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The following files are not convertible:

Change Application.xlsx	Medina Highlands-Class C Rate Tariff
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CLASS C RATE/TARIFF CHANGE APPLICATION

UTILITY NAME Medina Highlands

CCN No 12043

ADDRESS OF UTILITY 604 West 12th Street
P O Box, Street and suite number, if applicable

Austin, TX 78701
City and Zip Code

PHONE NUMBER 512-917-0072
area code

NAME OF PERSON TO CONTACT REGARDING THIS FILING

NAME John R. Moore

PHONE 512-917-0072

EMAIL ADDRESS john.moore.appws@gmail.com

PUCT CLASS SIZE ☐ C ☒ D (Mark One Box)
Connection Count **500-2299** **0-499**

FOR TEST YEAR ENDING December 31, 2020 (Enter Month/ Date/Year)

AMOUNT INCREASE (DECREASE) \$38,882.69 (From Schedule VII-1, Column B, Line 5 or
Schedule VII-2, Column C, Line 29 or
Schedule VII-3, Column C, Line 51)
in dollars

PERCENT INCREASE (DECREASE) 604.00% (From Schedule VII-1, Column B, Line 6 or
Schedule VII-2, Column C, Line 30 or
Schedule VII-3, Column C, Line 52)
percent above (below) current revenue requirement

DESCRIBE OWNERSHIP OF COMPANY

Avalon Point Water Service, LLC dba Medina Highlands

PUBLIC UTILITY COMMISSION OF TEXAS (PUCT) DOCKET NUMBER OF LAST MAJOR RATE FILING TCEQ Docket No. 31362-S 11/2/96
(If the last major rate filing was at the Texas Commission on Environmental Quality (TCEQ), provide a copy of the final order.)

RATE CASE OR DOCKET NUMBER OF LAST MINOR TARIFF RATE CHANGE** None

IF ANY UTILITY ASSETS WERE TRANSFERRED IN A SALE, TRANSFER, MERGER
APPLICATION (STM), PROVIDE THE DOCKET NO (S) OR TCEQ APPLICATION NUMBER(S) None

*(e.g. Class B, C or D Rate Change application or TCEQ Rate/Tariff change application)

** (e.g. pass-through rate change or temporary water rate provision)

Class C RATE/TARIFF CHANGE APPLICATION

This application can only be used by Class C and Class D utilities. Class C utilities have connections counts from 500 to 2,299. Class D utilities have connections counts from 0 to 499.

The application contains schedules for the calculation of rates for one type of utility service (water or sewer). While the instructions that follow relate to only one set of schedules, they apply to each type of utility service that you are providing. Remember that, if applicable, costs should be directly assigned to water and sewer functions. In the event that direct assignment is not possible, allocate expenses between water and sewer as accurately as possible, using cost-causation principles. Complete a set of rate/tariff change application schedules for each type of utility service provided. For instance, if the utility provides water and sewer service, but is only requesting a change for water service, the utility will also need to complete a set of rate/tariff change application schedules for sewer service.

These schedules are organized in a manner whereby the user can work through each section in the following order:

- 1st Record historical test year data on Schedule I-1, Column D.
 Enter your test year end on the table of contents.**
- 2nd Provide historical revenue information on Schedule 1-2.**
- 3rd Record historical operating expenses and make known and measurable adjustments.
 (Section II)**
- 4th Calculate return for rate making purposes (Section III).**
- 5th Calculate adjusted taxes other than income (Section IV).**
- 6th Calculate federal income taxes (Section V).**
- 8th Determine revenue requirements (Schedule I).**
- 9th Design proposed rates (Section VI).**
- 10th Calculate the increase (decrease) in revenue for the notice.**

These schedules are intended to assist the utility in calculation of its new rates. The process consists of a number of relatively complex steps. Utilities are required to provide all the information necessary to support amounts included in the schedules and to cross-reference all information. Specifically, the utility must provide the general ledger, invoices and receipts from third party vendors supporting the test year expenses. If the applicant does not use a schedule, it should be marked "N/A", and an explanation provided.

CLASS C RATE/TARIFF CHANGE APPLICATION ATTACHMENTS REQUIRED FOR SUFFICIENCY

The utility must submit the following with the rate application as each applies to the specific utility and affiliates:

1. Payroll allocation – detail on how the split (between water and sewer, or between affiliates) was calculated and supporting documentation.
2. Customer Complaint policy and records.
3. Federal forms 1096 and 1099 supporting any contract labor requested in the cost of service or capitalized.
4. Federal forms W-2 and W-3 supporting any wages claimed in the cost of service or capitalized to plant in service.
5. Income statement and balance sheet (per books) for the test year for Texas utility operations. If the utility provides both water and sewer service, then the information provided should include information for both water and sewer service, separately stated and totaled, regardless if the application is for only a water rate change or only a sewer rate change or for both.
6. If you have any developer agreements please provide as such.
7. All required schedules and supporting workpapers for a rate change. Mark any schedules that are not applicable to the utility with "N/A"
8. If the utility's tariff includes a pass-through clause or a surcharge, please provide a reconciliation of revenues collected for the pass-through clause or surcharge, and expenses paid related to the pass-through clause or surcharge for the test year.
9. If the utility's cost of service includes any affiliated transactions (affiliates as defined in TWC § 13.002 (2)), the utility must list them separately and provide evidence that meets the affiliate transaction requirements in TWC § 13.185(e) and (f). Provide a schedule that includes direct assignment costs, allocated costs and any other changes between affiliates with a summary by
10. Native files for any schedules where only summaries were provided or areas where the applicant used their own created files.
11. Proposed notice forms located at puc.texas.gov.
12. An affidavit attesting to the correctness of the application included in the application form.

The federal forms above should be filed confidentially to protect sensitive information.

Affiliates and Affiliated transactions: In order to be considered for inclusion in the cost of service as a reasonable and necessary cost in accordance with Texas Water Code § 13.185(e), payment to affiliated interests for costs of any services, or any property, right or thing, or for interest expense must be supported by documentation showing that the price to the utility is no higher than prices charged by the supplying affiliate to its other affiliates or divisions for the same item or items, or to unaffiliated persons or corporations.

If the applicant is affiliated with another entity, provide the most recent annual income statement, statement of cash flow, and balance sheet for the affiliated entity(ies).

UTILITY NAME: Medina Highlands
GENERAL RATE/TARIFF CHANGE APPLICATION
SCHEDULES

Complete all of the following schedules for your Class C or D utility (if the schedule does not apply, include it marked "N/A")

TABLE OF CONTENTS (Page 1 of 2)

FOR TEST YEAR ENDED: 12/31/2020

		<u>Attachment Schedule</u>	<u>Items Checked</u>
SECTION I	<u>REVENUES AND REVENUE REQUIREMENT</u>		
	Revenue Requirement Summary	<u>I-1</u>	<input checked="" type="checkbox"/>
	Historical Revenue Summary	<u>I-2</u>	<input checked="" type="checkbox"/>
	Utility Revenue Summary - Income Statement	<u>I-2(a)</u>	<input checked="" type="checkbox"/>
	Application Reconciled to Income Statement	<u>I-2(b)</u>	<input checked="" type="checkbox"/>
	<u>Include the appropriate schedules:</u>		
	Connection Count	<u>I-3</u>	<input checked="" type="checkbox"/>
	Metered Active Connections by Meter Size	<u>I-3(a)</u>	<input checked="" type="checkbox"/>
	Unmetered Active (Flat Rate) Customers	<u>I-3(b)</u>	<input type="checkbox"/>
SECTION II	<u>OPERATIONS AND EXPENSES</u>		
	Production	<u>II-1</u>	<input checked="" type="checkbox"/>
	Water & Sewer Production (metered rates)	<u>II-1(a)</u>	<input checked="" type="checkbox"/>
	Water Production (with unmetered rates)	<u>II-1(b)</u>	<input type="checkbox"/>
	Other Revenues & Expenses passed through	<u>II-2</u>	<input checked="" type="checkbox"/>
	Operating Expenses	<u>II-3</u>	<input checked="" type="checkbox"/>
	Large Items	<u>II-4</u>	<input checked="" type="checkbox"/>
	Known & Measurable Changes	<u>II-5</u>	<input checked="" type="checkbox"/>
	Allocation of Payroll Expenses	<u>II-6</u>	<input checked="" type="checkbox"/>
	Employee Pensions/Benefits	<u>II-7</u>	<input type="checkbox"/>
	Rate Case Expense	<u>II-8</u>	<input checked="" type="checkbox"/>
SECTION III	<u>RETURN AND RATE BASE/PLANT & EQUIPMENT INFORMATION</u>		
	Requested Return	<u>III-1</u>	<input checked="" type="checkbox"/>
	Rate Base Summary	<u>III-2</u>	<input checked="" type="checkbox"/>
	Utility Plant - Original Cost & Depreciation	<u>III-3</u>	<input checked="" type="checkbox"/>
	Utility Plant reconciled to previous filing	<u>III-3(a)</u>	<input type="checkbox"/>
	Accumulated Depreciation	<u>III-3(b)</u>	<input checked="" type="checkbox"/>
	Construction Work in Progress	<u>III-4</u>	<input type="checkbox"/>
	Developer Construction work in progress	<u>III-4(a)</u>	<input type="checkbox"/>
	Materials and Supplies Inventory	<u>III-4(b)</u>	<input type="checkbox"/>
	Working Cash Allowance Calculations	<u>III-5</u>	<input checked="" type="checkbox"/>
	Long Term Debt/ Notes Payable – Water and Sewer	<u>III-6</u>	<input type="checkbox"/>
	Contributions in Aid of Construction and Advances	<u>III-7</u>	<input checked="" type="checkbox"/>
	Advances for Construction	<u>III-7(a)</u>	<input type="checkbox"/>
	Contributions in Aid of Construction	<u>III-7(b)</u>	<input checked="" type="checkbox"/>

UTILITY NAME: <u>Medina Highlands</u> GENERAL RATE/TARIFF CHANGE APPLICATION SCHEDULES

Complete all of the following schedules for your Class C or D utility (if the schedule does not apply, include it marked "N/A")

TABLE OF CONTENTS (Page 2 of 2)

FOR TEST YEAR ENDED: 12/31/2020

	<u>Attachment Schedule</u>	<u>Items Checked</u>
SECTION IV	<u>TAXES OTHER THAN INCOME</u>	
	Property Taxes	<u>IV</u>
	Payroll Taxes	<u>IV-1(a)</u>
	Other Taxes	<u>IV-1(b)</u>
	Revenue Related Taxes	<u>IV-1(c)</u>
		<u>VI-2</u>
SECTION V	<u>FEDERAL INCOME TAXES (FIT)</u>	
	Income Taxes at Present Rates-effective rate	<u>V</u>
SECTION VI	<u>RATE DESIGN</u>	
	Fixed & Variable Revenue Requirement Allocation	<u>VI-1</u>
	Flat Rate	<u>VI-2</u>
	Rate Calculation for Single Tier Gallonage Charge for All Usage	<u>VI-3</u>
	Multi-Tiered Rate Calculation	<u>VI-4</u>
	Surcharge Calculation	<u>VI-5</u>
	Flat Rate Surcharge Calculation	<u>VI-5(a)</u>
	Meter Equivalent Surcharge Calculation	<u>VI-5(b)</u>
SECTION VII	<u>RATES & REVENUE GENERATED FOR NOTICE</u>	
	Revenue Generated for Flat Rate	<u>VII-1</u>
	Revenue Generated for Single Tier Gallonage Charge for All Usage	<u>VII-2</u>
	Revenue Generated for Multi-Tier Gallonage Charges	<u>VII-3</u>
	Surcharge Revenue Calculation	<u>VII-4</u>
	Revenue Generated for Flat Rate Surcharge	<u>VII-4(a)</u>
	Revenue Generated for Meter Equivalent Surcharge	<u>VII-4(b)</u>
SECTION VIII	<u>OATH</u>	<u>VIII</u>

INSTRUCTIONS REVENUE REQUIREMENT

UTILITY NAME: Medina Highlands

SCHEDULES - CLASS C RATE/TARIFF CHANGE

SECTION I - REVENUE REQUIREMENTS AND REVENUES

The purpose of Section I is to summarize the revenue requirement and provide revenues and meter information for the test year.

