

Control Number: 48897



Item Number: 39

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DOCKET NO. 48897



APPLICATION OF KERRVILLE  
SOUTH WATER COMPANY, INC. AND  
AQUA TEXAS, INC. FOR SALE,  
TRANSFER, OR MERGER OF  
FACILITIES AND CERTIFICATE  
RIGHTS IN KERR COUNTY

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PUBLIC UTILITY COMMISSION  
OF TEXAS

**NOTICE OF APPROVAL**

This Notice of Approval approves the sale and transfer of all facilities and water service area rights under water certificate of convenience and necessity (CCN) number 11484, held by Kerrville South Water Company, Inc. to Aqua Texas, Inc. and the cancellation of water CCN number 11484. The application is granted, for the reasons discussed in this Notice of Approval.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicants**

1. Kerrville South is a retail public utility that operates, maintains, and controls facilities for providing water service in Kerr County under CCN number 11484.
2. Kerrville South is a domestic for-profit corporation registered with the Texas secretary of state under file number 25372100.
3. Kerrville South owns two public water systems registered with the Texas Commission on Environmental Quality (TCEQ) under public water system (PWS) numbers 1330041 and 1330028.
4. Aqua Texas is a retail public utility that provides water and sewer service in multiple areas throughout Texas under multiple CCN numbers. Aqua Texas' water CCN number 13254 applies to what is known as the company's Southwest Operating Region (SW region), which includes Kerr County.
5. Aqua Texas is a domestic for-profit corporation registered with the Texas secretary of state under file number 800304878.

6. Kerrville South and Aqua Texas are owned by Aqua America, Inc. a Pennsylvania corporation.

#### **Application**

7. On November 20, 2018, Kerrville South and Aqua Texas filed the application at issue in this docket, seeking: (1) approval of the sale of Kerrville South's facilities and transfer of the requested areas held under water CCN number 11484 to Aqua Texas for inclusion in Aqua Texas' SW region and CCN number 13254; and (2) cancellation of Kerrville South's CCN number 11484.
8. The requested areas cover the Westcreek Estates and Loma Vista subdivisions in Kerr County.
9. The requested areas include approximately 3,671 acres and 1,298 current customers.
10. In Order No. 2 filed on January 2, 2019, the administrative law judge (ALJ) found the application administratively complete.

#### **Notice**

11. On January 22, 2019, Aqua Texas filed the affidavit of Kurt Scheibelhut, Manager, Regional Rates and Planning, attesting that notice was provided to all current customers, neighboring utilities, and affected parties on January 11, 2019.
12. In Order No. 3 filed on January 25, 2019, the ALJ deemed the notice sufficient.

#### **Evidentiary Record**

13. On November 12, 2019, the parties filed a joint motion to admit evidence.
14. In Order No. 10 filed on December 6, 2019, the ALJ admitted the following evidence into the record: (a) the application filed on November 20, 2018; (b) the applicants' proof of notice filed on January 22, 2019; (c) Commission Staff's final recommendation filed on March 12, 2019; (d) the applicants' closing documentation filed on August 22, 2019; (e) the applicants' customer deposit report filed on September 20, 2019; (f) Commission Staff's recommendation on sufficiency of the closing documentation filed on September 30, 2019; and (g) Aqua Texas' consent form filed on October 29, 2019.

**Sale**

15. On March 12, 2019, Commission Staff recommended that the sale be allowed to proceed and that the applicants be ordered to file proof that the sale had been completed and that customer deposits had been addressed.
16. In Order No. 4 filed on March 22, 2019, the ALJ authorized the sale to proceed and ordered the applicants to file proof that the transaction had been completed and that customer deposits had been addressed.
17. On August 22, 2019, the applicants filed the signed bill of sale, confirming that the sale had been completed.
18. On September 20, 2019, the applicants filed additional documentation addressing the transfer of customer deposits following closure of the transaction.
19. On September 30, 2019, Commission Staff filed a recommendation that the ALJ find the applicants' closing documents sufficient. Commission Staff stated that in addition to the bill of sale, the applicants provided an affidavit attesting to the closure of the sale and a statement regarding customer deposits, which Commission Staff reviewed.
20. In Order No. 9 filed on October 1, 2019, the ALJ found the closing documents sufficient.

**System Compliance—Texas Water Code (TWC) § 13.301(e)(3)(A); 16 Texas Administrative Code (TAC) §§24.227(a), 24.239(j)(3)(A), (j)(5)(A)**

21. Each system requested for transfer is a TCEQ-registered PWS that is capable of providing drinking water that meets the requirements of Texas Health and Safety Code, Chapter 341, TWC, Chapter 13, and the applicable TCEQ rules.
22. Aqua Texas will have access to an adequate supply of water to meet the needs of the transferred customers because the all of the existing infrastructure, which was already providing an adequate supply, will be transferred.
23. Kerrville South and Aqua Texas do not currently have any outstanding compliance issues listed in the TCEQ database.
24. Aqua Texas has worked with TCEQ to resolve compliance issues as they arise and intends to continue that practice following the approval of the proposed transaction.

25. Aqua Texas, Inc. has not been subject to any enforcement action by the Commission, the Texas Department of State Health Services, the Office of the Attorney General or the Environmental Protection Agency in the past three (3) years for non-compliance with rules, orders, or state statutes.
26. The applicants have demonstrated a compliance status that is adequate for approval of the application.

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

27. Kerrville South has PWS numbers 1330041 and 1330028 registered with the TCEQ and does not have any outstanding violations listed in the TCEQ database.
28. Kerrville South has been providing adequate service to the areas being transferred.

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

29. Kerrville South is currently serving 1,298 existing connections in the requested areas.
30. Kerrville South has received no new requests for service and the applicants do not anticipate needs for additional service in the areas being transferred.
31. Kerrville South's existing customers in the requested area have a continuing need for service.

**Effect of Approving the Transaction and Granting the Amendment—TWC § 13.246(c)(3); 16 TAC §§ 24.227(d)(3), 24.239(j)(5)(D)**

32. If the application is approved, it will further Aqua Texas' goal of consolidating the CCNs and subsidiaries of Aqua America under one subsidiary, Aqua Texas, and one region, the SW region.
33. Kerrville South and Aqua Texas are the only utilities affected by this sale and transfer.
34. There will be no effect on any other retail public utility serving the proximate area as the transaction is simply a sale and transfer of assets between existing operating subsidiaries of the same parent company.
35. The landowners in the transferred areas will experience no change in the quality of service.

**Ability to Serve: Managerial and Technical—TWC §§ 13.241(a), 13.246(c)(4), 13.301(b), (e)(2); 16 TAC §§ 24.227(a), (d)(4), 24.239(g), (j)(5)(E)**

36. Aqua Texas has sufficient capacity to serve the customers and no additional construction is necessary.
37. It is not expected for the transaction to have any effect on the operation of the water systems because the same experienced management and personnel will operate the above referenced systems following the approval of the application.
38. The transfer involves only existing infrastructure and new construction is not necessary to serve the requested transfer areas as a result of the transaction.
39. Aqua Texas currently operates hundreds of water and sewer systems in Texas and has a sufficient number of licensed operators for the areas being transferred.
40. Aqua Texas has the managerial and technical capability to provide continuous and adequate service to the areas being transferred.

**Ability to Serve: Financial Ability and Stability—TWC §§ 13.241(a), 13.246(c)(6), 13.301(b); 16 TAC §§ 24.11(e), 24.227(a), (d)(6), 24.239(g), (j)(5)(G)**

41. Aqua America, Inc., Aqua Texas' parent company, meets the debt service coverage test with a ratio of 2.30, which is above the required 1.25, thereby satisfying the leverage test.
42. Aqua Texas demonstrated that it has sufficient cash available to cover any projected operations and maintenance shortages in the first five years of operations, thus meeting the operations test.
43. Aqua Texas has demonstrated the financial capability and stability to provide continuous and adequate service to the requested area.

**Feasibility of Obtaining Service from Adjacent Retail Public Utility—TWC § 13.246(c)(5); 16 TAC §§ 24.227(d)(5), 24.239(j)(5)(F)**

44. The requested area has existing facilities and is currently being served by Kerrville South.
45. It is not feasible for an adjacent utility to provide service to the requested area.

**Financial Assurance—TWC §§ 13.246(d), 13.301(c); 16 TAC §§ 24.227(e), 24.239(h)**

46. There is no need to require Aqua Texas to provide a bond or other financial assurance to ensure continuous and adequate service.

**Regionalization or Consolidation—TWC § 13.241(d); 16 TAC § 24.227(b)**

47. Because no new public water system is proposed to be constructed, concerns of regionalization or consolidation are not applicable.

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

48. The proposed transaction will not adversely impact the environmental integrity of the land because the requested area is currently receiving service and no new construction is needed.

**Effect on Land—TWC § 13.246(c)(9); 16 TAC § 24.227(d)(9)**

49. The requested area will continue to be served by existing systems and facilities, and no additional construction is needed; therefore, the effect on the land should be minimal.

**Improvement in Service or Lowering Cost to Consumers—TWC § 13.246(c)(8); 16 TAC §§ 24.227(d)(8), 24.239(j)(5)(I)**

50. The quality of service is expected to remain unchanged from the present quality of service.
51. There will be no changes in the rates charged to customers.

**Tariff, Certificate, and Map**

52. On October 15, 2019, Commission Staff emailed to Aqua Texas proposed final maps and certificates related to this docket.
53. On October 29, 2019, Commission Staff emailed to Aqua Texas a proposed final tariff related to this docket.
54. On October 29, 2019, Aqua Texas filed a consent form concurring with the proposed final maps, certificates, and tariff.
55. Kerrville South has agreed to the transfer of all of its water service area under water CCN number 11484 to Aqua Texas' water CCN number 13254 as ordered in this Notice of Approval.

56. The final maps, certificate, and tariffs were filed by the applicants on January 31, 2020.

**Informal Disposition**

57. More than 15 days have passed since the completion of notice provided in this docket.
58. No person filed a person or motion to intervene.
59. Aqua Texas, Kerrville South, and Commission Staff are the only parties to this proceeding.
60. No party requested a hearing and no hearing is needed.
61. Commission Staff recommended approval of the application.
62. This decision is not adverse to any party.

**II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. The Commission has authority over this proceeding under Texas Water Code (TWC) §§ 13.041, 13.241, 13.244, 13.246, 13.251, 13.254, and 13.301.
2. Aqua Texas and Kerrville South are retail public utilities as defined by TWC § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(59).
3. Public notice of the application was provided as required by TWC § 13.301(a) and 16 TAC § 24.239(a) - (c).
4. The Commission processed the application in accordance with the requirements of the TWC, the Administrative Procedures Act,<sup>1</sup> and Commission rules.
5. Aqua Texas and Kerrville South completed the sale within the time required by 16 TAC § 24.239(o).
6. The applicants complied with the requirements of 16 TAC § 24.239(m) with respect to customer deposits.
7. After consideration of the factors in TWC § 13.246(c), Aqua Texas has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area. TWC § 13.301(b).

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<sup>1</sup> Tex. Gov't Code ch. 2001.



8. Aqua Texas and Kerrville South have demonstrated that the sale of all of Kerrville South's facilities and service area under CCN number 11484 to Aqua Texas will serve the public interest and is necessary for the service accommodation, convenience, and safety of the public. TWC § 13.301(d), (e).
9. Aqua Texas must record a certified copy of the certificate granted and map approved by this Notice of Approval, along with a boundary description of the service area, in the real property records of Kerr County within 31 days of receiving this Notice of Approval and submit to the Commission evidence of the recording. TWC § 13.257(r), (s).
10. The requirements for informal disposition under 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 application is approved.
2. Kerrville South's water CCN number 11484 is cancelled. All Kerrville South systems, facilities, and service areas described in the application and closing documents are hereby transferred to Aqua Texas' water CCN number 13254.
3. Aqua Texas's water CCN number 13254 is amended to include the Kerrville South systems and service areas described in the application and closing documents, which are transferred from Kerrville South and its water CCN number 11484.
4. The Commission approves the maps, certificate, and tariff attached to this Notice of Approval.
5. Aqua Texas must serve every customer and applicant for service within the area covered by its water CCN number 13254 that requests service and meets the terms of Aqua Texas' water service, and such service must be continuous and adequate.
6. Aqua Texas must comply with the recording requirements in TWC § 13.257(r) and (s) for the areas in Kerr County affected by the application and submit to the Commission evidence of recording no later than 31 days after receipt of this Notice of Approval.

7. Within ten days of the date of this Notice of Approval, Commission Staff must provide a clean copy of the tariff approved by this Notice of Approval to central records to be marked '*Approved*' and filed in the Commission's tariff book.
8. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

**Signed at Austin, Texas the 3rd day of April 2020.**

PUBLIC UTILITY COMMISSION OF TEXAS



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HUNTER BURKHALTER  
CHIEF ADMINISTRATIVE LAW JUDGE



# **Public Utility Commission of Texas**

**By These Presents Be It Known To All That**

## **Aqua Texas, Inc.**

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

### **Certificate of Convenience and Necessity No. 13254**

to provide continuous and adequate water utility service to that service area or those service areas in Gillespie, Kerr and Williamson Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 48897 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Aqua Texas, Inc. to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this 3<sup>rd</sup> day of April 2020.



