



Control Number: 49551



Item Number: 45

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DOCKET NO. 49551

APPLICATION OF QUADVEST, L.P.	§	PUBLIC UTILITY COMMISSION
TO AMEND ITS CERTIFICATES OF	§	
CONVENIENCE AND NECESSITY	§	OF TEXAS
AND TO DECERTIFY PORTIONS OF	§	
AQUA TEXAS INC.'S SERVICE	§	
AREAS IN MONTGOMERY COUNTY	§	

NOTICE OF APPROVAL

This Notice of Approval addresses the application of Quadvest, L.P. to amend its water certificate of convenience and necessity (CCN) number 11612, sewer CCN number 20952, and to decertify portions of Aqua Texas Inc.'s water CCN number 13203 and sewer CCN number 21065 in Montgomery County. The Commission approves the application, as supplemented.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant and Interested Parties

1. Quadvest is a domestic limited partnership registered with the Texas secretary of state under file number 800539284.
2. Quadvest operates, maintains, and controls facilities for providing water service under water CCN number 11612 in Montgomery County.
3. Quadvest operates, maintains, and controls facilities for providing sewer service under sewer CCN number 20952 in Montgomery County.
4. Quadvest provides water service from a number of Texas Commission on Environmental Quality (TCEQ)-registered public water systems (PWSs) and will serve the requested area from a new PWS, identification number 1700857.
5. Aqua Texas is a domestic for-profit corporation registered with the Texas secretary of state under file number 800304878.
6. Aqua Texas operates, maintains, and controls facilities for providing water service under water CCN number 13203 in Montgomery County.

7. Aqua Texas operates, maintains, and controls facilities for providing sewer service under sewer CCN number 21065 in Montgomery County

Application

8. On May 17, 2019, Quadvest filed an application to amend its water CCN number 11612 and sewer CCN number 20952 to add approximately 208 acres to its certificated service area and to decertify portions of Aqua Texas' water CCN number 13203 and sewer CCN number 21065.
9. Quadvest included in its application a letter dated March 28, 2019, from W. A. Callegari, Jr., attorney for Aqua Texas, consenting to decertification of the corresponding portions of Aqua Texas' water CCN number 13203 and sewer CCN number 21065.
10. Quadvest supplemented its application on July 9 and 10, 2019.
11. The requested area consists of 208 acres, no existing customers, and 852 planned customer connections.
12. The requested area is located approximately three miles north of downtown Tomball, Texas, and is generally bounded on the north by Hardin Store Road and Shady Lane, on the east by Farm-to-Market Road 2978, on the south by Neidigk Lake and Seminole Street, and on the west by Mill Creek and Clint Neidigk Road.
13. In Order No. 3 filed on August 9, 2019, the administrative law judge (ALJ) found the application administratively complete.

Notice

14. On September 19 and December 11, 2019, Quadvest filed the affidavit of Yvette McNellie, Quadvest's authorized representative, attesting that notice was mailed to neighboring utilities, county authorities, municipalities, and affected parties on August 15, 2019, and October 3, 2019.
15. On September 19 and December 11, 2019, Quadvest filed a publisher's affidavit attesting to publication of notice in the *Houston Chronicle*, a newspaper of general circulation in Montgomery County, on August 21 and 28 and October 16 and 23, 2019.
16. In Order No. 8 filed on January 30, 2020, the ALJ found the notice sufficient.

Map, Tariff, and Certificate

17. On February 25, 2020, Commission Staff emailed the final maps, certificates, and tariffs to Quadvest and Aqua Texas.
18. On March 10, 2020, Quadvest filed its consent to the maps, certificates, and tariffs.
19. On March 30, 2020, Aqua Texas filed its consent to the maps, certificates, and tariffs.
20. On April 8, 2020, Commission Staff filed the proposed maps, certificates, and tariffs as attachments to its final recommendation.
21. On May 11, 2020, the parties filed a corrected proposed tariff for Quadvest as an attachment to the agreed motion to admit evidence and proposed notice of approval.