Complete this section using the instructions on each schedule.

Instructions for Section I - Revenue Requirement and Revenues

This schedule will complete the utility's summarization of revenue requirement after all schedules except the rate design are completed.

1. Follow the instructions within the spreadsheet and complete the historical test year column (D) first using financial records. Historical data should be consistent with the applicant's annual reports and financial statements. Provide explanations
2. Complete Schedules II-2, 1-2, 1-3(a) and I-3(b).
3. Complete the remaining schedules in Sections II through V using the instructions provided in the instruction worksheets for the section or schedule and in the spreadsheets themselves.
4. Complete Schedule I-1.
5. Complete Section VI Rate Design.

Insert and reference additional workpapers as necessary. For example, you may wish to add schedules that apply to unique situations in your utility.

The schedules are based on the National Association of Regulatory Utility Commissioner (NARUC) chart of accounts and include sub-accounts as necessary for detail needed to determine reasonable and necessary expenditures.

UTILITY NAME		Medma Highlands	
SCHEDULES - CLASS C RATE/TARIFF CHANGE			
I-1 REVENUE REQUIREMENT SUMMARY			
PUCT Docket No.		Test Year End	12/31/2020

A	B		C	D	E	F=D+E	G
	Acct No			Historical Test Year	K & M Changes	Adjusted Test Year	
Line	Water	Sewer	Account Name				Reference / Instructions
1	610	710	Purchased water/sewer treatment	\$ 10,400		\$ 10,400	Schedule II-3, Columns C-E, Line 1
2		711	Sludge Removal Expense				Schedule II-3, Columns C-E, Line 2
3	615 1	715 1	Power Expense-wells, booster pumps	\$ 2,734		\$ 2,734	Schedule II-3, Columns C-E, Line 3
4	618	718	Chemicals and other volume related expenses	\$ 393		\$ 393	Schedule II-3, Columns C-E, Line 4
5	601 1	701 1	Employee labor	\$ 1,663		\$ 1,663	Schedule II-3, Columns C-E, Line 5
6	620	720	Materials	\$ 1,557		\$ 1,557	Schedule II-3, Columns C-E, Line 6
7	631-636	731-736	Contract work	\$ 17,216		\$ 17,216	Schedule II-3, Columns C-E, Line 7
8	650	750	Transportation expenses	\$ 1,141		\$ 1,141	Schedule II-3, Columns C-E, Line 8
9	664	764	Other plant maintenance	\$ 1,074		\$ 1,074	Schedule II-3, Columns C-E, Line 9
10	601 2	702 2	Office salaries				Schedule II-3, Columns C-E, Line 10
11	603	703	Management salaries				Schedule II-3, Columns C-E, Line 11
12	604	704	Employee pensions & benefits				Schedule II-3, Columns C-E, Line 12
13	615 8	715 8	Purchased power- G&A				Schedule II-3, Columns C-E, Line 13
14	670	770	Bad debt expense				Schedule II-3, Columns C-E, Line 14
15	676	776	Office services & rentals	\$ 4,320		\$ 4,320	Schedule II-3, Columns C-E, Line 15
16	677	777	Office supplies & expenses	\$ 1,349	\$ 1,124	\$ 2,473	Schedule II-3, Columns C-E, Line 16
17	656-659	756-759	Insurance	\$ 3,000		\$ 3,000	Schedule II-3, Columns C-E, Line 17
18	667	767	Regulatory expense (other)	\$ 1,500		\$ 1,500	Schedule II-3, Columns C-E, Line 18
19	675	775	Miscellaneous expenses	\$ 1,317		\$ 1,317	Schedule II-3, Columns C-E, Line 19
20							Schedule II-3, Columns C-E, Line 20
21			Total operating Expenses	\$ 47,664	\$ 1,124	\$ 48,788	Add Lines 1-20
22	403		Depreciation	\$ 85	\$ 2,243	\$ 2,328	Schedule III-3, Column F, Line 32
23	408		Taxes Other than Income	\$ 182	\$ 515	\$ 697	Schedule IV-2, Column F, Line 8
24	409/10		Income Tax Expense		\$ 1,635	\$ 1,635	Schedule V, Column C, Line 6
25			TOTAL EXPENSES	\$ 47,931	\$ 5,517	\$ 53,447	Add Lines 21-24
26			TOTAL HISTORIC REVENUE	\$ 18,507			Schedule I-2, Line 6
27			HISTORICAL TEST YEAR RETURN	\$ (29,424)			Line 26 less Line 25
28			REQUESTED RETURN			\$ 6,149	Schedule III-1, Line 3
29			TOTAL REVENUE REQUIREMENT			\$ 59,597	Line 25 plus Line 28
30			LESS OTHER REVENUES			\$ 359	Schedule II-2(b), Column D, Line 8
31			Revenue for Rate Design		(to VI, line 1)	\$ 59,238	Line 29 less Line 30 (if line 30 is negative, add the two lines)

32	666	766	Regulatory (rate case) expense			5,000	Schedule II-8, Column D, Line 19
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UTILITY NAME <u>Medina Highlands</u>	
SCHEDULES - CLASS C RATE/TARIFF CHANGE	
FOR TEST YEAR ENDED	<u>12/31/2020</u>
I-2 HISTORICAL REVENUE SUMMARY	

I-2(a) - UTILITY REVENUE SUMMARY - INCOME STATEMENT

Line No	NARUC A/C Description	Historical Test Year	
1	461 Metered connections minimum monthly charge revenue	\$ 15,840	From financial records
2	461 Metered connection gallonage rate revenue	\$ 2,667	From financial records
3	460 Unmetered (Flat rate) revenue	\$ -	From financial records
4	Total Metered & Flat Rate Revenue	\$ 18,507	
5	Plus Total Other Revenues	\$ 359	From Schedule II-2(b), Column B, Line 8
6	Total Historic Test Year Revenues per income statement and Annual Report*	\$ 18,866	Line 4 + Line 5

These figures

(to I-1, Column D, line 26)

*Provide all calculations and explanations for any differences between the applicant's annual report and this schedule

* If the utility provides other than residential retail service (wholesale, industrial, etc), provide a work paper with the detail of this account by NARUC sub account number

I-2(b) - APPLICATION RECONCILED TO INCOME STATEMENT

Line No	Expense Source & Descriptions of Reconciling Items	A Total	B Work Paper Reference/ Reconciliation Description
1	Total Expenses Per Class C Rate Application	\$ 47,663 79	From Schedule I-1, Column D, Line 21
RECONCILING ITEMS:			
2	Non-utility Expenses		From Income Statement
3	Regulatory Assessment Fee	182 06	From Income Statement
4	Depreciation Difference		Income Statement Expense minus Rate Application Expense
5	Taxes Other Than Income Difference	515 00	Income Statement Expense minus Rate Application Expense
6	Income Tax Difference		Income Statement Expense minus Rate Application Expense
7	Interest Expense	\$ 316 00	Income Statement
8	Other (Please Explain)		
9	Subtotal Rate Change Expenses	48,676 85	Sum of Lines 1 through 8
10	Income Statement Total Expenses	\$ 47,931 00	From Income Statement (must equal Line 9)
11	Total Revenues per Class C Rate Application	\$ 18,866 00	Schedule I-2(a) Line 6
12	Gain on Sale of Fixed Assets		From Income Statement
13	Interest Income	\$ 0 34	From Income Statement
14	Other non-utility revenue	\$ 1,970 00	From Income Statement
15			
16			
17			
18	Subtotal Revenues	20,836	Sum Lines 11 through 17
19	Total Income Statement Revenues	20,835	From Income Statement (must equal Line 18)

SCHEDULE I-3 CONNECTION COUNT

UTILITY NAME: <u>Medina Highlands</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE I-3 CONNECTION COUNT FOR TEST YEAR ENDED: <u>12/31/2020</u>
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**I-3(a): METERED ACTIVE CONNECTIONS BY METER SIZE
(COMPANIES WITH METERED RATE CUSTOMERS)**

A	B	C	D	E	F	G	H
		Number of Connections					
Line No	Meter Size	End of Prior Year	Test Year Additions	End of Test Year	Average	Meter Ratios	Meter Equivalencies End of TY
		PUCT report Sch 9		(C+D)	(C + E) /2		(E x G)
1	5/8"	43	1	44	43.5	1.0	44
2	3/4"					1.5	
3	1"			0	0	2.5	0
4	1 1/2"			0	0	5.0	0
5	2"			0	0	8.0	0
6	3"			0	0	15.0	0
7							
8							
9	Total			44	43.5		44
10	Average						

**I-3(b) UNMETERED ACTIVE (FLAT RATE) CUSTOMERS
(COMPANIES WITH UNMETERED (FLAT) RATE CUSTOMERS)**

A	B	C	D	E	F
		Number of Active Connections			
Line No	Flat Rate Unit	End of Prior Year	Test Year Additions	End of Year	Average
		PUCT report Sch 9		(C + D)	(C + E) /2
1					
2					
3					
4					
5	Total				N/A

INSTRUCTIONS - OPERATIONS AND MAINTENANCE

UTILITY NAME: Medina Highlands

SCHEDULES - CLASS C RATE/TARIFF CHANGE

SECTION II - OPERATIONS AND MAINTENANCE

Complete all schedules per instructions found in the column headers and reference column.