**WATER UTILITY TARIFF**  
**Docket No: 48897**

Aqua Utilities, Inc. and Aqua Development, Inc. dba Aqua Texas  
(Southwest Region)  
(Utility Name)

1106 Clayton Lane, Suite 400W  
(Business Address)

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

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

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:  
11157 and 12902

This tariff is effective in the following counties:  
See attached Table – Southwest Region

The following is a list of cities where Aqua Texas – Southwest Region provides water service:  
City of Austin, City of Boerne, City of Cedar Park, City of Kerrville, and City of Woodcreek

**The rates set or approved by the city for the systems entirely within its corporate boundary are not presented in this tariff. Those rates are not under the original jurisdiction of the PUC and may be obtained from the city or utility. This tariff applies to outside city customers of systems that provide service inside and outside of a city's corporate boundary.**

This tariff is effective in the following subdivisions and public water systems:  
See attached Tables A and B – Southwest Region

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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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<b>Table A – Southwest Region</b>				
<b>System Name</b>	<b>Subdivision/ Area Served</b>	<b>PWS ID</b>	<b>CCN No</b>	<b>County</b>
Blue Medina Water	Medina River Ranch Blue Medina	0100030	11157	Bandera
Lakewood Water	Lakewood Water Lakewood Park	0100047	11157	Bandera
San Julian Creek Estates	San Julian Creek Estates	0100052	11157	Bandera
Elmwood Estates	Elmwood Estates	0100053	11157	Bandera
Comanche Cliffs	Comanche Cliffs	0100065	11157	Bandera
Estates Utility Co. Stonegate	Stonegate	0150431	11157	Bexar
Gruene River Development	Gruene River	0460185	11157	Comal
Chaparral Water System Hays	Bliss Spillar	1050029	11157	Hays
Woodcreek Utility Co. 1	Wimberley Woodcreek Woodcreek Phase I	1050037	11157	Hays
Woodcreek Utility Co. 2	Wimberley Woodcreek Woodcreek Phase II	1050039	11157	Hays
Leisurewoods Water	Leisurewoods	1050043	11157	Hays
Southwest Territory	Southwest Territory	1050058	11157	Hays and Travis
Meadow Woods Water Supply	Meadow Woods Arroyo Ranch Dove Hollow Estates Quail Meadows Subdivision	1050077	11157	Hays
Granite Creek WSC	Granite Creek Blanco River Crossing	1050080	11157	Hays
Copper Hills Water System	Copper Hills	1050082	11157	Hays
Oak Meadows	Oak Meadows	1050100	11157	Hays
Sierra West Subdivision	Sierra West Subdivision	1050134	12902	Hays
Stonegate Water System	Stonegate	1300032	11157	Kendall
Walnut Hills	Walnut Hills	1300034	11157	Kendall
Ten West Ranches	Ten West Ranches	1300036	11157	Kendall
Kendall Pointe	Kendall Pointe	1300041	11157	Kendall
Center Point Taylor System	Center Point Taylor	1330010	11157	Kerr
Erlund Subdivision	Erlund Subdivision Belaire Estates Clear Spring Ranch Estates Kerrville South Ranches No.1 Loudair Hill Subdivision Mountain Top Ranchettes Mountain View Estates Terre Verde Estates Tierra Grande	1330036	11157	Kerr
Oak Forest South Water Supply	Oak Forest South Burney Oaks Fawn Run Quail Run Estates	1330091	11157	Kerr

**Table A – Southwest Region (Cont.)**

<b>System Name</b>	<b>Subdivision/ Area Served</b>	<b>PWS ID</b>	<b>CCN No</b>	<b>County</b>
Nickerson Farm Water System	Nickerson Farm	1330097	11157	Kerr
Sleepy Hollow	Sleepy Hollow	1330101	11157	Kerr
Pecan Valley	Pecan Valley	1330107	11157	Kerr
Center Point North Water System	Center Point North	1330111	11157	Kerr
Four Seasons	Four Seasons, Castle Estates, Dewberry Hollow, Estates of Turtle Creek, Lamb Creek, Wood Creek, Woodland Trail Estates	1330113	11157	Kerr
Horseshoe Oaks Subdivision Water System	Horseshoe Oaks Subdivision	1330118	11157	Kerr
Northwest Hills Subdivision	Northwest Hills Subdivision	1330124	11157	Kerr
Bear Paw Water System	Bear Paw Highlands Ranch	1330126	11157	Kerr
Park Place Subdivision	Park Place Park Place Subdivision	1330127	11157	Kerr
Real Oaks Subdivision	Real Oaks Subdivision	1330139	11157	Kerr
Cherry Ridge Water	Cherry Ridge	1330147	11157	Kerr
Falling Water Subdivision	Falling Water Subdivision Reserve at Falling Water	1330154	11157	Kerr and Kendall
Saddlewood Subdivision	Saddlewood Subdivision	1330155	11157	Kerr
Cypress Springs	Cypress Springs	1330156	12902	Kerr
Lake Vista Utility Co.	Lake Vista	1490017	11157	Live Oak
Country View Estates	Country View Estates Big Valley	1630026	11157	Medina
Valentine Ranch	Valentine Ranch	1630040	12902	Medina
Golden Acres Water Co.	Golden Acres	1780019	11157	Nueces
Rivercrest Water System	Rivercrest	2270041	11157	Travis
Bear Creek Park	Bear Creek Park	2270043	11157	Travis
Sandy Creek Ranches Subdivision	Bluffs of Sandy Creek	2270054	11157	Travis
Onion Creek Meadows	Onion Creek Meadows	2270059	11157	Travis
Mooreland Subdivision	Mooreland Subdivision	2270114	11157	Travis
Hill Country Northwest Cherry Hollow	South Cherry Hollow Estates	2270173	11157	Travis
Shady Hollow Estates WSC	Shady Hollow Estates	2270212	11157	Travis
Barton Creek Lakeside	Shady Creek et al, Lake Side Subdivision, McDaniels Tract, Red Bluff Estates	2270282	11157	Travis and Burnet
Lakecliff on Lake Travis	Travis Lakeside	2270327	11157	Travis
Canyon Ridge Springs	Canyon Ridge Springs	2270342	12902	Travis and Burnet
Briarcreek Subdivision	Briarcreek Manor Briarcreek Subdivision	2270354	12902	Travis
Brentwood Subdivision	Brentwood Subdivision	2350005	11157	Victoria

<b>Table A – Southwest Region (Cont.)</b>				
<b>System Name</b>	<b>Subdivision/ Area Served</b>	<b>PWS ID</b>	<b>CCN No</b>	<b>County</b>
Tal Tex	Tal Tex, Tonkawa Village, Great Oaks Subdivision	2460064	11157	Williamson
Eagle Creek Ranch	Eagle Creek Ranch The Estates at Eagle Creek	2470022	11157	Wilson

**Table B – Southwest Region (newly acquired)**

<b>System Name</b>	<b>Subdivision/ Area Served</b>	<b>PWS ID</b>	<b>CCN No</b>	<b>County</b>
Stone Mountain Subdivision	Stone Mountain	0270134	11157	Burnet
Rio Ancho Subdivision	Rio Ancho	0270141	11157	Burnet and Williamson
Canyon Springs Water	Canyon Springs King Cove	0460022	11157	Comal
Cardinal Valley Water	Cardinal Valley	1050068	11157	Hays and Blanco
Mountain Crest Water Company	Mountain Crest	1050111	11157	Hays
Pecan Utilities Oak Ridge Subdivision	Pecan Utilities Oak Ridge Estates Subdivision	1500043	11157	Llano
Indian Springs Subdivision	Indian Springs Subdivision	2270210	11157	Travis
San Gabriel River Ranches	San Gabriel River Ranches Hidden Creek Estates	2460046	11157	Williamson



**Table C -- Southwest Region (newly acquired with separate rate pages)**

<b>System Name</b>	<b>Subdivision/ Area Served</b>	<b>PWS ID</b>	<b>CCN No</b>	<b>County</b>
Wingert	Canyon Lake Mobile Home Estates, Lakeside Utilities Water System, Scenic Heights	0460063 0460073 0460060	11157	Comal
Harper	Harper Water System	0860106	11157	Gillespie
Ingram	Cardinal Acres, Cypress Falls, Greenwood Forest, Highpointe, Ingram Hills, Midway, Westwood Oaks, White Oaks, Windmill Communities Subdivision, Ingram Water Supply, Inc.	1330011	11157	Kerr
Royal Oak	Royal Oak	1330013	11157	Kerr
London	London Water System	1340019	11157	Kimble
Dancing Bear	Dancing Bear Subdivision	1630045	11157	Medina
Nighthawk	Garden Valley, Green Grove	2270190	11157	Travis

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" x 3/4"	<u>\$44.85</u> (Includes 0 gallons)	<u>\$2.85</u> per 1,000 gallons up to 5,000 gallons
1"	<u>\$112.13</u>	<u>\$4.00</u> per 1,000 gallons from 5,001 to 10,000 gallons
1½"	<u>\$224.25</u>	<u>\$5.50</u> per 1,000 gallons from 10,001 to 20,000 gallons
2"	<u>\$358.80</u>	<u>\$6.75</u> per 1,000 gallons thereafter
3"	<u>\$717.60</u>	
4"	<u>\$1,121.25</u>	
6"	<u>\$2,242.50</u>	
8"	<u>\$3,588.00</u>	
10"	<u>\$5,157.75</u>	
12"	<u>\$9,642.75</u>	

Monthly Minimum Charge for any meter size larger than 12" will be calculated using American Water Works Association (AWWA) approved meter equivalency factors.

Regional Pass-Through Gallonage Charge: .....\$1.3703 per 1,000 gallons  
 (***Tariff Control No. 49267***)

Federal Tax Change Credit Rider: ..... (7.33%) of the monthly retail bill  
 (Effective May 1, 2018; ***Tariff Control No. 48197***)

Federal Tax Change Credit Rider: ..... (5.26%) of the monthly retail bill  
 (Effective January 1, 2019; ***Tariff Control No. 48197***)

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

**Monthly Minimum Charges by Meter Size (Includes 0 gallons)**

Meter Size	Year 1 Beginning 1/1/2013	Year 2 Beginning 1/1/2014	Year 3 Beginning 1/1/2015	Year 4 Beginning 1/1/16 until changed
5/8" x 3/4"	\$42.13	\$42.13	\$42.13	\$44.85
1"	\$105.33	\$105.33	\$105.33	\$112.13
1½ "	\$210.65	\$210.65	\$210.65	\$224.25
2"	\$337.04	\$337.04	\$337.04	\$358.80
3"	\$674.08	\$674.08	\$674.08	\$717.60
4"	\$1,053.25	\$1,053.25	\$1,053.25	\$1,121.25
6"	\$2,106.50	\$2,106.50	\$2,106.50	\$2,242.50
8"	\$3,370.40	\$3,370.40	\$3,370.40	\$3,588.00
10"	\$4,844.95	\$4,844.95	\$4,844.95	\$5,157.75
12"	\$9,057.95	\$9,057.95	\$9,057.95	\$9,642.75

**Gallonge Charge**

**Year 1 through 3 (1/1/2013 through 12/31/15)**

\$3.10 per 1,000 gallons up to 20,000 gallons  
 \$4.10 per 1,000 gallons thereafter.

No Regional Pass-Through Gallonge Charge for Year 1 through Year 3.

**Year 4 (Beginning 1/1/2016) until changed**

\$3.00 per 1,000 gallons up to 5,000 gallons  
 \$3.35 per 1,000 gallons from 5,001 to 10,000 gallons  
 \$3.50 per 1,000 gallons from 10,001 to 20,000 gallons  
 \$6.75 per 1,000 gallons thereafter

Regional Pass-Through Gallonge Charge: .....\$1.3703 per 1,000 gallons  
 (Tariff Control No. 49267)

Monthly Minimum Charge for any meter size larger than 12" will be calculated using American Water Works Association (AWWA) approved meter equivalency factors.

Federal Tax Change Credit Rider:.....(7.33%) of the monthly retail bill  
 (Effective May 1, 2018; Tariff Control No. 48197)

Federal Tax Change Credit Rider:.....(5.26%) of the monthly retail bill  
 (Effective January 1, 2019; Tariff Control No. 48197)

SECTION 1.0 -- RATE SCHEDULE (Continued)

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

Cash X (If in person at designated locations), Check X, Money Order X, Credit Card X,  
Other (specify) Electronic Billing and Payment (See Section 2.06 Billing)

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.

UNAFFILIATED THIRD PARTIES WHO ACCEPT AND PROCESS CASH, CREDIT CARD, OR ELECTRONIC PAYMENTS FOR UTILITY BILLS MAY REQUIRE PAYMENT OF AN ADDITIONAL CONVENIENCE CHARGE FOR THIS SERVICE.

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 ..... \$900.00  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" x 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Unique costs) ..... Actual Cost  
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE A SUBDIVISION IS A UNIQUE COST. UNIQUE COSTS WILL BE DETERMINED ON A CASE-BY-CASE BASIS.

TAP FEE (Larger meter) ..... Actual Cost  
THIS TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" x 3/4" METERS. UNIQUE COSTS, SUCH AS ROAD BORES, WILL BE CHARGED IN ADDITION TO THIS TAP FEE AT THEIR ACTUAL COST OF INSTALLATION.

RECONNECTION FEE

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

- a) Non-payment of bill (Maximum \$25.00) ..... \$25.00
- b) Customer's request that service be disconnected ..... \$75.00

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

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

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

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

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

METER TEST FEE ..... \$25.00

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

METER/SERVICE RELOCATION FEE (Customer's Request) ..... Actual Cost

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

STANDARD METER INSTALLATION FEE ..... \$150.00

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

CUSTOMER SERVICE INSPECTION FEE ..... \$100.00

SERVICE APPLICANTS MAY CHOOSE TO HAVE CUSTOMER SERVICE INSPECTIONS REQUIRED BY TCEQ RULE 30 TAC § 290.46(j) PERFORMED BY ANY STATE LICENSED INSPECTOR OF THEIR CHOICE. UNLESS THE SERVICE APPLICANT CHOOSES TO ARRANGE FOR AND PAY FOR THE INSPECTION INDEPENDENTLY, THE UTILITY MAY CHARGE SERVICE APPLICANTS THE CUSTOMER SERVICE INSPECTION FEE AT THE TIME THEY APPLY FOR SERVICE. IF A RE-INSPECTION IS REQUIRED TO BRING PLUMBING INTO COMPLIANCE WITH APPLICABLE REQUIREMENTS OR IF AN EXTRA INSPECTION APPOINTMENT IS REQUIRED BECAUSE A CUSTOMER DOES NOT PERMIT PERFORMANCE OF AN INSPECTION AT A PREVIOUSLY AGREED UPON APPOINTMENT TIME, THE CUSTOMER MAY CHOOSE TO HAVE ANY STATE LICENSED INSPECTOR OF THEIR CHOICE PERFORM THE INSPECTION. IF THE CUSTOMER CHOOSES TO HAVE THE UTILITY PERFORM THE INSPECTION OR RE-INSPECTION, THE CUSTOMER WILL BE CHARGED \$100.00 FOR EACH REQUIRED INSPECTION, RE-INSPECTION OR AGREED UPON INSPECTION APPOINTMENT AND WILL PAY THE UTILITY THE TOTAL AMOUNT OWED AT THE TIME AN INSPECTION OR RE-INSPECTION IS PERFORMED. THE UTILITY MAY, AT ITS OPTION, INCLUDE THE ADDITIONAL CHARGE OR CHARGES ON THE NEXT MONTH'S UTILITY BILL RATHER THAN REQUIRING PAYMENT AT THE TIME OF THE INSPECTION OR RE-INSPECTION. THE UTILITY MAY USE UTILITY EMPLOYEES OR MAY HAVE THE INSPECTION PERFORMED BY A LICENSED THIRD PARTY CONTRACTOR.

