CBSW Online

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 FEE TO THE TCEQ.

Section 1.02 – Miscellaneous Fees

TAP FEE\$750.00
TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" METER PLUS UNIQUE COSTS AS PERMITTED BY PUC RULE AT COST.

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

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

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

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.

SECTION 1.0 -- RATE SCHEDULE (CONTINUED)

Section 1.02 -- Miscellaneous Fees

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 \$40.00
or other reasons listed under Section 2.0 of this tariff

TRANSFER FEE..... \$35.00

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..... \$30.00

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

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

METER CONVERSION FEE..... Actual Cost to Convert 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.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.02 POLICY FOR TERMS, CONDITIONS, AND CHARGES.

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.

SECTION 2.0 - SERVICE RULES AND REGULATIONS

The utility will have the most current Public Utility Commission of Texas (PUC or commission) rules relating to Water and Wastewater Utility regulations, 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 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 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

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

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 REGULATIONS (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(f) Appendix F, 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(f) Appendix F, 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.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

Section 2.07 - Back Flow Prevention Devices (continued)

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.

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.

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.

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.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

Section 2.09 - Meter Requirements, Readings, and Testing (continued)

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.

(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 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

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 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.

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.

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 2.14 - 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 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

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 TCEQ, 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 either the TCEQ or PUC complaint process, depending on the nature of the complaint. 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 Liability

Customer shall be liable for any damage or injury to utility-owned property shown to be caused by the customer.

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 TCEQ, 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 TCEQ 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)

Section 3.02 - Costs Utilities and Service Applicants Shall Bear (continued)

If an exception is granted by the TCEQ, 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 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.

SECTION 3.0--EXTENSION POLICY (CONTINUED)

Section 3.03 - Contributions in Aid of Construction (continued)

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 § 24.163(d)(4), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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 utilities 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 commission or executive director.

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(ies) 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 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.

SECTION 3.0--EXTENSION POLICY (CONTINUED)

Section 3.05 - Applying for Service (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. 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. 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 -- APPLICATION FOR SERVICE
(Utility Must Attach Blank Copy)



WATER UTILITY TARIFF

Docket Number 48640

W.E. Vlasek dba Mary Meade Water Company
(Utility Name)

P.O. Box 326
(Business Address)

Hunt, Texas 78024
(City, State, Zip Code)

830/238-4877
(Area Code/Telephone)

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

11570

This tariff is effective in the following county(ies):

Kerr

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

See attached list

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):

SECTION 1.0 -- RATE SCHEDULE	3
SECTION 2.0 -- SERVICE RULES AND POLICIES	5
SECTION 3.0 -- EXTENSION POLICY	12

APPENDIX A – DROUGHT CONTINGENCY PLAN
APPENDIX B – APPLICATION FOR SERVICE

NOTE: Appendix A – Drought Contingency Plan (DCP) is approved by the Texas Commission on Environmental Quality (TCEQ); however the DCP is included as part of your approved tariff pursuant to PUC rules. If you are establishing a tariff for the first time, please contact the TCEQ to complete and submit a DCP for approval.

William E. Vasek dba Mary Meade Water Company
LIST OF SUBDIVISIONS AND SYSTEMS

PWS Number	Subdivision	County
1330086 (Rustic Hills Water)	Rustic Hills, Dakota Hills	Kerr
1330093 (Mary Mead Water System)	Mary Meade, South Fork Place	Kerr
1330136 (Village West Water System)	Village West Industrial Park	Kerr

SECTION 1.0 -- RATE SCHEDULESection 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons all meters)	<u>Gallage Charge</u>
5/8"	<u>\$31.86</u>	<u>\$4.15</u> per 1,000 gallons, 1st 9,999 gallons
3/4"	<u>\$47.79</u>	<u>\$5.40</u> per 1,000 gallons thereafter
1"	<u>\$79.65</u>	
1½"	<u>\$159.29</u>	
2"	<u>\$254.87</u>	
3"	<u>\$477.87</u>	
4"	<u>\$796.46</u>	
6"	<u>\$1,592.91</u>	

Surcharge for Rate Case Expense:

To be collected from all ratepayers through a monthly surcharge of \$4.00 per connection. The monthly surcharge shall cease at the earlier of when \$37,000 has been recovered or March 31, 2022. (***Docket No. 48640***)

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

Cash X, Check X, Money Order X, Credit Card _____, Other (specify) CBSW Online

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 FEE TO THE TCEQ.

