



Control Number: 50461



Item Number: 7

Addendum StartPage: 0



TARIFF CONTROL NO. 50461

**APPLICATION OF QUADVEST LP
FOR A PASS-THROUGH RATE
CHANGE**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**



COMMISSION STAFF'S RESPONSE TO ORDER NO. 3

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this response. Staff agrees with the requested changes and recommends that the application, as supplemented, be approved. In support thereof, Staff would show the following:

I. BACKGROUND

On January 17, 2020, Quadvest L.P. (Quadvest) filed an application to implement a pass-through rate change pursuant to 16 Texas Administrative Code (TAC) § 24.25(b)(2). The request regards fees billed to Quadvest by Bluebonnet Groundwater Conservation District, Brazoria County Groundwater Conservation District, City of Rosenberg, Harris-Galveston Subsidence District, West Harris County Regional Water Authority, North Fort Bend Water Authority (NFBWA), North Harris County Regional Water Authority (NHCRWA), San Jacinto River Authority (SJRA), and Lonestar Ground Conservation District (LGCD) and passed through to all subdivisions within the service area for certificate of convenience and necessity No. 11612 except for the Lake House, Lake Pointe Estates, and Lakes of Fairhaven (formerly Westside Water, LLC) and Bammel Forest, Bammel Timbers, Pecan Forest (formerly Bammel Forest Utility Company) subdivisions. Quadvest also proposes to implement a pass-through rate change for only NHCRWA and NFBWA fees billed to Quadvest and passed through to the Lake House, Lake Pointe Estates, and Lakes of Fairhaven subdivisions, as well as only NHCRWA fees billed to Quadvest and passed through to the Bammel Forest, Bammel Timbers, Pecan Forest subdivisions.

On February 26, 2020, Staff recommended approval of the application, and on April 23, 2020, a Notice was issued finding the application administratively complete and notice sufficient. On July 20, 2020, Quadvest filed an errata letter requesting to modify its requested pass through fees related to SJRA and LGDC. In the intervening time between the filing of the initial application and the errata, LGDC reduced its permit fee, therefore reducing Quadvest's pass through fee. On

August 19, 2020, a notice requesting response from Staff was issued, requiring Staff to file a statement indicating whether it agrees with the requested changes and to file a corrected tariff, if appropriate, by September 1, 2020. This pleading, therefore, is timely filed.

II. RECOMMENDATION

As detailed in the attached memorandum from Spencer English in the Commission's Rate Regulation Division, Staff has reviewed the initial application and errata and recommends that that they meet the requirements of 16 TAC § 24.25(b)(2)(F). Accordingly, Staff recommends that the application and errata be approved, that Quadvest be ordered to issue the appropriate credits to affected customers, and that the attached tariff pages be provided to Quadvest.

III. CONCLUSION

Staff respectfully the issuance of an order consistent with the foregoing response.

Dated: September 1, 2020

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Rachelle Nicolette Robles
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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on September 1, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Creighton R. McMurray
Creighton R. McMurray

Public Utility Commission of Texas

Memorandum

To: Creighton McMurray, Attorney
Legal Division

From: Spencer English, Financial Analyst
Rate Regulation Division

Subject: **Tariff Control No. 50461**; *Application of Quadvest L.P. for a Pass Through Rate Change*

Date: September 1, 2020

On July 20, 2020, Quadvest L.P. (Applicant), Certificate of Convenience and Necessity (CCN) No. 11612, filed an errata letter to its initial application for a pass-through rate change pursuant to 16 Texas Administrative Code (TAC) § 24.25(b)(2) for fees billed to the Applicant by San Jacinto River Authority (SJRA), and Lonestar Ground Conservation District (LSGCD) and passed through to all subdivisions within the service area for CCN No. 11612 except for the Lake House, Lake Pointe Estates, and Lakes of Fairhaven (formerly Westside Water, LLC) and Bammel Forest, Bammel Timbers, Pecan Forest (formerly Bammel Forest Utility Company) subdivisions. The Applicant's errata letter proposes an adjustment to this pass-through rate initially requested in the application due to a reduction in fees charged by LSGCD from \$0.0105 to \$0.085. The following table indicates the changes to each pass-through fee requested, inclusive of the errata.