While working through Schedules II-3 and II-6 through II-8 transfer test year amounts to column F of Schedule I-1.

Insert and reference additional workpapers as necessary. For example, the applicant may use additional schedules that address unique aspects of the utility.

Schedule II-5 Known & Measurable Changes

A utility is allowed to recover reasonable and necessary expenses incurred during the test year. Certain expenses may have increased or decreased during the year, so the 12 months of test year expenses would be different from the amount you would have paid for the new level of expenses for the whole 12-month period. Additionally, the utility may know that a certain expense will be changing in the near future. If you know the amount the expense will be changing, then you can adjust your test year expenses to include the change. Known and measurable changes in expenses should be recorded if they occur, but it is possible that none have occurred. If the applicant has no known and measurable changes, simply put N/A on the appropriate schedule.

Some examples of generally allowable changes with documentation/support are:

- Electric rates went up or down during the test year.
- You hired a new employee during the test year or gave your employees a raise.
- You received notice that your chemical expenses will be going up by a specified amount.
- You received a written notice from your landlord that your office rent will increase by a specified amount.
- Your property tax is decreasing because the legislature passed a law that limits property taxes.

Some examples of increases that would generally not be allowed are:

- You are thinking about hiring an extra employee.
- You have heard that your rent might be increased in a couple of months.
- Projected inflation.

UTILITY NAME

Medina Highlands

SCHEDULES - CLASS C RATE/TARIFF CHANGE

II-1 - PRODUCTION

FOR TEST YEAR ENDED

12/31/2020

**II-1(a): WATER & SEWER PRODUCTION:
(COMPANIES WITH METERED RATE CUSTOMERS)**

		A	B	C= A+B	D
Line No	(1,000 Gallons)	Test Year	K & M Changes	Adjusted Test Year	Reference
1	Total water pumped	Total Number of Gallons Treated (Pumped) (Total Master Meter Reading for the year for the utility only)	1,339,000	1,339,000	PUCT Annual Report
2	Total water purchased	Total Number of Gallons Treated by Another Source (Purchased Treatment)	10,000	10,000	PUCT Annual Report
3	Total water produced	Total Number of Gallons Treated	1,349,000	1,349,000	Line 1 + Line 2
4	Total water sold	Total Number of Gallons Billed	1,290,000	1,290,000	PUCT Annual Report
5	Total accounted for non-revenue water*		0	0	
6	Total unaccounted for water		59,000	59,000	Lines 3 less 4 less 5
7	Percentage		4.37%	4.37%	Line 6 divided by Line 3

* Describe the tracking technique for calculating line 5 and provide the records reflecting the calculation

Provide all calculations and explanations for any differences between the applicant's annual report and the items requested on this schedule

Known and measurable calculations and explanations

**II-1(b) WATER PRODUCTION
(COMPANIES WITH UNMETERED (FLAT) RATE CUSTOMERS)**

		A	B	C=A+B	D
Line No	Description	Test Year	K & M Change	Adjusted Test Year	Reference
1	Water Purchased (1,000 gallons)				PUCT report Sch D-1
2	Water Pumped (1,000 gallons)				PUCT report Sch D-1
3	Total production (1,000 gallons)	N/A			Line 1 + Line 2

Known and measurable calculations and explanations

UTILITY NAME <u>Medina Highlands</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE II-2 OTHER REVENUES & EXPENSES PASSED THROUGH FOR TEST YEAR ENDED 12/31/2020

II-2(a) PURCHASED WATER OR OTHER PASS THROUGH EXPENSES*

Line No	A	B	C	D	E
	Purchased from	Units purchased (in _____) (e g 1,000 gal, AC - FT)	Price Per Unit	Total Calculated Cost (B x C)	Actual Cost paid per financial records
1	None				
2					
3					
4	Total**				

* Examples include Ground Water Conservation or subsidence district fees

** Totals of purchased water only must agree with Schedule II-1(a), Column A, Line 2, or provide a reconciliation

II-2(b) OTHER REVENUES COLLECTED FROM CUSTOMERS

Line No	A	B	C	D
	Item passed thru or type of other revenue	Test year historical revenues collected		Test year revenues netted against COS
1	Tap Fees**	450		-0-
2	Late Fees	334		334
3	Meter Test Fees			0
4	Reconnect Fees	25		25
5	Purchased Water Fees***	0		0
6	Groundwater Conservation District Fees***	0		0
7	Other (attach detail)***	1520		0
8	Total Other Revenues	2329		359

(to Sch I-2, line 5)

(to Sch I-1, line 30)

* Do not include expenses passed-through to customers, but record these in Schedule II-2(a) Include only revenues associated with expenses included in the cost of service

** Tap fees should be reported on Sch III-7(b) for Developer CIAC and Sch III-3 for Customer CIAC

UTILITY NAME	Medina Highlands
SCHEDULES - CLASS C RATE/TARIFF CHANGE	
FOR TEST YEAR ENDED	12/31/2020
	II-3 OPERATING EXPENSES

INSTRUCTIONS: This page is required to support Schedule I-1 Rev Requirement. Complete the columns A and B with historical financial data for the last two record periods and column C with the actual financial data for the test year. Indicate the kinds of expenses included in this account by identifying all large* items in Schedule II-4 Large Items Identified. The known and measurable (K&M) change column represents the total change in expenses anticipated for the year after the test year. Identify all K&M expenses anticipated in Schedule II-5 Known & Measurable Revenues or Expenses Justifications. The K&M amount represents only the increase or decrease in line item expense from the test year.

If the actual for the Test Year is higher than previous years, explain the increase.

			A	B	C	D	E
	NARUC Acct. No.	NARUC Account Description	Test Year 2018	Test Year 2019	Test Year 2020	K & M Change (K&M) Positive or (negative)	Adjusted Test Year (Column C plus Column D)
	Water						
1	610	Purchased Water / Sewer Treatment			\$10,400		\$ 10,400
2		Sludge Removal Expense					
3	615 1	Purchased Power-wells, booster pumps	\$ 1,670	\$ 2,043	\$2,734		\$ 2,734
4	618	Chemicals and other volume related expenses		\$ 241	\$393		\$ 393
5	601 1	Employee Labor (non-administrative)			\$1,663		\$ 1,663
6	620	Materials and Supplies	\$ 6,360	\$ 3,034	\$1,557		\$ 1,557
7	631-636	Contract Work	\$ 8,673	\$ 11,058	\$17,216		\$ 17,216
8	650	Transportation Expenses	\$ 2,085		\$ 1,141		\$ 1,141
9	664	Other Plant Maintenance	\$ 8,738	\$ 2,025	\$ 1,074		\$ 1,074
10	601 2	Office Salaries					
11	603	Management Salaries					
12	604	Employee Pensions & Benefits					
13	615 8	Purchased Power - G&A					
14	670	Bad Debt Expense					
15	676	Office Services & Rentals			\$ 4,320		\$ 4,320
16	677	Office Supplies & Expenses	\$ 478	\$ 393	\$ 1,349	\$ 1,124	\$ 2,473
17	656-659	Insurance			\$3,000		\$ 3,000
18	667	Regulatory Expense (Other)	\$ 252	\$ 900	\$ 1,500		\$ 1,500

19	675	Miscellaneous Expenses	\$ 707	\$ 1,322	\$ 1,317		\$ 1,317
20							
21		TOTAL	\$ 28,963	\$ 21,016	\$ 47,664	\$ 1,124	\$ 48,788

UTILITY NAME <u>Medina Highlands</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE II-4 LARGE ITEMS FOR TEST YEAR ENDED 12/31/2020
--

INSTRUCTIONS: Describe all large items listed in Schedule II-3 Operating Expenses in the test year column, the amount of the large item, and the justification for the large item. For each large item, provide documentation from the vendor, contractor, etc. that supports the cost.

* A large item is more than 10% of the test year account balance and more than \$1,000

	NARUC Account Number	Description of Expense	Amount of Large Item	Justification	Schedule Reference	Supporting documentation attachment number
1	610	Purchased Water	\$ 10,400.00	Water purchased to meet excessive demand		
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						

UTILITY NAME Medina Highlands
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
II-5 KNOWN & MEASURABLE REVENUES OR EXPENSES JUSTIFICATION
 FOR TEST YEAR ENDED 12/31/2020

INSTRUCTIONS: Describe all known and measurable changes in revenues and expenses, the amount of the change, and the justification for the change. For each change, provide documentation from the vendor, contractor, etc. that supports the increase or decrease in costs. Adequate supporting documentation consists of a rate change notice, a new contract etc. which must be submitted with the application. Reference the source documentation to this schedule.

	NARUC Account Number	Description of Expense	Amount of Large Item	Justification	Schedule Reference	Supporting documentation attachment number
1	677	Phone service	\$ 1,124	New Phone Service		
2	403	Accurate depreciation expense	\$ 2,243	See Schedule III		
3	408	2020 property tax	\$ 515	To include 2020 property tax		
4	409/10	Income Tax Expense	\$ 1,635	Add Income tax expense		
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						

UTILITY NAME _____ Medina Highlands _____ SCHEDULES - CLASS C RATE/TARIFF CHANGE II-6 ALLOCATION OF PAYROLL EXPENSES FOR TEST YEAR ENDED _____ 12/31/2020

SOME SALARIES MUST BE CAPITALIZED IN THIS REPORT IF EMPLOYEES INSTALL PLANT IN SERVICE

II-6(a) PAYROLL COSTS

		A	B	C	D	E	F	G	H
Line No	Employee Name	Test Year Payroll	Capitalized Payroll	Expensed Payroll	1st 7000 or new limit (FUTA max)	7,001 to 9000 or new limit (SUTA max)	9,001 to 118500 or new limit (or FICA max)	over 118500 or new limit	Total Payroll
1	Travis Moore	\$ 1,663		\$ 1,663	\$ 9 98				\$ 1,672 98
2									
3									
4									
5									
6	Total								\$ 1,672 98
7	Column B, Line 9 divided by Column A, Line 9 multiply by 100 for percentage			Percentage Capitalized					

II-6(b) ALLOCATION OF PAYROLL TO EXPENSE:

Line 'Total Payroll Expenses' should equal the total from 'Expensed Payroll' (Column C, Line 9) above

Line No	Acct No		Account Name	Test Year Expense	
	Water	Sewer			
1	601 1	701 1	Employee labor	\$ 1,663 00	Should equal Schedule II-3, Column C, Line 5
2	601 2	702 2	Office salaries		Should equal Schedule II-3, Column C, Line 10
3	603	703	Management salaries		Should equal Schedule II-3, Column C, Line 11
4			Total Payroll Expenses (Add Lines 1-3)	\$ 1,663 00	Should equal Schedule II-6(a), Column C, Line 9