Evidentiary Record

22. On May 11, 2020, the parties filed an agreed motion to admit evidence and proposed notice of approval.
23. In Order No. 12 filed on May 26, 2020, the ALJ admitted the following into evidence: (a) Quadvest's application filed on May 17, 2019; (b) Quadvest's supplements to the application filed on July 9 and 10, 2019; (c) Quadvest's proof of notice filed on September 19, 2019; (d) Quadvest's revised proof of notice filed on December 11, 2019; (e) Quadvest's consent form filed on March 10, 2020; (f) Aqua Texas' consent form filed on March 30, 2020; (g) Commission Staff's final recommendation and all attachments filed on April 8, 2020; and (h) the proposed tariff attached to the agreed motion to admit evidence and proposed notice of approval filed on May 11, 2020.

Adequacy of Existing Service—Texas Water Code (TWC) § 13.246(c)(1), 16 Texas Administrative Code (TAC) § 24.227(e)(1)

24. There is no existing water service in the requested area.
25. There is no existing sewer service in the requested area.

Need for Additional Service—TWC § 13.246(c)(2), 16 TAC § 24.227(e)(2)

26. The requested area is being developed into a residential community with approximately 852 customer connections; therefore there is a need for service.
27. The developer of the requested area requested service from Quadvest.

Effect of Granting the Amendment—TWC § 13.246(c)(3), 16 TAC § 24.227(e)(3)

28. Landowners in the requested area will benefit because they will have access to centralized water and sewer services.
29. A portion of Aqua Texas' water CCN number 13203 and sewer CCN number 21065 will be decertified.
30. Service was requested from utilities within two miles from the outer boundary of the requested area. No affirmative response was received and no protests or motions to intervene were filed in this docket; therefore, there will be no effect on any retail public utility serving the proximate area.

Ability to Serve: Managerial and Technical—TWC §§ 13.241(a)–(c), 13.246(c)(4); 16 TAC § 24.227(a), (e)(4)

31. Quadvest has several existing PWSs registered with the TCEQ and employs TCEQ-licensed operators.
32. Service to the requested area will be provided by Quadvest's PWS identification number 1700857, which has adequate capacity to meet the projected demands in the requested area.
33. Quadvest will provide sewer service to the requested area via a proposed wastewater system approved under Texas Pollutant Discharge Elimination System (TPDES) permit number WQ0015800001.
34. Quadvest does not have any violations listed in the TCEQ database.
35. Quadvest is capable of providing drinking water that meets the requirements of Chapter 341, Health and Safety Code, Chapter 13, TWC, and TCEQ rules, and has access to an adequate supply of water.
36. Quadvest is capable of meeting the TCEQ's design criteria and the requirements of Chapter 13, TWC, for sewer treatment plants.
37. Quadvest has the managerial and technical capability to provide continuous and adequate service to the requested area.

Feasibility of Obtaining Service from Adjacent Utilities—TWC § 13.246(c)(5); 16 TAC § 24.227(e)(5)

38. Aqua Texas consented to decertification of a portion of its water CCN number 13203 and sewer CCN number 21065; therefore, Aqua Texas does not intend to provide service to the requested area in the future.
39. The developer of the requested area requested service from Quadvest.
40. Requests for service were mailed to utilities within two miles from the outer boundary of the requested area. No affirmative responses were received.
41. It is not feasible to obtain service from an adjacent retail public utility.

Ability to Serve: Financial Ability and Stability—TWC §§ 13.241(a), 13.246(c)(6), 16 TAC §§ 24.11(e), 24.227(a), (e)(6)

42. Quadvest has a debt service coverage greater than 1.25, which satisfies the leverage test.
43. Quadvest has demonstrated that it has sufficient cash available to cover any projected operations and maintenance shortages in the first five years of operations, which satisfies the operations test.
44. Quadvest has demonstrated the financial ability and stability to provide continuous and adequate service to the requested area.

Environmental Integrity—TWC § 13.246(c)(7); 16 TAC § 24.227(e)(7)

45. Additional construction is necessary for Quadvest to serve the requested area.
46. On May 25 and July 20, 2018, Quadvest received letters from the TCEQ conditionally approving construction of water and sewer facilities.
47. The environmental integrity of the requested area will not be adversely impacted to such a degree that the application should not be granted.

Improvement in Service or Lowering of Cost—TWC § 13.246(c)(8), 16 TAC § 24.227(e)(8)

48. Service is not currently being supplied to the requested area.
49. Aqua Texas consented to decertification of a portion of its water CCN number 13203 and sewer CCN number 21065; therefore, Aqua Texas does not intend to provide service to the requested area in the future.