SECTION 1.0 -- RATE SCHEDULE (Continued)

ILLEGAL RECONNECTION, LOCK REMOVAL OR DAMAGE FEE ..... **\$85.00**

IN ORDER TO REIMBURSE THE UTILITY WITHOUT BURDENING OTHER CUSTOMERS WITH HIGHER RATES FOR THE ADDITIONAL COST OF SERVICE TRIPS TO DISCONNECT A CUSTOMER/ACCOUNT HOLDER WHO HAS BEEN DISCONNECTED FOR NONPAYMENT AND TO PAY FOR THE COST OF BROKEN OR CUT LOCKS AND SERVICE TIME, THIS FEE SHALL BE ASSESSED TO THE ACCOUNT HOLDER OF ANY DELINQUENT ACCOUNT THAT HAS BEEN DISCONNECTED FOR NONPAYMENT BY VALVING OFF, LOCKING OR REMOVING THE METER WHEN SERVICE TO THE PREMISES IS SUBSEQUENTLY RECONNECTED BY NON-UTILITY PERSONNEL BY CUTTING OR REMOVING THE LOCK, REOPENING THE VALVE, OR REMOVING OR BYPASSING THE METER WITHOUT AUTHORIZATION BY THE UTILITY. THIS FEE MAY BE CHARGED EACH TIME AN EVENT OCCURS AND SERVICE WILL NOT BE RECONNECTED UNTIL THIS FEE IS PAID IN ADDITION TO ANY OTHER BALANCES AND RECONNECT FEES. THIS FEE SHALL NOT BE CHARGED IF A FEE FOR A DAMAGED METER IS CHARGED OR IF THE ACCOUNT HOLDER OR HIS/HER REPRESENTATIVE INFORMS THE UTILITY WITHIN 24 HOURS AFTER DISCOVERING THAT SERVICE HAS BEEN RESTORED WITHOUT AUTHORIZATION OF THE UTILITY: (1) THAT SERVICE WAS RECONNECTED WITHOUT THE ACCOUNT HOLDER'S PERMISSION; AND (2) THE ACCOUNT HOLDER AGREES TO PAY FOR ALL WATER USED.

DAMAGED METER AND APPURTENANCES FEE ..... Actual cost

THIS FEE SHALL BE ASSESSED TO THE ACCOUNT HOLDER OF ANY DELINQUENT ACCOUNT THAT HAS BEEN DISCONNECTED FOR NONPAYMENT BY VALVING OFF OR LOCKING THE METER WHEN THE METER AND/OR METER APPURTENANCES, SUCH AS AN AMR UNIT OR CURB STOP, ARE DAMAGED IN ORDER TO RESTORE WATER SERVICE TO THE ACCOUNT HOLDER'S ORIGINAL PLACE OF SERVICE REQUIRING THE UTILITY TO REPAIR OR REPLACE THEM. THE ACCOUNT HOLDER SHALL BE CHARGED THE FULL COST OF REPAIRING AND/OR REPLACING ALL DAMAGED PARTS AS THE UTILITY DEEMS NECESSARY, INCLUDING LABOR AND VEHICLE COSTS. THIS WILL INCLUDE REPLACEMENT OF VALVES OR CURB STOPS THAT HAVE HAD THEIR LOCKING EYES BROKEN OFF THE FLANGES.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

REGIONAL TEMPORARY WATER RATE:

UNLESS OTHERWISE SUPERSEDED BY PUC ORDER OR RULE, IF THE UTILITY IS ORDERED BY A COURT OR GOVERNMENTAL BODY OF COMPETENT JURISDICTION TO REDUCE ITS PUMPAGE, PRODUCTION OR WATER SALES, AQUA TEXAS SHALL BE AUTHORIZED TO INCREASE ITS APPROVED LINE ITEM CHARGES PER 1,000 GALLONS USED (GALLONAGE CHARGE & REGIONAL PASS-THROUGH GALLONAGE CHARGE) BY THE AMOUNT OF THE REGIONAL TEMPORARY WATER RATE INCREASE ("RTWR") CALCULATED ACCORDING TO THE FORMULA:

$$RTWR = (((PRR)(CGC)(R))/(1-R))*((APV)/(RPV))$$

Where:

- RTWR = Regional Temporary Water Rate increase per 1,000 gallons
- CGC = current total volume charge per 1,000 gallons used (Gallonage Charge + Regional Pass-Through gallonage charge)
- R = water use reduction expressed as a decimal fraction (the pumping restriction)
- PRR = percentage of revenues to be recovered expressed as a decimal fraction, for this tariff PRR shall equal 0.5.
- APV = Annual Pumped and/or Purchased volume from the most recent rate application for the system or systems where the temporary restrictions are imposed; or the most recent 12 months if more than 3 years have passed since the most recent rate application was filed; and
- RPV = Annual Pumped and Purchased volume for Region from the most recent rate application; or the most recent 12 months if more than 3 years have passed since the most recent rate application was filed

To implement the Regional Temporary Water Rate, Aqua Texas must comply with all notice and other requirements of 16 TAC § 24.21(I).

REGIONAL PASS-THROUGH GALLONAGE CHARGE ADJUSTMENT: See Attached Appendix C

FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):

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

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$30.00</u> (Includes 2,000 gallons)	<u>\$3.50</u> per 1000 gallons, 2,001 – 10,000 gallons
1"	<u>\$65.00</u>	<u>\$4.50</u> per 1000 gallons, 10,001 – 30,000 gallons
1½"	<u>\$135.00</u>	<u>\$5.50</u> per 1000 gallons, 30,001 – 50,000 gallons
2"	<u>\$219.00</u>	<u>\$6.50</u> per 1000 gallons, 50,001 – excess gallons
3"	<u>\$415.00</u>	

Federal Tax Change Credit Rider: ..... (7.33%) of the monthly retail bill  
(Effective May 1, 2018; **Tariff Control No. 48197**)

Federal Tax Change Credit Rider: ..... (5.26%) of the monthly retail bill  
(Effective January 1, 2019; **Tariff Control No. 48197**)

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

Cash X, Check X, Money Order X, Credit Card \_\_\_\_\_, Other (specify) \_\_\_\_\_

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

REGULATORY ASSESSMENT ..... 1.0%

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

Section 1.02 - Miscellaneous Fees

TAP FEE..... \$700.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF. \$350.00 IF A ROAD BORE IS REQUIRED.

TAP FEE (Unique costs) ..... Actual Cost

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

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

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

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

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

METER TEST FEE ..... \$25.00

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



SECTION 1.0 - RATE SCHEDULE (CONT.)

RECONNECTION FEE

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

- a) Non-payment of bill (Maximum \$25.00)..... \$25.00
- b) Customer's request that service be disconnected ..... \$0.00

TRANSFER FEE ..... \$50.00

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

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

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

RETURNED CHECK CHARGE ..... \$30.00

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

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 1.0 – RATE SCHEDULE (Continued)

PURCHASED WATER AND /OR DISTRICT FEE PASS THROUGH CLAUSE

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

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

FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):

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

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Residential/Non Residential

METER SIZE	MONTHLY BASE RATE (INCLUDES 2000 GALLONS)	GALLONAGE CHARGE PER 1,000 GALLONS
5/8" x 3/4"	\$49.00	\$3.50 2001-5000
1"	\$105.00	\$4.50 5001-15,000
1 1/2"	\$199.00	\$6.50 15,001-25,000
2"	\$313.00	\$7.50 25,001 and above
3"	\$614.00	

School District

METER SIZE	MONTHLY BASE RATE (INCLUDES 0 GALLONS)	GALLONAGE CHARGE PER 1,000 GALLONS
5/8" x 3/4"	\$45.00	\$4.50
1"	\$129.00	
1 1/2"	\$235.00	
2"	\$357.00	
3"	\$715.00	

Multi Unit Residential

METER SIZE	MONTHLY BASE RATE (INCLUDES 0 GALLONS)	GALLONAGE CHARGE PER 1,000 GALLONS
5/8" x 3/4"	\$256.00	\$3.50 0-5000
1"	\$640.00	\$4.50 5001-10,000
1 1/2"	\$1,280.00	\$6.50 10,001-25,000
2"	\$2,047.00	\$7.50 25,001 and above
3"	\$4,095.00	

Federal Tax Change Credit Rider: ..... (7.33%) of the monthly retail bill  
(Effective May 1, 2018; **Tariff Control No. 48197**)

Federal Tax Change Credit Rider: ..... (5.26%) of the monthly retail bill  
(Effective January 1, 2019; **Tariff Control No. 48197**)

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

Cash X, Check X, Money Order X, Credit Card X, Other (specify) \_\_\_\_\_

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

REGULATORY ASSESSMENT ..... 1.0%

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 - Miscellaneous Fees

TAP FEE..... \$800.00

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

TAP FEE (Unique costs)..... Actual Cost

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

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

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

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

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

METER TEST FEE ..... \$25.00

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

RECONNECTION FEE

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

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

SEASONAL RECONNECTION FEE

BASE RATE FOR METER SIZE TIMES NUMBER OF MONTHS OFF SYSTEM, NOT TO EXCEED SIX (6) MONTHS WHEN CUSTOMER LEAVES AND RETURNS WITHIN A TWELVE (12) MONTH PERIOD.

TRANSFER FEE..... \$30.00

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

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

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

RETURNED CHECK CHARGE ..... \$25.00

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

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

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

STANDARD METER INSTALLATION FEE ..... \$100.00  
TO BE CHARGE WHEN UNMETERED SERVICE EXISTS ON THE SYSTEM THAT SHOULD BE METERED TO BE IN COMPLIANCE WITH THE UTILITY'S TARIFF BUT THE CONVERSION OF THE SERVICE WOULD NOT REQUIRE A FULL TAP AND ALL OF ITS COSTS. THIS FEE WILL BE A SHARING OF COSTS BETWEEN THE CUSTOMER AND THE UTILITY. THE CUSTOMER MAY HAVE THE OPTION OF PAYING THE FEE OVER NO MORE THAN THREE (3) MONTHS.

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

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

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

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Residential Water

MONTHLY BASE RATE BY METER SIZE (INCLUDES 0 GALLONS)	May 1, 2006 Dec. 31, 2006	Jan. 1, 2007 Dec. 31, 2007	Jan. 1, 2008 Dec. 31, 2008	Jan. 1, 2009 Dec. 31, 2009	Jan. 1, 2010 Dec. 13, 2010	Jan. 1, 2011 Dec. 31, 2011
5/8 x 3/4 inch	\$21.69	\$22.77	\$23.91	\$25.10	\$26.36	\$27.67
1 inch	\$54.23	\$56.93	\$59.78	\$62.75	\$65.90	\$69.18
1 1/2 inch	\$108.45	\$113.85	\$119.55	\$125.50	\$131.80	\$138.35
2 inch	\$173.52	\$182.16	\$191.28	\$200.80	\$210.88	\$221.36
3 inch	\$325.35	\$341.55	\$358.65	\$376.50	\$395.40	\$415.05
4 inch	\$542.25	\$569.25	\$597.75	\$627.50	\$659.00	\$691.75
6 inch	\$1,084.50	\$1,138.50	\$1,195.50	\$1,255.00	\$1,318.00	\$1,383.50
8 inch	\$1,735.20	\$1,821.60	\$1,912.80	\$2,008.00	\$2,108.80	2213.6
10 inch	\$2,494.35	\$2,618.55	\$2,749.65	\$2,886.50	\$3,031.40	\$3,182.05
GALLONAGE CHARGE PER 1000 GALLONS						
1 TO 3,000 GALLONS	\$2.08	\$2.18	\$2.27	\$2.36	\$2.45	\$2.55
PER 1000 GALLONS THEREAFTER	\$2.81	\$2.91	\$3.02	\$3.11	\$3.23	\$3.33

Commercial Water

MONTHLY BASE RATE BY METER SIZE (INCLUDES 0 GALLONS)	May 1, 2006 Dec. 31, 2006	Jan. 1, 2007 Dec. 31, 2007	Jan. 1, 2008 Dec. 31, 2008	Jan. 1, 2009 Dec. 31, 2009	Jan. 1, 2010 Dec. 13, 2010	Jan. 1, 2011 Dec. 31, 2011
5/8 x 3/4 inch	\$26.69	\$27.77	\$28.91	\$30.10	\$31.36	\$32.67
1 inch	\$66.73	\$69.43	\$72.28	\$75.75	\$78.40	\$81.68
1 1/2 inch	\$133.45	\$138.85	\$144.55	\$150.50	\$156.80	\$163.35
2 inch	\$213.52	\$222.16	\$231.28	\$240.80	\$250.88	\$261.36
3 inch	\$400.35	\$416.55	\$433.65	\$451.50	\$470.40	\$490.05
4 inch	\$667.25	\$694.25	\$722.75	\$752.50	\$784.00	\$816.75
6 inch	\$1,334.50	\$1,388.50	\$1,445.50	\$1,505.00	\$1,568.00	\$1,633.50
8 inch	\$2,135.20	\$2,221.60	\$2,312.80	\$2,408.00	\$2,508.80	\$2, 613.60
10 inch	\$3,069.35	\$3,193.55	\$3,324.65	\$3,461.50	\$3,606.40	\$3,757.05
GALLONAGE CHARGE PER 1000 GALLONS						
1 TO 3,000 GALLONS	\$2.58	\$2.68	\$2.77	\$2.86	\$2.95	\$3.05
PER 1000 GALLONS THEREAFTER	\$3.36	\$3.46	\$3.55	\$3.64	\$3.73	\$3.83

SECTION 1.0 -- RATE SCHEDULE (Continued)

Federal Tax Change Credit Rider: ..... (7.33%) of the monthly retail bill  
(Effective May 1, 2018; *Tariff Control No. 48197*)

Federal Tax Change Credit Rider: ..... (5.26%) of the monthly retail bill  
(Effective January 1, 2019; *Tariff Control No. 48197*)

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

Cash X (If in person at designated locations), Check X, Money Order X, Credit Card X,

Other (specify) Electronic Billing and Payment (See Section 2.06 Billing)

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.

UNAFFILIATED THIRD PARTIES WHO ACCEPT AND PROCESS CASH, CREDIT CARD, OR ELECTRONIC PAYMENTS FOR UTILITY BILLS MAY REQUIRE PAYMENT OF AN ADDITIONAL CONVENIENCE CHARGE FOR THIS SERVICE.

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 ..... \$600.00

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

TAP FEE (Unique costs) ..... Actual Cost

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

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

THIS TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" x 3/4" METERS. UNIQUE COSTS, SUCH AS ROAD BORES, WILL BE CHARGED IN ADDITION TO THIS TAP FEE AT THEIR ACTUAL COST OF INSTALLATION.