Originally effective January 19, 2020 (All subdivisions unless specifically excluded*)

	Bluebonnet BGCD	Brazoria BCGCD	Rosenburg CR	HGSD	WHCRWA	NFBWA	NHCRWA	SJRA	LSGCD	Shaw Acres (NHCRWA)
Original rate/1000 gallons per application	\$0.05	\$0.03	\$2.63	\$0.03	\$3.46	\$4.15	\$4.53	\$2.83	\$0.105	\$3.85
Amended rate/1000 gallons per errata	\$0.05	\$0.03	\$2.63	\$0.03	\$3.46	\$4.15	\$4.53	\$2.83	\$0.09	\$3.85

*Chart excludes Bammel Forest, Bammel Timbers and Pecan Forest, Lake House, Lake Pointe Estates and Lakes of Fairhaven Please see Staff's February 26, 2020 recommendation for the remaining pass-through fee charts

The Applicant also stated in its errata letter that it will be issuing a one-time credit back to customers that have been overcharged from January 1, 2020, totaling a credit amount of about \$8,400 to be credited to 8,700 impacted customers.

Staff has determined that the original application, as modified by the errata, and notice meet the requirements of 16 TAC § 24.25(b)(2)(F). Staff recommends that the application and errata be accepted for filing, approved, and that the Commission provide the Applicant a copy of the attached amended tariff.



WATER UTILITY TARIFF

Tariff Control No. 50461

Quadvest, L.P.
(Utility Name)

26926 FM 2978
(Business Address)

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

281/356-5347
(Area Code/Telephone)

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

11612

This tariff is effective in the following counties:

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

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

Richmond (portion of Bridlewood Estates only - same rates)

This tariff is effective in the following subdivisions or systems:

See attached chart.

TABLE OF CONTENTS

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

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APPENDIX A - DROUGHT CONTINGENCY PLAN

APPENDIX B - SAMPLE SERVICE AGREEMENT

APPENDIX C - APPLICATION FOR SERVICE

<i>QUADVEST LP</i>			
SUBDIVISION	PWS ID NUMBER	COUNTY	SUBSIDENCE DISTRICT
Bammel Forest	1010096	Harris	NHCRWA
Bammel Timbers	1010096	Harris	NHCRWA
Bauer Landing	1013526	Harris	NHCRWA
Bayer Utility (Old Town Spring)	1010212	Harris	NHCRWA
Bella Vista	1460175	Liberty	No Subsidence
Benders Landing	1700678	Montgomery	SJRA
Benders Landing Estates	1700678	Montgomery	SJRA
Brazos Lakes	0790363	Fort Bend	NFBWA
Bridlewood Estates	0790350	Fort Bend	City of Rosenberg
Caddo Village	1700473	Montgomery	SJRA
Camino Real	1460175	Liberty	No Subsidence
Campwood	1700624	Montgomery	SJRA
Canterbury Ranch	1700624	Montgomery	SJRA
Cape Shores	1200044	Jackson	No Subsidence
Chenango Ranch	0200656	Brazoria	Brazoria GCD
Clear Creek Forest	1700576	Montgomery	SJRA
Creeside Village	1700742	Montgomery	SJRA
Decker Oaks Estates	1700605	Montgomery	SJRA
Estates of Clear Creek	1700576	Montgomery	SJRA
Freeman Ranch	2370123	Waller	Bluebonnet GCD
Grande San Jacinto	1460179	Liberty	No Subsidence
Indigo Lake Estates	1700576	Montgomery	SJRA
Jacobs Reserve	1700609	Montgomery	SJRA
Lake House* (Formerly Cane Island)	2370111	Waller	Bluebonnet GCD
Lake Pointe Estates*	0790350	Fort Bend	NFBWA
Lake Windcrest	1700624	Montgomery	SJRA
Lakes of Fairhaven*	1013288	Harris	NHCRWA
Lakes of Magnolia	1700736	Montgomery	SJRA
Live Oak Landing	1610129	Matagorda	No Subsidence
Lone Star Ranch	1700655	Montgomery	SJRA
Magnolia Reserve	1700864	Montgomery	No Subsidence
McCall Sound	1700763	Montgomery	SJRA
Mill Creek	1700857	Montgomery	No Subsidence
Montgomery Trace	1700577	Montgomery	SJRA
Mostyn Manor	1700669	Montgomery	SJRA
Mostyn Springs	1700669	Montgomery	SJRA
Northcrest Ranch	1700623	Montgomery	SJRA
Oaks of Sun creek	0200640	Brazoria	Brazoria GCD
Pecan Forest	1010096	Harris	NHCRWA
Rancho San Vicente	1460178	Liberty	No Subsidence

