



Filing Receipt

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DOCKET NO. 50543

APPLICATION OF SP UTILITY	§	PUBLIC UTILITY COMMISSION
COMPANY, INC. TO AMEND ITS	§	
CERTIFICATE OF CONVENIENCE	§	OF TEXAS
AND NECESSITY AND FOR DUAL	§	
CERTIFICATION WITH DREW T.	§	
SPENCER DBA CYPRESSWOOD	§	
ESTATES IN MONTGOMERY	§	
COUNTY	§	

**SUPPLEMENTAL AGREED MOTION TO ADMIT EVIDENCE AND REVISED
PROPOSED NOTICE OF APPROVAL**

On February 12, 2020, SP Utility Company, Inc. (SP Utility) filed an application to amend its water certificate of convenience and necessity (CCN) number 12978 and for dual certification with Drew T. Spencer d/b/a Cypresswood Estates Water System (Cypresswood Estates), CCN number 12498, in Montgomery County. The requested service area consists of approximately 256 acres with 151 customer connections. SP Utility filed supplemental information on April 10, 2020, April 13, 2020, April 16, 2020, September 9, 2020, November 2, 2020, November 6, 2020, December 7, 2020, March 17, 2021, April 13, 2021, June 4, 2021, June 14, 2021, June 30, 2021, and July 9, 2021.

On July 23, 2021, Staff of the Public Utility Commission of Texas (Staff) filed an Agreed Motion to Admit Evidence and Proposed Notice of Approval (July 23, 2021 filing).

II. SUPPLEMENTAL MOTION TO ADMIT EVIDENCE

Staff inadvertently failed to include SP Utility's water CCN certificate, revised tariff, and final maps to the parties' July 23, 2021 filing. Therefore, the parties request the entry of the following items into the record of this proceeding, in addition to those items previously requested to be admitted in the parties' July 23, 2021 filing:

- (a) the attached certificate and tariff for SP Utility's water CCN number 12978 and final maps.

III. REVISED JOINT PROPOSED NOTICE OF APPROVAL

The parties have agreed on the attached revised proposed Notice of Approval. The parties request that the Commission adopt the findings of fact, conclusions of law, and ordering paragraphs included in the revised Notice of Approval.

IV. CONCLUSION

The parties respectfully request that the item listed above be admitted into the record of this proceeding as evidence and that the attached revised proposed notice of approval be adopted.

Dated: July 26, 2021

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Rachelle Nicolette Robles
Division Director

Rashmin Asher
Managing Attorney

/s/ Justin C. Adkins
Justin Adkins
State Bar No. 24101070
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DOCKET NO. 50543
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 July 26, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Justin C. Adkins _____
Justin Adkins

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APPLICATION OF SP UTILITY	§	PUBLIC UTILITY COMMISSION
COMPANY, INC. TO AMEND ITS	§	
CERTIFICATE OF CONVENIENCE	§	OF TEXAS
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CERTIFICATION WITH DREW T.	§	
SPENCER DBA CYPRESSWOOD	§	
ESTATES IN MONTGOMERY	§	
COUNTY	§	

REVISED PROPOSED NOTICE OF APPROVAL

This Notice of Approval addresses the application of SP Utility Company, Inc. (SP Utility) to amend its water certificate of convenience and necessity (“CCN”) number 12978 and for dual certification with Drew T. Spencer d/b/a Cypresswood Estates Water System (Cypresswood Estates) to contain 256 acres and 151 connections in Montgomery County. The Commission amends SP Utility’s water CCN number 12978.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicant

1. SP Utility is a Texas corporation registered with the Texas secretary of state under file number 0800200690.
2. SP Utility operates, maintains, and controls facilities for providing water service in Brazoria, Fort Bend, and Montgomery Counties under CCN number 12978.

Application

3. On February 12, 2020, SP Utility filed an application to amend its water CCN number 12978 and for dual certification with Cypresswood Estates in Montgomery County.
4. SP Utility amended the application on April 10, 2020 and filed supplemental information on April 13, and 16; September 9; November 2 and 6; December 7, 2020; March 17; April 13; June 4 and 14; and July 9, 2021.
5. The requested service area includes 256 acres and 151 current customers.
6. The FM 2854 Tract of the requested area is located approximately four miles west of downtown Conroe, Texas and is generally bounded on the north by the San Jacinto River; on the east by Steve Owen Road; on the south by FM 2854; and on the west by

Allen Drive; and the Cypresswood Estates Tract is located approximately seven miles west of downtown Tomball, Texas and is generally bounded on the north by Abel Lane; on the east by Sanders Cemetery Road; on the south by Spring Creek; and on the west by Spencer Boulevard.

