



Filing Receipt

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DOCKET NO. 51578

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|--------------------------------------|----------|----------------------------------|
| APPLICATION OF MONARCH | § | PUBLIC UTILITY COMMISSION |
| UTILITIES I L.P. TO AMEND ITS | § | |
| SEWER CERTIFICATE OF | § | OF TEXAS |
| CONVENIENCE AND NECESSITY IN | § | |
| CHAMBERS COUNTY | § | |

JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED NOTICE OF APPROVAL

Monarch Utilities I L.P. (Monarch), together with the Staff (Staff) of the Public Utility Commission of Texas (Commission) (collectively, the Parties), files this Joint Motion to Admit Evidence and Proposed Notice of Approval. In support thereof, the Parties would show the following:

I. BACKGROUND

On December 3, 2020, Monarch filed its application to amend its sewer Certificate of Convenience and Necessity (CCN) number 20899 in Chambers County. The application proposes to decertify 93 acres from Monarch's service area under CCN number 20899, decertify 27 acres from a portion of Gulf Coast Waste Disposal Authority's (GCWDA) service area under CCN number 20465, and add the 27 acres decertified from GCWDA's service area under CCN number 20465 to Monarch's CCN number 20899. The total requested area comprises 120 acres. Monarch supplemented the application on April 29, 2021 and on May 3, 2021. On June 14, 2021, Monarch filed proof of notice. On July 1, 2022, Monarch filed a consent form concurring with the final maps, certificates, and tariffs transmitted by email. On July 15, 2022, Commission Staff filed its recommendation on final disposition. On July 26, 2022 Commission Staff filed its supplement to the recommendation on final disposition.

On June 21, 2022, Order No. 18 was issued, requiring the Parties to file a joint motion to admit evidence and proposed notice of approval by July 29, 2022.¹ Therefore, this joint motion is timely filed.

II. JOINT MOTION TO ADMIT EVIDENCE

The Parties move to admit the following evidence into the record of this proceeding:

¹ Order No. 18 Granting Motion and Amending Procedural Schedule for Continued Processing (Jun. 21, 2022).

1. Monarch's application, filed on December 3, 2020 (AIS Item No. 1 and AIS Item No. 2);
2. Monarch's supplement to the application, filed on April 29, 2021 (AIS Item No. 14);
3. Monarch's second supplement to the application, filed on May 3, 2021 (AIS Item No. 15);
4. Commission Staff's supplemental recommendation on administrative completeness, filed on May 6, 2021 (AIS Item No. 16);
5. Monarch's proof of notice, filed on June 14, 2021 (AIS Item No. 18);
6. Monarch's response to Order No. 8 pertaining to notice, filed on July 16, 2021 (AIS Item No. 21);
7. Commission Staff's recommendation on sufficiency of notice, filed on July 30, 2021 (AIS Item No. 22);
8. GCWDA's consent form, filed on September 27, 2021 (AIS Item No. 25);
9. Monarch's consent form, filed on July 1, 2022 (AIS Item No. 47);
10. Commission Staff's final recommendation, filed on July 15, 2022 (AIS Item No. 48);
11. Commission Staff's supplement to the recommendation on final disposition, filed on July 26, 2022 (AIS Item No. 49); and
12. The maps, certificates, and tariffs attached to the proposed notice of approval, filed on July 29, 2022.

III. PROPOSED NOTICE OF APPROVAL

The Parties respectfully request that the Commission adopt the findings of fact, conclusions of law, and ordering paragraphs contained in the proposed notice of approval, being provided as Attachment A.

IV. CONCLUSION

The Parties respectfully request that the Commission grant the joint motion to admit evidence and adopt the attached proposed notice of approval.

Respectfully submitted,

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/s/ William A. Faulk, III

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**ATTORNEY FOR MONARCH UTILITIES I
L.P.**

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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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 July 29, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ William A. Faulk, III

WILLIAM A. FAULK, III

ATTACHMENT A**DOCKET NO. 51578**

| | | |
|--------------------------------------|----------|----------------------------------|
| APPLICATION OF MONARCH | § | PUBLIC UTILITY COMMISSION |
| UTILITIES I L.P. TO AMEND ITS | § | |
| SEWER CERTIFICATE OF | § | OF TEXAS |
| CONVENIENCE AND NECESSITY IN | § | |
| CHAMBERS COUNTY | § | |

PROPOSED NOTICE OF APPROVAL

This Notice of Approval addresses the December 3, 2020, application of Monarch Utilities I L.P. (Monarch) to amend its sewer Certificate of Convenience and Necessity (CCN) number 20899 in Chambers County. The application proposes to decertify 93 acres from Monarch's service area under CCN number 20899, decertify 27 acres from a portion of Gulf Coast Waste Disposal Authority's (GCWDA) service area under CCN number 20465, and add the 27 acres decertified from GCWDA's service area under CCN number 20465 to Monarch's CCN number 20899 in Chambers County, Texas under Texas Water Code (TWC) §§ 13.242 to 13.250 and 16 Texas Administrative Code (TAC) §§ 24.225 to 24.237. The Commission amends GCWDA's sewer CCN to decertify sewer service areas, and amends Monarch's sewer CCN to decertify certain sewer service area and add decertified sewer service areas to the extent provided in this Notice of Approval.

I. FINDINGS OF FACT

The Commission makes the following findings of fact.

Applicant

1. Monarch is a Texas limited partnership registered with the Texas Secretary of State under file number 800034797.
2. Monarch operates, maintains, and controls facilities for providing retail sewer service under CCN number 20899 in Chambers, Grayson, Harris, Henderson, Liberty, Medina, Montgomery, Polk, San Jacinto, Trinity, and Wood Counties.
3. Monarch has several TCEQ-approved wastewater treatment plants registered as: Tower Terrace, WQ 12478-001; Beachwood Estates, WQ 11282-001; Cherokee Shores, WQ

13879-001; Pinnacle Club, WQ 11506-001; Holiday Villages of Medina Lake, WQ 14167-001; Decker Hills, WQ 12587-001; Beacon Bay Marina, WQ 13637-001; Blue Water Cove, WQ 14179-001; Holiday Villages of Lake Livingston, WQ 14056-001; Harbor Point, WQ 13547-001; and Lake Fork Estates, WQ 14055-001.

Application

4. On December 3, 2020, Monarch filed the application at issue in this proceeding to amend its CCN number 20899 in Chambers County to add decertified area.
5. Monarch filed supplemental information to the application on April 29 and May 3, 2021.
6. The requested area includes 0 customers and approximately 120 acres. The 120 acres are comprised of 93 acres of decertified area from CCN No. 20899 and 27 acres of decertified area from CCN No. 20465 belonging to GCWDA.
7. The requested area is located approximately six miles southwest of downtown Baytown, Texas and is generally bounded on the north by South Farm to Market Road 565; on the east by Grand Parkway; on the south by Transport Drive; and on the west by Ameriport Parkway.
8. In Order No. 7 filed on May 7, 2021, the ALJ found the application administratively complete.

Notice

9. On June 14, 2021, Monarch filed the affidavit of George Freitag, the Regulatory Manager for Monarch, attesting that notice was provided to all neighboring utilities and affected parties on May 20, 2021.
10. In Order No. 9 filed on August 2, 2021, the ALJ found notice sufficient.