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Red Oak Ranch	1700609	Montgomery	SJRA
Ranch Hill	1700889	Montgomery	No Subsidence
Rocky Creek	1013393	Harris	WHCRWA
Sawmill Estates	1700576	Montgomery	SJRA
Sendera Ranch	1700577	Montgomery	SJRA
Shaw Acres	1013468	Harris	NHCRWA
Sierra Woods	1700624	Montgomery	SJRA
Sonoma Ridge	1700763	Montgomery	SJRA
Stonecrest Ranch	1700611	Montgomery	SJRA
Summerset Estates	1700655	Montgomery	SJRA
Suncreek Estates	0200640	Brazoria	Brazoria GCD
Suncreek Ranch	0200616	Brazoria	Brazoria GCD
Sunrise Bay	1200037	Jackson	No Subsidence
Sunset Bay	0040055	Aransas	No Subsidence
Telge Terrace	1011805	Harris	Harris Galv. Sub.
Telge Jarvis	1013638	Harris	NHCRWA
Texas Grand Ranch	2360088	Walker	Bluebonnet GCD
The Colony/Intercontinental	1011806	Harris	Harris Galv. Sub.
Timberdale	1011810	Harris	Harris Galv. Sub.
Vaquero River Estates	1610129	Matagorda	No Subsidence
Villa Nueva	1460175	Liberty	No Subsidence
Village of Decker Oaks	1700605	Montgomery	SJRA
Waterstone Estates	1013389	Harris	NHCRWA
Waypoint Landing	1610137	Matagorda	No Subsidence
Westwood	2370042	Waller	Bluebonnet GCD
Windcrest Farms	1700577	Montgomery	SJRA
Yesterday's Crossing	1700758	Montgomery	No Subsidence

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

** Bammel Forest, Bammel Timbers and Pecan Forest (Formerly Bammel Forest Utility Company) have a separate tariff page.

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

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"	\$28.75 (Includes 0 gallons)	\$1.75 per 1000 gallons for the first 10,000 gallons
1"	\$71.88	\$2.00 per 1,000 gallons from 10,001 to 20,000 gallons
1½"	\$143.75	\$2.25 per 1,000 gallons from 20,001 to 30,000 gallons
2"	\$230.00	\$2.93 per 1,000 gallons thereafter
3"	\$431.25	
4"	\$718.75	
6"	\$1,437.50	
8"	\$2,300.00	
10"	\$3,306.25	
12"	\$6,181.25	

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

Effective January 19, 2020

	BGCD	BCGCD	CR	HGSD	WHCRWA	NFBWA	NHCRWA	SJRA	LSGCD	Shaw Acres
Rate per thousand gallons	\$0.05	\$0.03	\$2.63	\$0.03	\$3.46	\$4.15	\$4.53	\$2.83	\$0.09	\$3.85

*Chart excludes Bammel Forest, Bammel Timbers and Pecan Forest, Lake House, Lake Pointe Estates and Lakes of Fairhaven, which have separate tariff pages
(Tariff Control No. 50461)

Effective April 1, 2020

	BGCD	BCGCD	CR	HGSD	WHCRWA	NFBWA	NHCRWA	SJRA	LSGCD	Shaw Acres
Rate per thousand gallons	\$0.05	\$0.03	\$2.63	\$0.03	\$3.46	\$4.15	\$5.00	\$2.83	\$0.09	\$4.25

*Chart excludes Bammel Forest, Bammel Timbers and Pecan Forest, Lake House, Lake Pointe Estates and Lakes of Fairhaven, which have separate tariff pages
(Tariff Control No. 50461)

Tariff Control No. 50461

SECTION 1.0 -- RATE SCHEDULE (Continued)

FEDERAL TAX CHANGE CREDIT RIDER

(Docket No. 48323)

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

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

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

REGULATORY ASSESSMENT..... 1.0%

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

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$810.00

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

TAP FEE.....\$910.00

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

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

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

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

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

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.....\$50.00
OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF

SEASONAL RECONNECTION FEE:

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

TRANSFER FEE\$45.00

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

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

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

RETURNED CHECK CHARGE\$25.00

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

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

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

METER TEST FEE\$25.00

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

METER RELOCATION FEEActual Cost to Relocate the Existing Meter

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

METER CONVERSION FEE.Actual Cost to Convert the Existing Meter

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS CHANGE OF SIZE OF AN EXISTING METER OR CHANGE IS REQUIRED BY MATERIAL CHANGE IN CUSTOMERS SERVICE DEMAND.