7. In Order No. 6 filed on October 5, 2020, the administrative law judge (ALJ) found the application administratively complete.

Notice

8. On November 18, 2020, SP Utility filed the affidavit of Harrison Williams, SP Utility's authorized representative, attesting that notice was mailed to neighboring utilities, county authorities, municipalities, and affected parties on October 13, 2020.
9. On November 18, 2020, SP Utility filed a publisher's affidavit attesting to publication of notice in the *Houston Chronicle dba Cypress Creek Mirror*, a newspaper of general circulation in Montgomery County, on October 21 and 28, 2020.
10. In Order No. 12 filed on January 5, 2021, the ALJ found notice sufficient.

Maps and Certificate

11. On May 6, 2021, Commission Staff emailed the proposed maps, tariff, and certificate to SP Utility.
12. On May 10, 2021, SP Utility filed its consent to the proposed maps and certificate.
13. On June 30, 2021, Commission Staff emailed the proposed maps to Cypresswood Estates.
14. On July 14, 2021, Cypresswood Estates filed its consent to the proposed maps.
15. On July 26, 2021, Commission Staff filed the proposed maps, tariff, and certificate as attachments to the parties' supplemental agreed motion to admit evidence and revised proposed notice of approval.

Evidentiary Record

16. On July 23, 2021, the parties filed an agreed motion to admit evidence and proposed notice of approval.
17. On July 26, 2021, the parties filed a supplemental agree motion to admit evidence and revised proposed notice of approval.
18. In Order No. ____ issued on July ____, 2021, the ALJ admitted the following into evidence: (a) SP Utility's application filed on February 12, 2020; (b) SP Utility's

application amendment filed on April 10, 2020; (c) SP Utility's Response to Commission Staff's Recommendation on Administrative Completeness and Proposed Notice and confidential attachment filed on April 13, 2020; (d) SP Utility's confidential application amendment filed on April 16, 2020; (e) Notice of Plans and Specifications Submittal filed on September 9, 2020; (f) Commission Staff's Second Supplemental Recommendation on Administrative Completeness of the Application and Proposed Procedural Schedule and all attachments filed on October 2, 2020; (g) Commission Staff's Revised Second Supplemental Recommendation on Administrative Completeness of the Application and Proposed Procedural Schedule and all attachments filed on October 9, 2020; (h) SP Utility's Response to Commission Staff's First Request for Information and confidential attachment filed on November 2, 2020; (i) TCEQ Plans and Specifications Approval filed on November 6, 2020; (j) SP Utility's proof of notice filed on November 18, 2020; (k) Commission Staff's Clarification in Response to Order No. 11 and Supplemental Recommendation on Notice filed on December 28, 2020; (l) SP Utility's Response to Commission Staff's Second Request for Information filed on March 17, 2021; (m) SP Utility's Response to Commission Staff's Third Request for Information filed on April 13, 2021; (n) SP Utility's consent form filed on May 10, 2021; (o) Copy of letter to HMW Special Utility District filed on June 4, 2021; (p) SP Utility's Response to Commission Staff's Fourth Request for Information filed on June 14, 2021; (q) SP Utility's Supplemental Response to Commission Staff's Fourth RFI filed on June 30, 2021; (r) SP Utility Company, Inc.'s Response to Order No. 16 and attachments filed on July 9, 2021; (s) Cypresswood Estate's consent form filed on July 14, 2021; (t) Commission Staff's Final Recommendation and attachments, filed on July 16, 2021; and (u) the attached certificate, tariff, and maps.

Adequacy of Existing Service—TWC § 13.246(c)(1), 16 TAC § 24.227(a),(e)(1)

19. Service is currently provided to the area by Cypresswood Estates' facilities. Cypresswood Estates has a Texas Commission on Environmental Quality (TCEQ) approved public water system (PWS) registered as Cypresswood Estates, PWS ID: 1700301.