Section 1.02 – Miscellaneous Fees

TAP FEE \$750.00
TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" METER PLUS UNIQUE COSTS AS PERMITTED BY PUC RULE AT COST.

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

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

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

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.

SECTION 1.0 -- RATE SCHEDULE (CONTINUED)Section 1.02 – Miscellaneous Fees**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 \$40.00
or other reasons listed under Section 2.0 of this tariff

TRANSFER FEE..... \$35.00

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 \$30.00

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

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

METER CONVERSION FEE..... Actual Cost to Convert 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.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.02 POLICY FOR TERMS, CONDITIONS, AND CHARGES.

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.

SECTION 2.0 - SERVICE RULES AND REGULATIONS

The utility will have the most current Public Utility Commission of Texas (PUC or commission) rules relating to Water and Wastewater Utility regulations, 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 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 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

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

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 REGULATIONS (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(f) Appendix F, 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(f) Appendix F, 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.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

Section 2.07 - Back Flow Prevention Devices (continued)

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.

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.

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.

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.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

Section 2.09 - Meter Requirements, Readings, and Testing (continued)

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.

(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 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

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 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.

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.

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 2.14 - 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 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

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 TCEQ, 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 either the TCEQ or PUC complaint process, depending on the nature of the complaint. 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 Liability

Customer shall be liable for any damage or injury to utility-owned property shown to be caused by the customer.

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 TCEQ, 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 TCEQ 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)

Section 3.02 - Costs Utilities and Service Applicants Shall Bear (continued)

If an exception is granted by the TCEQ, 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 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.

SECTION 3.0--EXTENSION POLICY (CONTINUED)

Section 3.03 - Contributions in Aid of Construction (continued)

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 § 24.163(d)(4), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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 utilities 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 commission or executive director.

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(ies) 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 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.

SECTION 3.0--EXTENSION POLICY (CONTINUED)**Section 3.05 - Applying for Service (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. 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. 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 -- APPLICATION FOR SERVICE
(Utility Must Attach Blank Copy)

UTILITY NAME
FOR THE TEST YEAR ENDED
DOCKET NUMBER

W.E. Vasek
December 31, 2017
48640

Line No.	Description	Amount
1	Fixed Revenue	\$173,946
2	Test Year Meter Equivalencies	455.00
3	Billing Cycles per Year	12
4	Base Rate	\$ 31.86

Customer Meters	No.	Multiplier:	Conn. Equiv.	Base Rate	Base Rate Revenue
Number of 5/8x3/4" connections	349	1.00	349.00	\$ 31.86	\$ 133,422.32
Number of 3/4" connections		1.50	0.00	\$ 47.79	
Number of 1" connections	34	2.50	85.00	\$ 79.65	\$ 32,495.41
Number of 1-1/2" connections	1	5.00	5.00	\$ 159.29	\$ 1,911.49
Number of 2" connections	2	8.00	16.00	\$ 254.87	\$ 6,116.78
Number of 3" connections		15.00	0.00	\$ 477.87	\$ -
Number of 4" connections		25.00	0.00	\$ 796.46	\$ -
Number of 6" connections		50.00	0.00	\$ 1,592.91	\$ -
Totals	386.00		455.00		\$ 173,946

Tiered Rates

Tiers	Gallage Rates	Gallons billed by Tier	Volumetric Revenue
0 to 9,999	4.15	15,318,079	\$63,570
10,000 to "	5.40	8,723,124	\$47,105
Total		24,041,203	\$110,675

Total Revenue Generated	\$284,621
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48640 Exhibit C - Asset List (FINAL)