Map, Certificate, and Tariff

11. On September 13, 2021, Commission Staff emailed the proposed final map and certificate to Monarch and GCWDA.
12. On September 27, 2021, GCWDA filed its consent to the proposed final map and certificate.
13. On July 1, 2022, Commission Staff emailed the proposed tariff to Monarch.
14. On July 1, 2022, Monarch filed its consent to the proposed final map, certificate, and tariff.

15. On July 29, 2022, the parties filed the map, certificate, and tariff as attachments to the joint motion to admit evidence and proposed notice of approval.

Evidentiary Record

16. In Order No. _____, issued on _____, 2022, the ALJ admitted the following evidence into the record: (a) the Application of Monarch Utilities I L.P. to Amend its Certificate of Convenience and Necessity in Chambers County filed on December 3, 2020; (b) Monarch's supplement to the application, filed on April 29, 2021; (c) Monarch's second supplement to the application, filed on May 3, 2021; (d) Commission Staff's supplemental recommendation on administrative completeness, filed on May 6, 2021; (e) Monarch's proof of notice, filed on June 14, 2021; (f) Monarch's response to Order No. 8 pertaining to notice, filed on July 16, 2021; (g) Commission Staff's recommendation on sufficiency of notice, filed on July 30, 2021; (h) GCWDA's consent form, filed on September 27, 2021; (i) Monarch's consent form, filed on July 1, 2022; (j) Commission Staff's final recommendation filed on July 15, 2022; (k) Commission Staff's supplement to the final recommendation filed on July 26, 2022; and (l) the maps, certificates, and tariffs attached to the Proposed Notice of Approval, filed on July 29, 2022.
17. On July 29, 2022, Monarch and Commission Staff filed a joint motion to admit evidence and proposed notice of approval.

System Compliance

18. Monarch has been subject to enforcement actions by the Commission, Texas Commission on Environmental Quality (TCEQ), Texas Department of Health, the Office of the Attorney General, or the Environmental Protection Agency in the past five (5) years for non-compliance with rules, orders, or state statutes.
19. Monarch has either resolved the non-compliance issues or has entered into compliance agreements that are leading to resolution of the violations.

Adequacy of Existing Service

20. Monarch has several TCEQ-approved wastewater treatment plants registered as: Tower Terrace, WQ 12478-001; Beachwood Estates, WQ 11282-001; Cherokee Shores, WQ 13879-001; Pinnacle Club, WQ 11506-001; Holiday Villages of Medina Lake, WQ 14167-001; Decker Hills, WQ 12587-001; Beacon Bay Marina, WQ 13637-001; Blue Water

Cove, WQ 14179-001; Holiday Villages of Lake Livingston, WQ 14056-001; Harbor Point, WQ 13547-001; and Lake Fork Estates, WQ 14055-001.

21. No additional construction is necessary for Monarch to serve the requested area.

Need for Additional Service

22. Chambers County Improvement District No. 2 (CCID) will be proposing service in the area to be decertified on the southern end of the requested area.

Effects of Granting the Amendment

23. Granting the CCN amendment will (1) decertify specific segments on the southern side of Monarch's certificated area served by Monarch's Tower Terrace sewer system, (2) decertify additional tracts on the north where Monarch is unable to serve and CCID will be proposing service to that area, and (3) will adjust the CCN boundaries where existing official maps do not align with property boundaries or roads.
24. All retail public utilities in the proximate area were provided notice of the application and no protests, adverse comments, or motions to intervene were filed by an adjacent retail public utility in this docket.
25. GCWDA, CCN number 20645, has submitted a letter agreeing to the decertification on March 30, 2021 that was filed with Monarch's Second Supplement to the Application on May 3, 2021.
26. There is no existing service in the areas to be decertified.

Ability to Serve: Managerial and Technical

27. Monarch's sewer facilities meet the TCEQ design criteria for sewer treatment plants and the requirements of chapter 341 of the Texas Health and Safety Code, chapter 13 of the TWC, and TCEQ's rules.

Ability to Serve: Financial Ability and Stability

28. Monarch has a debt-to-equity ratio of less than one and a debt-service ratio of greater than 1.25, satisfying the leverage test.
29. Monarch has sufficient cash available to cover any projected operations and maintenance shortages during the first five years after the completion of the proposed sale and transfer, satisfying the operations test.
30. Monarch has demonstrated the financial capability and stability to provide continuous and adequate water service.

Financial Assurance

31. Monarch meets the financial tests, and no additional financial assurance is required.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

32. A majority of the area is being decertified to allow CCID to provide service in that area; therefore, this does not apply.
33. Utilities within a two-mile radius were noticed, and no protests were received.

Environmental Integrity and Effect on the Land

34. The proposed transaction will not adversely impact the environmental integrity of the land because no additional construction is necessary to provide service to the requested area.

Improvement of Service or Lowering Cost to Consumers

35. There are no customers in the requested area.

Regionalization or Consolidation

36. Regionalization or consolidation concerns do not apply in this proceeding because construction of a physically separate sewer system is not required.

Informal Disposition

37. More than 15 days have passed since the completion of the notice provided in this docket.
38. No person filed a protest or motion to intervene.
39. Monarch and Commission Staff are the only parties to this proceeding
40. No party requested a hearing and no hearing is needed.
41. Commission Staff recommended approval of the application.
42. The decision to approve is not adverse to any party.

II. CONCLUSIONS OF LAW

The Commission makes the following conclusions of law.

1. The Commission has jurisdiction over this proceeding pursuant to TWC §§ 13.041, 13.241, 13.242, 13.244, 13.246, and 13.254.
2. Monarch is a retail public utility, as defined by TWC § 13.002(19) and 16 TAC § 24.3(31).
3. Monarch's application meets the requirements of TWC § 13.244 and 16 TAC § 24.25(b)(1) and 24.233.

4. Monarch provided notice of the application that complies with TWC § 13.246 and 16 TAC § 24.235.
5. The Commission has processed the application as required by the Texas Administrative Procedure Act¹ the TWC, and Commission Rules.
6. After consideration of the factors in TWC § 13.241(a) and 13.246(c) and 16 TAC §§ 24.277(e), Monarch has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested service areas as required by TWC § 13.241(a) and 16 TAC § 24.227.
7. It is not necessary for Monarch to provide a bond or other financial assurance under TWC §§ 13.246(d) or 16 TAC § 24.227(f).
8. Monarch has demonstrated that the amendment of Monarch's CCN number 20899 is necessary for the service, accommodation, convenience, and safety of the public as required by TWC § 13.246(b) and 16 TAC § 24.227(d).
9. Under TWC § 13.257(r) and (s), Monarch must record a certified copy of the approved map and certificate approved by this Notice of Approval, along with a boundary description of the service area, in the real property records of Chambers County within 31 days of this Notice of Approval and must submit evidence of the recording to the Commission.
10. The requirement for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

III. ORDERING PARAGRAPHS

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

1. The Commission amends GCWDA's sewer CCN number 20465 as described in this notice of approval and shown on the attached map.
2. The Commission amends Monarch's sewer CCN number 20899 as described in this notice of approval and shown on the attached map.

¹ Tex. Gov't Code §§ 2001.001–.903.