50. Water and sewer service in the requested area will improve because service is not currently being provided to the requested area and will become available to future customers in the area as a result of granting the CCN amendment.
51. No lowering of cost to customers in the requested area will result from granting the CCN amendment because service is not being provided to the requested area.

Effect on the Land—TWC § 13.246(c)(9); 16 TAC § 24.227(e)(9)

52. The future construction will have minimal effect on the land.

Financial Assurance—TWC § 13.246(d), 16 TAC § 24.227(f)

53. There is no need to require Quadvest 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)

54. The requested area will be served by a new, physically separate PWS, TCEQ identification number 1700857.
55. The requested area will be served by a new, physically separate sewer system under TPDES permit number WQ0015158001.
56. Quadvest included in its application a list of all water and sewer utilities within one half mile from the outer boundary of the requested area.
57. Quadvest included in its application copies of letters to utilities within two miles from the outer boundary of the requested area that were mailed on May 14, 2019, requesting service.
58. On July 9, 2019, Quadvest filed the responses to Quadvest's request for service from neighboring utilities. No affirmative responses were received.
59. Quadvest has complied with the Commission's requirements on regionalization and consolidation.

Written Consent of Certificate Holder—TWC § 13.254(a), 16 TAC § 24.245(h)

60. Quadvest included in its application a letter dated March 28, 2019, from W. A. Callegari, Jr., attorney for Aqua Texas, consenting to decertification of the corresponding portions of Aqua Texas' water CCN number 13203 and sewer CCN number 21065.

61. Through its March 28, 2019 letter, Aqua Texas has provided its written consent to amend its CCN by decertifying the requested area.

Informal Disposition

62. More than 15 days have passed since the completion of the notice provided in this docket.
63. No person filed a protest or motion to intervene.
64. Quadvest, Aqua Texas, and Commission Staff are the only parties to this proceeding.
65. No party requested a hearing and no hearing is needed.
66. Commission Staff recommended that the application be approved.
67. 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 TWC §§ 13.041, 13.241, 13.244, 13.246, and 13.254.
2. Quadvest and Aqua Texas are retail public utilities as defined by TWC § 13.002(19) and 16 TAC § 24.3(31).
3. Notice of the application complies with TWC § 13.246 and 16 TAC § 24.235.
4. The Commission processed the application as required by the TWC, the Administrative Procedure Act,¹ and Commission rules.
5. After consideration of the factors in TWC § 13.246(c) and 16 TAC § 24.227(e), Quadvest has demonstrated adequate financial, managerial, and technical capability to provide continuous and adequate service to the requested service area and its current service area in Montgomery County, as required by TWC § 13.241 and 16 TAC § 24.227.
6. Quadvest has demonstrated that the amendment of its water CCN number 11612 and sewer CCN number 20952 and the decertification of a portion of Aqua Texas' water CCN number

¹ Tex. Gov't Code §§ 2001.001–.902.

- 13203 and sewer CCN number 21065 will serve the public interest and is necessary for the service, accommodation, convenience, or safety of the public, as required by TWC § 13.246.
7. Aqua Texas consented to decertification of a portion of its water CCN number 13203 and sewer CCN number 21065 in writing, as required by TWC § 13.254(a).
 8. Quadvest and Aqua Texas must each record a certified copy of its approved map for the certificate amendment, along with a boundary description of its service area, in the real property records of Montgomery County within 30 days of receiving this Notice of Approval and submit to the Commission evidence of the recording, as required by TWC § 13.257(r) and (s).
 9. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

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

1. The Commission amends Quadvest's water CCN number 11612 and sewer CCN number 20952 to add the requested service area as described in this Notice of Approval and shown on the attached map.
2. The Commission amends Aqua Texas' water CCN number 13203 and sewer CCN number 21065 to remove the requested service area as described in this Notice of Approval and shown on the attached map.
3. The Commission approves the maps, tariffs, and certificates attached to this Notice of Approval.
4. Quadvest must serve every customer and applicant for service within the approved area under water CCN number 11612 and sewer CCN number 20952 who requests water or sewer service and meets the terms of Quadvest's water and sewer service, and such service must be continuous and adequate.
5. Quadvest and Aqua Texas must each comply with the recording requirements in TWC § 13.257(r) and (s) for the areas in Montgomery County affected by this application

and submit to the Commission evidence of the recording no later than 45 days after receipt of this Notice of Approval.