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

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

METER TEST FEE ..... \$25.00

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

RECONNECTION FEE

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

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

SEASONAL RECONNECT FEE

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

TRANSFER FEE ..... \$45.00

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

LATE CHARGE ..... 10%

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

RETURNED CHECK CHARGE ..... \$25.00

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

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

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

METER/SERVICE RELOCATION FEE (Customer's Request) ..... Actual Cost

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

STANDARD METER INSTALLATION FEE ..... \$150.00

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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



SECTION 1.0 -- RATE SCHEDULE (Continued)

TEMPORARY WATER RATE:

UNLESS OTHERWISE SUPERSEDED BY PUC ORDER OR RULE, IF THE UTILITY IS ORDERED BY A COURT OR GOVERNMENTAL BODY OF COMPETENT JURISDICTION TO REDUCE ITS PUMPAGE, PRODUCTION OR WATER SALES, AQUA TEXAS SHALL BE AUTHORIZED TO INCREASE ITS APPROVED GALLONAGE CHARGE ACCORDING TO THE FORMULA:

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

Where:

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

To implement the Regional Temporary Water Rate, Aqua Texas must comply with all notice and other requirements of 16 TAC § 24.21(l).

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

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

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

CUSTOMER SERVICE INSPECTION FEE ..... \$75.00

SERVICE APPLICANTS ARE FREE TO HAVE CUSTOMER SERVICE INSPECTIONS REQUIRED BY TCEQ RULE 290.46(j) PERFORMED BY ANY STATE-LICENSED INSPECTOR OF THEIR CHOICE. THEY ARE ENCOURAGED TO USE A THIRD PARTY INSPECTOR AND NOT AN EMPLOYEE OF THE UTILITY. HOWEVER, IF THEY REQUEST THE UTILITY TO PERFORM THE INSPECTION AND THE UTILITY HAS AN APPROVED INSPECTOR AVAILABLE; IT WILL BE DONE AT A MARKET PRICE SINCE THIS IS NOT A NORMAL FUNCTION OF PUBLIC WATER UTILITY SERVICE. PERFORMING CUSTOMER SERVICE INSPECTIONS MUST TAKE LOWER PRIORITY TO FULFILLING UTILITY SERVICE RESPONSIBILITIES UNDER THE TCEQ'S CHAPTER 290 AND 291 RULES.

SECTION 1.0 -- RATE SCHEDULE (Continued)

LOCK REMOVAL OR DAMAGE FEE..... \$10.00

THIS FEE SHALL BE ASSESSED TO THE ACCOUNT HOLDER OF ANY DELINQUENT ACCOUNT THAT HAS BEEN TERMINATED FOR NON-PAYMENT BY LOCKING THE METER AND THE LOCK HAS SUBSEQUENTLY BEEN REMOVED OR DAMAGED WITHOUT AUTHORIZATION BY THE UTILITY IN ORDER TO RESTORE WATER SERVICE TO THE ACCOUNT HOLDER'S ORIGINAL PLACE OF SERVICE. THIS FEE SHALL NOT BE CHARGED IF THE DAMAGED METER FEE IS CHARGED.

DAMAGED METER AND APPURTENANCES FEE ..... Actual cost

THIS FEE SHALL BE ASSESSED TO THE ACCOUNT HOLDER OF ANY DELINQUENT ACCOUNT THAT HAS BEEN TERMINATED FOR NON-PAYMENT BY LOCKING THE METER AND/OR METER APPURTENANCES SUCH AS AN AMR UNIT, OR THE CURB STOP HAS BEEN DAMAGED IN ORDER TO RESTORE WATER SERVICE TO THE ACCOUNT HOLDER'S ORIGINAL PLACE OF SERVICE REQUIRING THE UTILITY TO REPLACE OR REPAIR THEM. THE ACCOUNT HOLDER SHALL BE CHARGED THE FULL COST OF REPAIRING AND/OR REPLACING ALL DAMAGED PARTS, INCLUDING LABOR AND VEHICLE COSTS. THIS WILL INCLUDE REPLACEMENT OF METERS THAT HAVE HAD THEIR LOCKING EYES BROKEN OFF THE FLANGES.

FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):

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

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	\$30.00 (Includes 2,000 gallons)	\$2.50 per 1,000 gallons 2001-10,000
1"	\$40.50 (Including 2,000 gallons)	\$2.75 per 1,000 gallons 10,001 thereafter
1 1/2"	\$70.88 (Including 2,000 gallons)	

Federal Tax Change Credit Rider: ..... (7.33%) of the monthly retail bill  
 (Effective May 1, 2018; **Tariff Control No. 48197**)

Federal Tax Change Credit Rider: ..... (5.26%) of the monthly retail bill  
 (Effective January 1, 2019; **Tariff Control No. 48197**)

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

Cash , Check , Money Order , Cashier's Check   
 THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS  
 MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH  
 PAYMENTS.

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

Section 1.02 - Miscellaneous Fees

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

RECONNECTION FEE

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

- a) Non-payment of bill (Maximum \$25.00) ..... \$25.00
- b) Customer's request that service be disconnected ..... \$35.00

TRANSFER FEE ..... N/A  
 THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE  
 LOCATION WHERE THE SERVICE IS NOT DISCONNECTED.

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

RETURNED CHECK CHARGE ..... \$15.00  
 RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

SECTION 1.0 - RATE SCHEDULE (Continued)

METER TEST FEE ..... \$25.00

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

Refer to Section 3.0 Extension Policy for terms, conditions, and charges when new construction is necessary to provide service.

FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):

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

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" x 3/4"	<u>\$28.00</u> (Includes <u>0</u> gallons)	
3/4"	<u>\$33.00</u>	<u>\$2.00</u> per 1000 gallons, 1 <sup>st</sup> 6,000 gallons
1"	<u>\$46.76</u>	<u>\$2.75</u> per 1000 gallons, next 14,000 gallons
1½"	<u>\$93.24</u>	<u>\$3.25</u> per 1000 gallons thereafter
2"	<u>\$149.24</u>	
3"	<u>\$224.00</u>	
4"	<u>\$280.00</u>	
6"	<u>\$466.76</u>	

Federal Tax Change Credit Rider: ..... (7.33%) of the monthly retail bill  
 (Effective May 1, 2018; **Tariff Control No. 48197**)

Federal Tax Change Credit Rider: ..... (5.26%) of the monthly retail bill  
 (Effective January 1, 2019; **Tariff Control No. 48197**)

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

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

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

TAP FEE ..... \$500.00  
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD  
 RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF  
 LISTED ON THIS TARIFF.

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

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

NON-RESIDENTIAL TAP FEE ..... Actual Cost  
 TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR  
 FOR NON-RESIDENTIAL CONNECTIONS.

SECTION 1.0 -- RATE SCHEDULE (Continued)

METER TEST FEE ..... \$25.00

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

METER CONVERSION FEE..... Actual Cost

TO CHANGE LOCATION OR INCREASE THE SIZE OF THE METER AT THE CUSTOMER'S REQUEST.

Section 1.02 - Miscellaneous Fees

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00)..... \$25.00
- b) Customer's request that service be disconnected ..... \$40.00

TRANSFER FEE ..... \$40.00

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

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

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

RETURNED CHECK CHARGE ..... \$25.00

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

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):

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

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	\$30.00 (Includes 2,000 gallons)	\$4.34 per 1,000 gallons

Federal Tax Change Credit Rider: ..... (7.33%) of the monthly retail bill  
(Effective May 1, 2018; **Tariff Control No. 48197**)

Federal Tax Change Credit Rider: ..... (5.26%) of the monthly retail bill  
(Effective January 1, 2019; **Tariff Control No. 48197**)

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

Cash , Check , Money Order , Cashier's Check   
THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS  
MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH  
PAYMENTS.

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

Section 1.02 - Miscellaneous Fees

TAP FEE ..... \$200.00  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD  
RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED  
ON THIS TARIFF.

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

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

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

RECONNECTION FEE

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

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

TRANSFER FEE ..... \$10.00  
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE  
LOCATION WHERE THE SERVICE IS NOT DISCONNECTED.

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

SECTION 1.0 - RATE SCHEDULE (Continued)

RETURNED CHECK CHARGE ..... \$15.00  
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

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

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

LINE EXTENSION AND CONSTRUCTION CHARGES:  
Refer to Section 3.0 Extension Policy for terms, conditions, and charges when new construction is necessary to provide service.

Section 1.04 – Purchased Water Adjustment Provision

The minimum bill and gallonage rate set forth in Section 1.01 are based upon a cost of wholesale water purchased from the City of Austin at a rate of \$49.21 for the first 2,000 gallons and \$2.26 for each additional 1,000 gallons. The gallonage rate in Section 1.01 (2.60 per 1,000 gallons) may be increased or decreased to reflect changes in the cost of water purchased from the City of Austin in accordance with the following procedures:

1. The current rate of \$2.60 per 1,000 gallons will be increased or decreased when the City of Austin adjusts its current gallonage rate. For example:
  - If the City of Austin's gallonage rate increases by \$.04 per 1,000 gallons to \$2.30/1,000 gallons, the new gallonage rate for the Aqua Utilities, Inc. dba Aqua Texas, Inc.'s customers will also increase by \$.04 to \$2.64/1,000 gallons.
  - If the City of Austin's gallonage rate decreases by \$.04 per 1,000 gallons to \$2.22/1,000 gallons, the new gallonage rate for the Aqua Utilities, Inc. dba Aqua Texas, Inc.'s customers will also decrease by \$.04 to \$2.56/1,000 gallons.
2. The utility shall notify its customers and the Public Utility Commission of Texas in writing of the proposed change prior to the effective date of implementation of the changed rates. Notice to the customers, which may be in the form of a billing insert, shall contain the effective date of the change, the present rates, the new rates, and the change in charges to the Utility for purchased water. The notice shall also include the following language: "This tariff change is being implemented in accordance with the Utility's approved purchased water adjustment provision. The cost of these charges to the Utility's customers will not exceed the increased or decreased cost of purchased, water."
3. Notice to the Public Utility Commission of Texas shall include a copy of the notice sent to customers, proof that the cost of purchased water has changed by the stated amount, and the calculations and assumptions used to determine the new rates.

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



SECTION 2.0 - SERVICE RULES AND REGULATIONS

Section 2.01 – Public Utility Commission of Texas Rules

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

Section 2.02 - Application for and Provision of Water Service

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

After the applicant has met all the requirements, conditions and regulations for service, the utility will install a 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 ten 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. Notwithstanding any statement in this tariff to the contrary, the utility will serve each qualified applicant for service within the time limits prescribed in 16 TAC § 24.85 (a)-(b) as that rule may be amended by the PUC.

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

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

Section 2.03 - Refusal of Service

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

Section 2.04 - Customer Deposits

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

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

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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

Section 2.05 - Meter Requirements, Reading and Testing

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

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

Meter Tests. - The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible, the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee 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 2.06 - Billing

Bills from the Utility will be mailed monthly unless authorized by the Commission or the customer voluntarily elects to be billed through a paperless electronic billing system which uses standard forms, protocols and conformation processes established and maintained by the utility or unaffiliated third parties providing online billing and payment services that are approved by the Utility. The due date to pay bills for utility service will be at least 21 days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing or electronic mailing by the Utility or the Utility's billing service 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 processor 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 work day after the due date.

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

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

Cash Payments at Non-utility payment locations or Credit Card Payments – The Utility may use unaffiliated third parties to accept and process utility bill cash payments at non-utility payment locations or to accept and process utility bill credit card payments. Any charges required by the third party to accept and process such utility bill payments are the responsibility of the customer and are in addition to utility bill amounts.

Electronic Billing and Payment – A customer may voluntarily elect to be billed through a paperless electronic billing system which uses standard forms, protocols and conformation processes established and maintained by the Utility or unaffiliated third parties providing online billing and payment services that are approved by the Utility. Any charges required by the third party to process the electronic bill or payment are the responsibility of the customer and are in addition to utility bill amounts. In administering this electronic billing option, the Utility does not send the customer paper bills. Customers may sign up for electronic billing at [www.aquaamerica.com](http://www.aquaamerica.com). Required information that otherwise accompanies a paper bill is transmitted to the customer electronically, or an Internet link access to such information is transmitted electronically to the customer. Any applicable disconnection notice continues to be sent to the customer via United States mail. The Utility may utilize unaffiliated third parties to electronically transmit bills to the customer. The Utility is not responsible for any loss resulting from the customer's election to receive bills electronically, including but not limited to, any loss associated with damage to the customer's computer equipment or facilities and any loss associated with a third party's unauthorized use of the customer's information. Either the Utility or customer may, upon thirty (30) days notice to the other party, terminate electronic transmission of bills without any liability to the terminating party resulting from such termination, and without affecting the customer's obligation to pay all amounts due to the Utility. In such event, the Utility will begin to issue paper bills via United States mail to the customer as soon as reasonably practical. The Utility reserves the right to determine whether or not a customer is eligible to be billed through its paperless electronic billing system. A customer that elects electronic billing, who is a combination water and sewer service customer of the Utility, will receive electronic billing for both services.

Third party charges for processing utility bill payments- Any charges required by a third party to accept or process a cash utility bill payment at a non-utility payment location, a credit card utility bill payment, or an electronic utility bill or payment are the responsibility of the customer and are in addition to utility bill amounts.

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

Section 2.07 - Service Disconnection

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

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

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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

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

Section 2.08 – Reconnection of Service

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

Section 2.09 - Service Interruptions

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

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

Section 2.10 - Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the PUC Rules or in the TCEQ's "Rules and Regulations for Public Water Systems." The utility will not provide supply for fire prevention, fire flow, or firefighting services as part of standard retail water utility service.

Section 2.11 - Customer Complaints and Disputes

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

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

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

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

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

All payments for utility service shall be delivered or mailed to the remittance address on the utility bill received or paid using any method described on the utility bill received. Cash payments are only accepted in person at designated payment locations as described in the utility bill received. If the utility or its authorized agent 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.

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

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

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

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

Limitation on Product/Service Liability. - Public water utilities are required to deliver water to the customer's side of the meter or service connection that meets the potability and pressure standards of the TCEQ. The utility will not accept liability for any injury or damage to individuals or their property occurring on the customer's side of the meter when the water delivered meets these state standards.

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

The utility makes no representations or warranties (expressed or implied) that customer's appliances will not be damaged by disruptions of or fluctuations in water service whatever the cause. The utility will not accept liability for injuries or damages to persons or property due to disruption of water service caused by: (1) acts of God, (2) acts of third parties not subject to the control of the utility if the utility has undertaken such preventive measures as are required by PUC or TCEQ rules, (3) electrical power failures in water systems not required by TCEQ rule to have auxiliary power supplies, or (4) termination of water service pursuant to the utility's tariff and the PUC's rules. The utility is not required by law and does not provide fire prevention, fire flow, or fire fighting services. The utility therefore does not accept liability for fire-related injuries or damages to persons or property caused or aggravated by the availability (or lack thereof) of water or water pressure (or lack thereof) during fire emergencies. The utility will accept liability for any injury or damage to individuals or their property directly caused by defective utility plant facilities (*e.g.*, leaking water lines or meters) or the repairs to or construction of the utility's facilities.

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

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection. Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction (as may be allowed by PUC rule) for the actual costs of, any additional facilities required to maintain compliance with the TCEQ minimum design criteria for water production, treatment, pumping storage and transmission.