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

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

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)

TEMPORARY WATER RATE:

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

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

Where:

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

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

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

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

WPC = (E + (AP-AC))/(JC x AU), Where:

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

The WPC must be true-up and adjusted every twelve months.

To implement, all notice requirements must be met. The utility may begin to charge the new filed WPC on the proposed effective date in the notice. Implementation of this WPC adjustment provision shall be governed by 16 TAC § 24.25(F).

With each annual WPC adjustment, the utility must file a true-up report that shows the calculation for the next 12 month WPC reflected in the notice. The report shall contain up to five years of data, as available, showing the annual and accumulated difference between WPC amounts collected from customers and amounts actually paid to the entities whose charges are included in the WPC.

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

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

PLUS:

Pass Through Fees:

Effective April 19, 2020

North Harris County Regional Water Authority (NHCRWA) for

Lakes of Fairhaven..... \$4.31 per 1,000 gallons
(Tariff Control No. 50461)

Effective January 19, 2020

North Fort Bend Water Authority (NFBWA) for

Lake Point Estates..... \$3.97 per 1,000 gallons
(Tariff Control No. 50461)

Bluebonnet Groundwater Conservation District (BGCD) for

Lake House..... \$0.05 per 1,000 gallons
(Tariff Control No. 49213)

FEDERAL TAX CHANGE CREDIT RIDER

(Docket No.48323)

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

Tariff Control No. 50461

SECTION 1.0 -- RATE SCHEDULE (Continued)

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

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

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

Section 1.02 - Miscellaneous Fees

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

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

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

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

METER TEST FEE \$25.00
REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT
THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

METER CONVERSION FEE Actual Cost to Convert the Existing Meter
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS CHANGE OF SIZE OF AN EXISTING METER OR
CHANGE IS REQUIRED BY MATERIAL CHANGE IN CUSTOMERS SERVICE DEMAND

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

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

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

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

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

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

RETURNED CHECK CHARGE \$35.00

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

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

Pass Through Provision:

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

$$R = G / (1 - L)$$

Where:

R = the proposed pass-through rate;

G = the new gallonage charge (per 1,000 gallons) by source supplier;

L = the actual line loss for the preceding 12 months, not to exceed 0.15

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

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

PLUS:

Pass Through Fee:

North Harris County Regional Water Authority (NHCRWA) for
 Bammel Forest, Bammel Timbers, Pecan Forest \$5.53 per 1,000 gallons
(Tariff Control No. 50461)

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

Cash X, Check X, Money Order X, Credit Card X, Other (specify) Bank Draft
 THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS
 MADE USING MORE THAN \$1 00 IN SMALL COINS A WRITTEN RECEIPT WILL BE GIVEN FOR CASH
 PAYMENTS.

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

Section 1.02 - Miscellaneous Fees

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

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

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

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

METER RELOCATION FEE Actual cost to relocate that meter
 THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING METER

Tariff Control No. 50461

SECTION 1.0 -- RATE SCHEDULE (Continued)

METER CONVERSION FEE Actual cost to convert that meter

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS CHANGE OF SIZE OF AN EXISTING METER OR CHANGE IS REQUIRED BY MATERIAL CHANGE IN CUSTOMER'S SERVICE DEMAND.

RECONNECTION FEE

THE RECONNECT FEE WILL BE CHARGED BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS:

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

b) Customer's request..... \$25.00

OR OTHER REASONS LISTED UNDER SECTION 2 0 OF THIS TARIFF

SEASONAL RECONNECTION FEE

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

TRANSFER FEE \$25.00

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

LATE CHARGE \$5.00

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

RETURNED CHECK CHARGE \$25.00

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

WHEN AUTHORIZED IN WRITING BY 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 (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 approved 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 restriction)

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

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

Pass Through Provision:

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

$$R = G / (1 - L)$$

Where:

R = the proposed pass-through rate;

G = the new gallonage charge (per 1,000 gallons) by source supplier;

L = the actual line loss for the preceding 12 months, not to exceed 0.15

SECTION 2.0 -- SERVICE RULES AND POLICIES

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

Section 2.01 - Application for Water Service

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

Section 2.02 - Refusal of Service

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

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

(A) Customer Deposits

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

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

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

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

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

(B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

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

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

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

(C) Easement Requirement

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

Section 2.04 - Utility Response to Applications for Service

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, meter and utility cut-off valve and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the utility will provide the applicant with a written explanation of the construction required and an expected date of service.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

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.

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

Section 2.06 - Customer Service Inspections

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

Section 2.07 - Back Flow Prevention Devices

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

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

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

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

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.