20. The system is currently being operated by a Commission-appointed temporary manager due to poor management by the owner of the facilities.
21. Cypresswood Estates has several violations listed in the TCEQ database.
22. SP Utility's replacement of current facilities with new facilities and a distribution system for all of the requested area will result in an adequate water system.
23. There are 151 existing connections in the requested area currently served by Cypresswood Estates Water System public water supply.

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

24. There is a need for service as there are 151 existing customers in the requested areas.

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

25. Amending the certificate will obligate SP Utility to provide adequate and continuous service to the requested area.
26. Cypresswood Estates consented to dual certification with SP Utility in the areas identified in the application.
27. The landowners in the areas will have a more reliable water provider available when they need to request water service.
28. There will be no effect on other retail public utilities in the proximate area.

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

29. SP Utility has authority to treat and distribute drinking water under PWS ID number 1700301 issued by the TCEQ.
30. SP Utility has a TCEQ approved non-public water system and distribution system registered as Cypresswood Subdivision Water System PWS ID number 1700918.
31. SP Utility's water system is operated and maintained by Harrison Williams, who holds a Class B Operator's License issued by the TCEQ.
32. SP Utility has access to an adequate supply of water and is capable of providing drinking water that meets the requirements of chapter 341 of the Health and Safety Code, chapter 13 of the TWC, and the TCEQ's rules.
33. SP Utility has the managerial and technical capability to provide continuous and adequate service to the requested area.

Feasibility of Obtaining Service from an Adjacent Retail Public Utility—TWC § 13.246(c)(5); 16 TAC § 24.227(d)(5)

- 34. SP Utility received TCEQ approval to build facilities in the requested area to serve the customers and will have sufficient capacity.
- 35. It is not feasible to obtain service from another utility.

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

- 36. SP Utility's owner Harrison Williams is already providing service to the existing 151 customers as the temporary manager of Cypresswood Estates.
- 37. The neighboring retail public utilities have either not responded to requests for service or stated that they will not extend water service to the requested area.
- 38. The new public water system, PWS ID number 1700918, Cypresswood Subdivision Water System, has approved plans from the TCEQ to build facilities and install a new distribution system in the requested areas to serve future customers and will have sufficient capacity to serve the areas.
- 39. Concerns of regionalization or consolidation do not apply.

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)

- 40. SP Utility's affiliate Flow Tech has a debt-to-equity ratio of 0.00, which is less than one, satisfying the leverage test.
- 41. SP Utility's has sufficient cash on hand to cover any projected operations and maintenance shortages during the first five years of operations after completion of the CCN amendment, satisfying the operations test.
- 42. SP Utility demonstrated the financial ability and stability to pay for the facilities necessary to provide continuous and adequate service to the requested area.
- 43. SP Utility demonstrated the financial ability and financial stability to provide continuous and adequate service to the requested area.

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

- 44. There is no need to require SP Utility to provide a bond or other financial assurance to ensure continuous and adequate service.

Environmental Integrity—TWC § 13.246(c)(7),(9); 16 TAC § 24.227(e)(7),(9) and Effect on the Land—TWC § 13.246(c)(9); 16 TAC § 24.227(d)(9)

- 45. Providing service to the current 151 customers will have minimal effect on the land.

46. The environmental integrity of the land will be minimally affected during construction of the new water plant and installation of the new distribution system that is required to provide adequate service to the requested area.

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

47. SP Utility will continue to provide water service to existing customers and future customers in the area.
48. Customers in the requested area will pay a lower rate because SP Utility's rates are lower than the temporary rate in place for Cypresswood Estates.

Informal Disposition

49. More than 15 days have passed since the completion of notice provided in this docket.
50. SP Utility, Robert J. Panuski, and Commission Staff are the only parties to this proceeding.
51. No hearing is needed.
52. Commission Staff recommended that the application be approved.
53. The 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 §§ 13.241, 13.244, and 13.246.
2. SP Utility is a retail public utility as defined by TWC § 13.002(19) and 16 Texas Administrative Code (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 in accordance with the requirements of the Administrative Procedure Act,¹ the TWC, and Commission rules.
5. SP Utility possesses the financial, managerial, and technical capability to provide continuous and adequate service to the requested service area and its current service area in Brazoria, Fort Bend, and Montgomery Counties as required by TWC § 13.241(a) and 16 TAC § 24.227.