3. The Commission approves the certificate, maps, and tariff attached to this Notice of Approval.
4. Monarch must serve every customer and applicant for service within the approved area under sewer CCN number 20899 that requests sewer service and otherwise meets the terms for Monarch's sewer service, and such service must be adequate and continuous.
5. Monarch must comply with the recording requirements as provided in TWC § 13.257(r) and (s) for the areas in Chambers County affected by this application and must file in this docket proof of the recording no later than 31 days after the date of this notice of approval.
6. Within ten days of the date of this Notice of Approval, Commission Staff must provide a clean copy of the tariff approved by this Notice of Approval to central records to be marked *Approved* and filed in the Commission's tariff books.
7. The Commission denies all other motions and any other requests for general or specific relief, in not expressly granted herein.

Signed at Austin, Texas this ____ day of _____, 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

ADMINISTRATIVE LAW JUDGE



WASTEWATER UTILITY TARIFF

Docket Number: 51578

Monarch Utilities I L.P.
(Utility Name)

12535 Reed Rd.
(Business Address)

Sugar Land, TX 77478-2837
(City, State, Zip Code)

(866) 654-7992
(Area Code/Telephone)

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

20899

This tariff is effective in the following counties:

Chambers, Grayson, Harris, Henderson, Liberty, Medina, Montgomery, Polk, San Jacinto, Trinity, Wood

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

This tariff is only effective in the portions of the subdivisions or systems in the environs.

This tariff is effective in the following subdivisions or systems:

See Attached List

TABLE OF CONTENTS

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

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| COUNTY | UTILITY SYSTEM | TCEQ WQ No. | SUBDIVISIONS |
|---------------|--|------------------------|---|
| Chambers | Tower Terrace | WQ 12478-001 | Houston Raceway Park, Tower Terrace, West Chambers County Estates |
| Grayson | Tanglewood-on Texoma | collection only | Eagle Chase, Fairway Hollow, Greenway Bend, Highport, Sunrise Circle, Tanglewood Hills, Tanglewood Resort |
| Harris | Villas of Willowbrook | collection only | Villas of Willowbrook Homeowners |
| | LH Ranch WWTP-1, Ltd. | WQ 15830-001 | Los Pinos Estates |
| Henderson | Beachwood Estates | WQ 11282-001 | Beachwood Estates, Brentwood Estates, Deep Water Estates, Forest Shores, Greenwood Cove, Hidden Harbor, Indian Oaks, Oak Forest Estates, Pebble Beach, Seis Hombres, Three-Way View, Treasure Isle, Waterboard, Key Ranch Estates |
| | Cherokee Shores | WQ 13879-001 | Cherokee Shores, Deep Water Bay, Deer Island, Diamond Oaks, Glenn Road, Grandview Terrace, Moon Waters, Nee Toni Jo, Robinson Tract/Country Estates, Spillview Estates II Taylor Tract, Timber Bay, Waterfront Shores, Wood Canyon Waters |
| | Pinnacle Club | WQ 11506-001 | Pinnacle Club |
| Liberty | LH Ranch WWTP-1, Ltd. | WQ 15830-001 | Los Pinos Estates |
| Medina | Holiday Villages of Medina Lake | WQ 14167-001 | Holiday Villages of Medina |
| Montgomery | Decker Hills | WQ 12587-001 | Champions Glen, Decker Hills, Hidden Lake Estates, Inverness Crossing |
| Polk | Beacon Bay Marina Wastewater Treatment Facility | WQ 13637-001 | Beacon Bay Marina and RV Park, Beacon Bay Subdivision |
| San Jacinto | Blue Water Cove | WQ 14179-001 | Blue Water Cove, Livingston Lakeside RV Park |
| | Holiday Villages of Lake Livingston | WQ 14056-001 | Holiday Villages of Livingston, Somerset Shores |
| Trinity | Harbor Point | WQ 13547-001 | Harbor Point |
| Wood | Lake Fork Estates | WQ 14055-001 | Holiday Villages of Fork |

SECTION 1.0 RATES

Section 1.01 - Rates

Monarch - RATES Effective 06-01-2021

| METER SIZE | MONTHLY MINIMUM RATE | GALLONAGE CHARGE |
|------------|----------------------|--|
| 5/8" | \$68.52 | \$2.39 per 1,000 gallons Purchased Wastewater Treatment Passthrough \$1.44 per 1,000 gallons |
| 5/8"x3/4" | \$68.52 | |
| 3/4" | \$102.78 | |
| 1" | \$171.30 | |
| 1½" | \$342.60 | |
| 2" | \$548.16 | |
| 3" | \$1,027.80 | |
| 4" | \$1,713.00 | |
| 6" | \$3,426.00 | |
| 8" | \$5,481.60 | |
| 10" | \$7,879.80 | |
| 12" | \$14,731.80 | |

SECTION 1.0 RATES (Continued)

Monarch (Villas of Willowbrook) - RATES Effective 06-01-2021 (Phase 1 of 7)

| METER SIZE | MONTHLY MINIMUM RATE | GALLONAGE CHARGE |
|------------|----------------------|--|
| 5/8" | \$18.36 | \$0.34 per 1,000 gallons Purchased Wastewater Treatment Passthrough \$1.44 per 1,000 gallons |
| 5/8"x3/4" | \$18.36 | |
| 3/4" | \$27.54 | |
| 1" | \$45.90 | |
| 1½" | \$91.80 | |
| 2" | \$146.88 | |
| 3" | \$275.40 | |
| 4" | \$459.00 | |
| 6" | \$918.00 | |
| 8" | \$1,468.80 | |
| 10" | \$2,111.40 | |
| 12" | \$3,947.40 | |

Monarch (Villas of Willowbrook) - RATES Effective 06-01-2022 (Phase 2 of 7)

| METER SIZE | MONTHLY MINIMUM RATE | GALLONAGE CHARGE |
|------------|----------------------|---|
| 5/8" | \$26.72 | \$0.68 per 1,000 gallons Purchased Wastewater Treatment Pass-through \$1.44 per 1,000 gallons |
| 5/8"x3/4" | \$26.72 | |
| 3/4" | \$40.08 | |
| 1" | \$66.80 | |
| 1½" | \$133.60 | |
| 2" | \$213.76 | |
| 3" | \$400.80 | |
| 4" | \$668.00 | |
| 6" | \$1,336.00 | |
| 8" | \$2,137.60 | |
| 10" | \$3,072.80 | |
| 12" | \$5,744.80 | |

Monarch (Villas of Willowbrook) - RATES Effective 06-01-2023 (Phase 3 of 7)

| METER SIZE | MONTHLY MINIMUM RATE | GALLONAGE CHARGE |
|------------|----------------------|---|
| 5/8" | \$35.08 | \$1.02 per 1,000 gallons Purchased Wastewater Treatment Pass-through \$1.44 per 1,000 gallons |
| 5/8"x3/4" | \$35.08 | |
| 3/4" | \$52.62 | |
| 1" | \$87.70 | |
| 1½" | \$175.40 | |
| 2" | \$280.64 | |

SECTION 1.0 RATES (Continued)

| | | |
|-----|------------|--|
| 3" | \$526.20 | |
| 4" | \$877.00 | |
| 6" | \$1,754.00 | |
| 8" | \$2,806.40 | |
| 10" | \$4,034.20 | |
| 12" | \$7,542.20 | |