*Attach a brief summary of the utility's capitalization policy and explain any changes in capitalization rates of more the 5% per year

** Attach an explanation and calculation for K&M salary changes from test year

UTILITY NAME Medina Highlands
 SCHEDULES - CLASS C RATE/TARIFF CHANGE

II-7 EMPLOYEE PENSIONS AND BENEFITS

FOR THE TEST YEAR ENDED 12/31/2020

**This page is supplemental information. It is required to complete Schedule I-1.
 References below refer to Schedule I-1.**

Line No.	Account No.	Account Name
13.	604	Employee pensions and benefits

Employee pensions and benefits

List the amount spent on Employee's pensions and benefits for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all items by category. For example, Pensions includes such items as ESOPs and IRAs. The "Other" column includes such items as dental, vision, life insurance, etc. Also include the number of employees covered and charged to account 674 and indicate the cost per employee. As applicable, provide information on any qualified pensions offered to employees and documentation, such as actuarial studies, discussing net pension costs as well as current funding status of the utility's projected benefit obligation. If the Test Year amount is higher than previous years, indicate the reason for the anticipated change:

List types of Pensions & Benefits:

None

<u>2020</u>	\$ <u>0.00</u>	\$	\$	\$	\$
Year	Total Amount	Pensions	Health	Other	Amount Capitalized*

Cost per Employee:

<u>2020</u>	\$ <u>0.00</u>	\$	\$	\$	\$
Year	Total Amount	Pensions	Health	Other	Amount Capitalized*

Number of Employees covered:

Cost per Employee:

List types of Pensions & Benefits:

<u>2020</u>	\$ <u>0.00</u>	\$	\$	\$	\$
Year	Total Amount	Pensions	Health	Other	Amount Capitalized*

Number of Employees covered:

Cost per Employee:

*(use % on Schedule 11-6(a), line 10)

UTILITY NAME _Medina Highlands_

SCHEDULES - CLASS C RATE/TARIFF CHANGE

II-8 RATE CASE EXPENSE

FOR THE TEST YEAR ENDED

12/31/2020

INSTRUCTIONS: List the amount spent on rate case expense. Provide the items comprising the rate case expense claim (include the actual billings or invoices in support of each kind of rate case expense) and the items comprising the actual expenses of the rate case. Invoices should include number of hours billed, hourly rate, and services performed for each block of time billed, and the name of the person providing the service. Include a detailed list of travel, entertainment, meals expense included in rate case expense specifically by item with an attached invoice, and summarized by type of expense. Record Commission filing fees or fees to consultants, attorneys, etc. in formal and informal rate cases, complaints, or other dealings with the Commission, which are not reported under Professional Services. Typically, the commission allows recovery of rate case expense through a surcharge. If the applicant does not file every year, the expense must be amortized over the time between filings and only one year's worth should be charged to customers. Add additional pages if necessary.

	A	B	C	D	E
	Vendor	Posting Date	Invoice Date	Amount	Supporting documentation attachment number
1	B & D Environmental, Inc	July 28, 2021	Jul-21	\$ 5,000.00	See Attached Invoice
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
16					
17					
18					
19	Total (Sum Lines 1 - 18)				

INSTRUCTIONS SECTION III RATE BASE

UTILITY NAME: Medina Highlands

SCHEDULES - CLASS C RATE/TARIFF CHANGE

SECTION III RATE BASE INSTRUCTIONS

Section III provides working tables to allow the calculation of rate base and return on rate base.

Round all cents to the nearest whole dollar. Round all percentages to two decimal places.

Fill out the schedules as listed below.

- 1** Complete Schedules III-3 through III-7 as they apply to your company. These tables will be used to fill out Schedule III-2.
- 2** Transfer resulting year end balances (See "References" column) to Schedule III-2.
- 3** Complete Schedule III-1

INSTRUCTIONS SCHEDULE III-1 RETURN

UTILITY NAME: Medina Highlands

SCHEDULES - CLASS C RATE/TARIFF CHANGE

SCHEDULE III-1 RATE OF RETURN INSTRUCTIONS

Round all cents to the nearest whole dollar. Round all percentages to two decimal places.

Fill in the schedule using your financial information.

Determining an appropriate ROE percentage

As part of the cost that the utility passes on to its customers, a utility's ROE must be authorized by the PUCT. Other factors may be considered in establishing a ROE including, but not limited to company-specific business and financial risk factors. Return percentages should be calculated at a combined level and then applied to the rate-base amounts for water and sewer to produce the return dollars that the utility is requesting to include in the water and sewer costs of service.

Please see link below for examples of recent requests, testimonies, and Commission decisions.

http://www.puc.texas.gov/industry/water/reports/rates/ROR_Report.pdf

Note: If the utility is requesting a *hypothetical* capital structure for the determination of overall rate of return, enter the requested capital-structure percentages for equity and debt in lines 4 and 5 of Column C.

UTILITY NAME <u>Medina Highlands</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE III-1 REQUESTED RETURN FOR THE TEST YEAR ENDED <u>12/31/2020</u>
--

RETURN ON RATE BASE:

Line No	Description	Amount
1	Test year end rate base (from Schedule III-2, Line 14)	72,344
2	Requested ROR (Column F, Line 7 below)	8.50%
3	Return on rate base (Line 1 x Line 2)	6,149

To Sch I-1, Col F, Line 28

Rate of Return:

For col A line 5, actual equity should equal the amount the owner has contributed to the business to finance invested capital. However, if your actual debt percentage or equity percentage is greater than 60%, then use a 50/50% claimed capital structure.

Line No	Description	Actual Amount	Actual Percentage	Claimed Percentage	Rate	Reference	Weighted Average Rate
			Amount from previous column divided by Line 6, Column C	Proposed Capital Structure Percentage			$F = C \times D$
4	Long Term Debt and Advances from associated companies from III-6, Col E, Line 9	0	0.00%		0.00%	From Sch III-6, Col H, Line 9 ←	0%
5	Equity (Balance sheet plus adjustments)	72,344	100.00%	100.00%	8.50%	Applicant testimony/ROE*	8.50%
6	Total Capitalization Col A line 4 plus Col A line 5	72,344					
7	Overall Rate of Return					Line 4 + Line 5 →	8.50%

← Total Col F, Line 7 to Line 2 above

* Please explain the applicant's requested return on Equity on Column D line 5. Include all calculations.

UTILITY NAME Medina Highlands
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
III-2 RATE BASE SUMMARY
 FOR THE TEST YEAR ENDED 12/31/2020

If more than one public water system (PWS) or Wastewater System enter the total of all of the systems here

Line No	A Description	B Amount	C Reference (From)
	Additions:		
1	Utility plant (Original Cost)	\$ 103,499 00	Schedule III-3, Column D, Line 32
2	Construction work in progress		Schedule III-4(a), Column C, Line 5
3	Materials and supplies		Schedule III-4(b), Column B, Line 3
4	Prepayments		Schedule III-4(b), Column C, Line 3
5	Working cash (capital)	\$ 6,098 47	Schedule III-5, Line 2, Corresponding Column for Class C or D, Water or Sewer
6	Other Additions		Provide documentation to support
7	TOTAL ADDITIONS (Add Lines 1 through 6)	\$ 109,597 47	
	Deductions:		
8	Reserve for depreciation (Accumulated)	\$ 24,608 00	Schedule III-3, Column G, Line 32
9	Advances for construction		Schedule III-7(a), Column F, Line 6
10	Developer Contributions in aid of construction	\$ 12,645	Schedule III-7(b), Column G, Line 6
12	Other Deductions		Add schedule
13	TOTAL DEDUCTIONS (Add lines 8 through 12)	\$ 37,253 00	
14	RATE BASE (Line 7 less Line 13)	\$ 72,344 47	

INSTRUCTIONS SCHEDULE III-3 PLANT IN SERVICE

UTILITY NAME: Medina Highlands

SCHEDULES - CLASS C RATE/TARIFF CHANGE

SCHEDULE III-3 PLANT IN SERVICE INSTRUCTIONS

Round all cents to the nearest whole dollar. Round all percentages to two decimal places.

A list of all used and useful assets must be submitted for each rate/tariff change.

Provide a Schedule III-3 for each public water system or wastewater system and a summary Schedule III-3 for the applicant including all utility plant in service. If more room is needed, you may add lines or make a separate table. The PUCT will accept your own schedules as long as it has the same information as Schedule III-3.

Schedule III-3(a) (required) reconciles the utility's current plant balances to the previous case filed. The instructions are for listing only one item, and you should repeat the instructions for each item added to the table. The instructions can be used to set up your own table as long as it contains the same columns.

The information developed in this table will be used in other tables throughout the application. The instructions that follow this table will tell you where to enter the information. The utility can include plant and equipment paid for by developer contributions in the depreciation schedule, but the utility cannot include plant and equipment paid for by customer contributions. Furthermore, when calculating the return on net invested capital, developer and customer contributions must be removed. This schedule may be used to capitalize regulatory assets. A group asset depreciation study may be submitted instead of Schedule III-3, for any utility that had group asset depreciation approved in its preceding rate case. Utilities electing group asset depreciation for the first time, must provide both the group asset depreciation study and Schedule III-3 in their rate filing package.

Column [A] – NARUC Account No./Item Description

Each asset should be listed individually in order to claim straight line depreciation. The description of each individual asset listed under its NARUC account in Column A must include the following in the description and identify its location by the public water system or subdivision for water assets and the wastewater system or subdivision for sewer, as applicable:

Water NARUC Accounts

303 Land

304 Structures: material type, function of each structure.

305 Storage Tanks: material type, capacity in gallons.

306 Intake Structures: quantity of pumps, horsepower per pump, capacity per pump in gallons per minute (gpm), wet well capacity in gallons.