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

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

The utility adopts the Uniform Plumbing Code pursuant to TCEQ Rule 30 TAC § 290.46(i). The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the TCEQ, the Uniform Plumbing Code and with the service rules and regulations of the utility. The customer will bring out his service line to his property line at the point on the customer's property mutually acceptable to the customer and the utility subject to such requirements as may exist by PUC rule. No meters smaller than those identified in Section 1.0 of this tariff will be connected. No pipe or pipe fitting which contains more than 8.0% lead can be used for the installation or repair of plumbing at any connection which provides water for human use. No solder or flux which contains more than 0.2% lead can be used at any connection which provides water for human use.

The utility will have the right of access to the customer's premises at all times reasonable for the purpose of installing, testing, inspecting or repairing water mains or other equipment used in connection with its provision of water service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations.

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

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

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

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

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

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

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

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

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

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

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

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

Customers must make meters accessible to the Utility and its personnel. If they do not, the Utility may require the removal of the meter to another location according to 16 TAC§ 24.89(c) of the PUC's rules. The Utility will give the customer the option of converting to a remote radio read meter at the customer's expense in lieu of bearing the cost of relocating the meter and any Utility water lines necessitated by the customer's actions. If the customer does not accept this option, the customer will be charged for all incurred meter relocation costs. Before relocating the meter, the utility must provide the customer with written notice of its intent to do so.

This notice must include information on the estimated cost of relocating the meter, an explanation of the condition hindering access and what the customer can do to correct that condition, and information on how to contact the utility. The notice must give the customer a reasonable length of time to arrange for utility access so the customer may avoid incurring the relocation cost. A copy of the notice given to the customer shall be filed with the utility's records on the customer's account.

Customers shall not enclose meters with fences or other artificial barriers. If there is a fence in front of a meter, the customer shall install a gate or stile with 300 pound-load bearing capacity to enable meter readers and service crews to obtain ready access to the utility's property.



SECTION 3.0 - EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

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

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

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

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

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

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY

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

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

Developers may be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with TCEQ minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or TCEQ minimum requirements. For purposes of this tariff, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

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

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

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

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

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

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

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

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

Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

The utility shall serve each qualified service applicant within its CCN 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 Aqualified service applicant@ status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The PUC service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a "qualified service applicant" as defined herein or by PUC rules.

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

A "qualified service applicant" is an applicant who has: (1) met all of the utility's requirements of service contained in this tariff, PUC rules and/or PUC order, (2) has made all payments for tap fees and extension charges, (3) has provided all necessary easements and rights-of-way necessary to provide service to the requested location, including staking said easements or rights-of-way where necessary, (4) delivered an executed customer service inspection certificate to the utility and (5) has executed a customer service application for each location to which service is being requested.

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. The tap request must be accompanied with a plat, map, diagram or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line. 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.

## SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

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

The developer shall be required to provide the utility with a minimum of a 160-foot radius sanitary control easement or fee simple real property conveyance around the proposed well site acceptable to the PUC for each water well site to be located within the developer's property or otherwise being obtained to serve the developer's property. Unless otherwise agreed to by the utility, pipe line right-of-way easements must be at least 15 feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and meters. Easements must be provided for all production, storage, treatment, pressurization and disposal sites which are sufficient to construct and maintain all weather roads as prescribed by PUC rules. All easements shall be evidenced, at developer's expense, by recorded county-approved subdivision plat or by specific assignment supported by metes and bounds survey from a surveyor licensed by the State of Texas.

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

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

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (Continued)

- (c) Copies of all proposed plats and plans must be submitted to the utility prior to their submission to the county for approval to insure that they are compatible with the adequate long-term utility needs of potential service customers. Copies will be returned after review by the utility so that necessary changes may be incorporated into the developer's final submitted plat(s) and plans.
- (d) The utility shall be provided with three (3) certified copies of the final plat(s) approved by the County Commissioners Court. At this time, the utility will begin engineering the facilities necessary to serve the property. Plans and specifications will be prepared and submitted to the TCEQ by the utility if required by law. If further plat or plans changes are necessary to accommodate the specific service needs of the property and the anticipated customer demands, the developer will be so notified. Plat amendments must be obtained by the developer. The developer shall be notified when all required TCEQ or other governmental approvals or permits have been received.

No construction of utility plant which requires prior TCEQ plans approval shall be commenced until that approval has been received by the utility and any conditions imposed by the PUC or the TCEQ in association with its approvals have been satisfied.

- (e) The developer shall be required to post bond or escrow the funds necessary to construct all required utility plant, except individual taps, meters and sewer connections, required to serve the property. Construction shall not commence until funds are available. If the construction is to be done in coordination with the phased development of the property, funds must be provided in advance which are sufficient to complete each phase. No phase or facilities for any phase shall be constructed prior to the bonding or escrowing of all funds associated with that phase.
- (f) At the sole option of the utility, the developer may be required to execute a Developer Extension Contract setting forth all terms and conditions of extending service to their property including all contributions-in-aid of construction and developer reimbursements, if any.
- (g) The utility may require the developer to commence construction of subdivision improvements within three (3) months of utility plans approval or the utility may abate its construction activities until full development construction begins. If the developer stops construction of subdivision improvements for any purpose, the utility may abate its construction for a similar period.
- (h) As soon as the roads are rough cut and prior to paving, extension lines will need to be constructed at each road crossing. The developer must notify the utility sufficiently in advance of this development stage to allow for the necessary utility construction without disruption to other service operations of the utility. Failure to provide adequate advance notice and cooperation in the construction of necessary utility plant may result in additional delays in obtaining service to the property. The developer shall be required to pay for all additional costs of road boring or other remedial construction necessary to install adequate utility plant throughout the affected property.
- (i) The developer, not the utility, shall insure that developer's employees, agents, contractors and others under its control coordinate their work or construction throughout the property with the utility to insure the orderly and timely construction of all utility plant necessary to serve the public.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

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

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

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

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

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

APPENDIX A - DROUGHT CONTINGENCY PLAN  
(Utility must attach copy of TCEQ approved Drought Contingency Plan)

**APPENDIX B - SAMPLE SERVICE AGREEMENT**  
(Utility must attach a sample service agreement)



**APPENDIX- C**  
**Aqua Texas - Southwest Region Water Utility Tariff**  
**Regional Pass-Through Gallonage Charge True- up/Adjustment Provision and Report**

The purpose of this true-up/adjustment provision is to true-up and adjust Aqua Texas' authorized Regional Pass-Through Gallonage Charge each year in an effort to provide the best opportunity for regional revenue collected from the charge to align with certain types and amounts of pass-through costs Aqua Texas has incurred in the preceding year for the region using a process that does not require the expense of a full rate proceeding. Additionally, this process is intended to ensure that Aqua Texas balances the collections versus the pass-through costs annually. The types of pass-through costs that form the basis for the Regional Pass-Through Gallonage Charge may be regional costs, fees, rates and charges imposed by governmental entities, water authorities or districts having jurisdiction over Aqua Texas or its operations or by non-affiliated third party water suppliers or water rights holders selling water or water rights to Aqua Texas.

- 1) Regional Pass-Through Gallonage Charge true-up and adjustment calculations shall use historic, actual gallons billed to all regional retail water customers in the previous completed calendar year.
- 2) Amounts referred to in gallons shall be per 1,000 gallons, unless otherwise specified.
- 3) Aqua Texas has provided a list of all expenses (see attached) to be included in the regional pass through costs. The PUC has approved the attached list.
- 4) Aqua Texas shall only collect costs directly associated with the production of water in the pass-through and specifically shall not include impact fees and other fees associated with plant and equipment.
- 5) Normalization shall not be used in any pass through calculations.
- 6) No charges by affiliates (as defined by the Texas Water Code) of Aqua Texas shall be included in the pass through.
- 7) True-up Report to the regulatory authority ("Report"): Between the end of each calendar year and the following February 28, Aqua Texas shall provide a Report that reconciles the total Regional Pass-Through Gallonage Charge revenues billed during the previous completed calendar year within the Southwest region to the total amount of all regional passed-through costs incurred during that year as reflected in the general ledger. The Report shall include the amount paid to each entity for allowed passed through costs, the names of the entities paid by Aqua Texas, and the total of costs incurred requested for the purpose of an adjusted Regional Pass-Through Gallonage Charge. Any supporting documentation shall be attached to the report. Aqua Texas may submit information regarding new district charges in the Report (other than fines or penalties - see 4 above). New district charges associated with newly acquired systems shall not be included unless otherwise approved in a rate determination or proceeding. Aqua Texas will not include new purchase water agreements unless approved in a rate proceeding.

**APPENDIX- C (Continued)**  
**Aqua Texas - Southwest Region Water Utility Tariff**  
**Regional Pass-Through Gallonage Charge True- up/Adjustment Provision and Report**

- 8) The true-up calculation for a completed calendar year Report shall be as follows:
- a) Regional Pass-Through Gallonage Charge revenues billed during completed calendar year .....\$XXXX
  - b) Regional passed-through costs actually incurred during completed calendar year .....\$XXXX
  - c) Difference between a) and b) .....\$XXXX

where, **a) - b) = c)**

Annual Regional Pass-Through Gallonage Charge recalculations shall follow the following formula:

- b) Same as b) above.....\$XXXX
- c) Same difference as c) above.....\$XXXX
- d) Total adjusted regional pass-through costs subject to adjusted Regional Pass-Through Gallonage Charge.....\$XXXX

where, **b) - c) = d)**

**Divided by:**

Actual historic gallons billed to all regional customers in completed calendar year.....\$XXXX

**Equals:**

Regional Pass-Through Gallonage Charge as adjusted .....\$XXXX

where **d) ÷ e) = f)**

Notice of any adjustments to the pass-through will be sent to the PUC or regulatory authority and to the affected customers. Notice to the customers may be in the form of a billing insert and must track the language required in 16 TAC § 24.21(h)(4)(B).

**APPENDIX- C (Continued)**

**Aqua Texas - Southwest Region Water Utility Tariff**

**Regional Pass-Through Gallonage Charge True- up/Adjustment Provision and Report**

- 9) With the Report Aqua Texas files on February 28 setting forth its calculation and supporting documentation for its adjusted Regional Pass-Through Gallonage Charge in accordance with 5) and 6) above, Aqua Texas shall include a tariff page that incorporates the adjusted Regional Pass-Through Gallonage Charge reflected in the Report. Aqua Texas shall implement the adjusted filed rate as follows.
  - a) Aqua Texas will bill the adjusted Regional Pass-Through Gallonage Charge for service rendered on or after March 1 each year and thereafter until the rate is modified.
  - b) The first bill received each year incorporating the adjusted Regional Pass-Through Gallonage Charge will be prorated to apply the adjusted charge to service during those days in the billing cycle on or after March 1.
  - c) The PUC or a successor agency with authority to regulate investor-owned utility rates (regulatory authority) shall review the Report and provide the results of its review to Aqua Texas in writing within 45 days after Aqua Texas submits the Report. If no written response is provided to Aqua Texas during that time, the adjusted Regional Pass-Through Gallonage Charge filed with the Report shall stand until modified.
  - d) The PUC may dispute the calculation or supporting documentation as presented in the Report. If so, Aqua Texas and the PUC shall work in good faith to attempt resolution of the dispute.
  - e) The process of implementing the Regional Pass-Through Gallonage Charge True-up/Adjustment and the regulatory authority's review of same is an informal proceeding and not a contested case hearing. However, if a dispute between Aqua Texas and the regulatory authority cannot be resolved through negotiation, only the PUC or Aqua Texas may request a hearing on Regional Pass-Through Gallonage Charge true-ups/adjustments. It shall not be considered a rate case under the Texas Water Code or PUC (or other regulatory authority) rules, and Texas Water Code § 13.187 shall not apply.
  - f) In the event of a dispute or hearing concerning the Regional Pass-Through Gallonage Charge reflected in the tariff page filed with the Report, the filed rate shall be considered effective on an interim basis and previous charges will be adjusted in the next annual true-up, except that adjustments to the pass-through exceeding 50 percent may require immediate refunds or credits as directed by the regulatory authority. If the filed rate is modified pursuant to dispute or hearing resolution, a replacement tariff page shall be filed with the regulatory authority reflecting the modified rate.
  - g) Aqua Texas has agreed to only collect eighty-five percent of the total pass-through amounts for the years 2013, 2014, and 2015 and to resume collecting one hundred percent in 2016 as part of its agreement with the Southwest Region customers to waive the pass-through charge to customers in newly acquired systems referenced in Table B of the tariff until 2016. Aqua Texas will indicate the adjustment in its Reports for 2013 through 2015.

**APPENDIX- C (Continued)**  
**Aqua Texas - Southwest Region Water Utility Tariff**  
**Regional Pass-Through Gallonage Charge True- up/Adjustment Provision and Report**

- h) Notwithstanding the procedures outlined herein, if the Report indicates an increase to Aqua Texas' Regional Pass-through Gallonage Charge is appropriate for the calendar year assessed, Aqua Texas may elect not to implement the increase. Aqua Texas will submit a written notification of such an election with the Report, indicating the amount of foregone pass through revenues. Foregone pass through revenues due to such election shall not be collected.
- i) This pass through provision is not intended to negate any authority granted to the regulatory authority.

Aqua Texas regional pass-through approved entity list

Entities on the list as of 4/5/2013

The regulating commission approved the pass through of costs per contract or permit, existing as of 12/31/2014, for base rates and gallonage charges made by the following entities.