Monarch (Villas of Willowbrook) - RATES Effective 06-01-2024 (Phase 4 of 7)

| METER SIZE | MONTHLY MINIMUM RATE | GALLONAGE CHARGE |
|------------|----------------------|--|
| 5/8" | \$43.44 | <p>\$1.37 per 1,000 gallons</p> <p>Purchased Wastewater Treatment Passthrough \$1.44 per 1,000 gallons</p> |
| 5/8"x3/4" | \$43.44 | |
| 3/4" | \$65.16 | |
| 1" | \$108.60 | |
| 1½" | \$217.20 | |
| 2" | \$347.52 | |
| 3" | \$651.60 | |
| 4" | \$1,086.00 | |
| 6" | \$2,172.00 | |
| 8" | \$3,475.20 | |
| 10" | \$4,995.60 | |
| 12" | \$9,339.60 | |

Monarch (Villas of Willowbrook) - RATES Effective 06-01-2025 (Phase 5 of 7)

| METER SIZE | MONTHLY MINIMUM RATE | GALLONAGE CHARGE |
|------------|----------------------|--|
| 5/8" | \$51.80 | <p>\$1.71 per 1,000 gallons</p> <p>Purchased Wastewater Treatment Passthrough \$1.44 per 1,000 gallons</p> |
| 5/8"x3/4" | \$51.80 | |
| 3/4" | \$77.70 | |
| 1" | \$129.50 | |
| 1½" | \$259.00 | |
| 2" | \$414.40 | |
| 3" | \$777.00 | |
| 4" | \$1,295.00 | |
| 6" | \$2,590.00 | |
| 8" | \$4,144.00 | |
| 10" | \$5,957.00 | |
| 12" | \$11,137.00 | |

Monarch (Villas of Willowbrook) - RATES Effective 06-01-2026 (Phase 6 of 7)

| METER SIZE | MONTHLY MINIMUM RATE | GALLONAGE CHARGE |
|------------|----------------------|------------------|
|------------|----------------------|------------------|

SECTION 1.0 RATES (Continued)

| | | |
|-----------|-------------|---|
| 5/8" | \$60.16 | \$2.05 per 1,000 gallons Purchased Wastewater Treatment Passthrough \$1.44 per 1,000 gallons |
| 5/8"x3/4" | \$60.16 | |
| 3/4" | \$90.24 | |
| 1" | \$150.40 | |
| 1½" | \$300.80 | |
| 2" | \$481.28 | |
| 3" | \$902.40 | |
| 4" | \$1,504.00 | |
| 6" | \$3,008.00 | |
| 8" | \$4,812.80 | |
| 10" | \$6,918.40 | |
| 12" | \$12,934.40 | |

Monarch (Villas of Willowbrook) - RATES Effective 06-01-2027 (Phase 7 of 7)

| METER SIZE | MONTHLY MINIMUM RATE | GALLONAGE CHARGE |
|------------|----------------------|---|
| 5/8" | \$68.52 | \$2.39 per 1,000 gallons Purchased Wastewater Treatment Passthrough \$1.44 per 1,000 gallons |
| 5/8"x3/4" | \$68.52 | |
| 3/4" | \$102.78 | |
| 1" | \$171.30 | |
| 1½" | \$342.60 | |
| 2" | \$548.16 | |
| 3" | \$1,027.80 | |
| 4" | \$1,713.00 | |
| 6" | \$3,426.00 | |
| 8" | \$5,481.60 | |
| 10" | \$7,879.80 | |
| 12" | \$14,731.80 | |

Monarch (Beacon Bay Marina Wastewater Treatment Facility)

| METER SIZE | MONTHLY MINIMUM RATE (Residential meters include 1.000 gallons) | GALLONAGE CHARGE |
|--|--|--------------------------|
| Residential 5/8" Meters with water Service | \$36.50 | \$3.30 per 1,000 gallons |
| Wastewater Service Only | \$54.45 | |
| Beacon Bay Marina | \$146.00 | |
| West Livingston RV Park | \$18.50 per space, restroom | |
| Gas Station | \$212.00 | |

Residential wastewater service will be billed year round using that service connection's average winter water consumption during December, January and February. Single family residential service connections without a

SECTION 1.0 RATES (Continued)

historic average will have an imputed average of 4,000 gallons until they have established an average. Multi-family residential service connections without a historic winter average will have an imputed average of 4,000 gallons per residential unit until they have established an average.

Non-residential service connections will be billed on actual monthly water consumption without the use of winter averaging.

SECTION 1.0 RATES (Continued)

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

Cash X, Check X, Money Order X, MasterCard X, Visa X, Electronic Fund Transfer X

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. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

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 Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST IN ACORDANCE WITH COMMISSION RULES

ACCOUNT SET UP FEE \$25.00

FEE TO SET UP ACCOUNT FOR NEW CUSTOMER APPLYING FOR WASTEWATER SERVICE ONLY.

RECONNECTION FEE

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

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

b) Customer's request \$50.00

or other reasons listed under section 2.0 of this tariff.

TRANSFER FEE \$45.00

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

LATE CHARGE 10%

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

RETURNED CHECK CHARGE \$25.00

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

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

SERVICE RELOCATION FEE Actual cost to relocate that service connection

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

SEASONAL RECONNECTION FEE:

BASE RATE TIMES NUMBER OF MONTHS OFF THE SYSTEM NOT TO EXCEED SIX MONTHS WHEN LEAVE AND RETURN WITHIN A 12-MONTH PERIOD.

LINE EXTENSION AND CONSTRUCTION CHARGES:

Docket No. 51578

SECTION 1.0 RATES (Continued)

REFER TO SECTION 2.12 SPECIFIC UTILITY SERVICE RULES AND SECTION 3.02 UTILITY SPECIFIC EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

INCREASE IN INSPECTION FEES AND WATER TESTING COSTS IMPOSED BY STATE OR FEDERAL LAW MAY BE PASSED THROUGH AS AN ADJUSTMENT TO THE MONTHLY BASE RATE CHARGE UNDER THE TERMS AND CONDITIONS OF 16 TAC §24.25(b)(2)(G) AFTER NOTICE TO CUSTOMERS AND UPON WRITTEN APPROVAL BY THE TCEQ.

DAMAGE OR SERVICE DIVERSION FEE.....Actual Cost

ONE TIME CHARGE, PER OCCURRENCE, FOR ALL LABOR, MATERIAL, EQUIPMENT, AND ALL OTHER ACTUAL COSTS NECESSARY TO REPAIR OR REPLACE ALL EQUIPMENT DAMAGED DUE TO NEGLIGENCE, METER TAMPERING OR BYPASSING, SERVICE DIVERSION, OR THE DISCHARGE OF WASTES THAT THE SYSTEM CANNOT PROPERLY TREAT. .

FRANCHISE FEE PASS THROUGH CLAUSE:

Charges a municipality makes for use of streets and alleys pursuant to tax code §182.025 or other applicable state law not to exceed 2% or the actual amount charged by the municipality shall be passed through utility-wide as an adjustment to the wastewater gallonage charge according to the following formula:

$$AG = G + B$$

Where:

AG = adjusted gallonage charge, rounded to the nearest one cent:

G = approved gallonage charge (per 1,000 gallons) and

B = projected franchise fees payable (per 1,000 gallons).