6. The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

Signed at Austin, Texas the 29th day of May 2020.

PUBLIC UTILITY COMMISSION OF TEXAS

A handwritten signature in black ink, appearing to read 'Isaac TA', with a long horizontal stroke extending to the right.


**ISAAC TA
ADMINISTRATIVE LAW JUDGE**

Quadvest, L.P.
Portion of Sewer CCN No. 20952
PUC Docket No. 49551
Amended CCN No. 20952 and
Decertified a Portion of Aqua Texas, Inc., CCN No. 21065 in Montgomery County



Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78701

Sewer CCN

 20952 - Quadvest LP

0 500 1,000
Feet



Map by: Komal Patel
Date created: February 13, 2020
Project Path: n:\finalmapping\
49551QuadvestSewer.mxd



Public Utility Commission of Texas

By These Presents Be It Known To All That

Quadvest, L.P.

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

Certificate of Convenience and Necessity No. 11612

to provide continuous and adequate water utility service to that service area or those service areas in Aransas, Brazoria, Fort Bend, Harris, Jackson, Liberty, Matagorda, Montgomery, Walker, and Waller Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 49551 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 Quadvest, L.P. to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this 29th day of May 2020.



Public Utility Commission of Texas

By These Presents Be It Known To All That

Quadvest, L.P.

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

Certificate of Convenience and Necessity No. 20952

to provide continuous and adequate sewer utility service to that service area or those service areas in Fort Bend, Harris, Liberty, Montgomery, and Waller Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 49551 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 Quadvest, L.P. to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this 29th day of May 2020.



SEWER UTILITY TARIFF

Tariff Control Number: 49551

Quadvest, L.P.
(Utility Name)

P. O. Box 409
(Business Address)

Tomball, Texas 77377
(City, State, Zip Code)

281/356-5347
(Area Code/Telephone)

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

20952

This tariff is effective in the following county:

Harris, Fort Bend, Montgomery, Liberty, and Waller

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

None

This tariff is effective in the following subdivisions and water quality permit numbers:

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	11

LIST OF SUBDIVISION AND SYSTEMS

Bauer Landing	WQ0014675-001
Old Town Spring	WQ0013819-001
Bella Vista	WQ0015061-001
Benders Landing Estates	WQ0014755-001
Caddo Village*	WQ0012670-001
Camino Real	WQ0015452-001
Victoria Station* (Formerly HMW SUD)	WQ0015003-001
Creeside Village	WQ0014531-001
Decker Oaks Estates	WQ0015003-001
Freeman Ranch	
Grande San Jacinto	WQ0015192-001
Lake House* (Formerly Cane Island)	WQ0015101-001
Lakes of Fairhaven*	WQ0014434-001
Lake Pointe Estates*	Purchased Sewer
Lone Star Ranch	WQ0014029-001
Lakes of Magnolia	WQ0014542-001
Magnolia Reserve	WQ0015317-001
Mill Creek WWTP	WQ0015800-001
Mostyn Manor	WQ0014711-001
Mostyn Springs	WQ0014711-001
Ranch Hill	WQ0015676-001
Rancho San Vicente	WQ0015061-001
Summerset Estates	WQ0014029-001
Telge Jarvis	WQ0015336-001
Villa Nueva	WQ0015061-001
Village of Decker Oaks	WQ0015003-001

*Caddo Village, Victoria Station, Lake House, Lakes of Fairhaven, and Lake Pointe Estates have separate tariff pages.

SECTION 1.0 - RATE SCHEDULE

Rates Effective April 8, 2013

<u>Meter Size</u>	<u>Monthly Flat Rate</u> (Includes 0 gallons)
5/8" x 3/4"	<u>\$67.50</u>
3/4"	<u>\$67.50</u>
1"	<u>\$67.50</u>
1½"	<u>\$337.50</u>
2"	<u>\$540.00</u>
3"	<u>\$1,012.50</u>
4"	<u>\$1,687.50</u>
6"	<u>\$3,375.00</u>
8"	<u>\$5,400.00</u>
10"	<u>\$7,762.50</u>

Residential sewer service will be billed the monthly flat rate only.