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

Section 2.08 - Access to Customer's Premises

The utility will have the right of access to the customer's premises at all reasonable times for the purpose of installing, testing, inspecting or repairing water mains or other equipment used in connection with its provision of water service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the utility and its personnel access to the customer's property to conduct any water quality tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours and the utility personnel will attempt to notify the customer that they will be working on the customer's property. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

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

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

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SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

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

Section 2.09 - Meter Requirements, Readings, and Testing

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

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

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

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

Section 2.10 - Billing**(A) Regular Billing**

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

(B) Late Fees

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

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

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

Section 2.12 - Service Disconnection

(A) With Notice

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered. If the customer elects to receive electronic communications, the disconnect notice may be emailed in lieu of mailing or hand delivery.

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

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

(B) Without Notice

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

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.13 - Reconnection of Service

Utility personnel must be available during normal business hours to accept payments on the day service is disconnected and the following day unless service was disconnected at the customer's request or due to a hazardous condition.

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

Section 2.14 - Service Interruptions

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

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the TCEQ Rules and Regulations for Public Water Systems.

Section 2.16 - Customer Complaints and Disputes

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

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

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

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.17 - Customer and Utility Liability

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

Limitation on Product/Service Liability – Public water utilities are required to deliver water to the customer's side of the meter or service connection that meets the potability and pressure standards of the TCEQ. The utility will not accept liability for any injury or damage to individuals or their property occurring on the customer's side of the meter when the water delivered meets these state standards. The utility makes no representations or warranties (expressed or implied) that customer's appliances will not be damaged by disruptions of or fluctuations in water service whatever the cause.

The utility will not accept liability for injuries or damages to persons or property due to disruption of water service caused by: (1) acts of God, (2) acts of third parties not subject to the control of the utility if the utility has undertaken such preventative measures as are required by TCEQ and PUC rules, (3) electrical power failures in water systems not required by TCEQ rules to have auxiliary power supplies, or (4) termination of water service pursuant to the utility's tariff and the PUC's rules.

The utility is not required by law and does not provide fire prevention or firefighting services. The utility therefore does not accept liability for fire-related injuries or damages to persons or property caused or aggravated by the availability (or lack thereof) of water or water pressure (or lack thereof) during fire emergencies. Utility may (but is not required to) contract with individual customers/applicants to provide water service capacities to their properties in excess of the TCEQ's domestic water system regulations so that such water volumes and pressures may be used by the customer/applicant or local fire department (at their sole election and responsibility) for firefighting purposes. Such additional water services capacities shall be provided only in response to and according to design criteria and/or plans prepared by the customer/applicant's registered professional engineer. Notwithstanding any understanding or intent of such customer/applicant for the use of such excess water service capacity, Utility does not profess, state, warrant, guarantee, or imply that such additional water service capacity is, or shall ever be, adequate or sufficient for firefighting. Utility neither possesses nor claims to possess knowledge or expertise in firefighting or the requirements of firefighting. No statement or action of Utility shall ever be implied or meant to suggest that any facilities of Utility comply with any state or local fire code.

SECTION 3.0 -- EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

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

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

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

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

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

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

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

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

Exceptions may be granted by the PUC if:

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

SECTION 3.0 -- EXTENSION POLICY (Continued)

If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for overriding as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers. A service applicant requesting a one inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

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

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

Section 3.03 - Contributions in Aid of Construction

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

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

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC § 24.163(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by 16 TAC § 24.161(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

SECTION 3.0 -- EXTENSION POLICY (Continued)

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

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

Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy of this tariff shall be subject to appeal as provided in this tariff, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall be informed of the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(is) is located.

Section 3.05 - Applying for Service

The Utility will provide a written service application form to the applicant for each request for service received by the Utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant. Service application forms will be available at the Utility's business office during normal weekday business hours. Service applications can be sent by mail, email, or fax upon request. Completed applications can be returned by mail, email, or fax.

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to Utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's nearest service main with adequate capacity to service the applicant's full potential service demand.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, the applicant may refer the matter to the PUC for resolution.

Section 3.06 - Qualified Service Applicant

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

The Utility shall serve each qualified service applicant within its certified service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by PUC rules once the applicant has met all conditions precedent to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The PUC service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by PUC rules.

Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, the Utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property.

APPENDIX A -- DROUGHT CONTINGENCY PLAN

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

APPENDIX B -- SAMPLE SERVICE AGREEMENT

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