WASTEWATER TREATMENT PASS-THROUGH CHARGE ADJUSTMENT:

CHANGES IN FEES IMPOSED BY ANY NON-AFFILIATED THIRD-PARTY WASTEWATER TREATMENT PROVIDER SHALL BE CHARGED THROUGH THE WASTEWATER PASS-THROUGH GALLONAGE CHARGE ADJUSTED ANNUALLY ACCORDING TO THE FOLLOWING TRUE-UP FORMULA INTENDED TO BALANCE REVENUE FROM THE CHARGE AGAINST ACTUAL PAYMENTS AND COLLECTIONS FROM THE PRIOR YEAR:

$$WTPC = ((TAC - BAC) + TUC) / TWWS$$

Where:

WTPC = Wastewater Treatment Pass-Through Charge per Month

TAC = Total Annual Costs for 12-month calendar year period

BAC = Baseline Annual Wastewater Treatment Costs from Most Recent Rate Application

TUC = True-up Costs either Over Collections or Under Collections from prior period WTPC

TWWS = Total Wastewater Sales for 12-month calendar year period

The WTPC must be trued up and adjusted annually.

To implement, all notice requirements must be met. The utility may begin to charge the new filed WTPC on the proposed effective date in the notice. Implementation of this WTPC adjustment provision shall be governed by 16 TAC § 24.25(b)(2)(F).

SURCHARGE FOR RATE-CASE EXPENSE (Docket No. 50944):

Docket No. 51578

SECTION 1.0 RATES (Continued)

To be collected from all ratepayers subject to Commission Docket No. 50944. It will be collected through a monthly surcharge of \$0.65 per water connection and \$0.65 per wastewater connection. The monthly surcharge shall cease when \$525,000 has been recovered in total from both Monarch's water and wastewater customers. If the full amount of \$525,000 has not been recovered by June 1, 2023, bills rendered after June 1, 2023, shall continue to contain a surcharge not to exceed \$0.65 per water connection and \$0.65 per wastewater connection until the remaining balance per connection is collected.

SECTION 2.0 SERVICE RULES AND REGULATIONS

Section 2.01 - Public Utility Commission of Texas

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

Section 2.02 - Application for and Provision of Wastewater Service

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

After the applicant has met all the requirements, conditions and regulations for service, the utility will install service connections, which may include a 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.

Where service has previously been provided, the utility will reconnect the service within one working day after the applicant has met the requirements for reconnection.

The customer will be responsible for furnishing and laying the necessary customer service pipe from the connection location to the place of use.

Section 2.03 - Refusal of Service

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

Section 2.04 - Customer Deposits

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

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

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

SECTION 2.0 SERVICE RULES AND REGULATIONS (Continued)

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

Section 2.05 - Meter Requirements, Readings, and Testing

It is not a requirement that the utility use meters to measure the quantity of sewage disposed of by individual customers. One connection is required for each residential, commercial or industrial facility in accordance with the PUC Rules.

Section 2.06 - Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of the bills for utility service will be at least twenty (20) 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. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next work day after the due date.

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

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 billing a telephone number (or numbers) which may be reached by a local call by customers. At the utility's option, a toll-free telephone number or the equivalent may be provided.

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

Section 2.07 - Service Disconnection

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

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 30 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.

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

SECTION 2.0 SERVICE RULES AND REGULATIONS (Continued)

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

Section 2.08 - Reconnection of Service

Service will be reconnected within 24 hours after the past due bill and any other outstanding charges are paid or correction of the conditions which caused service to be disconnected.

Section 2.09 - Service Interruptions

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

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

Section 2.10 - Quality of Service

The utility will plan, furnish, and maintain and operate a treatment and collection facility of sufficient size and capacity to provide a continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge the effluent at the quality required by its discharge permit issued by the Commission. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the Texas Commission on Environmental Quality (TCEQ) Rules.

Section 2.11 - Customer Complaints and Disputes

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

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

In the event of a dispute between a customer and the 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 REGULATIONS (Continued)

Section 2.12 - Customer Liability

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

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

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

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

All references in Utility's tariff, service contracts, or PUC Rules shall mean the Utility's offices at 12535 Reed Road, Sugar Land, TX 77478. Customers may apply for service, and report service problems at the office. Use of the term "business office" shall refer to this office.

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

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

LIMITATION ON PRODUCT/SERVICE LIABILITY. - The utility will not accept liability for any injury or damage to individuals or their property occurring on the customer's premises. The utility makes no representations or warranties (expressed or implied) that customer's appliances will not be damaged by disruptions of or fluctuations in wastewater service whatever the cause. The utility will not accept liability for injuries or damages to persons or property due to disruption of wastewater service caused by: (1) acts of God, (2) acts of third parties not subject to the control of the utility if the utility has undertaken such preventive measures as are required by PUC and or TCEQ rules, (3) electrical power failures in wastewater systems not required by TCEQ rule to have auxiliary power supplies, or (4) termination of wastewater service pursuant to the utility's tariff and the PUC's rules.

NON-STANDARD SERVICE APPLICANTS 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

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

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

Tap fees may be increased by unique costs not normally incurred as may be permitted by 16 TAC § 24.163 (a)(1)(C).

The Utility adopts the Uniform Plumbing Code pursuant to TCEQ Rule 290.46(i). The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the TCEQ, the Uniform Plumbing Code and with the service rules and regulations of the Utility. The customer will bring out his service line to his property line at the point on the customer's property mutually acceptable to the customer and the Utility subject to such requirements as may exist by PUC rule.

RIGHT OF ACCESS The utility will have the right of access to the customer's premises at all times reasonable for the purpose of installing, testing, inspecting or repairing sewer mains or other equipment used in connection with its provision of wastewater 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 tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

Threats to or assaults upon utility personnel shall result in criminal prosecution. Further, the utility may seek PUC approval to discontinue service.

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

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

It is agreed and understood that any and all sewer lines and other equipment furnished by the utility (excepting the customer's individual service lines from the point of connection to customer's structures on customer's premises) are and shall remain the sole property of the utility, and nothing contained herein

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

or in a contract/application for service shall be construed to reflect a sale or transfer of any such lines or equipment to any customer. All tap and extension charges shall be for the privilege of connecting to said sewer lines and for installation, not purchase, of said lines.

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

The disposal into the utility's wastewater collection system of bulk quantities of food or food scraps not previously processed by a grinder or similar garbage disposal unit and grease and oils, except as incidental waste in process or wash water, used in or resulting from food preparation by wastewater utility customers engaged in the preparation and/or processing of food for other than domestic consumption for sale to the public shall be prohibited. Specifically included in this prohibition are grease and oils from grease traps to other grease and/or oil storage containers. These substances are defined as "garbage" under Section 361.003 (12) of the Solid Waste Disposal Act, Texas Health and Safety Code, and are not "sewage" as defined by Section 26.001 (7) of the Texas Water Code. The discharge of high temperature wastewater, blood, dye or other product, that could impact treatment or effluent color are prohibited.