Non-residential service connections will be billed the monthly flat rate plus \$3.33 per 1,000 gallons of actual water meter usage as supplied by the water utility.

Rates Effective January 8, 2014

<u>Meter Size</u>	<u>Monthly Flat Rate</u> (Includes 0 gallons)
5/8" x 3/4"	<u>\$76.00</u>
3/4"	<u>\$76.00</u>
1"	<u>\$76.00</u>
1½"	<u>\$380.00</u>
2"	<u>\$608.00</u>
3"	<u>\$1,140.00</u>
4"	<u>\$1,900.00</u>
6"	<u>\$3,800.00</u>
8"	<u>\$6,080.00</u>
10"	<u>\$8,740.00</u>

Residential sewer service will be billed the monthly flat rate only.

Non-residential service connections will be billed the monthly flat rate plus \$3.33 per 1,000 gallons of actual water meter usage as supplied by the water utility.

SECTION 1.0 - RATE SCHEDULE (Continued)

FEDERAL TAX CHANGE CREDIT RIDER

(Tariff Control No. 48323)

<u>Monthly Fixed Rate</u>	<u>May 1, 2018-December 31, 2018</u>	<u>January 1, 2019</u>
<u>Adjustment</u>		
5/8" x 3/4"	\$(6.82)	\$(4.66)
3/4"	\$(6.82)	\$(4.66)
1"	\$(6.82)	\$(4.66)
1 1/2"	\$(34.08)	\$(23.31)
2"	\$(54.54)	\$(37.29)
3"	\$(102.25)	\$(69.92)
4"	\$(170.42)	\$(116.53)
6"	\$(340.84)	\$(233.06)
8"	\$(545.35)	\$(372.89)
10"	\$(783.94)	\$(536.03)

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

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

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

REGULATORY ASSESSMENT..... 1.0%

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

Section 1.02 - Miscellaneous FeesTAP FEE (Gravity Sewer) for 5/8 x 3/4-inch water meter.....\$790.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE.....\$870.00

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

TAP FEE (Large Meter)Actual Cost

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

TAP FEE (Unique costs)Actual Cost

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

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\$50.00

TRANSFER FEE\$45.00

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

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

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

RETURNED CHECK CHARGE\$25.00

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

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

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

SERVICE RELOCATION FEEActual Cost to relocate that service connection

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING SERVICE CONNECTION

SEASONAL RECONNECTION FEE:

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

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)

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
Residential (Flat Rate)	<u>\$53.50</u>	Including all gallons for all meters

Commercial (based upon water meter size):

Flat rates including all gallons for all meters

1½"	<u>\$267.50</u>
2"	<u>\$428.00</u>
3"	<u>\$802.50</u>
4"	<u>\$1,337.50</u>
6"	<u>\$2,675.00</u>
8"	<u>\$4,280.00</u>
10"	<u>\$6,152.50</u>

FEDERAL TAX CHANGE CREDIT RIDER
(Tariff Control No. 48323)

<u>Monthly Fixed Rate</u>	<u>May 1, 2018-December 31, 2018</u>	<u>January 1, 2019</u>
<u>Adjustment</u>		
5/8" x 3/4"	\$(1.08)	\$(0.78)
¾"	\$(1.08)	\$(0.78)
1"	\$(1.80)	\$(1.31)
1½"	\$(5.39)	\$(3.92)
2"	\$(8.63)	\$(6.26)
3"	\$(16.18)	\$(11.75)
4"	\$(26.97)	\$(19.58)
6"	\$(53.95)	\$(39.15)
8"	\$(86.31)	\$(62.64)
10"	\$(124.08)	\$(90.05)

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

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

REGULATORY ASSESSMENT FEE 1%
A REGULATORY ASSESSMENT, EQUAL TO ONE PERCENT OF THE CHARGE FOR RETAIL SEWER SERVICE ONLY, SHALL BE COLLECTED FROM EACH RETAIL CUSTOMER.

SECTION 1.0--RATE SCHEDULE (Continued)

Section 1.02--Miscellaneous Fees

RESIDENTIAL TAP FEE (Sugar Tree)\$1,300.00
THE TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND
LABOR FOR STANDARD RESIDENTIAL CONNECTION PLUS ROAD BORES AND OTHER
EXTRAORDINARY COST PERMITTED BY 30 TAC291.86(a)(1)(A)-(C).