¹ Texas Gov't Code §§ 2001.001-.903.

6. The amendment to CCN number 12978 is necessary for the service, accommodation, convenience, and safety of the public as required by TWC § 13.246(b) and 16 TAC § 24.227(c).
7. SP Utility must record a certified copy of the approved maps and certificate, along with a boundary description of the relevant service area, in the real property records of Montgomery County within 31 days of receiving this Notice of Approval and submit to the Commission evidence of the recording in accordance with TWC § 13.257(r) and (s).
8. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

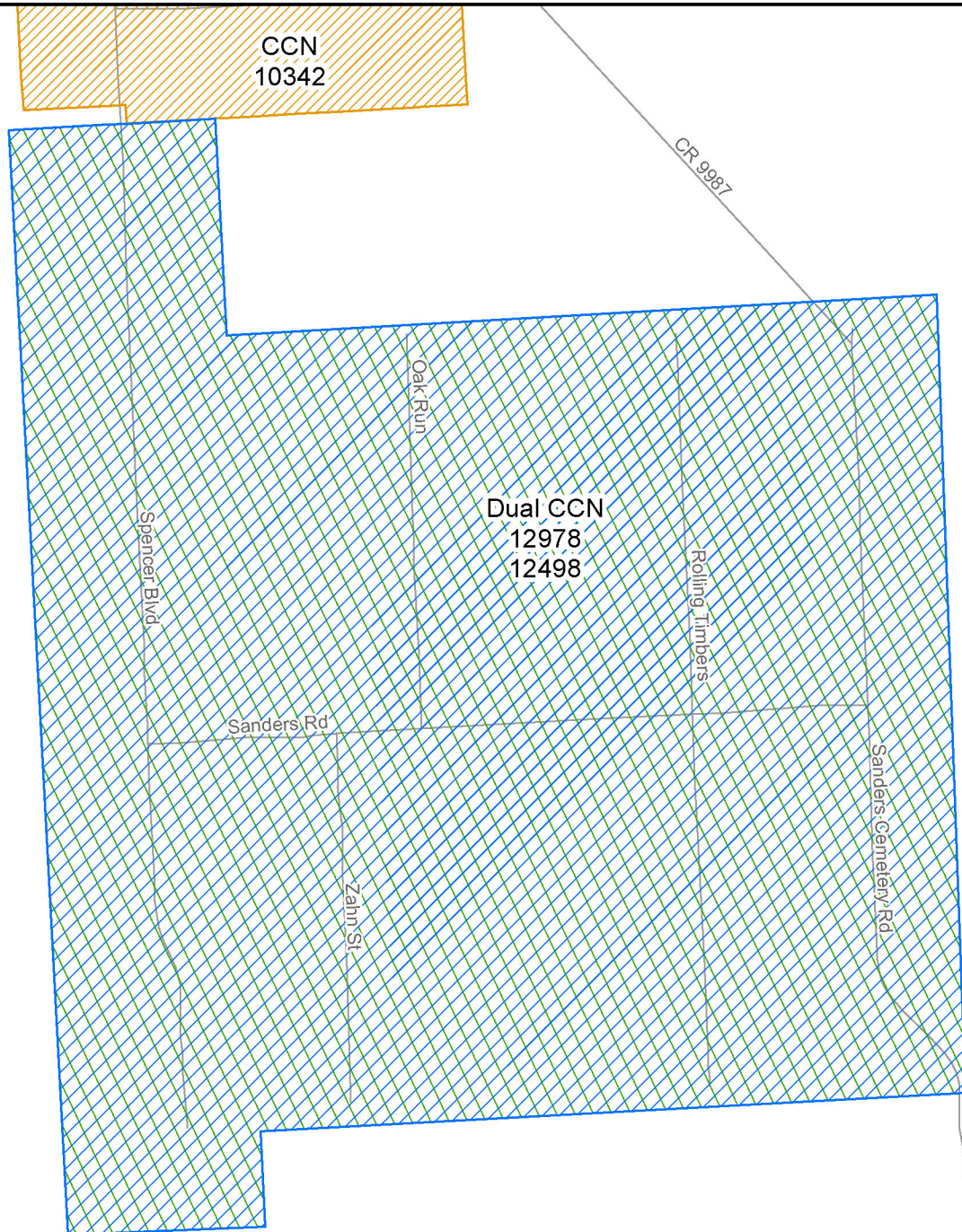
In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. The Commission amends SP Utility's water CCN number 12978 as described in this Notice of Approval and shown on the attached maps.
2. The Commission grants the certificate attached to this Notice of Approval.
3. SP Utility must serve every customer and applicant for service within the approved area under water CCN number 12978 who requests water service and meets the terms of SP Utility's water service, and such service must be continuous and adequate.
4. SP Utility must comply with the recording requirements in TWC § 13.257(r) and (s) for the area 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.
5. 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 _____ day of _____ 2021.