The utility only provides "sewage" collection and disposal service to the public. This service is limited to the collection, treatment and disposal of waterborne human waste and waste from domestic activities such as washing, bathing, and food preparation. This service does not include the collection, treatment or disposal of waste of such high BOD, TSS, TDS, Chlorides or metals characteristics that it cannot reasonably be processed by the utility's state-approved waste water treatment plant within the parameters of the utility's state and federal waste water discharge permits.

Domestic sewage means wastewater, when analyzed, indicates that the concentration of Biochemical Oxygen Demand (BOD5) does not exceed 200 milligram per liter (mg/L), Total Suspended Solids (TSS) Chemical Oxygen Demand (COD) does not exceed 450 mg/L, Total Dissolved Solids (TDS) does not exceed 300 mg/L, Chlorides do not exceed 60 mg/L, and Metals do not exceed values that would be detrimental to the treatment process. Commercial/Industrial sewage means waste which, when analyzed, exceeds the concentrations of BOD5, TSS, COD, TDS, Chlorides, and Metals as stated in the paragraph above. Any sewage other than domestic sewage will require pretreatment by the discharger, which may be waived, such waiver or non/waiver will be determined by the Utility at its sole discretion.

THIS SERVICE DOES NOT INCLUDE THE COLLECTION AND DISPOSAL OF STORM WATERS OR RUN OFF WATERS, WHICH MAY NOT BE DIVERTED INTO OR DRAINED INTO THE UTILITY'S COLLECTION SYSTEM.

PRETREATMENT FOR NON-STANDARD SERVICE Any pretreatment required shall be at the sole cost and expense of the Applicant. Pretreatment means the processes and actions taken that result in the reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of the properties of pollutants in the sewage prior to introducing such pollutants into the Utility's sewage system. Sole costs and expenses are to be paid by Applicant for any pretreatment facilities and/or

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SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

processes. The pretreatment requirements shall be such requirements that may be required by the Rules for Commercial Wastewater Pretreatment as promulgated by the Texas Commission on Environmental Quality ("TCEQ"), local or county authorities having appropriate jurisdiction, and any State and Federal laws, rules or regulations that may be adopted from time to time by the Utility. Applicant agrees to be responsible and liable for and agrees to pay for any costs of operation, maintenance, repair, compliance and fines and penalties that result from any misuse and/or any failure of any pretreatment facilities on any pretreatment facilities installed by Applicant and/or installed upon the Land. Applicant agrees to acknowledge receipt of the documentation for all pretreatment requirements. When used in this Agreement, the terms sewage and wastewater have the same meaning.

ILLEGAL DISCHARGES TO SYSTEM, SERVICE DIVERSION, EQUIPMENT DAMAGE

Pursuant to TCEQ Rule 291.87(n), the utility may charge for all labor, material, equipment, and other costs necessary to repair or replace all equipment damaged due to service diversion or the discharge of wastes which the system cannot properly treat. This shall include all repair and cleanup costs associated with discharges of grease and oils, except as incidental waste in process or wash water, used in or resulting from food preparation by wastewater utility customers engaged in the preparation and/or processing of food for other than domestic consumption or for sale to the public discharged from grease traps or other grease and/or oil storage containers. The utility may charge for all costs necessary to correct service diversion or unauthorized taps where there is no equipment damage, including incidents where service is reconnected without authority. The utility may not charge any additional penalty or charge other than actual costs unless such penalty has been expressly approved by the regulatory authority having rate/tariff jurisdiction and filed in the utility's tariff.

Pursuant to § 24.163(b)(3)(A) and (B), the customer's service line and appurtenances shall be construed in accordance with the laws and regulations of the State of Texas, local plumbing codes, or, in the absence of such local codes, the Uniform Plumbing Code. It shall be the customer's responsibility to maintain the service line and appurtenances in good operating condition, i.e., clear of obstruction, defects, or blockage. If the utility can provide evidence of excessive infiltration or inflow or failure to provide proper pretreatment, the utility may, with the written approval of the PUC, require the customer to repair the line or eliminate the infiltration or inflow or take such actions necessary to correct the problem. If the customer fails to correct the problem within a reasonable time, the utility may disconnect service after proper notice.

Non-residential customers requiring pretreatment for sewage with non-standard characteristics may be charged the costs to treat wastewater loadings in excess of the domestic waste characteristics shown above, and those costs set forth in the Utility's extension policy if such pretreatment fails or otherwise causes the Utility's facilities to violate their wastewater discharge permits.

RESIDENTIAL SINGLE FAMILY GRINDER / SEWAGE STATIONS

All grinder pumps, storage tanks, controls, and other appurtenances necessary to provide pressurized wastewater service shall conform to the Utility's specifications.

The Utility will install the grinder pumps, storage tanks, controls and other appurtenances necessary to provide pressurized wastewater service to a residential connection. The utility will have ownership of

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

all Utility-installed grinder pumps, receiving tanks, lift stations or controls on the customer's property, and all maintenance, repairs, and replacement will be performed by the utility. Electric bills are the customer's responsibility. In some cases, the repairs may be performed by anyone selected by the customer and approved by the utility, who is competent to perform such repairs. The Utility requires that parts and equipment meet the minimum standards approved by the TCEQ, to insure proper and efficient operation of the wastewater system.

Customers are not permitted to flush materials that are known to clog grinder/sewage stations, as provided by the utility. At premises where repeated problems are due to violations of this requirement, the costs of repairs required due to customer flushing such materials shall be charged in full to said customer. Violations of this requirement will be considered as Tampering or Damaging to the Sewer Service Connection and will be subject to the additional Damage or Service Diversion Penalty.

In accordance with the requirements of Utility's Wastewater discharge Permit, any and all repairs and maintenance of Utility's lines, tanks, pumps and equipment located on Customer's premises shall be performed exclusively by the Utility. Copies of the utility's state and federal waste water discharge permits shall be available for public inspection and copying in the utility's business office during normal business hours.

MULTI-FAMILY AND COMMERCIAL RECEIVING TANK / LIFT STATIONS

A commercial or multi-family service applicant will have the option to install the grinder pumps, storage tanks, controls, and other appurtenances necessary to provide pressurized wastewater service to a multi-family or commercial service connection. Prior to the installation of a grinder / sewage station, the utility must be given a complete listing of all materials and equipment that will be used, along with the storage for that development.

In order to minimize inflow and infiltration into the collection system, the installation and materials must comply with standard specifications approved by the TCEQ.

After the utility has approved the proposed grinder / sewage station, the construction may begin. Once the work has been completed, the utility will do an inspection of the grinder / sewage station to ensure the complete installation was as specified.

Prior to acceptance of an existing receiving tank or lift station that is being used as an interceptor tank for primary treatment, waste water storage or pump tanks prior to discharge into an alternative or conventional sewage system must be cleaned, inspected, repaired, modified, or replaced if necessary to minimize inflow and infiltration into the collection system.

Existing pumps and tanks must be of adequate size to insure proper pumpage in the event of high flow or if one pump is out of service. If the existing pumps and receiving tanks or lift stations are of inadequate size the Utility will not accept liability for backups due to: high flows, one pump out of service, rainfall causing inflow or infiltration, power outages, lack of proper storage capacity, etc.