307 Wells: design or rated capacity in gallons per minute (gpm).

310 Power Generation: size of generator in kW.

311 Well/Booster Pump: horsepower and capacity in gpm.

320 Water Treatment Equipment: type of treatment, design capacity in gallons per day (GPD).

331 Transmission/Distribution: material type, size of main in inches and length in feet.

333 Services: material type, size in inches and length in feet.

334 Meters and Meter Installations

335 Hydrants

340 Office Equipment

341 Vehicles

343 Shop Tools

344 Lab Equipment

345 Power Operated Equipment

348 Fencing & Other Tangible Plant

INSTRUCTIONS SCHEDULE III-3 PLANT IN SERVICE

UTILITY NAME: Medina Highlands

SCHEDULES - CLASS C RATE/TARIFF CHANGE

SCHEDULE III-3 PLANT IN SERVICE INSTRUCTIONS

Column [A] – NARUC Account No./Item Description (Continued)

Sewer NARUC Accounts

- 353 Land
- 354 Structures: building function.
- 355 Power Generation: size of generator in kW.
- 360 Force Mains: material type, size (pipe diameter) of main in inches and length in feet.
- 361 Gravity Mains: material type, size (pipe diameter) of main in inches and length in feet.
- 362 Filtration Equipment: type.
- 363 Services to Customers
- 364 Flow Meters: size in inches.
- 370 Manholes: type and quantity
- 371 Lift Station facility: quantity of pumps, horsepower per pump, capacity per pump in gallons per minute (gpm), wet well capacity in gallons.
- 375 Transmission/Distribution Mains
- 380 Treatment facility: type of treatment, design capacity in gallons per day (GPD).
- 381 Plant Sewers
- 382 Outfall Sewer Lines
- 390 Office Equipment
- 391 Vehicles
- 393 Shop Tools
- 394 Lab Equipment
- 395 Power Operated Equipment
- 396 Communication Equipment
- 397 Misc. Equipment
- 398 Fencing & Other Tangible Plant

Column [B] – Date of Installation (MM/DD/YYYY)

The date of installation is the date the asset was installed or constructed and operated in the provision of water or sewer service.

Column [C] – Service Life (Years)

Column [D.1] – Original Cost when installed (\$)

This is the amount that was paid for when the asset was installed. The original cost must be supported by invoices or receipts and must match the amount that was booked in the utility's general ledger when the asset was installed.

Column [D.2] – Customer Contributions in Aid of Construction (CIAC)(\$)

Column [D] – Adjusted Original Cost Net of Customer CIAC (\$)

This amount is calculated by subtracting the dollar amount of CIAC (Column D.2) from the asset's original cost (Column D.1)

Column [E] – Economic Life (Number of Days)

INSTRUCTIONS SCHEDULE III-3 PLANT IN SERVICE

UTILITY NAME: Medina Highlands

SCHEDULES - CLASS C RATE/TARIFF CHANGE

SCHEDULE III-3 PLANT IN SERVICE INSTRUCTIONS

Calculate the total number of days the asset has been in service since the date the asset was installed or constructed and operated in the provision of water or sewer service.

Column [F] – Annual Depreciation Expense (\$)

This amount is calculated by dividing the Original Cost when installed (Column D.1) by the asset's Service Life (Column C)

Column [G] – Accumulated Depreciation (\$)

This amount is calculated by multiplying the Annual Depreciation (Column F) by the Economic Life (Column E) and dividing the result by 365.25 days.

Column [H] – Net Book Value or Net Plant (\$)

This is the amount of the item remaining that has not been depreciated and is calculated by subtracting the Accumulated Depreciation (Column G) from the Adjusted Original Cost net of Customer CIAC (Column D).

UTILITY NAME Medina Highlands

FOR THE TEST YEAR ENDED 12/31/2020

PWS ID or WQ Discharge Permit Number 100041

SCHEDULES - CLASS C RATE/TARIFF CHANGE

(Provide a schedule for each PWS or Wastewater system)

III-3 UTILITY PLANT - ORIGINAL COST & DEPRECIATION

Add schedules as needed, provide a summary also.

	[A 1]		[A 2]	[B]	[C]	[D 1]	[D 2]	[D]	[E 1]	[E 2]	[F]	[G]	[H]	[I]	
Line No	NARUC Acct. No		Item Description	Plant Name	Date of Installation (MM/DD/YYYY)	Service Life (Yrs)	Original Cost When Installed (\$)	Customer CIAC Amount* (\$)	Adjusted Original Cost (\$)	Economic Life (Total Days In Service)	Remaining Service Life (Yrs)	Annual Depreciation (\$)	Accumulated Depreciation (Reserve) (\$)	Net Book Value (\$)	Developer Contributions in Aid of Construction (DCIAC) (\$)
	Water	Sewer													
1	303	353	Land												
					1/7/1996										
2	304	354	Structures & Improvements												
					6/1/1976										
3	310	355	Equipment (Electrical/Generator)				See Attachment Schedule								
4	331	375	Transmission/Distribution Mains												
5	333	363	Services to Customers												
6	340	390	Office Equipment												
7	341	391	Vehicles												
					4/15/2020										
8	343	393	Shop Tools												
9	344	394	Lab Equipment												
10	345	395	Power Operated Equipment												
11	348	398	Fencing & Other Tangible Plant												
					6/1/1976										
					Pending										
					6/1/1976										
12	305		Storage Tanks												
					6/1/1976										
					6/1/1990										
					6/1/2019										
13	306		Intake Structures												
14	307		Wells												
	X				5/29/1976										
					4/22/2021										
15	311		Well Pumps (> 5 hp)												
	X				6/23/2001										
16	311		Well Pumps (< 5 hp)												
17	311		Booster Pumps (> 5hp)												
18	311		Booster Pumps (< 5hp)												
				1	6/15/2018										
				1	2/16/2021										

UTILITY NAME Medina Highlands

FOR THE TEST YEAR ENDED 12/31/2020

PWS ID or WQ Discharge Permit Number 100041

SCHEDULES - CLASS C RATE/TARIFF CHANGE

(Provide a schedule for each PWS or Wastewater system)

III-3 UTILITY PLANT - ORIGINAL COST & DEPRECIATION

Add schedules as needed, provide a summary also.

	[A 1]		[A 2]	[B]	[C]	[D 1]	[D 2]	[D]	[E 1]	[E 2]	[F]	[G]	[H]	[I]	
Line No	NARUC Acct. No		Item Description	Plant Name	Date of Installation (MM/DD/YYYY)	Service Life (Yrs)	Original Cost When Installed (\$)	Customer CIAC Amount* (\$)	Adjusted Original Cost (\$)	Economic Life (Total Days In Service)	Remaining Service Life (Yrs)	Annual Depreciation (\$)	Accumulated Depreciation (Reserve) (\$)	Net Book Value (\$)	Developer Contributions in Aid of Construction (DCIAC) (\$)
	Water	Sewer													
				1	4/5/2021										
19	320	380	Equipment/ Treatment and Disposal Equipment												
20	334		Meters and Meter Installations												
					8/20/2014										
					6/15/2013										
					2/15/2013										
					9/25/2013										
					10/24/2018										
21	335		Hydrants												
22		360	Collection Sewers - Force												
23		361	Collection Sewers - Gravity												
24		362	Clarifier & Media												
25		364	Flow Meters												
					2/1/2018										
					2/1/2018										
26		370	Manholes / Receiving Wells												
27		371	Lift Station Pumps												
28		381	Plant Sewers												
29		382	Outfall Sewer Lines												
30		396	ommunication Equipment												
31		397	Misc Equipment												
					9/1/2009										
32			Subtotal (Items 1 - 31)				0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00

SCHEDULE III-3(a) UTILITY PLANT IN SERVICE - RECONCILIATION

UTILITY NAME: <u>Medina Highlands</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE III-3(a) UTILITY PLANT IN SERVICE-RECONCILIATION TO PRIOR CASE FOR TEST YEAR ENDED: 12/31/2020
--

ORIGINAL COST DATA

A	B	C	D
Line No	Description	Amount	Amount
1	Beginning Gross Plant balance - (from previous rate case)	Must match previous rate case	N/A
2	Plant additions after previous rate case		
3			
4			
5			
6			
7			
8			
9			
30	Total additions (add lines 3 through 10, Col C)		N/A
31	Test year plant retirements after previous rate case		
32			
33			
34			
35			
36			
37			
38			
39			
40			
41	Total retirements (add line 12 through 19, Col C)		N/A
42	Ending balance (line 1 + line 11 - line 20)	Equals III-3, Column D, line 32	

Please provide a full explanation of any adjustments to accounts from the prior period

UTILITY NAME

Medma Highlands

SCHEDULES - CLASS C RATE/TARIFF CHANGE

III-3(b) ACCUMULATED DEPRECIATION FROM PRIOR RATE CASE

FOR THE TEST YEAR ENDED 12/31/2020

ACCUMULATED DEPRECIATION:

Line No	Description	Dollar Amount
1	Ending-Prior Rate Case (Docket No _____)	N/A
2	Ending balance per Sch III-3, Column G, Line 32	0 00
	Describe accounting adjustments made between the prior rate case and the current rate case	
	annual depreciation	\$ 2,328 00

Must match previous rate case

UTILITY NAME: <u>Medina Highlands</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE III-4 AVERAGE CONSTRUCTION WORK IN PROGRESS, MATERIALS & SUPPLIES INVENTORY & PREPAYMENTS FOR THE TEST YEAR ENDED: <u>12/31/2020</u>
--

Complete if the utility maintains these accounts. **Do not include this amount in your rate base unless the utility provides testimony meeting the requirements of PUCT Subst. Rule § 24.41(c)(4).**

III-4(a) AVERAGE CONSTRUCTION WORK IN PROGRESS

A	B	C
Line No.	Description	Test Year Amount
1.	Beginning balance	0
2.	Test year costs added	0
3.	Test year construction costs completed	0
4.	Ending balance	0
5.	Average balance - test year (line 1 plus line 4, divided by 2)	0

Typically zero, to Schedule III-2, Line 2

III-4(b) MATERIALS & SUPPLIES / PREPAID EXPENSES

Include the un-expensed or capitalized portion of materials and supplies on your balance sheet. Prepayments include amounts, such as annual insurance, that the utility has prepaid, such as a discount. Prepayments must be reasonable.

A		B	C
		Materials & Supplies inventory	Prepaid Expenses
1.	Sum of 12 test year month end balances		
2.	One month prior to the test year, month end balance		
3.	13 Month Average balance (line 6 plus line 7, divided by 13)		

To III-2, Line 3.

To III-2, Line 4.

UTILITY NAME <u>Medina Highlands</u> SCHEDULES FOR CLASS C RATE/TARIFF CHANGE III-5 WORKING CASH ALLOWANCE CALCULATIONS FOR THE TEST YEAR ENDED <u>12/31/2020</u>

For Class C Utilities, one-twelfth of O&M expense (excluding amounts charged to O&M expense for materials, supplies, expenses recovered through a pass-through provision or through charges other than minimum monthly charge and gallonage charges, and prepayments) will be considered a reasonable allowance for cash working capital. For purposes of working capital calculations, O&M expense does not include depreciation, other taxes, or federal income taxes.

1 No working cash allowance is permitted when a utility bills its customers in advance and provides service to flat rate customers only. Sewer connections count for the purposes of this schedule.