RESIDENTIAL TAP FEE (Caddo Village)\$790.00
THE TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND
LABOR FOR STANDARD RESIDENTIAL CONNECTION PLUS ROAD BORES AND OTHER
EXTRAORDINARY COST PERMITTED BY 30 TAC291.86(a)(1)(A)-(C).

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

TAP FEE (Pressure Sewer) any water meter sizeActual Cost
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR TAP SIZE INSTALLED.
CUSTOMER SHALL OWN AND MAINTAIN ALL REQUIRED GRINDER PUMPS AND APPURTENANCES.

RECONNECTION FEE
THE RECONNECT FEE WILL BE CHARGED BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER
WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS:
a) Nonpayment of bill (Maximum \$25.00)\$25.00
b) Customer's request\$50.00
OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF

TRANSFER FEE\$45.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE
LOCATION WHERE 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 (Maximum \$50)\$50.00

NON-RESIDENTIAL DEPOSIT1/6TH ESTIMATED ANNUAL BILL

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

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

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

SECTION 1.0 - RATE SCHEDULE

<u>Meter Size</u>	<u>Monthly Flat Rate</u>
5/8" x 3/4"	<u>\$33.00</u>
1"	<u>\$55.00</u>
1½"	<u>\$110.00</u>
2"	<u>\$176.00</u>
2½"	<u>\$264.00</u>
3"	<u>\$330.00</u>
4"	<u>\$550.00</u>

Residential sewer service will be billed the monthly flat rate plus \$7.00 per 1,000 gallons of actual water meter usage.

For sewer rate purposes, residential water usage is based on the average water consumption for December, January and February and is reset annually. Users without usage experience for those months shall be billed \$63.00 per month, based on a 5/8" meter. Non-residential customers are billed on each month's metered water consumption.

FEDERAL TAX CHANGE CREDIT RIDER (Tariff Control No. 48323)

<u>Monthly Fixed Rate</u>	<u>May 1, 2018-December 31, 2018</u>	<u>January 1, 2019</u>
<u>Adjustment</u>		
5/8" x 3/4"	\$(1.08)	\$(0.78)
¾"	\$(1.08)	\$(0.78)
1"	\$(1.80)	\$(1.31)
1½"	\$(3.60)	\$(2.61)
2"	\$(5.75)	\$(4.18)
2½"	\$(8.63)	\$(6.26)
3"	\$(10.79)	\$(7.83)
4"	\$(17.98)	\$(13.05)

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

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

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

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

Section 1.02 - Miscellaneous Fees

TAP FEE (Standard) for 5/8 x 3/4-inch water meter.....\$750.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Non-Standard).....Actual Cost
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR TAP SIZE INSTALLED.

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

TRANSFER FEE.....\$25.00

THE TRANSFER FEE WILL BE CHARGED FOR AN APPLICANT FOR SERVICE WHO IS A TRANSFEREE FROM AN EXISTING UTILITY CUSTOMER.

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

EQUIPMENT DAMAGE FEE: Actual Costs

IF FACILITIES OR EQUIPMENT HAVE BEEN DAMAGED DUE TO TAMPERING, NEGLIGENCE, OR UNAUTHORIZED USE OF EQUIPMENT, RIGHT-OF-WAY, OR DUE TO OTHER ACTS FOR WHICH THE UTILITY INCURS LOSSES OR DAMAGES SHOWN TO BE CAUSED BY THE CUSTOMER, THE CUSTOMER SHALL BE LIABLE FOR THE ACTUAL COSTS FOR ALL LABOR, MATERIAL, AND EQUIPMENT USE FEES NECESSARY FOR REPAIR, REPLACEMENT, OR OTHER CORRECTIVE ACTIONS TAKEN BY THE UTILITY. THE UTILITY SHALL PROVIDE AN ITEMIZED BILL OF SUCH CHARGES TO THE CUSTOMER. EXCEPT IN CASES OF METER TAMPERING OR SERVICE DIVERSION, THE UTILITY MAY NOT DISCONNECT SERVICE, OR REFUSE RECONNECTION, OF A CUSTOMER REFUSING TO PAY DAMAGE CHARGES.

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

SERVICE APPLICANTS MAY CHOOSE TO HAVE CUSTOMER SERVICE INSPECTIONS REQUIRED BY TCEQ RULE § 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.