Regardless of who performs the initial installation, the utility shall hold title to and the responsibility to maintain and repair all equipment necessary to connect that service location to the Utility's collection

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (Continued)

line. The customer shall be responsible for the monthly electric bill.

If the collection system that discharges into the receiving tank / lift station has an inflow or infiltration problem and collects rainfall discharge, the owner or P.O.A. will correct it within 90 days of written notice from the utility. If no action is taken to correct the problem within 90 days, the utility may take the responsibility to make corrections at the owner's / P.O.A.'s expense. The utility is not responsible for the collection system that discharges into the receiving tank / lift station.

The owner / P.O.A. shall be responsible for the monthly electric bill.

An adequate easement must encompass the receiving tank / lift station by a 15 foot radius and also a 15 foot access easement to the receiving tank / lift station site. If this easement does not exist, one must be created and filed of record.

SECTION 3.0 EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

Line Extension and Construction Charges. No contribution in aid of construction may be required of any customer except as provided for in this approved extension policy.

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

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

COST UTILITIES SHALL BEAR. Within its certificate area, the utility will pay the cost of the first 200 feet of any sewer collection line necessary to extend service to an individual residential customer within a platted subdivision. However, if the residential customer requesting service purchased the property after the developer was notified of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

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

SECTION 3.20 SPECIFIC UTILITY EXTENSION POLICY

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

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

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

The utility adopts the administrative rules of the PUC, as amended from time to time, as its company specific extension policy. These rules will be kept on file at the company's business office for customer inspection during normal business hours.

Non-residential customers generating sewage creating unique or non-standard treatment demands which might reasonably be expected to cause the utility's treatment facilities to operate outside their current waste-water discharge permit parameters may be charged the cost of all studies, engineering plans, permit costs, and collection treatment or discharge facilities construction or modification costs necessary to enable the utility to treat said sewage within permit limits acceptable to the TCEQ said sewage in such a manner to that it may not reasonably be expected to cause the utility's facilities to operate outside their permit parameters. In such case, the customer shall be required to pay the utility's costs of evaluating such pretreatment processes and cost of obtaining regulatory approval of such pretreatment processes. In the event of the pretreatment facilities of a customer making this election fail and cause the utility's facilities to operate outside their permit parameters, the customer shall indemnify the utility for all costs incurred for clean ups or environmental remediation and all fines, penalties, and costs imposed by regulatory or judicial enforcement actions relating to such permit violations.

Non-residential wastewater customers producing water borne waste significantly different from waste generated by residential customers (Domestic Wastewater) may be required to provide a suitable sampling point at the property line for testing the customer's waste for chemicals or substances, e.g., grease, oils, solvents, pesticides, etc., which can reasonably be believed to have an injurious effect on the Utility's plant and/or its ability to treat and dispose of such wastes within the parameters of the Utility's permit. Utility shall have reasonable access to the sampling point at all times. For any wastewater loading in excess of Domestic Wastewater the Customer shall pay the prorated costs of treatment based on their wastewater load characteristics.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC §24.163(d) and this tariff.

SECTION 3.20 SPECIFIC UTILITY EXTENSION POLICY (Continued)

When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge based upon the capacities of collection, transmission, storage, treatment and discharge facilities, compliant with the TCEQ minimum design criteria, which must be committed to such extension. As provided by 16 TAC §24.163(d)(4), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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

The Utility will provide a written service application form to the applicant for each request for service received by the Utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant. Service applications forms will be available for applicant pick up at the Utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

The Utility shall serve each qualified service applicant within its certificated 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 herein or by PUC rules.

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

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

SECTION 3.20 SPECIFIC UTILITY EXTENSION POLICY (Continued)

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. The tap request must be accompanied with a plat, map, diagram or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the connection is to be installed, along the applicant's property line. The actual point of connection must be readily accessible to Utility personnel for inspection, servicing and testing 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 near service main with adequate capacity to service the applicant's full potential service demand. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, applicant may refer the matter to the PUC for resolution. Unless otherwise ordered by the PUC, the tap or service connection will not be made until the location dispute is resolved.

The Utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property. The Developer shall be required to obtain all necessary easements and rights-of-way required to extend the Utility's existing service facilities from their nearest point with adequate service capacity (as prescribed by TCEQ rules and local service conditions) to and throughout the Developer's property. The easements shall be sufficient to allow the construction, installation, repair, maintenance, testing, and replacement of any and all utility plant necessary to provide continuous and adequate service to each and every potential service location within the property at full occupancy. Unless otherwise restricted by law, sewage treatment, holding tank sites, lift station sites shall convey with all permanent easements and buffers required by TCEQ rules. Unless otherwise agreed to by the Utility, pipe line right-of-way easements must be at least 15 feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and meters. Easements must be provided for all storage, treatment, pressurization and disposal sites which are sufficient to construct and maintain all weather roads as prescribed by TCEQ rules. All easements shall be evidenced, at Developer's expense, by recorded county-approved subdivision plat or by specific assignment supported by metes and bounds survey from a surveyor licensed by the State of Texas.

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

- (a) The Developer shall make a written request for service to property that is to be subdivided and developed. The Developer shall submit to the Utility a proposed plat on a scale of one inch (1") to two hundred feet (200') for review and determination of required easements, utility plant, and plant location. If wastewater service is requested, the plat must contain elevation data. A reconcilable deposit in an amount set by the Utility may be required to cover preliminary engineering, legal and copy cost to be incurred by the Utility in reviewing and planning to meet this service request. The plat and/or accompanying information shall identify the type, location and number of houses and other planned structures that will be requiring utility service. If other than residential structures are to be located on the property, all other types of anticipated businesses and their service demands shall be identified with specificity. All areas requiring special irrigation and/or other unique water demands must be identified. To the extent reasonably possible, this information must be precise so that adequate facilities can be designed and

SECTION 3.20 SPECIFIC UTILITY EXTENSION POLICY (Continued)

constructed to meet all future service demands without hazard to the public, other utility customers and/or the environment.

(b) After the requirements of easements and rights-of-way have been determined, a red line copy will be returned by the Utility to the Developer for final plat preparation.

(c) Copies of all proposed plats and plans must be submitted to the Utility prior to their submission to the county for approval to insure that they are compatible with the adequate long-term utility needs of potential service customers. Copies will be returned after review by the Utility so that necessary changes may be incorporated into the Developer's final submitted plat(s) and plans.

(d) The Utility shall be provided with three (3) certified copies of the final plat(s) approved by the County Commissioners Court. At this time, the Utility will begin engineering the facilities necessary to serve the property. Plans and specifications will be prepared and submitted to the TCEQ by the Utility if required by law. If further plat or plans changes are necessary to accommodate the specific service needs of the property and the anticipated customer demands, the Developer will be so notified. Plat amendments must be obtained by the Developer. The Developer shall be notified when all required PUC, TCEQ and or other governmental approvals or permits have been received. No construction of utility plant which requires prior TCEQ plans approval shall be commenced until that approval has been received by the Utility and any conditions imposed by the TCEQ in association with its approvals have been satisfied.

(e) The Developer shall be required to post bond or escrow the funds necessary to construct all required utility plant, except individual wastewater connections, required to serve the property. Construction shall not commence until funds are available. If the construction is to be done in coordination with the phased development of the property, funds must be provided in advance which are sufficient to complete each phase. No phase or facilities for any phase shall be constructed prior to the bonding or escrowing of all funds associated with that phase.

(f) At the sole option of the Utility, the Developer may be required to execute a Developer Extension Contract setting forth all terms and conditions of extending service to their property including all contributions-in-aid of construction and developer reimbursements, if any.

(g) The Utility may require the Developer to commence construction of subdivision improvements within three (3) months of utility plans approval or the Utility may abate its construction activities until full development construction begins. If the Developer stops construction of subdivision improvements for any purpose, the Utility may abate its construction for a similar period.

(h) As soon as the roads are rough cut and prior to paving, extension lines will need to be constructed at each road crossing. The Developer must notify the Utility sufficiently in advance of this development stage to allow for the necessary utility construction without disruption to other service operations of the Utility. Failure to provide adequate advance notice and cooperation in the construction of necessary utility plant may result in additional delays in

SECTION 3.20 SPECIFIC UTILITY EXTENSION POLICY (Continued)

obtaining service to the property. The Developer shall be required to pay for all additional costs of road boring or other remedial construction necessary to install adequate utility plant throughout the affected property.

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

- (a) that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the Utility's approved extension policy after receiving a written request from the Utility; or,
- (b) that the Developer defaulted on the terms and conditions of a written agreement or contract existing between the utility and the developer or the terms of this tariff regarding payment for services, extensions, or other requirements; or in the event the Developer declared bankruptcy and was therefore unable to meet obligations; and,
- (c) that the residential service applicant purchased the property from the Developer after the Developer was notified of the need to provide facilities to the utility. A residential service applicant may be charged the remaining costs of extending service to his property; provided, however, that the residential service applicant may only be required to pay the cost equivalent to the cost of extending the nearest water main or wastewater collection line, whether or not that line has adequate capacity to serve that residential service applicant. The following criteria shall be considered to determine the residential service applicant's cost for extending service:
 - (1) the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.
 - (2) Exceptions may be granted by the PUC if:
 - (A) adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
 - (B) larger minimum line sizes are required under subdivision platting requirements or applicable building codes.
 - (3) If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

SECTION 3.20 SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

AUS 3104680.2



Public Utility Commission of Texas

By These Presents Be It Known To All That

Monarch Utilities I L.P.

having obtained certification to provide sewer 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, Monarch Utilities I L.P. is entitled to this

Certificate of Convenience and Necessity No. 20899

to provide continuous and adequate sewer utility service to that service area or those service areas in Chambers, Grayson, Harris, Henderson, Medina, Montgomery, Polk, San Jacinto, Trinity, and Wood Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 51578 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Monarch Utilities I L.P. to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.



Public Utility Commission of Texas

By These Presents Be It Known To All That

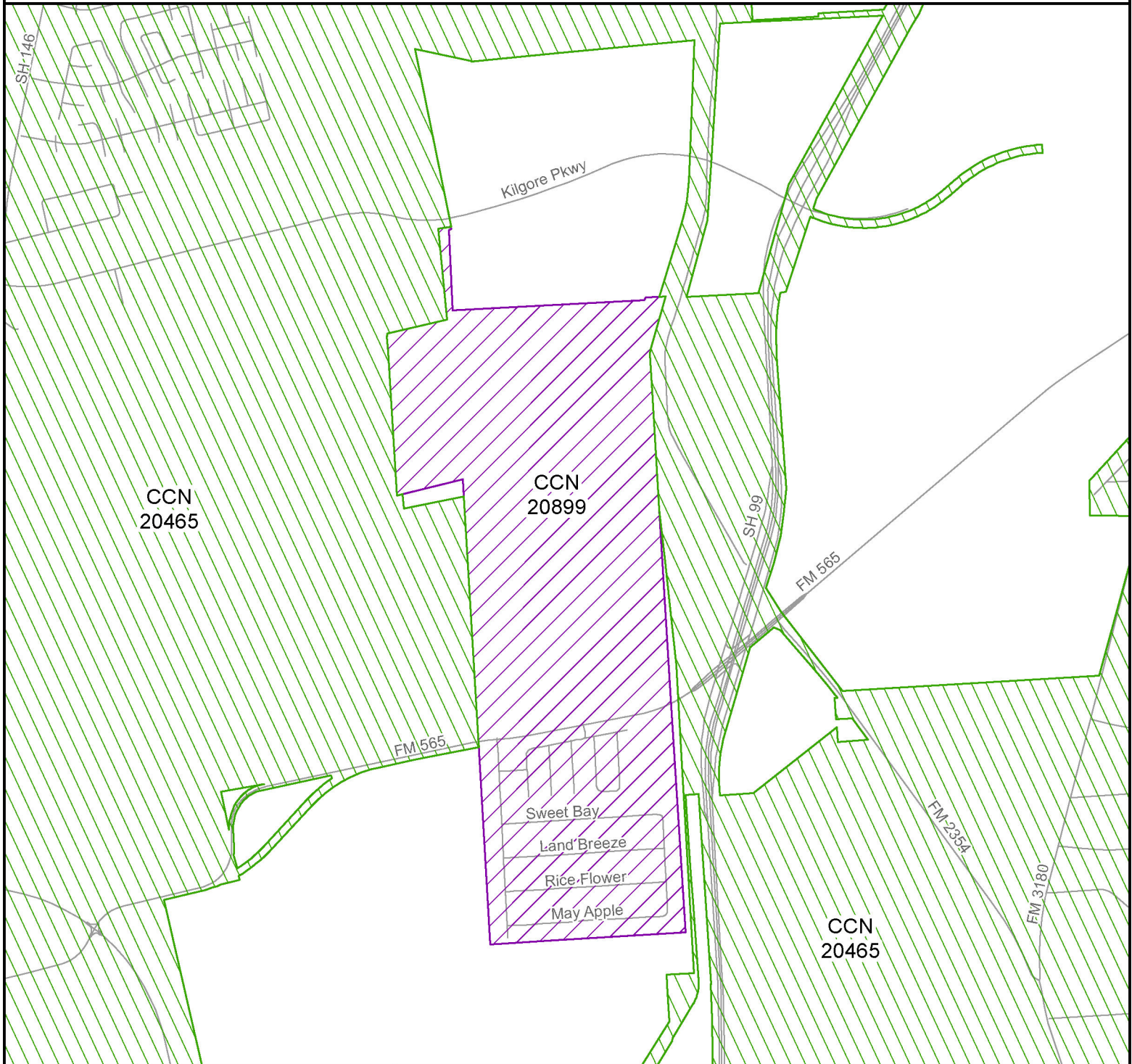
Gulf Coast Authority

having obtained certification to provide sewer 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, Gulf Coast Authority is entitled to this



Certificate of Convenience and Necessity No. 20465

to provide continuous and adequate sewer utility service to that service area or those service areas in Chambers County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 51578 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Gulf Coast Authority 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.

Monarch Utilities I, L.P.
Portion of Sewer CCN No. 20899
PUC Docket No. 51578
Amended CCN No. 20899 and
Decertified a Portion of Gulf Coast Authority, CCN No. 20465 in Chambers County



Sewer CCN

-  20899 - Monarch Utilities I LP
-  20465 - Gulf Coast Authority

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