UTILITY NAME: W.E. Vlasek
 TEST YEAR ENDED: December 31, 2017

DOCKET NUMBER: 48640

WATER PLANT IN SERVICE

Line No.	[A.1] NARUC Acct No & Item Description	[A.2] Plant Location	[B] Date of Installation (MM/DD/YYYY Y)	[C] Service Life (Yrs)	[D.1] Original Cost When Installed (\$)	[D.2] Customer Contributions	[D] Staff Adjusted Original Cost (\$)	[E] Economic Life (Total Days In Service)	[F] Annual Depreciation (\$) [F] = [D]/[C]	[G] Accumulated Depreciation (Reserve) (\$) [G]	[H] Net Book Value (\$) [H] = [D]-[G]
1	303 Land	Canyon Springs	8/1/1984		114,504.00		114,504.00	33.42			114,504.00
2	307 Well Repairs	Canyon Springs	1/21/2014	30	3,036.00		3,036.00	3.94	101.20	400.00	2,636.00
3	307 Well Cable	Canyon Springs	6/2/2017	30	5,803.00		5,803.00	0.58	193.43	113.00	5,690.00
4	307 Well Repairs	Canyon Springs	12/20/2017	30	1,133.00		1,133.00	0.03	37.77	1.00	1,132.00
5	309 Well Pump - RR	Canyon Springs	1/1/2014	5	3,309.00		3,309.00	4.00	661.80	2,654.00	655.00
6	309 Well Pump - 5 HP	Canyon Springs	12/31/2017	5	1,897.00		1,897.00	0.00	379.40	0.00	1,897.00
7	313 Booster Pump 5 hp	Canyon Springs	1/28/2014	10	2,586.00		2,586.00	3.92	258.60	1,018.00	1,568.00
8	313 Booster Pump 5 hp	Canyon Springs	8/13/2014	10	2,915.00		2,915.00	3.38	291.50	990.00	1,925.00
9	315 CHL Equipment	Canyon Springs	9/14/2017	5	613.00		613.00	0.30	122.60	36.00	577.00
10	320 PST - 5,000 gal	Canyon Springs	12/1/2014	30	12,803.00		12,803.00	3.08	426.77	1,320.00	11,483.00
11	320 PST - 86 gal	Canyon Springs	2/24/2015	30	1,266.00		1,266.00	2.85	42.20	121.00	1,145.00
12	320 PST - Setting Pad	Canyon Springs	5/6/2015	30	7,302.00		7,302.00	2.66	243.40	649.00	6,653.00
13	322 GST - 84,000 gal	Canyon Springs	8/1/1984	50	59,515.00		59,515.00	33.42	1190.30	39,911.00	19,604.00
14	322 GST - 50,000 gal	Canyon Springs	7/1/2001	50	54,058.00		54,058.00	16.50	1081.16	18,439.00	35,619.00
15	322 GST - 48,000 gal	Canyon Springs	7/1/1995	50	74,773.00		74,773.00	22.50	1495.46	33,767.00	41,006.00
16	325 Distribution System	Canyon Springs	8/1/1984	50	187,606.00		187,606.00	33.42	3752.12	125,809.00	61,797.00
17	325 Distribution Repair	Canyon Springs	2/6/2014	50	3,853.00		3,853.00	3.90	77.06	301.00	3,552.00
18	325 Distribution Repair	Canyon Springs	9/1/2015	50	3,223.00		3,223.00	2.33	64.46	151.00	3,072.00
19	325 Distribution Repair	Canyon Springs	9/8/2015	50	1,899.00		1,899.00	2.31	37.98	88.00	1,811.00
20	325 Distribution Repair	Canyon Springs	7/6/2017	50	1,124.00		1,124.00	0.49	22.48	11.00	1,113.00
21	342 Power Washer	Canyon Springs	1/26/2017	5	4,036.00		4,036.00	0.93	807.20	752.00	3,284.00
22	342 Generator / Welder	Canyon Springs	3/1/2017	5	9,000.00		9,000.00	0.84	1800.00	1,508.00	7,492.00
23	344 Tractor Rock Rack	Canyon Springs	4/7/2017	15	1,670.00		1,670.00	0.73	111.33	82.00	1,588.00