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>Gallonge Charge</u>
5/8"	<u>\$70.00</u> (Includes all gallons - Residential)	<u>\$4.50</u> per 1000 gallons for
3/4"	<u>\$70.00</u>	all gallons - Non-residential
1"	<u>\$70.00</u>	
1½"	<u>\$70.00</u>	
2"	<u>\$373.36</u>	
3"	<u>\$700.05</u>	
4"	<u>\$1400.10</u>	

FEDERAL TAX CHANGE CREDIT RIDER (Tariff Control No. 48323)

<u>Monthly Fixed Rate</u>	<u>May 1, 2018-December 31, 2018</u>	<u>January 1, 2019</u>
<u>Adjustment</u>		
5/8" x 3/4"	\$(1.08)	\$(0.78)
¾"	\$(1.08)	\$(0.78)
1"	\$(1.08)	\$(0.78)
1½"	\$(1.08)	\$(0.78)
2"	\$(5.75)	\$(4.18)
3"	\$(10.79)	\$(7.83)
4"	\$(21.58)	\$(15.66)

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

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

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

REGULATORY ASSESSMENT 1.0%

PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND REMIT FEES TO THE 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. 49551

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) Nonpayment of bill (Maximum \$25.00).....\$25.00
b) Customer's request that service be disconnected\$40.00

TRANSFER FEE\$40.00

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

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

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\$35.00

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 2.0 – SERVICE RULES AND POLICIES

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 Sewer Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

Section 2.02 – Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the PUC Rules. In the event that the utility refused 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 without being delinquent.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

(B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rate 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 to cover unique costs not normally incurred as permitted by 16 TAC § 24.163(a)(1)(C) if they are listed on this approved tariff. 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 and utility cut-off and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the utility will provide the applicant with a written explanation of the construction required and an expected date of service.

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

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the tap location to the place of consumption. Customers will not be allowed to use the utility's cutoff.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

2.06 - Access to Customer's Premises

All customers or service applicants shall provide access to utility cutoffs 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 2.10 - Billing

(A) Regular Billing

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

(B) Late Fees

A late penalty of either \$5.00 or 10% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

(C) Information on Bill

Each bill will provide all information required by the PUC Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a local or toll-free telephone number (or numbers) to which customers can direct questions about their utility service.

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

(D) Prorated Bills

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

Section 2.11- Payments

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

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

Section 2.12 - Service Disconnection

(A) With Notice

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered. The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

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

(B) Without Notice

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

Section 2.13 - Reconnection of Service

Utility personnel must be available during normal business hours to accept payments on the day service is disconnected and the following day unless service was disconnected at the customer's request or due to a hazardous condition. Service will be reconnected within 24 hours after the past due bill, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are corrected.

Section 2.14 - Service Interruptions

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

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain and operate production, treatment, storage, transmission, and collection facilities of sufficient size and capacity to provide continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge effluent of

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

the quality required by its discharge permit issued by the Commission. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the PUC and TCEQ Rules.

Section 2.16 - Customer Complaints and Disputes

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

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

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

Section 2.17 - Customer Liability

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

SECTION 3.0 -- EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

Line Extension and Construction Charges: No Contribution in Aid of Construction may be required of any customer except as provided for in this approved extension policy.

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

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

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

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

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

Residential customers will be charged the equivalent of the costs of extending service to their property from the nearest collection line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the 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 6" in diameter for gravity wastewater lines.

Exceptions may be granted by the PUC if:

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

SECTION 3.0 -- EXTENSION POLICY (Continued)

If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for 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.

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection beyond 200 feet and throughout his property including the cost of all necessary transmission facilities.

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

Section 3.03 - Contributions in Aid of Construction

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

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

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC § 24.163(c). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by 16 TAC § 24.163(c)(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:

SECTION 3.0 -- EXTENSION POLICY (Continued)

- Under a contract and only in accordance with the terms of the contract; or
- if service is not being provided to a lot or lots within two years after installation of facilities necessary to provide service to the lots has been completed and if the standby fees are included on the utility's approved tariff after a rate change application has been filed. The fees cannot be billed to the developer or collected until the standby fees have been approved by the 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.

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

SECTION 3.0 -- EXTENSION POLICY (Continued)

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.