**Southwest Region - Water:**

City of Austin (Rivercrest Water System)  
LCRA (Raw Water) (Rivercrest Water System)  
City of Austin (Mooreland Subdivision)  
LCRA (Raw Water) (Pecan Utilities Oak Ridge Subdivision)  
City of Horseshoe Bay (successor to Lake L.B.J. Municipal Utility District) (Pecan Utilities Oak Ridge Subdivision)  
City of Cedar Park  
Manville WSC  
Nueces WSC  
City of Round Rock  
Barton Springs/Edwards Aquifer CD  
Cow Creek GCD  
Edwards Aquifer Authority  
Springtown Water  
Trinity/Glen Rose



**WATER UTILITY TARIFF**  
**Southwest Region**  
**Docket No: 48897**

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

1106 Clayton Lane, Suite 400 W  
(Business Address)

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

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

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

13254

This tariff is effective in the following counties:  
See attached Tables – Southwest Region

The following is a list of cities where Aqua Texas – Southwest Region provides water service:  
City of Austin, City of Boerne, City of Cedar Park, City of Kerrville, and City of Woodcreek

**The rates set or approved by the city for the systems entirely within its corporate boundary are not presented in this tariff. Those rates are not under the original jurisdiction of the PUC and may be obtained from the city or utility. This tariff applies to outside city customers of systems that provide service inside and outside of a city’s corporate boundary.**

This tariff is effective in the following subdivisions and public water systems:  
See attached Tables – Southwest Region

**TABLE OF CONTENTS**

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

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<b>Table A – Southwest Region</b>			
<b>System Name</b>	<b>Subdivision/ Area Served</b>	<b>PWS ID</b>	<b>County</b>
RESERVED FOR CLOSING OF ADDITIONAL STM DOCKETS			

<b>Table B – Southwest Region</b>			
<b>System Name</b>	<b>Subdivision/ Area Served</b>	<b>PWS ID</b>	<b>County</b>
Harper Road Estates	Harper Road Estates	0860005	Gillespie
Northwest Hills Water Supply	Northwest Hills	0860086	Gillespie
Deerwood Subdivision	Deerwood Subdivision	0860098	Gillespie
West Oak Heights	West Oak Heights	0860100	Gillespie
Guadalupe Heights Utility	Guadalupe Heights	1330009	Kerr
Westcreek Estates Water System	Westcreek Estates	1330028	Kerr
Loma Vista Water System	Loma Vista Shady Grove Spanish Oaks Estates Wood Hill Estates Wood Ridge Estates	1330041	Kerr
Aqua Vista Utilities	Aqua Vista	1330062	Kerr

<b>Table C – Southwest Region (separate rate pages)</b>			
<b>System Name</b>	<b>Subdivision/ Area Served</b>	<b>PWS ID</b>	<b>County</b>
Brushy Bend Park	Brushy Bend Park Subdivision	2460050	Williamson

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

**Monthly Minimum Charges by Meter Size (Includes 0 gallons)**

Meter Size	Year 1 Beginning 1/1/2013	Year 2 Beginning 1/1/2014	Year 3 Beginning 1/1/2015	Year 4 Beginning 1/1/16 until changed
5/8" x 3/4"	\$42.13	\$42.13	\$42.13	\$44.85
1"	\$105.33	\$105.33	\$105.33	\$112.13
1½ "	\$210.65	\$210.65	\$210.65	\$224.25
2"	\$337.04	\$337.04	\$337.04	\$358.80
3"	\$674.08	\$674.08	\$674.08	\$717.60
4"	\$1,053.25	\$1,053.25	\$1,053.25	\$1,121.25
6"	\$2,106.50	\$2,106.50	\$2,106.50	\$2,242.50
8"	\$3,370.40	\$3,370.40	\$3,370.40	\$3,588.00
10"	\$4,844.95	\$4,844.95	\$4,844.95	\$5,157.75
12"	\$9,057.95	\$9,057.95	\$9,057.95	\$9,642.75

**Gallage Charge**

**Year 1 through 3 (1/1/2013 through 12/31/15)**

\$3.10 per 1,000 gallons up to 20,000 gallons  
 \$4.10 per 1,000 gallons thereafter.

No Regional Pass-Through Gallage Charge for Year 1 through Year 3.

**Year 4 (Beginning 1/1/2016) until changed**

\$3.00 per 1,000 gallons up to 5,000 gallons  
 \$3.35 per 1,000 gallons from 5,001 to 10,000 gallons  
 \$3.50 per 1,000 gallons from 10,001 to 20,000 gallons  
 \$6.75 per 1,000 gallons thereafter

Regional Pass-Through Gallage Charge: ..... \$1.3703 per 1,000 gallons  
 (Tariff Control No. 49267)

Monthly Minimum Charge for any meter size larger than 12" will be calculated using American Water Works Association (AWWA) approved meter equivalency factors.

Federal Tax Change Credit Rider:.....(7.33%) of the monthly retail bill  
 (Effective May 1, 2018; Tariff Control No. 48197)

Federal Tax Change Credit Rider:.....(5.26%) of the monthly retail bill  
 (Effective January 1, 2019; Tariff Control No. 48197)

**Docket No. 48897**

SECTION 1.0 -- RATE SCHEDULE (Continued)

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

Cash X (If in person at designated locations), Check X, Money Order X, Credit Card X,

Other (specify) Electronic Billing and Payment (See Section 2.06 Billing)

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.

UNAFFILIATED THIRD PARTIES WHO ACCEPT AND PROCESS CASH, CREDIT CARD, OR ELECTRONIC PAYMENTS FOR UTILITY BILLS MAY REQUIRE PAYMENT OF AN ADDITIONAL CONVENIENCE CHARGE FOR THIS SERVICE.

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 ..... \$900.00  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" x 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Unique costs) ..... Actual Cost  
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE A SUBDIVISION IS A UNIQUE COST. UNIQUE COSTS WILL BE DETERMINED ON A CASE-BY-CASE BASIS.

TAP FEE (Larger meter) ..... Actual Cost  
THIS TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" x 3/4" METERS. UNIQUE COSTS, SUCH AS ROAD BORES, WILL BE CHARGED IN ADDITION TO THIS TAP FEE AT THEIR ACTUAL COST OF INSTALLATION.

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

- a) Non-payment of bill (Maximum \$25.00) ..... \$25.00
- b) Customer's request that service be disconnected ..... \$75.00

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

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

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

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

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



SECTION 1.0 -- RATE SCHEDULE (Continued)

- METER TEST FEE.....\$25.00  
THIS FEE, WHICH SHOULD REFLECT THE UTILITY'S COST, MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.
- METER/SERVICE RELOCATION FEE (Customer's Request) .....Actual Cost  
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.
- STANDARD METER INSTALLATION FEE.....\$150.00  
TO BE CHARGED WHEN UNMETERED SERVICE EXISTS ON THE SYSTEM THAT SHOULD BE METERED TO BE IN COMPLIANCE WITH THE UTILITY'S TARIFF BUT THE CONVERSION OF THE SERVICE WOULD NOT REQUIRE A FULL TAP AND ALL OF ITS COSTS. THIS FEE WILL BE A SHARING OF COSTS BETWEEN THE CUSTOMER AND THE UTILITY. THE CUSTOMER MAY HAVE THE OPTION OF PAYING THE FEE OVER NO MORE THAN THREE (3) MONTHS.
- CUSTOMER SERVICE INSPECTION FEE .....\$100.00  
SERVICE APPLICANTS MAY CHOOSE TO HAVE CUSTOMER SERVICE INSPECTIONS REQUIRED BY TCEQ RULE 30 TAC § 290.46(j) PERFORMED BY ANY STATE LICENSED INSPECTOR OF THEIR CHOICE. UNLESS THE SERVICE APPLICANT CHOOSES TO ARRANGE FOR AND PAY FOR THE INSPECTION INDEPENDENTLY, THE UTILITY MAY CHARGE SERVICE APPLICANTS THE CUSTOMER SERVICE INSPECTION FEE AT THE TIME THEY APPLY FOR SERVICE. IF A RE-INSPECTION IS REQUIRED TO BRING PLUMBING INTO COMPLIANCE WITH APPLICABLE REQUIREMENTS OR IF AN EXTRA INSPECTION APPOINTMENT IS REQUIRED BECAUSE A CUSTOMER DOES NOT PERMIT PERFORMANCE OF AN INSPECTION AT A PREVIOUSLY AGREED UPON APPOINTMENT TIME, THE CUSTOMER MAY CHOOSE TO HAVE ANY STATE LICENSED INSPECTOR OF THEIR CHOICE PERFORM THE INSPECTION. IF THE CUSTOMER CHOOSES TO HAVE THE UTILITY PERFORM THE INSPECTION OR RE-INSPECTION, THE CUSTOMER WILL BE CHARGED \$100.00 FOR EACH REQUIRED INSPECTION, RE-INSPECTION OR AGREED UPON INSPECTION APPOINTMENT AND WILL PAY THE UTILITY THE TOTAL AMOUNT OWED AT THE TIME AN INSPECTION OR RE-INSPECTION IS PERFORMED. THE UTILITY MAY, AT ITS OPTION, INCLUDE THE ADDITIONAL CHARGE OR CHARGES ON THE NEXT MONTH'S UTILITY BILL RATHER THAN REQUIRING PAYMENT AT THE TIME OF THE INSPECTION OR RE-INSPECTION. THE UTILITY MAY USE UTILITY EMPLOYEES OR MAY HAVE THE INSPECTION PERFORMED BY A LICENSED THIRD PARTY CONTRACTOR.

SECTION 1.0 -- RATE SCHEDULE (Continued)

ILLEGAL RECONNECTION, LOCK REMOVAL OR DAMAGE FEE.....\$85.00

IN ORDER TO REIMBURSE THE UTILITY WITHOUT BURDENING OTHER CUSTOMERS WITH HIGHER RATES FOR THE ADDITIONAL COST OF SERVICE TRIPS TO DISCONNECT A CUSTOMER/ACCOUNT HOLDER WHO HAS BEEN DISCONNECTED FOR NONPAYMENT AND TO PAY FOR THE COST OF BROKEN OR CUT LOCKS AND SERVICE TIME, THIS FEE SHALL BE ASSESSED TO THE ACCOUNT HOLDER OF ANY DELINQUENT ACCOUNT THAT HAS BEEN DISCONNECTED FOR NONPAYMENT BY VALVING OFF, LOCKING OR REMOVING THE METER WHEN SERVICE TO THE PREMISES IS SUBSEQUENTLY RECONNECTED BY NON-UTILITY PERSONNEL BY CUTTING OR REMOVING THE LOCK, REOPENING THE VALVE, OR REMOVING OR BYPASSING THE METER WITHOUT AUTHORIZATION BY THE UTILITY. THIS FEE MAY BE CHARGED EACH TIME AN EVENT OCCURS AND SERVICE WILL NOT BE RECONNECTED UNTIL THIS FEE IS PAID IN ADDITION TO ANY OTHER BALANCES AND RECONNECT FEES. THIS FEE SHALL NOT BE CHARGED IF A FEE FOR A DAMAGED METER IS CHARGED OR IF THE ACCOUNT HOLDER OR HIS/HER REPRESENTATIVE INFORMS THE UTILITY WITHIN 24 HOURS AFTER DISCOVERING THAT SERVICE HAS BEEN RESTORED WITHOUT AUTHORIZATION OF THE UTILITY: (1) THAT SERVICE WAS RECONNECTED WITHOUT THE ACCOUNT HOLDER'S PERMISSION; AND (2) THE ACCOUNT HOLDER AGREES TO PAY FOR ALL WATER USED.

DAMAGED METER AND APPURTENANCES FEE.....Actual cost

THIS FEE SHALL BE ASSESSED TO THE ACCOUNT HOLDER OF ANY DELINQUENT ACCOUNT THAT HAS BEEN DISCONNECTED FOR NONPAYMENT BY VALVING OFF OR LOCKING THE METER WHEN THE METER AND/OR METER APPURTENANCES, SUCH AS AN AMR UNIT OR CURB STOP, ARE DAMAGED IN ORDER TO RESTORE WATER SERVICE TO THE ACCOUNT HOLDER'S ORIGINAL PLACE OF SERVICE REQUIRING THE UTILITY TO REPAIR OR REPLACE THEM. THE ACCOUNT HOLDER SHALL BE CHARGED THE FULL COST OF REPAIRING AND/OR REPLACING ALL DAMAGED PARTS AS THE UTILITY DEEMS NECESSARY, INCLUDING LABOR AND VEHICLE COSTS. THIS WILL INCLUDE REPLACEMENT OF VALVES OR CURB STOPS THAT HAVE HAD THEIR LOCKING EYES BROKEN OFF THE FLANGES.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

REGIONAL TEMPORARY WATER RATE:

UNLESS OTHERWISE SUPERSEDED BY PUC ORDER OR RULE, IF THE UTILITY IS ORDERED BY A COURT OR GOVERNMENTAL BODY OF COMPETENT JURISDICTION TO REDUCE ITS PUMPAGE, PRODUCTION OR WATER SALES, AQUA TEXAS SHALL BE AUTHORIZED TO INCREASE ITS APPROVED LINE ITEM CHARGES PER 1,000 GALLONS USED (GALLONAGE CHARGE & REGIONAL PASS-THROUGH GALLONAGE CHARGE) BY THE AMOUNT OF THE REGIONAL TEMPORARY WATER RATE INCREASE ("RTWR") CALCULATED ACCORDING TO THE FORMULA:

$$RTWR = (((PRR)(CGC)(R))/(1-R))*((APV)/(RPV))$$

Where:

- RTWR = Regional Temporary Water Rate increase per 1,000 gallons
- CGC = current total volume charge per 1,000 gallons used (Gallonage Charge + Regional Pass-Through gallonage charge)
- R = water use reduction expressed as a decimal fraction (the pumping restriction)
- PRR = percentage of revenues to be recovered expressed as a decimal fraction, for this tariff PRR shall equal 0.5.
- APV = Annual Pumped and/or Purchased volume from the most recent rate application for the system or systems where the temporary restrictions are imposed; or the most recent 12 months if more than 3 years have passed since the most recent rate application was filed; and
- RPV = Annual Pumped and Purchased volume for Region from the most recent rate application; or the most recent 12 months if more than 3 years have passed since the most recent rate application was filed

To implement the Regional Temporary Water Rate, Aqua Texas must comply with all notice and other requirements of 16 TAC § 24.21(l).

REGIONAL PASS-THROUGH GALLONAGE CHARGE ADJUSTMENT: See Attached Appendix C

FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):

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

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons all meters)	<u>Gallonage Charge</u>
5/8"	<u>\$37.42</u>	<u>\$2.75</u> per 1,000 gallons
1"	<u>\$93.55</u>	Peak Season Volumetric Rates (June-Sept)
1½"	<u>\$187.10</u>	
2"	<u>\$299.36</u>	<u>\$2.10</u> per 1,000 gallons
3"	<u>\$598.72</u>	Off-Peak Season Volumetric Rates (Oct-May)
4"	<u>\$935.50</u>	
6"	<u>\$1,871.00</u>	
8"	<u>\$2,993.60</u>	
10"	<u>\$4,303.30</u>	
12"	<u>\$9,355.00</u>	

Monthly Minimum Charge for any meter size larger than 12" will be calculated using American Water Works Association (AWWA) approved meter equivalency factors.

Federal Tax Change Credit Rider:.....(7.23%) of the monthly retail bill  
 (Effective May 1, 2018; **Tariff Control No. 48197**)

Federal Tax Change Credit Rider:.....(5.20%) of the monthly retail bill  
 (Effective January 1, 2019; **Tariff Control No. 48197**)

FORM OF PAYMENT: The utility will accept the following forms of payment:  
 Cash  (if in person at designated locations), Check , Money Order , Credit Card   
Other Electronic Billing and Payment (See Section 2.06 Billing)

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.

UNAFFILIATED THIRD PARTIES WHO ACCEPT AND PROCESS CASH, CREDIT CARD, OR ELECTRONIC PAYMENTS FOR UTILITY BILLS MAY REQUIRE AN ADDITIONAL CONVENIENCE CHARGE FOR THIS SERVICE.