2 A utility which has all metered customers and bills monthly must divide its annual Operating and Maintenance (O&M) expenses (excluding all taxes and depreciation) by 12 if it is a Class C utility, or by 8 if it is a Class D utility filing a Class C package to calculate working cash allowance. An example follows:

	Class C	Class D
1 Annual Expenses	\$70,000	\$70,000
2 Taxes and depreciation	(10,000)	(10,000)
3 Net Expenses (Line 1 - Line 2)	60,000	60,000
4 Working Cash (Line 3 / line 5)	\$5,000	\$7,500
5 Divisor	12	8

A Line No	B Description	Water	Sewer	Water	Sewer
		Class C		Class D	
1	Annual O & M Expenses			\$ 48,787.79	
2	Working Cash (Line 1 / Line 3)			\$ 6,098.47	
3	Divisor	12	12	8	8

From Sch I-1, line 21

To Sch III-2, line 5

INSTRUCTIONS SCHEDULE III-6 DEBT

UTILITY NAME: Medina Highlands

SCHEDULES - CLASS C RATE/TARIFF CHANGE

SCHEDULE III-6 NOTES PAYABLE (LONG TERM DEBT) & EQUITY INFORMATION INSTRUCTIONS

Enter the water and sewer combined debt and equity information in both water and sewer tables. The calculated rate of return should be the same for water and sewer, and should be based on combined water and sewer information. The utility's debt and equity for return purposes relate to water and sewer system assets only and should not include short term debt unless it is used to finance system assets. Do not include personal debt.

Where a utility is part of an affiliated interest or organization, the commission may consider and apply a hypothetical capital structure for the utility.

For each loan enter the following information:

Column [A] - Name of lender/bank.

Column [B] - Date of issue - enter the date that you actually took out the loan.

Column [C] - Date of maturity - enter the date that the loan will be paid off.

Column [D] - Original amount of loan - enter how much you originally borrowed.

Column [E] - Balance due at the end of the test year, even though the application may be filed at a date later than the end of the test year.

Column [F] - Interest Rate - enter the interest rate that your bank/lender is charging you for each of the loans

Column [G] - Weighted Issuances - outstanding or Unpaid Balance-End of Test Year of issuance divided by total Outstanding or Unpaid Balance-End of Test Year

Column [H] - Weighted Average - weighted issuances multiplied by the Interest rate.

If a utility company's debt has been allocated from an affiliated entity, the allocation factors and the methodology used to allocate the debt must be provided.

UTILITY NAME Medina Highlands

SCHEDULES - CLASS C RATE/TARIFF CHANGE

III-6 LONG TERM DEBT/ NOTES PAYABLE – WATER AND SEWER

FOR THE YEAR ENDED

12/31/2020

List the following information concerning debt and equity of the utility and attach copies of notes payable used. Round all percentages to two (2) decimal places. If debt from affiliated interests is allocated to the utility, provide workpapers demonstrating and justifying the allocation.

	A	B	C	D	E	F	G	H
	Long Term Debt Name of Bank/Lender	Date of Issue	Date of Maturity	Original Amount of Loan	Outstanding or Unpaid Balance-End of Test Year	Interest Rate	Weighted Issuances [G=Column E /Total Column E]	Weighted Average [H=Column G x Column F]
1	NONE							
2								
3								
4								
5								
6								
7								
8								
9	Total							

Column H To Sch
III-1, Column D,
Line 4

List short term debt, if any

INSTRUCTIONS SCHEDULE III-7 CONTRIBUTIONS IN AID OF CONSTRUCTION AND
ADVANCES

UTILITY NAME: Medina Highlands
SCHEDULES - CLASS C RATE/TARIFF CHANGE

SCHEDULE III-7 CONTRIBUTIONS IN AID OF CONSTRUCTION AND ADVANCES INSTRUCTIONS

Schedule III-7(a)

If any of the items included in utility plant and equipment were 100% financed with customer contributions, assessments, surcharges, extension fees, etc., the utility may not include depreciation or return on those items in the revenue requirement, and the utility should not include them in **Table III-7(a) or (b)**. However, if those customer contributions did **not** cover the entire cost of the asset, the utility may include the excess amount that the utility paid for. Please list below all items that were funded either all or in part by customer contributions and indicate the amount that the customers contributed for each item.

Column [A] - List all of the items of plant and equipment that were funded all or in part by Customer Contributions (e.g., meters paid for by tap fee, line extension paid for by customer).

Column [B] - List the date each specific item was placed in service.

Column [C] - Enter the total cost of each item (regardless of how much was paid for by customers contributions or the utility).

Column [D] - Enter the amount of each item that was paid for with customer contributions. In most cases, this will be the same as the number in Column [C]. However, it is possible that the item may cost more or less than the customer contribution amount.

Column [E] - Subtract the amount in Column [D] from the amount in Column [C] and enter the result here. If the amount in this column is greater than zero for any specific item, enter those items into the appropriate category in **Table III-2**.

Schedule III-7(b)

List any items of plant or equipment that you listed in **Schedule III-3** that were paid for all or in part by developer contributions. If only paid for in part by developer contributions, enter only the part that was funded by developer contributions. Enter the total Net Book Value from this table in **Schedule III-2**. If you have none, be sure to enter "N/A" on any line in the table.

Customer CIAC is entered directly into **Schedule III-3**.

UTILITY NAME	Medina Highlands
SCHEDULES - CLASS C RATE/TARIFF CHANGE	
III-7 ADVANCES FOR CONSTRUCTION AND CONTRIBUTIONS IN AID OF CONSTRUCTION	
FOR THE TEST YEAR ENDED	12/31/2020

III-7(a) ADVANCES FOR CONSTRUCTION

	A	B	C	D	E	F	G
Line No	Item	Date of Installation	Total Cost	Amount of Advance	Repayments made to developer	(F)=(D)-(E) Rate base Value (to Sch III-2, Line 9)	Amount to be refunded in the future*
1	NONE						
2							
3							
4							
5							
6	Total						

*If any advances or CIAC from developers or customers are refundable, please provide the potential date of refunding, if known

III-7(b) DEVELOPER CONTRIBUTIONS IN AID OF CONSTRUCTION*

	A	B	C	D	E	F	G
Line No	Item	Date of Installation or Contribution	Total Cost	Amount of Developer Contribution	Annual amortization	Accumulated Amortization	(G)=(D) - (F) Rate Base Value (to Sch III-2, Line 10)
1	Dist System R&M	1-Jul-18	\$ 1,839 00	\$ 1,839 00	\$ 36 78	\$ 92 35	\$ 1,747
2	Line Extension	1-Jul-18	\$ 9,227 00	\$ 9,227 00	\$ 184 54	\$ 463 38	\$ 8,764
3	Line Extension	1-Jul-19	\$ 2,200 00	\$ 2,200 00	\$ 44 00	\$ 66 36	\$ 2,134
4							
5							
6	Total						

*Customer CIAC is entered directly on III-3

INSTRUCTIONS SECTION IV OTHER TAX

UTILITY NAME: Medina Highlands

SCHEDULES - CLASS C RATE/TARIFF CHANGE

Section IV is used to report taxes other than income for proposed revenues.

Instructions for Section IV

Follow the instructions included with individual schedules under the heading reference.

SECTION IV: TAXES OTHER THAN INCOME

Schedule IV-1

Complete for property and payroll taxes. The schedule allows for calculations if the utility proposes known and measurable changes to payroll taxes and property taxes. Use your test year property tax bills for the known and measurable calculation. Use wages expense for the adjusted total payroll in the test year to complete this schedule. If wages were capitalized, payroll taxes should be allocated between expense and capital costs in the same ratio as payroll was allocated. Attach a schedule showing the allocation calculations.

Schedule IV-2

Revenue related taxes and expenses are those that change as the gross revenue of the utility changes. Examples are Texas franchise tax and bad debt expense. This schedule allows the "gross up" of these expenses. Obtain copies of the utility's franchise tax report to complete this schedule.

IV-1 ESTIMATE OF TAXES OTHER THAN INCOME

UTILITY NAME <u>Medina Highlands</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE IV-1 ESTIMATE OF TAXES OTHER THAN INCOME FOR THE TEST YEAR ENDED <u>12/31/2020</u>
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IV-1(a) PROPERTY TAXES

A	B	C	D	E
Line No	Description	Plant Additions	Property Taxes	Reference
1	Utility plant added in test year			Schedule III-3(a), Column D, Line 1
2	Utility plant retirements in test year			Schedule III-3(a), Column D, Line 2
3	Net additions			Line 1 minus line 2
4	Property taxes paid in in test year		\$ 515 00	per property tax bills
5	Beginning Gross Plant balance			Schedule III-3(a), Column D, Line 1
6	Net Property tax rate			Line 4 divided by Line 5 times 100
7	Test year property tax on additions (Known and measurable change)		-	Line 3 times Line 6
8	Adjusted Test year property tax expense		\$ 515 00	Line 4 plus Line 7

IV-1(b) PAYROLL TAXES (BASED ON ADJUSTED TEST YEAR NUMBERS)

A	B	C	D	E	F	G
Line No	Tax Type	Wage Level	Tax Rate	Taxable Wages	Reference	Tax
					SCHEDULE II-6(a)	(D x E)
9	FICA	wages to \$7,000		\$ 1,663 00	Column D+E+F	\$ 103 08
10	Medicare	wages to \$7,000		\$ 1,663 00	Column H	\$ 24 11
11	Added Medicare (Affordable Care Act)	wages to \$7000				\$ 0 00
12	Federal unemployment	wages to \$7000		\$ 1,663 00	Column D	\$ 9 98
13	State unemployment	wages to 9000		\$ 1,663 00	Column D+E	\$ 44 89
14	Total (add Lines 11 through 14)					\$ 182 06
15	Less Capitalized	Use % on Sch II-6(a), line 10	%			
16	Test year Payroll Tax Expense	Line 13 less 14				\$ 182 06
17	Known and measurable change			(Line 13 minus Line 14)		\$ 0 00

IV-1(c) OTHER TAXES:

A	B	C	D	E
Line No	Description	Test year	K & M change	Adjusted Test Year
18	Other taxes & licenses			
19				
20				
21	Total Other Taxes (Line 18 + Line 19 + Line 20)	0	0	0
22	Total this page - taxes other than income (Sch IV-1(a) Line 8, Column D) + (Sch IV-1(b) Line 16, Column G) + (Sch IV-1(c) Line 21, Column E)		\$ 515 00	
23	(Sch IV-1(a) Line 7, Column D) + (Sch IV-1(b) Line 17, Column G) + (Sch IV-1(c) Line 21, Column D)	\$ 182 06	\$ 515 00	\$ 697 06

UTILITY NAME Medina Highlands
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
IV-2 REVENUE RELATED TAXES AND EXPENSES
 FOR THE TEST YEAR ENDED 12/31/2020

	A	B	C	D	E	F
Line No	NONE	Texas Margins Tax	City Franchise Taxes	Bad Debt Expense	Other Revenue Related	Totals (F=B+C+D+E)
1	Test year expense					None
2	Test year effective rate (test year tax expense/historic test year revenues-Sch I-1)					
3	Gross up factor (1.0 divided by (1.0 minus Line 2)) (example below)			1.03		1.03
4	Change in revenue requirement					
5	Adjusted revenue requirement (Line 3 x Line 4)					0.00
6	Adjusted expense (Line 3 times Line 4)					0.00
7	Add Schedule IV-1(c), Line 21, Column E					0.00
8	Total taxes other than FTT (to Sch I-1, Col F, Line 23)					0.00

Example Test Year Franchise tax	\$	100	\$	50.00	Bad Debt
Test Year revenues	\$	2,000	\$	18,866.00	2019 revenue
Percentage (100/2000)		0.050		0.00265	
Gross up factor (1/(1-0.05))		1.052631579		1.003	

UTILITY NAME Medina Highlands _____ SCHEDULES - CLASS C RATE/TARIFF CHANGE V SCHEDULE OF EFFECTIVE FEDERAL TAX RATE FOR THE TEST YEAR ENDED 12/31/2020
--

Section V calculated federal income tax at present rates.