ISAAC TA
ADMINISTRATIVE LAW JUDGE

SP Utility Company, Inc.
Portion of Water CCN No. 12978
PUC Docket No. 50543
Amended CCN No. 12978 and Obtained Dual Certification with
Cypresswood Estates Water System, CCN No. 12498 in Montgomery County



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

Water CCN

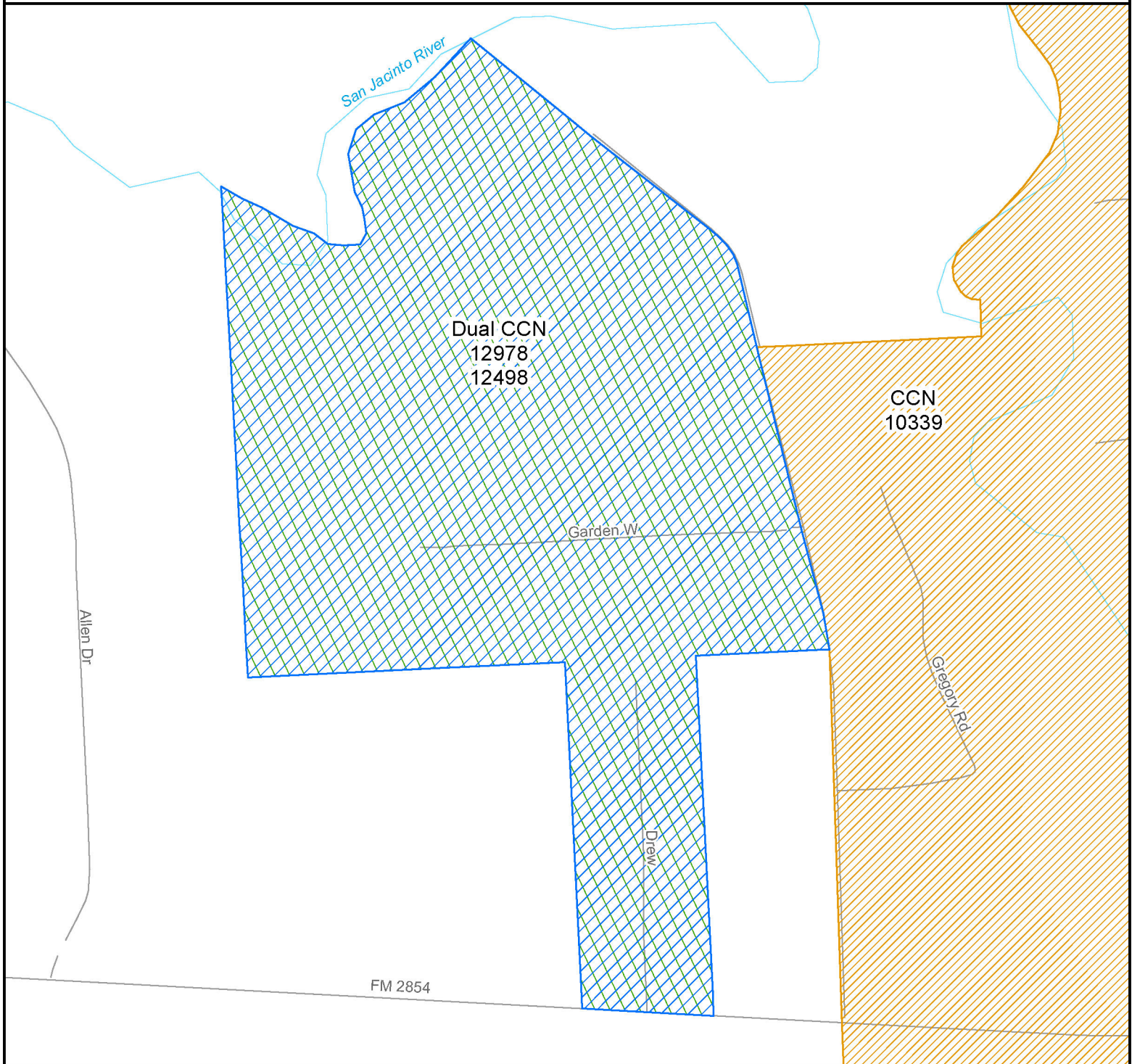
-  12978 - SP Utility Company Inc
-  12498 - Cypresswood Estates
-  10342 - H-M-W SUD