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 .....\$900.00  
 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. UNIQUE COSTS WILL BE DETERMINED ON A CASE-BY-CASE BASIS.

SECTION 1.0 -- RATE SCHEDULE (Continued)

LARGE METER TAP FEE.....Actual Cost  
TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" METERS. UNIQUE COSTS SUCH AS ROAD BORES, WILL BE CHARGED IN ADDITION TO THIS TAP FEE AT THEIR ACTUAL COST OF INSTALLATION.

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 .....\$75.00

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

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

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

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

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

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

Aqua Texas, Inc. dba Aqua Texas Water Utility Tariff Page No. 5

SECTION 1.0 -- RATE SCHEDULE (Continued)

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:  
INCREASES IN INSPECTION FEES AND WATER TESTING COSTS IMPOSED BY STATE OR FEDERAL LAW MAY BE PASSED THROUGH AS AN ADJUSTMENT TO THE MONTHLY BASE RATE CHARGE UNDER THE TERMS AND CONDITIONS OF [16 TAC § 24.21(b)(2)(F)] AFTER NOTICE TO CUSTOMERS AND UPON WRITTEN APPROVAL BY THE PUC.

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

**REGIONAL TEMPORARY WATER RATE:**

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

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

Where:

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

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

**FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):**

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

## SECTION 2.0 - SERVICE RULES AND REGULATIONS

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

### Section 2.01 - Application for and Provision of Water Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), 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.

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

### 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)

(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 § 24.86(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 five 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 2.05 - 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.



SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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 - Meter Requirements, Readings, and Testing

One meter is required for each residential, commercial, or industrial connection. All water sold by the utility will be billed based on meter measurements. The utility will provide, install, own and maintain meters to measure amounts of water consumed by its customers. Meters will be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period unless otherwise authorized by the Commission.

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

Section 2.07 - 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, Section 290.46(j). Service may be denied until the certificate is received or any identified violations or hazards are remedied. The utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

Section 2.08 - 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 Title 30 Texas Administrative Code (TAC) §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

The use of a backflow prevention assembly at the service connection shall be considered as additional backflow protection and shall not negate the use of backflow protection on internal hazards as outlined and enforced by local plumbing codes. When a customer service inspection certificate indicates that an adequate internal cross-connection control program is in effect, backflow protection at the water service entrance or meter is not required. At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in 30 TAC § 290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems, then a backflow prevention assembly or device is not required. Outside hose bibs do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker.

All backflow prevention assemblies or devices shall be tested upon installation by a TCEQ certified backflow prevention assembly tester and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against health hazards must also be tested and certified to be operating within specifications at least annually by a certified backflow prevention assembly tester.

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 2.09- 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.

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

All customers or service applicants shall provide access to meters and utility cutoff valves at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

If access to a meter is hindered and the customer will not arrange for access at regular intervals, the Utility may require the removal of the meter to another location according to 16 TAC § 24.89(c) of the PUC's rules. The Utility will give the customer the option of converting to a remote radio read meter at the customer's expense in lieu of bearing the cost of relocating the meter. If the customer does not accept this option, the customer will be charged for all incurred meter relocation costs. Before relocating the meter, the utility must provide the customer with written notice of its intent to do so.

This notice must include information on the estimated cost of relocating the meter, an explanation of the condition hindering access and what the customer can do to correct that condition, and information on how to contact the utility. The notice must give the customer a reasonable length of time to arrange for utility access so the customer may avoid incurring the relocation cost. A copy of the notice given to the customer shall be filed with the utility's records on the customer's account.

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.

Third party charges for processing utility bill payments- Any charges required by a third party to accept or process a cash utility bill payment at a non-utility payment location, a credit card utility bill payment, or an electronic utility bill or payment are the responsibility of the customer and are in addition to utility bill amounts.

Electronic Billing and Payment – A customer may voluntarily elect to be billed through a paperless electronic billing system which uses standard forms, protocols and conformation processes established and maintained by the Utility or unaffiliated third parties providing online billing and payment services that are approved by the Utility. Any charges required by the third party to process the electronic bill or payment are the responsibility of the customer and are in addition to utility bill amounts. In administering this electronic billing option, the Utility does not send the customer paper bills. Customers may sign up for electronic billing at [www.aquaamerica.com](http://www.aquaamerica.com). Required information that otherwise accompanies a paper bill is transmitted to the customer electronically, or an Internet link access to such information is transmitted electronically to the customer. Any applicable disconnection notice continues to be sent to the customer via United States mail.

The Utility may utilize unaffiliated third parties to electronically transmit bills to the customer. The Utility is not responsible for any loss resulting from the customer's election to receive bills electronically, including but not limited to, any loss associated with damage to the customer's computer equipment or facilities and any loss associated with a third party's unauthorized use of the customer's information.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

Either the Utility or customer may, upon thirty (30) days' notice to the other party, terminate electronic transmission of bills without any liability to the terminating party resulting from such termination, and without affecting the customer's obligation to pay all amounts due to the Utility. In such event, the Utility will begin to issue paper bills via United States mail to the customer as soon as reasonably practical. The Utility reserves the right to determine whether or not a customer is eligible to be billed through its paperless electronic billing system. A customer that elects electronic billing, who is a combination water and sewer service customer of the Utility, will receive electronic billing for both services.

(B) Late Fees

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

(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 2.11 - 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 31 days from the date of issuance of a bill and if proper notice of termination has been given.

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

(B) Without Notice

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

Section 2.12 - 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 2.13- 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 2.14 - Service Interruptions

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

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the PUC, the utility will maintain facilities as described in the TCEQ Rules and Regulations for Public Water Systems. The utility will not provide supply for fire prevention, fire flow, or fire-fighting services as part of standard retail water utility service.

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 PUC complaint process, depending on the nature of the complaint.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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 – Liability

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

Limitation on Product/Service Liability. - Public water utilities are required to deliver water to the customer's side of the meter or service connection that meets the potability and pressure standards of the TCEQ. The utility will not accept liability for any injury or damage to individuals or their property occurring on the customer's side of the meter when the water delivered meets these state standards. The utility makes no representations or warranties (expressed or implied) that customer's appliances will not be damaged by disruptions of or fluctuations in water service whatever the cause. The utility will not accept liability for injuries or damages to persons or property due to disruption of water service caused by: (1) acts of God, (2) acts of third parties not subject to the control of the utility if the utility has undertaken such preventive measures as are required by PUC or TCEQ rules, (3) electrical power failures in water systems not required by TCEQ rule to have auxiliary power supplies, or (4) termination of water service pursuant to the utility's tariff and the TCEQ's rules. The utility is not required by law and does not provide fire prevention, fire flow, or fire-fighting services. The utility therefore does not accept liability for fire-related injuries or damages to persons or property caused or aggravated by the availability (or lack thereof) of water or water pressure (or lack thereof) during fire emergencies. The utility will accept liability for any injury or damage to individuals or their property directly caused by defective utility plant facilities (e.g., leaking water lines or meters) or the repairs to or construction of the utility's facilities.

Section 2.18 – Ownership of meters, water lines, and other equipment

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

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

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

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

All payments for utility service shall be delivered or mailed to the remittance address on the utility bill received or paid using any method described on the utility bill received. Cash payments are only accepted in person at designated payment locations as described in the utility bill received. If the utility or its authorized agent 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.

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

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

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

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

Limitation on Product/Service Liability. - Public water utilities are required to deliver water to the customer's side of the meter or service connection that meets the potability and pressure standards of the TCEQ. The utility will not accept liability for any injury or damage to individuals or their property occurring on the customer's side of the meter when the water delivered meets these state standards.

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

The utility makes no representations or warranties (expressed or implied) that customer's appliances will not be damaged by disruptions of or fluctuations in water service whatever the cause. The utility will not accept liability for injuries or damages to persons or property due to disruption of water service caused by: (1) acts of God, (2) acts of third parties not subject to the control of the utility if the utility has undertaken such preventive measures as are required by PUC or TCEQ rules, (3) electrical power failures in water systems not required by TCEQ rule to have auxiliary power supplies, or (4) termination of water service pursuant to the utility's tariff and the PUC's rules. The utility is not required by law and does not provide fire prevention, fire flow, or fire fighting services. The utility therefore does not accept liability for fire-related injuries or damages to persons or property caused or aggravated by the availability (or lack thereof) of water or water pressure (or lack thereof) during fire emergencies. The utility will accept liability for any injury or damage to individuals or their property directly caused by defective utility plant facilities (e.g., leaking water lines or meters) or the repairs to or construction of the utility's facilities.

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

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection. Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction (as may be allowed by PUC rule) for the actual costs of, any additional facilities required to maintain compliance with the TCEQ minimum design criteria for water production, treatment, pumping storage and transmission.

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

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

The utility adopts the Uniform Plumbing Code pursuant to TCEQ Rule 30 TAC § 290.46(i). The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the TCEQ, the Uniform Plumbing Code and with the service rules and regulations of the utility. The customer will bring out his service line to his property line at the point on the customer's property mutually acceptable to the customer and the utility subject to such requirements as may exist by PUC rule. No meters smaller than those identified in Section 1.0 of this tariff will be connected. No pipe or pipe fitting which contains more than 8.0% lead can be used for the installation or repair of plumbing at any connection which provides water for human use. No solder or flux which contains more than 0.2% lead can be used at any connection which provides water for human use.

The utility will have the right of access to the customer's premises at all times reasonable for the purpose of installing, testing, inspecting or repairing water mains or other equipment used in connection with its provision of water service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations.



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

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

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

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

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

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

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

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

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

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

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

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

Customers must make meters accessible to the Utility and its personnel. If they do not, the Utility may require the removal of the meter to another location according to 16 TAC§ 24.89(c) of the PUC's rules. The Utility will give the customer the option of converting to a remote radio read meter at the customer's expense in lieu of bearing the cost of relocating the meter and any Utility water lines necessitated by the customer's actions. If the customer does not accept this option, the customer will be charged for all incurred meter relocation costs. Before relocating the meter, the utility must provide the customer with written notice of its intent to do so.

This notice must include information on the estimated cost of relocating the meter, an explanation of the condition hindering access and what the customer can do to correct that condition, and information on how to contact the utility. The notice must give the customer a reasonable length of time to arrange for utility access so the customer may avoid incurring the relocation cost. A copy of the notice given to the customer shall be filed with the utility's records on the customer's account.

Customers shall not enclose meters with fences or other artificial barriers. If there is a fence in front of a meter, the customer shall install a gate or stile with 300 pound-load bearing capacity to enable meter readers and service crews to obtain ready access to the utility's property.

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.

The utility is not required to extend service to any applicant outside of its certificated 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 certificated service area boundaries by the PUC.

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

Within its certified area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision.

However, if the residential customer requesting service purchased the property after the developer was notified in writing of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

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

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

Exceptions may be granted by the PUC if:

- adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
- or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

SECTION 3.0--EXTENSION POLICY (Continued)

If an exception is granted by the PUC, 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.

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

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.

The utility adopts the Uniform Plumbing Code pursuant to TCEQ Rule 290.46(i). The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the TCEQ, the Uniform Plumbing Code and with the service rules and regulations of the utility. The customer will bring out his service line to his property line at the point on the customer's property mutually acceptable to the customer and the utility subject to such requirements as may exist by PUC rule. No meters smaller than those identified in Section 1.0 of this tariff will be connected. No pipe or pipe fitting which contains more than 8.0% lead can be used for the installation or repair of plumbing at any connection which provides water for human use. No solder or flux which contains more than 0.2% lead can be used at any connection which provides water for human use.

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 § 24.86(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 § 24.85(e)(3), 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.

The utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property. The developer shall be required to obtain all necessary easements and rights-of-way required to extend the utility's existing service facilities from their nearest point with adequate service capacity (as prescribed by PUC rules and local service conditions) to and throughout the developer's property. The easements shall be sufficient to allow the construction, installation, repair, maintenance and testing of any and all utility plant necessary to provide continuous and adequate service to each and every potential service location within the property at full occupancy.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY

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

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

Developers may be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with TCEQ minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or TCEQ minimum requirements. For purposes of this tariff, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

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

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

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

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

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

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

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

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

Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

The utility shall serve each qualified service applicant within its CCN 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 Aqualified service applicant@ status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The PUC service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a "qualified service applicant" as defined herein or by PUC rules.

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

A "qualified service applicant" is an applicant who has: (1) met all of the utility's requirements of service contained in this tariff, PUC rules and/or PUC order, (2) has made all payments for tap fees and extension charges, (3) has provided all necessary easements and rights-of-way necessary to provide service to the requested location, including staking said easements or rights-of-way where necessary, (4) delivered an executed customer service inspection certificate to the utility and (5) has executed a customer service application for each location to which service is being requested.

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. The tap request must be accompanied with a plat, map, diagram or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line. 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.



SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

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

The developer shall be required to provide the utility with a minimum of a 160-foot radius sanitary control easement or fee simple real property conveyance around the proposed well site acceptable to the PUC for each water well site to be located within the developer's property or otherwise being obtained to serve the developer's property. Unless otherwise agreed to by the utility, pipe line right-of-way easements must be at least 15 feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and meters. Easements must be provided for all production, storage, treatment, pressurization and disposal sites which are sufficient to construct and maintain all weather roads as prescribed by PUC rules. All easements shall be evidenced, at developer's expense, by recorded county-approved subdivision plat or by specific assignment supported by metes and bounds survey from a surveyor licensed by the State of Texas.

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

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

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (Continued)

- (c) Copies of all proposed plats and plans must be submitted to the utility prior to their submission to the county for approval to insure that they are compatible with the adequate long-term utility needs of potential service customers. Copies will be returned after review by the utility so that necessary changes may be incorporated into the developer's final submitted plat(s) and plans.
- (d) The utility shall be provided with three (3) certified copies of the final plat(s) approved by the County Commissioners Court. At this time, the utility will begin engineering the facilities necessary to serve the property. Plans and specifications will be prepared and submitted to the TCEQ by the utility if required by law. If further plat or plans changes are necessary to accommodate the specific service needs of the property and the anticipated customer demands, the developer will be so notified. Plat amendments must be obtained by the developer. The developer shall be notified when all required TCEQ or other governmental approvals or permits have been received.

No construction of utility plant which requires prior TCEQ plans approval shall be commenced until that approval has been received by the utility and any conditions imposed by the PUC or the TCEQ in association with its approvals have been satisfied.