PUCT allows utilities to include normalized federal income tax in the cost of service. The federal income tax calculation is based on the utility's return dollars. The schedule includes a "gross up of taxes to allow for the cost of service to include changes in taxes due to the changes in proposed revenues.

A	B	C	D
Line		Amount	Reference
1	Requested Return	\$ 6,149.28	Schedule III-1, Line 3
2	Less Synchronized Interest	0	Schedule III-1, Column F, Line 4 x Schedule III-2, Column B, Line 14
3	Requested taxable return	\$ 6,149.28	Line 1 minus Line 2
4	Corp Tax Rate	21%	Current C corporation federal income tax rate at the time of filing, if the applicant is not a C corporation, then the appropriate alternative federal income tax rate is required to be used
5	Tax Factor	27%	1.0 divided by (1.0 minus Corp Tax Rate)*Corp Tax Rate = (1/(1-Corp Tax Rate))*Corp Tax Rate)
6	Grossed up federal income tax	\$ 1,634.62	Line 3 times line 5

To Sch I-1, Line 24

INSTRUCTIONS SECTION VI RATE CALCULATION

UTILITY NAME: Medina Highlands
SCHEDULES - CLASS C RATE/TARIFF CHANGE

Instructions for Section VI

Complete schedules per instructions found in the column headers and reference column.

For a flat rate calculation, use VI-2 Flat Rate Calc

For a fixed rate and a variable rate, use VI-1 Fixed & Variable Alloc and

For a single tier variable rate, use VI-3 1 Tier Gallonage Rate Calc

For a multi-tier variable rate, use VI-4 Multi-Tier Rate Calc

For surcharges, use VI-5 Surcharge Calc

UTILITY NAME Medina Highlands
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
VI-1 FIXED & VARIABLE ALLOCATION FOR RATE DESIGN
 FOR THE TEST YEAR ENDED 12/31/2020

Line No.	Acct. No.		Account Name	A	B	C	D	E
	Water	Sewer		Adjusted Test Year Expenses (From Schedule I-1)	Fixed % of Col. A (Adjust each row or adjust line 28 for overall percentage for Fixed Expenses)	Fixed Expenses C = A x B	Variable Expenses D = A - C	Reference
1	610	710	Purchased water/sewer treatment	10,400	50%	5,200	5,200	Schedule I-1, Column F, Line 1
2		711	Sludge Removal Expense					Schedule I-1, Column F, Line 2
3	615 1	715 1	Purchased Power-wells, booster pumps	2,734	90%	2,461	273	Schedule I-1, Column F, Line 3
4	618	718	Chemicals and other volume related expenses	393	90%	354	39	Schedule I-1, Column F, Line 4
5	601 1	701 1	Employee labor	1,663	90%	1,497	166	Schedule I-1, Column F, Line 5
6	620	720	Materials and Supplies	1,557	95%	1,479	78	Schedule I-1, Column F, Line 6
7	631-636	731-736	Contract work	17,216	90%	15,494	1,722	Schedule I-1, Column F, Line 7
8	650	750	Transportation expenses	1,141	95%	1,084	57	Schedule I-1, Column F, Line 8
9	664	764	Other plant maintenance	1,074	100%	1,074	0	Schedule I-1, Column F, Line 9
10	601 2	702 2	Office salaries					Schedule I-1, Column F, Line 10
11	603	703	Management salaries					Schedule I-1, Column F, Line 11
12	604	704	Employee pensions & benefits					Schedule I-1, Column F, Line 12
13	615 8	715 8	Purchased power - G&A					Schedule I-1, Column F, Line 13
14	670	770	Bad debt expense					Schedule I-1, Column F, Line 14
15	676	776	Office services & rentals	4,320	100%	4,320	0	Schedule I-1, Column F, Line 15
16	677	777	Office supplies & expenses	2,473	100%	2,473	0	Schedule I-1, Column F, Line 16
17	656-659	756-759	Insurance	3,000	100%	3,000	0	Schedule I-1, Column F, Line 17
18	667	767	Regulatory expense (other)	1,500	100%	1,500	0	Schedule I-1, Column F, Line 18
19	675	775	Miscellaneous expenses	1,317	100%	1,317	0	Schedule I-1, Column F, Line 19
20								Schedule I-1, Column F, Line 20
21	403		Depreciation	2,328	100%	2,328	0	Schedule I-1, Column F, Line 22
22	408		Taxes Other Than Income	697	100%	697	0	Schedule I-1, Column F, Line 23
23	409/410		Income Tax Expense	1,635	100%	1,635	0	Schedule I-1, Column F, Line 24
24			TOTAL EXPENSES	53,447		45,912	7,535	Add Lines 1-23
25			REQUESTED RETURN	6,149	100%	6,149		Schedule I-1, Column F, Line 28
26			TOTAL REVENUE REQUIREMENT	59,597		52,061	7,535	Line 24 plus Line 25
27			LESS OTHER REVENUES	359				Schedule I-1, Column F, Line 30
28			REVENUE for RATE DESIGN	59,238		52,061	7,535	Line 26 less Line 27 (if line 27 is negative, add the two lines)

UTILITY NAME Medina Highlands
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
VI-3 Rate Calculation for Single Tier Gallonage Charge for All Usage
 FOR THE TEST YEAR ENDED 12/21/2020

	A	B	C
Line No.	Description	Reference	Amount
1	Fixed Expenses	Schedule VI-1, Column C, Line 28	\$52,061
2	Test Year End Meter Equivalencies	Schedule I-3(a), Column H, Line 9	44 00
3	Billing Cycles per Year (Monthly Billing Cycle)		12
4.	Minimum Monthly Charge (Line 1/Line 2/Line 3)		98 60
Line No.	Description	Reference	Amount
5	Variable Expenses	Schedule VI-1, Column D, Line 28	\$7,535
6	Total Test Year Gallons Billed	Schedule II-1(a), Column C, Line 4	1,290,000
7.	Volumetric Rate (Charge per 1,000 gallons) (Line 5/(Line 6/1000))		5 84

UTILITY NAME: Medina Highlands
 SCHEDULES - CLASS C RATE/TARIFF CHANGE
VI-5 Surcharge Calculation
 FOR THE TEST YEAR ENDED: 12/31/2020

VI-5(a): FLAT RATE SURCHARGE CALCULATION

	A	B	C
Line No.	Description	Reference	Amount
1.	Rate Case Expense or Other Surcharged Expense	Schedule II-8, Column D, Line 19	
2.	Connection Count	Schedule I-3(a), Column E, Line 9 + Schedule I-3(b), Column E, Line 5	
3.	Enter the number of months for surcharge to be collected (example: 1 year = 12 months, 2 years = 24 months, etc.)		
4.	Surcharge Calculation (Line 1/Line 2/Line 3)		0.00

VI-5(b): METER EQUIVALENTS SURCHARGE CALCULATION

	A	B	C
Line No.	Description	Reference	Amount
1.	Rate Case Expense or Other Surcharged Expense	Schedule II-8, Column D, Line 19	
2.	Connection Count	Schedule I-3(a), Column H, Line 9	
3.	Enter the number of months for surcharge to be collected (example: 1 year = 12 months, 2 years = 24 months, etc.)		
4.	Surcharge Calculation (Line 1/Line 2/Line 3)		0.00

INSTRUCTIONS SECTION VII RATES REVENUE FOR NOTICE

UTILITY NAME: <u>Medina Highlands</u> SCHEDULES - CLASS C RATE/TARIFF CHANGE

Instructions for Section VII

Complete schedules per instructions found in the reference column.

Use schedules in this section to calculate the proposed rates and total revenue to include in notice to customers. Only use the needed schedule depending on which schedule rates were calculated with.

For **VI-2 Flat Rate Calc** use **VII-1 Revenue Flat Rate**.

For **VI-3 1 Tier Gallonage Rate Calc** use **VII-2 Revenue Generated 1 Tier**.

For **VI-4 Multi-Tier Rate Calc** use **VII-3 Revenue Gen Multi-Tier**.

For **VI-5(a) Flat Rate Surcharge Calc** use **VII-4(a) Revenue Generated for Flat Rate Surcharge**.

For **VI-5(b) Meter Equivalents Surcharge Calc** use **VII-4(b) Revenue Generated for Meter Equivalents Surcharge**.