24	344 Tractor Grapple Bucket	Canyon Springs	5/1/2017	15	3,429.00		3,429.00	0.67	228.60	153.00	3,276.00
25	344 Backhoe	Canyon Springs	6/2/2017	15	18,500.00		18,500.00	0.58	1233.33	718.00	17,782.00
26	349 Install Pressure Reg	Canyon Springs	8/15/2014	10	1,115.00		1,115.00	3.38	111.50	378.00	737.00
	Total	Canyon Springs			580,968.00		580,968.00		14772	229,370.00	351,598.00
1	303 Land	Shalako Estates	8/1/1984		20,000.00		20,000.00	33.42			20,000.00
2	307 Well Repairs	Shalako Estates	2/16/2015	30	1,108.00		1,108.00	2.87	37.00	106.00	1,002.00
3	310 Well Pump - 15 hp	Shalako Estates	3/11/2014	10	12,294.00		12,294.00	3.81	1,229.00	4,698.00	7,596.00
4	313 Booster Pump 2 hp	Shalako Estates	8/1/2014	10	2,525.00		2,525.00	3.42	253.00	861.00	1,664.00
5	313 Booster Pump 2 hp	Shalako Estates	5/14/2015	10	1,453.00		1,453.00	2.63	145.00	384.00	1,069.00
6	322 GST - 10,000 gal	Shalako Estates	8/1/1984	50	7,085.00		7,085.00	33.42	142.00	4,751.00	2,334.00
7	325 Distribution System	Shalako Estates	8/1/1984	50	26,633.00		26,633.00	33.42	533.00	17,860.00	8,773.00
8	325 Distribution Repair	Shalako Estates	7/8/2015	50	2,474.00		2,474.00	2.48	49.00	123.00	2,351.00
	Total	Shalako Estates			73,572.00		73,572.00		2,388	28,783.00	44,789.00
1	303 Land	Mary Mead	7/1/1975		2,400.00		2,400.00	42.50			2,400.00
2	313 Booster Pump 5 hp	Mary Mead	10/29/2015	10	1,437.00		1,437.00	2.17	144.00	313.00	1,124.00
3	322 GST - 25,000 gal	Mary Mead	7/1/1975	50	9,676.00		9,676.00	42.50	194.00	8,253.00	1,423.00
4	322 GST - 25,000 gal	Mary Mead	7/1/1975	50	9,676.00		9,676.00	42.50	194.00	8,253.00	1,423.00
5	325 Distribution System	Mary Mead	7/1/1975	50	26,682.00		26,682.00	42.50	534.00	22,759.00	3,923.00
6	325 Distribution System	Mary Mead	11/22/2017	50	4,586.00		4,586.00	0.11	92.00	10.00	4,576.00
	Total	Mary Mead			54,457.00		54,457.00		1,158	39,588.00	14,869.00
1	303 Land	Village West	10/30/1984		17,980.00		17,980.00	33.17			17,980.00
2	322 GST - 7,400 gal	Village West	10/30/1984	50	5,243.00		5,243.00	33.17	105.00	3,490.00	1,753.00
3	325 Distribution System	Village West	10/30/1984	50	24,188.00		24,188.00	33.17	484.00	16,101.00	8,087.00
	Total	Village West			47,411.00		47,411.00		589	19,591.00	27,820.00

48640 Exhibit C - Asset List (FINAL)

1	303	Land	Rustic Hills	1/1/1970		19,185.00		19,185.00	48.00			19,185.00
3	315	CHL Equipment	Rustic Hills	9/11/2017	5	897.00		897.00	0.30	179.00	55.00	842.00
4	322	GST - 18,000 gal	Rustic Hills	1/1/1970	50	4,462.00		4,462.00	48.00	89.00	4,298.00	164.00
5	325	Distribution System	Rustic Hills	1/1/1970	50	2,262.00		2,262.00	48.00	45.00	2,179.00	83.00
		Total	Rustic Hills			26,806.00		26,806.00		313	6,532.00	20,274.00
		Total All Items				\$783,214		\$783,214		\$19,220	\$323,864	459,350.00