- (e) The developer shall be required to post bond or escrow the funds necessary to construct all required utility plant, except individual taps, meters and sewer connections, required to serve the property. Construction shall not commence until funds are available. If the construction is to be done in coordination with the phased development of the property, funds must be provided in advance which are sufficient to complete each phase. No phase or facilities for any phase shall be constructed prior to the bonding or escrowing of all funds associated with that phase.
- f) At the sole option of the utility, the developer may be required to execute a Developer Extension Contract setting forth all terms and conditions of extending service to their property including all contributions-in-aid of construction and developer reimbursements, if any.
- (g) The utility may require the developer to commence construction of subdivision improvements within three (3) months of utility plans approval or the utility may abate its construction activities until full development construction begins. If the developer stops construction of subdivision improvements for any purpose, the utility may abate its construction for a similar period.
- (h) As soon as the roads are rough cut and prior to paving, extension lines will need to be constructed at each road crossing. The developer must notify the utility sufficiently in advance of this development stage to allow for the necessary utility construction without disruption to other service operations of the utility. Failure to provide adequate advance notice and cooperation in the construction of necessary utility plant may result in additional delays in obtaining service to the property. The developer shall be required to pay for all additional costs of road boring or other remedial construction necessary to install adequate utility plant throughout the affected property.
- (i) The developer, not the utility, shall insure that developer's employees, agents, contractors and others under its control coordinate their work or construction throughout the property with the utility to insure the orderly and timely construction of all utility plant necessary to serve the public.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

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

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

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

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

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

APPENDIX A  
SECTION 4.0 – DROUGHT CONTINGENCY PLAN

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

APPENDIX B -- SAMPLE SERVICE AGREEMENT  
From 30 TAC Chapter 290.47(b), Appendix B  
SERVICE AGREEMENT

- I. **PURPOSE:** The NAME OF WATER SYSTEM is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF WATER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the water system will not re-establish service unless it has a signed copy of this agreement.
- II. **RESTRICTIONS:** The following unacceptable practices are prohibited by State regulations.
- A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
  - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
  - C. No connection which allows water to be returned to the public drinking water supply is permitted.
  - D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
  - E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.
- III. **SERVICE AGREEMENT:** The following are the terms of the service agreement between the NAME OF WATER SYSTEM (the Water System) and NAME OF CUSTOMER (the Customer).
- A. The Water System will maintain a copy of this agreement as long as the Customer and/or the premises is connected to the Water System.
  - B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Water System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Water System's normal business hours.
  - C. The Water System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic reinspection.
  - D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.
  - E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Water System. Copies of all testing and maintenance records shall be provided to the Water System.
- IV. **ENFORCEMENT:** If the Customer fails to comply with the terms of the Service Agreement, the Water System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.
- CUSTOMER'S SIGNATURE: \_\_\_\_\_
- DATE: \_\_\_\_\_

**APPENDIX- C**  
**Aqua Texas - Southwest Region Water Utility Tariff**  
**Regional Pass-Through Gallonage Charge True- up/Adjustment Provision and Report**

The purpose of this true-up/adjustment provision is to true-up and adjust Aqua Texas' authorized Regional Pass-Through Gallonage Charge each year in an effort to provide the best opportunity for regional revenue collected from the charge to align with certain types and amounts of pass-through costs Aqua Texas has incurred in the preceding year for the region using a process that does not require the expense of a full rate proceeding. Additionally, this process is intended to ensure that Aqua Texas balances the collections versus the pass-through costs annually. The types of pass-through costs that form the basis for the Regional Pass-Through Gallonage Charge may be regional costs, fees, rates and charges imposed by governmental entities, water authorities or districts having jurisdiction over Aqua Texas or its operations or by non-affiliated third party water suppliers or water rights holders selling water or water rights to Aqua Texas.

- 1) Regional Pass-Through Gallonage Charge true-up and adjustment calculations shall use historic, actual gallons billed to all regional retail water customers in the previous completed calendar year.
- 2) Amounts referred to in gallons shall be per 1,000 gallons, unless otherwise specified.
- 3) Aqua Texas has provided a list of all expenses (see attached) to be included in the regional pass through costs. The PUC has approved the attached list.
- 4) Aqua Texas shall only collect costs directly associated with the production of water in the pass-through and specifically shall not include impact fees and other fees associated with plant and equipment.
- 5) Normalization shall not be used in any pass through calculations.
- 6) No charges by affiliates (as defined by the Texas Water Code) of Aqua Texas shall be included in the pass through.
- 7) True-up Report to the regulatory authority ("Report"): Between the end of each calendar year and the following February 28, Aqua Texas shall provide a Report that reconciles the total Regional Pass-Through Gallonage Charge revenues billed during the previous completed calendar year within the Southwest region to the total amount of all regional passed-through costs incurred during that year as reflected in the general ledger. The Report shall include the amount paid to each entity for allowed passed through costs, the names of the entities paid by Aqua Texas, and the total of costs incurred requested for the purpose of an adjusted Regional Pass-Through Gallonage Charge. Any supporting documentation shall be attached to the report. Aqua Texas may submit information regarding new district charges in the Report (other than fines or penalties - see 4 above). New district charges associated with newly acquired systems shall not be included unless otherwise approved in a rate determination or proceeding. Aqua Texas will not include new purchase water agreements unless approved in a rate proceeding.

APPENDIX- C (Continued)

Aqua Texas - Southwest Region Water Utility Tariff

Regional Pass-Through Gallonage Charge True- up/Adjustment Provision and Report

- 8) The true-up calculation for a completed calendar year Report shall be as follows:
  - a) Regional Pass-Through Gallonage Charge revenues billed during completed calendar year..... \$XXXX
  - b) Regional passed-through costs actually incurred during completed calendar year..... \$XXXX
  - c) Difference between a) and b)..... \$XXXX

where, a) - b) = c)

Annual Regional Pass-Through Gallonage Charge recalculations shall follow the following formula:

- b) Same as b) above. .... \$XXXX
- c) Same difference as c) above ..... \$XXXX
- d) Total adjusted regional pass-through costs subject to adjusted Regional Pass-Through Gallonage Charge..... \$XXXX

where, b) - c) = d)

**Divided by:**

Actual historic gallons billed to all regional customers in completed calendar year..... \$XXXX

**Equals:**

Regional Pass-Through Gallonage Charge as adjusted ..... \$XXXX

where d) ÷ e) = f)

Notice of any adjustments to the pass-through will be sent to the PUC or regulatory authority and to the affected customers. Notice to the customers may be in the form of a billing insert and must track the language required in 16 TAC § 24.21(h)(4)(B).

**APPENDIX- C (Continued)**

**Aqua Texas - Southwest Region Water Utility Tariff**

**Regional Pass-Through Gallonage Charge True- up/Adjustment Provision and Report**

- 9) With the Report Aqua Texas files on February 28 setting forth its calculation and supporting documentation for its adjusted Regional Pass-Through Gallonage Charge in accordance with 5) and 6) above, Aqua Texas shall include a tariff page that incorporates the adjusted Regional Pass-Through Gallonage Charge reflected in the Report. Aqua Texas shall implement the adjusted filed rate as follows.
  - a) Aqua Texas will bill the adjusted Regional Pass-Through Gallonage Charge for service rendered on or after March 1 each year and thereafter until the rate is modified.
  - b) The first bill received each year incorporating the adjusted Regional Pass-Through Gallonage Charge will be prorated to apply the adjusted charge to service during those days in the billing cycle on or after March 1.
  - c) The PUC or a successor agency with authority to regulate investor-owned utility rates (regulatory authority) shall review the Report and provide the results of its review to Aqua Texas in writing within 45 days after Aqua Texas submits the Report. If no written response is provided to Aqua Texas during that time, the adjusted Regional Pass-Through Gallonage Charge filed with the Report shall stand until modified.
  - d) The PUC may dispute the calculation or supporting documentation as presented in the Report. If so, Aqua Texas and the PUC shall work in good faith to attempt resolution of the dispute.
  - e) The process of implementing the Regional Pass-Through Gallonage Charge True-up/Adjustment and the regulatory authority's review of same is an informal proceeding and not a contested case hearing. However, if a dispute between Aqua Texas and the regulatory authority cannot be resolved through negotiation, only the PUC or Aqua Texas may request a hearing on Regional Pass-Through Gallonage Charge true-ups/adjustments. It shall not be considered a rate case under the Texas Water Code or PUC (or other regulatory authority) rules, and Texas Water Code § 13.187 shall not apply.
  - f) In the event of a dispute or hearing concerning the Regional Pass-Through Gallonage Charge reflected in the tariff page filed with the Report, the filed rate shall be considered effective on an interim basis and previous charges will be adjusted in the next annual true-up, except that adjustments to the pass-through exceeding 50 percent may require immediate refunds or credits as directed by the regulatory authority. If the filed rate is modified pursuant to dispute or hearing resolution, a replacement tariff page shall be filed with the regulatory authority reflecting the modified rate.
  - g) Aqua Texas has agreed to only collect eighty-five percent of the total pass-through amounts for the years 2013, 2014, and 2015 and to resume collecting one hundred percent in 2016 as part of its agreement with the Southwest Region customers to waive the pass-through charge to customers in newly acquired systems referenced in Table B of the tariff until 2016. Aqua Texas will indicate the adjustment in its Reports for 2013 through 2015.



**APPENDIX- C (Continued)**  
**Aqua Texas - Southwest Region Water Utility Tariff**  
**Regional Pass-Through Gallonage Charge True- up/Adjustment Provision and Report**

- h) Notwithstanding the procedures outlined herein, if the Report indicates an increase to Aqua Texas' Regional Pass-through Gallonage Charge is appropriate for the calendar year assessed, Aqua Texas may elect not to implement the increase. Aqua Texas will submit a written notification of such an election with the Report, indicating the amount of foregone pass through revenues. Foregone pass through revenues due to such election shall not be collected.
  
- i) This pass through provision is not intended to negate any authority granted to the regulatory authority.

Aqua Texas regional pass-through approved entity list

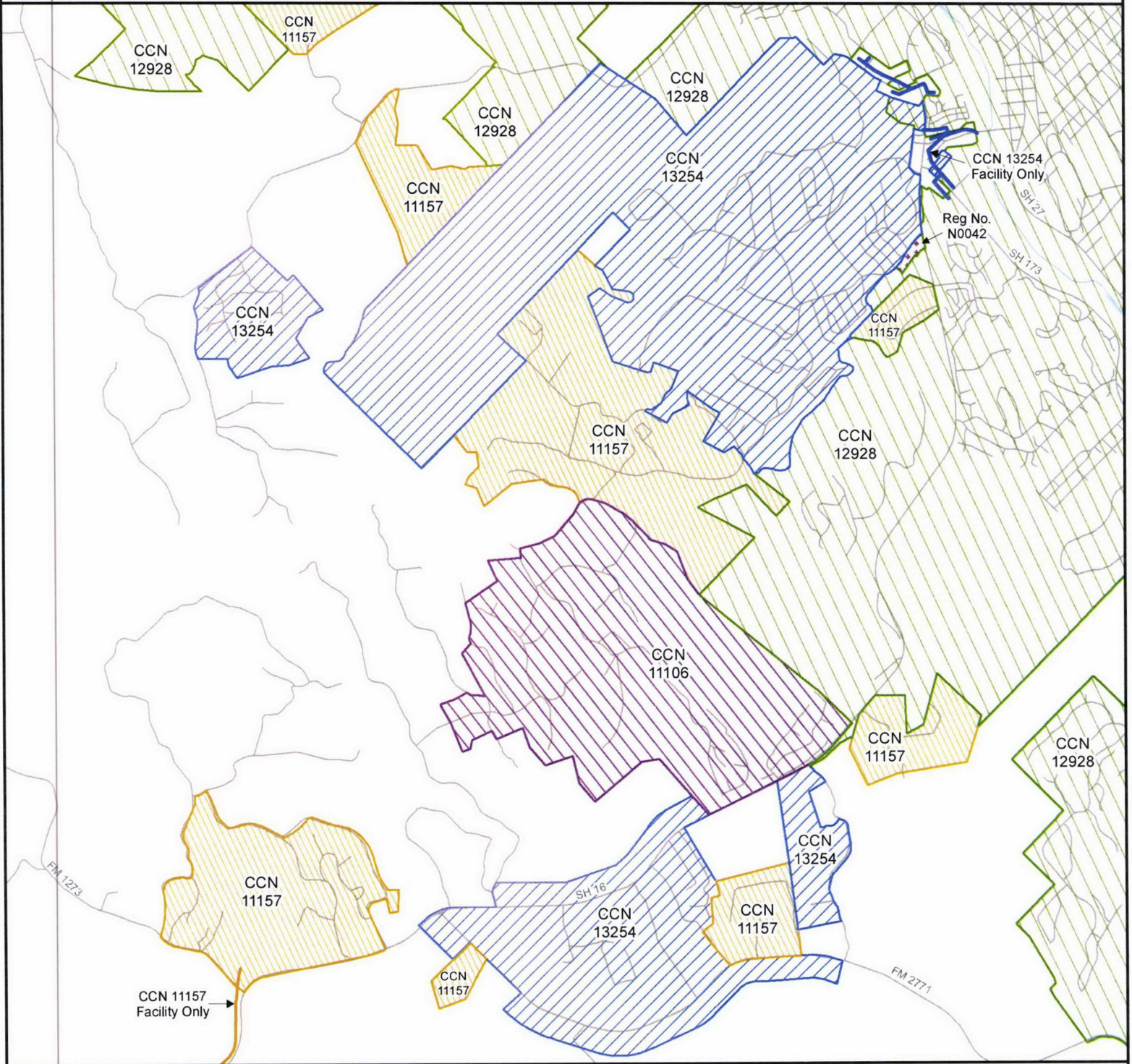
Entities on the list as of 4/5/2013

The regulating commission approved the pass through of costs per contract or permit, existing as of 12/31/2014, for base rates and gallonage charges made by the following entities.

**Southwest Region - Water:**

City of Austin (Rivercrest Water System)  
LCRA (Raw Water) (Rivercrest Water System)  
City of Austin (Mooreland Subdivision)  
LCRA (Raw Water) (Pecan Utilities Oak Ridge Subdivision)  
City of Horseshoe Bay (successor to Lake L.B.J. Municipal Utility District) (Pecan Utilities Oak Ridge Subdivision)  
City of Cedar Park  
Manville WSC  
Nueces WSC  
City of Round Rock  
Barton Springs/Edwards Aquifer CD  
Cow Creek GCD  
Edwards Aquifer Authority  
Springtown Water  
Trinity/Glen Rose


Aqua Texas, Inc.  
 Portion of Water CCN No. 13254  
 PUC Docket No. 48897  
 Transferred all of Kerrville South Water Company, Inc., CCN No. 11484 in Kerr County



**Water CCN**

-  13254 - Aqua Texas Inc
-  11157 - Aqua Utilities Inc
-  12928 - City of Kerrville
-  N0042 - Oak Grove Mobile Home Park Inc
-  11106 - SWWC Utilities Inc

**Facility Only CCN**

-  13254 - Aqua Texas Inc
-  11157 - Aqua Utilities Inc