UTILITY NAME: Medina Highlands

SCHEDULES - CLASS C RATE/TARIFF CHANGE

VII-2 Revenue Generated for Single Tier Gallonage Charge for All Usage

FOR THE TEST YEAR ENDED 12/31/2020

Line No	A	B	C	D	E	F
		Meter Rates	Existing Rates	Proposed Rates	Reference (unless otherwise noted reference is for both Column C & D)	Items to Notice
	RATES					
	Minimum Monthly Charge					
1	5/8"	1.0	\$30.00	\$98.60	Column D, Line 1 = Schedule VI-3, Column C, Line 4	Column C & D
2	3/4"	1.5		\$147.90	Column D, Line 2 = Column D, Line 1 multiplied by Column B, Line 2	Column C & D
3	1"	2.5		\$246.50	Column D, Line 3 = Column D, Line 1 multiplied by Column B, Line 3	Column C & D
4	1 1/2"	5.0		\$493.00	Column D, Line 4 = Column D, Line 1 multiplied by Column B, Line 4	Column C & D
5	2"	8.0		\$788.81	Column D, Line 5 = Column D, Line 1 multiplied by Column B, Line 5	Column C & D
6	3"	15.0		\$1,479.01	Column D, Line 6 = Column D, Line 1 multiplied by Column B, Line 6	Column C & D
7	Other				Must be provided by Utility, if applicable	Column C & D
	Volumetric Charge per tier					
8	All Usage		\$3.50	\$5.84	Column D, Line 8 = Schedule VI-3, Column C, Line 7	Column C & D
	No. of Meters					
9	5/8"		44	44	Schedule I-3(a), Column E, Line 1	
10	3/4"				Schedule I-3(a), Column E, Line 2	
11	1"		0	0	Schedule I-3(a), Column E, Line 3	
12	1 1/2"		0	0	Schedule I-3(a), Column E, Line 4	
13	2"		0	0	Schedule I-3(a), Column E, Line 5	
14	3"		0	0	Schedule I-3(a), Column E, Line 6	
15	Other		0	0	Schedule I-3(a), Column E, Line 7	
16	Total		44	44	Add Lines 9-15	
	Gallons Billed					
17	All Usage		1,290,000	1,290,000	Schedule II-1(a), Column C, Line 4	
	REVENUE					
	Minimum Monthly Charge					
18	5/8"		\$15,840	\$52,061	Line 1 multiplied by Line 9 multiplied by 12	
19	3/4"		\$0	\$0	Line 2 multiplied by Line 10 multiplied by 12	
20	1"		\$0	\$0	Line 3 multiplied by Line 11 multiplied by 12	
21	1 1/2"		\$0	\$0	Line 4 multiplied by Line 12 multiplied by 12	
22	2"		\$0	\$0	Line 5 multiplied by Line 13 multiplied by 12	
23	3"		\$0	\$0	Line 6 multiplied by Line 14 multiplied by 12	
24	Other		\$0	\$0	Line 7 multiplied by Line 15 multiplied by 12	
25	Total revenue generated by minimum monthly charges		\$15,840	\$52,061	Add Lines 18-24	
	Volumetric Revenue					
26	Total revenue generated by Volumetric Usage		\$4,515	\$4,721	Line 8 multiplied by (Line 17/1000)	
27	Total Revenue Generated		\$20,355	\$56,782	Line 25 plus Line 26	
28	Revenue Requirement in Application		\$59,238	\$59,238	Schedule I-1, Column F, Line 31	
29	Over / (Under) Recovery		(\$38,883)	\$2,455	Line 27 minus Line 28	Column C
30	Percentage of (Under) Recovery		-66%	4%	Line 29 divided by Line 28 multiplied by 100 for percentage. If entering in excel do not multiply by 100, enter number as a decimal	Column C

Highland
8

UTILITY NAME ____ Medina Highlands

SCHEDULES - CLASS C RATE/TARIFF CHANGE

VII-4 Surcharge Revenue Calculation

FOR THE TEST YEAR

12/31/2020

VII-4(a): REVENUE GENERATED FOR FLAT RATE SURCHARGE

	A	B	C	D
Line No.		Proposed Surcharge Rate	Reference (unless otherwise noted reference is for both Column C & D)	Items to Notice
1	Surcharge Rate		Column B, Line 1 = Schedule VI-5(a), Column C, Line 4	Column B
2	No. of Meters		Schedule I-3(a), Column E, Line 9 or Schedule I-3(b), Column E, Line 5	
3	Total Surcharge Revenue Generated		Line 1 multiplied by Line 2	
4	Rate Case Expense or Other Surcharged Expense	0	Schedule II-8, Column D, Line 19	
5	Over / (Under) Recovery		Line 3 minus Line 4	Column B
6	Percentage of (Under) Recovery	0	Line 5 divided by Line 4 multiplied by 100 for percentage If entering in excel do not multiply by 100, enter number as a decimal	Column B

VII-4(b): REVENUE GENERATED FOR METER EQUIVALENTS SURCHARGE

	A	B	C	D	E
Line No.		Meter Ratios	Proposed Surcharge Rates	Reference (unless otherwise noted reference is for both Column C & D)	Items to Notice
	Surcharge Rate				
1	5/8"	1 0	\$0 00	Column C, Line 1 = Schedule VI-5(b), Column C, Line 4	Column C
2	3/4"	1 5	\$0 00	Column C, Line 2 = Column C, Line 1 multiplied by Column B, Line 2	Column C
3	1"	2 5	\$0 00	Column C, Line 3 = Column C, Line 1 multiplied by Column B, Line 3	Column C
4	1 1/2"	5 0	\$0 00	Column C, Line 4 = Column C, Line 1 multiplied by Column B, Line 4	Column C
5	2"	8 0	\$0 00	Column C, Line 5 = Column C, Line 1 multiplied by Column B, Line 5	Column C
6	3"	15 0	\$0 00	Column C, Line 6 = Column C, Line 1 multiplied by Column B, Line 6	Column C
7	Other			Must be provided by Utility, if applicable	Column C
	No. of Meters				
8	5/8"		0	Schedule I-3(a), Column E, Line 1	
9	3/4"		0	Schedule I-3(a), Column E, Line 2	
10	1"		0	Schedule I-3(a), Column E, Line 3	
11	1 1/2"		0	Schedule I-3(a), Column E, Line 4	

UTILITY NAME ____ Medina Highlands

SCHEDULES - CLASS C RATE/TARIFF CHANGE

VII-4 Surcharge Revenue Calculation

FOR THE TEST YEAR

12/31/2020

SCHEDULE VII-4(b): REVENUE GENERATED FOR METER EQUIVALENTS SURCHARGE

Line No.	A	B	C	D	E
	No. of Meters	Meter Ratios	Proposed Surcharge Rates	Reference (unless otherwise noted reference is for both Column C & D)	Items to Notice
12	2"			0 Schedule I-3(a), Column E, Line 5	
13	3"			0 Schedule I-3(a), Column E, Line 6	
14	Other			0 Schedule I-3(a), Column E, Line 7	
15	Total			0 Add Lines 8-14	
	SURCHARGE RATE REVENUE				
16	5/8"			\$0 Line 1 multiplied by Line 8 multiplied by 12	
17	3/4"			\$0 Line 2 multiplied by Line 9 multiplied by 12	
18	1"			\$0 Line 3 multiplied by Line 10 multiplied by 12	
19	1 1/2"			\$0 Line 4 multiplied by Line 11 multiplied by 12	
20	2"			\$0 Line 5 multiplied by Line 12 multiplied by 12	
21	3"			\$0 Line 6 multiplied by Line 13 multiplied by 12	
22	Other			\$0 Line 7 multiplied by Line 14 multiplied by 12	
23	Total revenue generated by surcharge rate			\$0 Add Lines 16-22	
24	Revenue Requirement in Application			\$0 Schedule I-1, Column F, Line 31	
25	Over / (Under) Recovery			\$0 Line 23 minus Line 24	Column C
26	Percentage of (Under) Recovery			0% Line 25 divided by Line 24 multiplied by 100 for percentage If entering in excel do not multiply by 100, enter number as a decimal	Column C

CLASS C RATE/TARIFF CHANGE

UTILITY NAME Medina Highlands

CCN No 12043

DOCKET NUMBER _____

VERIFICATION OF ACCURACY

OATH

STATE OF TEXAS

COUNTY OF _____

John R Moore makes an oath and says that he/she is Managing Member
(Name of Affiant) (Official Title of Affiant)

of Medina Highlands
(Exact Legal Title or Name of the Respondent)

The signed officer has reviewed the application

Based on the officer's knowledge, the rate application does not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading

Based on such officer's knowledge, the financial statements, operations and other financial information included in the rate application fairly present in all material respects the financial condition and results of operations of the preparers as of, and for, the periods presented in the rate application

He/she swears that all other statements contained in the said rate application are true, and that the said rate application is a correct and complete statement of the business and the above-named respondent during the test year time frame of

January 1, 2020 to December 31, 2020

and including any additional time frames aside from the aforementioned test year resulting from rate case requests for information

John R Moore _____
Printed Name Signature

Subscribed and sworn to and before me, a _____ in and for the State and County
above-named, this _____ day of _____, 20____, to certify which
my hand and seal of office witness

(Signature of Affiant)

My commission expires _____
(Notary Public In And For The State Of Texas)

Print or Type Name of Notary

NOTICE OF PROPOSED RATE CHANGE
TO BE PROVIDED TO RATEPAYERS
PURSUANT TO
TEXAS WATER CODE §§ 13.1871 AND 13.18715

AFFIDAVIT

STATE OF TEXAS

COUNTY OF _____

I, _____ being duly sworn, file this **NOTICE OF PROPOSED RATE CHANGE**

as _____ (indicate relationship to Utility that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and authorized to file and verify such notice; and that all statements and matters set forth herein are true and correct.

I further represent that a copy of the attached notice was provided by mail
(method of delivery)

to each customer or other affected party on or about August 20, 2021

AFFIANT
(Utility's Authorized Representative)

NAME OF UTILITY

If the Affiant to this form is any person other than the sole owner, partner, officer of the Utility, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE

this the _____ day of _____, 20____, to certify which witness my hand and seal of office.

SEAL

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES _____

**NOTICE OF PROPOSED RATE CHANGE
PURSUANT TO
TEXAS WATER CODE §§ 13.1871 AND 13.18715**

Medina Highlands

12043

Company Name

CCN Number(s)

has filed a rate change application with the Public Utility Commission of Texas (Commission or PUCT). The application may be reviewed online at interchange.puc.texas.gov. You may also inspect a copy of the rate change application at your utility's office at the address below or at the Commission's office (1701 N. Congress Ave, Austin, TX 78701). The proposed rates will apply to service received after the effective date provided below, unless modified or suspended by the Commission. If the Commission receives a sufficient number of protests, separately or in a combined protest letter, from at least [number of] ratepayers (10 percent of the utility's customers over whose rates the Commission has original jurisdiction) or from any affected municipality before the 91st day after the proposed effective date, the matter will be set for hearing. **See Protest Form on the next page for instructions on how to protest.**

EFFECTIVE DATE OF PROPOSED INCREASE: October 1, 2021

(must be at least 35 days after notice is provided to customers and 35 days after application is filed)

(Proposed rates requested by the utility are not final. The Commission may modify the rates and order a refund or credit against future bills all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest.)

Reason(s) for Proposed Rate Change:

Allow the utility to generate enough revenue to cover those expenses that are reasonable and necessary to provide service to the ratepayers and allow the utility a reasonable opportunity to earn a reasonable return on its invested capital used and useful.

BILLING COMPARISON

Water

Existing	5,000 gallons: \$	<u>38.75</u>	/mo	Proposed	5,000 gallons: \$	<u>127.80</u>	/mo
Existing	10,000 gallons: \$	<u>56.25</u>	/mo	Proposed	10,000 gallons: \$	<u>342.80</u>	/mo

Water – Pass Through Charges

Existing	5,000 gallons: \$	<u>0</u>	/mo	Proposed	5,000 gallons: \$	<u>0</u>	/mo
Existing	10,000 gallons: \$	<u>0</u>	/mo	Proposed	10,000 gallons: \$	<u>0</u>	/mo

Medina Highlands (PWS #0100041)

Subdivision(s) or System(s) