



Control Number: 49088



Item Number: 9

Addendum StartPage: 0

RECEIVED
TARIFF CONTROL NO. 49088

APPLICATION OF NERRO SUPPLY, LLC § 15 PH 1:44
FOR PASS-THROUGH RATE CHANGE § PUBLIC UTILITY COMMISSION
§ FILING CLERK OF TEXAS

**COMMISSION STAFF'S SUFFICIENCY RECOMMENDATION
AND RECOMMENDATION ON FINAL DISPOSITION**

COMES NOW the Commission Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this response to Notice Granting Request for Extension, Staff's Sufficiency Recommendation and Recommendation on Final Disposition. Staff recommends that the application be found sufficient and furthermore that it be approved. In support thereof, Staff shows the following:

I. BACKGROUND

On January 10, 2019, Nerro Supply LLC (Nerro), Certificate of Convenience and Necessity No. 12252, filed an application to implement a pass-through rate change pursuant to 16 Texas Administrative Code § 24.25 for an increase in purchased water fees from the Brazos Valley Groundwater Conservation District (Brazos Valley GCD) effective January 1, 2019. On February 5, 2019, Staff filed its Deficiency Recommendation recommending that Nerro's application be found administratively incomplete and deficient.

On February 5, 2019, the Commission Administrative Law Judge (ALJ) issued Notice Finding the Application Incomplete and Deficient which established a deadline of March 4, 2019 for Nerro to cure the deficiencies in the application. On February 11, 2019, Nerro filed its Response to Staff's First Request for Information curing the deficiencies noted. On April 4, 2019, the ALJ issued Notice Granting Request for Extension which established Staff's deadline to file a supplemental recommendation on the sufficiency of the application by April 19, 2019. Therefore, this pleading is timely filed.

II. APPLICATION & NOTICE SUFFICIENCY RECOMMENDATION

Staff reviewed Nerro's application filed on January 10, 2019 and Nerro's Response to Staff's First Request for Information filed on February 11, 2019. As indicated in the attached memorandum of Nabaraj Pokharel of the Commission's Water Utility Regulation Division

(Attachment A), Staff recommends that the application and notice be found sufficient under 16 TAC § 24.25. Additionally, proper notice was provided to customers prior to the billing period in which the new pass-through rate will take effect.

III. FINAL DISPOSITION RECOMMENDATION

Upon review of Nerro's application on the merits, Staff determined that it complies with the requirements of 16 TAC §§ 24.25. Therefore, as supported by Mr. Pokharel's attached memorandum, Staff recommends that Nerro's application to pass through to its customers Brazos Valley's increased purchased water fees be approved, effective January 1, 2019. Staff recommends the following pass-through provision: \$0.0325 divided by (1-0.15) equals \$0.04 per thousand gallons up to 100,000,000 gallons pumped per year, and \$0.05 per thousand gallons thereafter. The revised tariff implementing this pass-through rate change for Nerro is attached (Attachment B). In accordance with this approval recommendation, Staff does not propose a procedural schedule.

IV. CONCLUSION

For the reasons stated above, Staff respectfully recommends that Nerro's application and notice be found sufficient and that the application be approved.

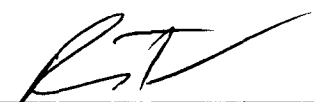
Dated: April 15, 2019

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney

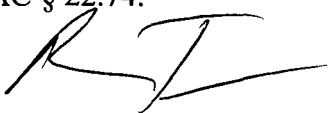


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TARIFF CONTROL NO. 49088

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on April 15, 2019, in accordance with the requirements of 16 TAC § 22.74.



Rustin Tawater

ATTACHMENT A

PUC Interoffice Memorandum

To: Rustin Tawater, Attorney
Legal Division

Through: Debi Loockerman, Financial Manager
Water Utility Regulation

From: Nabaraj Pokharel, Engineering Specialist
Water Utility Regulation

Date: April 8, 2019

Subject: **Tariff Control No. 49088; *Application of Nerro Supply LLC for a Pass-Through Rate Change***

On January 10, 2019, Nerro Supply LLC (Nerro), Certificate of Convenience and Necessity No. 12252, filed an application to implement a pass-through rate change pursuant to 16 Texas Administrative Code § 24.25 for an increase in purchased water fees from the Brazos Valley Groundwater Conservation District (Brazos Valley GCD) effective January 1, 2019. The Applicant proposes to add a new pass-through rate to their current tariff. The proposed rate is \$0.05 per 1,000 gallons for customers in Smetana Forest, Lakewood Estates, Oak Forest, Lakeway, Manor and Benchley Oaks Subdivisions. The requested pass-through would recover \$0.0425 per thousand gallons pumped plus line loss of 15%.

Although the rate charged by Brazos Valley GCD is \$0.4625, the billing from Brazos GCD indicates that Nerro is receiving a 1% credit for yearly gallons pumped less than 100,000,000¹, which is not reflected in the proposed pass-through implementation. Therefore, the proposed pass-through rate requested produces revenues in excess of the expenses that Nerro is paying to Brazos Valley GCD. Staff recommends the following pass-through provision to correct this issue:

- \$0.0325 divided by (1-0.15) equals \$0.04 per thousand gallons up to 100,000,000 gallons pumped per year, and \$0.05 per thousand gallons thereafter.

The Applicant provided the following for each subdivision:

1. Documentation from Brazos Valley GCD for the purchased water cost;
2. Historical documentation of line loss for one year;
3. Calculations and assumptions used to determine the new rate;
4. A copy of the notice to customers; and
5. A copy of the rate pages of its tariff.

Additionally, proper notice was provided to customers prior to the billing period in which the new pass-through rate will take effect because the recommended rate is less than the proposed rate.

¹ Application at page 8.

Staff finds that the application is sufficient and recommends that the Commission:

1. Deem the application sufficient for filing;
2. Approve the pass-through application as recommended by Staff;
3. Order Nerro to refund the difference between the approved rate and the proposed rates for any increase charged from January 1, 2019 through the date of the final order in this case, or provide a sworn statement that the pass-through was not implemented until the order was issued; and
4. Provide a copy of the approved tariff to the Applicant (attached).

ATTACHMENT B



WATER UTILITY TARIFF

Tariff Control No: 49088

Nerro Supply, LLC
(Utility Name)

5900 Westview Dr.
(Business Address)

Houston, Texas 77055-5418
(City, State, Zip Code)

(281)355-1312
(Area Code/Telephone)

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

12252

This tariff is effective in the following counties:

Brazos, Burleson, Chambers, Liberty, Montgomery, Robertson and Walker

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

City of Beach City

*Bayridge Water system and Oaks at Houston Point are within the city limits of the City of Beach City.

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

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

See attached list.

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE.....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	6
SECTION 3.0 -- EXTENSION POLICY	12
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN	16

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

Nerro Supply, LLC

Public Water System/Subdivision	PWS ID #	County
Allendale Water System	1700187	Montgomery
*Bayridge Water System	0360028	Chambers
Hillgreen Water Company	1700539	Montgomery
Loch Ness Cove Water System	1700148	Montgomery
Lost Lake	0360108	Chambers
*Oaks at Houston Point	0360126	Chambers
River Club Water Company	1700185	Montgomery
Riverwood Estates	1460146	Montgomery
Woodhaven Estates	1700481	Montgomery
Sam Houston Forest Subdivision	2360078	Walker
Wildwood Shores	2360078	Walker

The following system/subdivisions were transferred from Brazos Valley Septic & Water, Inc., CCN 13094 in Docket No. 43117:

System/Subdivision	PWS ID Number	County
Apache Hills	0260019	Burleson
Benchly Oaks	0210039	Brazos
Lakeview North	0260010	Burleson
Lakeway Manor	1980017	Robertson
Lakewood Estates	0210042	Brazos
Little Oak Forest	0260037	Burleson
Marshal Oaks	0260010	Burleson
Oak Forest	1980017	Robertson
Smetana Forest	0210010	Brazos
Somerville Place	0260010, 0260021	Burleson
Whispering Woods	0260032	Burleson

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>\$40.78</u> (Includes 0 gallons)	<u>\$2.50</u> per 1000 gallons thereafter
1"	<u>\$101.95</u>	
1½"	<u>\$203.90</u>	*PLUS
2"	<u>\$326.24</u>	Pass through fees below
3"	<u>\$1,019.50</u>	

Pass Through Fee:

*The gallage charge will be increased for customers in the River Club/River Ridge subdivision for Pass Through fees related to the San Jacinto River Authority (SJRA) and Lone Star Groundwater Conservation District (LSGCD).

San Jacinto River Authority (SJRA)..... *\$3.11 per 1000 gallons
(The pass through fees are adjusted for line loss) (Tariff Control No. 47535)

*Lone Star Groundwater Conservation District (LSGCD) Water Use Fee.....\$0.04
(Tariff Control No. 48068) per 1,000 gallons of water usage

Brazos Valley Production Fee for up to 100,000,000 gallons pumped per year.....\$0.04
(Tariff Control No. 48088) per 1,000 gallons of water usage

Brazos Valley Production Fee for gallons pumped greater than 100,000,000 gallons \$0.05
(Tariff Control No. 48088) per 1,000 gallons of water usage

Nerro receives a 1.0% credit for the amount pumped annually that is less than 100,000,000 gallons. The resulting approved fee is: \$0.0325 divided by (1- 0.15) equals \$0.04 per thousand gallons up to 100,000,000 gallons pumped per year; and \$0.05 per thousand gallons, thereafter.

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 SEPTEMBER REQUIRE EXACT CHANGE FOR PAYMENTS AND SEPTEMBER 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 REMIT THE FEE TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (TCEQ).

Section 1.02 - Miscellaneous Fees

TAP FEE \$750.00

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.

Tariff Control No. 49088

SECTION 1.0 -- RATE SCHEDULE (Continued)

METER RELOCATION FEE Actual Relocation Cost, Not to Exceed Tap Fee
THIS FEE SEPTEMBER 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 SEPTEMBER 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 SEPTEMBER 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\$50.00

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) 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 \$50.00
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 § 24.25(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.

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:

$$\begin{aligned} AG &= G + B/(1-L), \text{ where} \\ AG &= \text{adjusted gallonage charge, rounded to the nearest one cent;} \\ G &= \text{approved gallonage charge (per 1,000 gallons);} \\ B &= \text{change in purchased water/district gallonage charge (per 1,000 gallons);} \\ L &= \text{system average line loss for preceding 12 months not to exceed 15\%} \end{aligned}$$

To implement or modify the Purchased Water/Underground Water District Fee, the utility must comply with all notice and other requirements of 16 TAC § 24.25(b)(2)(F).

Sam Houston Forest Subdivision (formerly HUI Enterprises)

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>\$12.00</u> (Includes 5,000 gallons)	<u>\$0.75</u> 5,001-15,000 gallons
		<u>\$0.85</u> 15,001-25,000 gallons
		<u>\$1.00</u> 25,001-35,000 gallons
		<u>\$1.25</u> 35,001 and up

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 SEPTEMBER REQUIRE EXACT CHANGE FOR PAYMENTS AND SEPTEMBER 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 REMIT THE FEE TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE \$500.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" 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 SEPTEMBER 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 SEPTEMBER 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 SEPTEMBER NOT EXCEED \$25.

Sam Houston Forest Subdivision (formerly HUI Enterprises)**SECTION 1.0 -- RATE SCHEDULE (Continued)****RECONNECTION FEE**

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

- a) Non-payment of bill (Maximum \$25.00).....\$25.00
- b) Customer's request that service be disconnected.....\$10.00

TRANSFER FEE\$10.00

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 DEPOSIT1/6TH 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 § 24.25(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

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	<u>\$20.00</u> (Includes 10,000 gallons)	<u>\$3.00</u> per 1000 gallons, 1 st 10,000 gallons <u>\$5.00</u> per 1000 gallons thereafter

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 SEPTEMBER REQUIRE EXACT CHANGE FOR PAYMENTS AND SEPTEMBER 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 REMIT THE FEE TO 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" 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 SEPTEMBER 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 SEPTEMBER 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 SEPTEMBER NOT EXCEED \$25.

SECTION 1.0 -- RATE SCHEDULE (Continued)

RECONNECTION FEE

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

- a) Non-payment of bill (Maximum \$25.00).....\$25.00
- b) Customer's request that service be disconnected\$10.00

TRANSFER FEE\$10.00

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 § 24.25(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.

Formerly Brazos Valley Septic & Water, Inc.
(Apache Hills, Benchly Oaks, Lakeview North,
Lakeway Manor, Lakewood Estates, Little Oak Forest,
Marshal Oaks, Oak Forest, Smetana Forest,
Somerville Place, Whispering Woods)

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>\$32.58</u> (Includes 0 gallons)	<u>\$2.00</u> per 1000 gallons up to 12, 000 gallons
1"	<u>\$81.45</u>	<u>\$3.00</u> per 1000 gallons, 12,001 gallons and up
1½"	<u>\$162.90</u>	
2"	<u>\$260.64</u>	
3"	<u>\$488.70</u>	
4"	<u>\$814.50</u>	

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 REMIT THE FEE TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE \$850.00

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.

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..... \$45.00

SEASONAL RECONNECT FEE: Monthly minimum times number of months off the system, maximum 6 months.

Formerly Brazos Valley Septic & Water, Inc.
(Apache Hills, Benchly Oaks, Lakeview North,
Lakeway Manor, Lakewood Estates, Little Oak Forest,
Marshal Oaks, Oak Forest, Smetana Forest,
Somerville Place, Whispering Woods)

SECTION 1.0 -- RATE SCHEDULE (Continued)

TRANSFER FEE\$45.00

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

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)\$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. SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

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 § 24.25(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.

PURCHASED WATER/ UNDERGROUND WATER DISTRICT FEE PASS THROUGH CLAUSE:

Changes in fees imposed by any wholesale water supplier and/or any ground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the formula:

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

To implement or modify the Purchased Water/ Underground Water District Fee, the utility must comply with all notice and other requirements of 16 TAC § 24.25(b)(2)(F).

Formerly under Brazos Valley Septic & Water, Inc.
**(Apache Hills, Benchly Oaks, Lakeview North,
Lakeway Manor, Lakewood Estates, Little Oak Forest,
Marshal Oaks, Oak Forest, Smetana Forest,
Somerville Place, Whispering Woods)**

SECTION 1.0 -- RATE SCHEDULE (Continued)

TEMPORARY WATER RATE:

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

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

Where:

- TGC = temporary gallonage charge
- cgc = current gallonage charge
- r = water use reduction expressed as a decimal fraction (the pumping restrictions)
- pr = percentage of revenues to be recovered expressed as a decimal fraction (i.e. 100% = 1.0), for this tariff, pr shall equal 0.5.

To implement the Temporary Water Rate, the Utility must comply with all notice and other requirements of 16 TAC § 24.25(b)(2)(F)