0 275 550
Feet






Map by: Komal Patel
Date created: April 22, 2021
Project Name: 50543SPUtilityMap1.mxd

SP Utility Company, Inc.
Portion of Water CCN No. 12978
PUC Docket No. 50543
Amended CCN No. 12978 and Obtained Dual Certification with
Cypresswood Estates Water System, CCN No. 12498 in Montgomery County



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

Water CCN

-  12978 - SP Utility Company Inc
-  12498 - Cypresswood Estates
-  10339 - City of Conroe

0 225 450
Feet



Map by: Komal Patel
Date created: April 22, 2021
Project Name: 50543SPUtilityMap2.mxd



WATER UTILITY TARIFF

Docket Number 50543

SP Utility Company, Inc.
(Utility Name)

P.O. Box 690521
(Business Address)

Houston, TX 77269
(City, State, Zip Code)

(832) 534-8545
(Area Code/Telephone)

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

12978

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

Brazoria, Fort Bend, and Montgomery

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

None

This tariff is effective in the following subdivisions or systems:

Cypresswood Estates Subdivision: PWS ID 1700918

FM 2854 Tract: Non-Public Water System

Savannah Plantation: PWS ID 0200599

Tejas Trails Subdivision: PWS ID 0790593

Johnsons Water Service/Oleander Road Mobile Home Development: PWS ID 0200158

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	1
SECTION 2.0 -- SERVICE RULES AND POLICIES	5
SECTION 3.0 -- EXTENSION POLICY	12

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

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes <u>1,000</u> gallons)	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$43.05</u>	<u>\$6.30</u> per 1000 gallons, 1,001 gallons to 10,000 gallons
1"	<u>\$67.73</u>	
1 1/2"	<u>\$93.98</u>	<u>\$8.40</u> per 1000 gallons, 10,001 gallons to 13,000 gallons
2"	<u>\$152.25</u>	
3"	<u>\$278.25</u>	<u>\$10.50</u> per 1000 gallons above 13,000 gallons

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

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

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1 00 IN SMALL COINS A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS

REGULATORY ASSESSMENT1.0%
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\$800.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL 5/8" or 3/4" METER PLUS UNIQUE COSTS AS PERMITTED BY PUCT RULE AT COST

TAP FEE (Unique costs)ACTUAL COST
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS

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

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

SECTION 1.0 -- RATE SCHEDULE (CONTINUED)

Section 1.02 – Miscellaneous Fees

METER TEST FEE\$25.00

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

RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS

a) Non-payment of bill (Maximum \$25.00).....\$25.00

b) Customer's request that service be disconnected\$25.00

TRANSFER FEE\$50.00

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

LATE CHARGE.....10%

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

RETURNED CHECK CHARGE\$30.00

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

COMMERCIAL AND NON-RESIDENTIAL DEPOSIT1/6TH ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING [16 TAC § 24 25(b)(2)(G)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.0 -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> (Includes <u>1,000</u> gallons)	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$27.00</u>	<u>\$3.00</u> per 1000 gallons

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

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

REGULATORY ASSESSMENT1.0%
PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$500.00
THE TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR
FOR STANDARD RESIDENTIAL CONNECTIONS OF 5/8" or 3/4" METER

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

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.....\$25.00

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

NON-RESIDENTIAL CUSTOMER DEPOSIT1/6 OF ESTIMATED ANNUAL BILLING

METER TEST FEE\$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 CONVERSION FEE.....ACTUAL COST
TO CHANGE LOCATION OR INCREASE THE SIZE OF THE METER AT THE CUSTOMER'S REQUEST

SECTION 2.0 - SERVICE RULES AND REGULATIONS

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

Section 2.01 - Application for Water Service

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

Section 2.02 - Refusal of Service

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

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

(A) Customer Deposits

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

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

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

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

(B) Tap or Reconnect Fees

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

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

(C) Easement Requirement

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

Section 2.04 - Utility Response to Applications for Service

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

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

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will not be allowed to use the utility's cutoff valve on the utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers may be required to install and maintain a cutoff valve on their side of the meter.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

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

Section 2.06 - 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, Title 30 Texas Administrative Code (TAC) §Section 290.46(j). The Utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

Section 2.07 - Back Flow Prevention Devices

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

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

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

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

If the utility determines that a backflow prevention assembly or device is required, the utility will provide the customer or applicant with a list of TCEQ certified backflow prevention assembly testers. The customer will be responsible for the cost of installation and testing, if any, of backflow prevention assembly or device. The customer should contact several qualified installers to compare prices before installation. The customer must pay for any required maintenance and annual testing and must furnish a copy of the test results demonstrating that the assembly is functioning properly to the utility within 30 days after the anniversary date of the installation unless a different date is agreed upon.

Section 2.08 - Access to Customer's Premises

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

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

Section 2.09 - Meter Requirements, Readings, and Testing

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

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

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, 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 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

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

Section 2.10 - Billing

(A) Regular Billing

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

(B) Late Fees

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

(C) Information on Bill

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

(D) Prorated Bills

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

Section 2.11- Payments

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

Payment of an account by any means that has been dishonored and returned by the payor or payee's bank, shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

money order. If a customer has two returned payments within a twelve month period, the customer shall be required to pay a deposit if one has not already been paid.

Section 2.12 - Service Disconnection

(A) With Notice

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

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

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

B) Without Notice

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

Section 2.13 - Reconnection of Service

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

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

Section 2.14 - Service Interruptions

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

Section 2.15 - Quality of Service

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

Section 2.16 - Customer Complaints and Disputes

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

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

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

Section 2.17 - Customer Liability

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

SECTION 3.0--EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

LINE EXTENSION AND CONSTRUCTION CHARGES: NO CONTRIBUTION IN AID OF CONSTRUCTION MAY BE REQUIRED OF ANY CUSTOMER EXCEPT AS PROVIDED FOR IN THIS APPROVED EXTENSION POLICY.

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

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

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

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

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

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

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

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

SECTION 3.0--EXTENSION POLICY (CONTINUED)

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.

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 water 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 of individual residential customers for production, storage, treatment or transmission facilities unless otherwise approved by the Commission under this specific extension policy.

Section 3.03 - Contributions in Aid of Construction

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

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

SECTION 3.0--EXTENSION POLICY (CONTINUED)

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC § 24.163(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by 16 TAC § 24.163(d)(4), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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

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

for purposes of this section, a manufactured housing rental community can only be charged standby fees under a contract or if the utility installs the facilities necessary to provide individually metered service to each of the rental lots or spaces in the community.

Section 3.04 - Appealing Connection Costs

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

Section 3.05 - Applying for Service

The Utility will provide a written service application form to the applicant for each request for service received by the utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant.

SECTION 3.0--EXTENSION POLICY (CONTINUED)

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

Section 3.06 - Qualified Service Applicant

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

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

Section 3.07 - Developer Requirements

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

APPENDIX A
SECTION 4.0 – DROUGHT CONTINGENCY PLAN

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

APPENDIX – SAMPLE SERVICE AGREEMENT
(Utility Must Attach Blank Copy)



Public Utility Commission of Texas

By These Presents Be It Known To All That

SP Utility Company, Inc.

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

Certificate of Convenience and Necessity No. 12978

to provide continuous and adequate water utility service to that service area or those service areas in Brazoria, Fort Bend, and Montgomery Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 50543 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 SP Utility Company, Inc. to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.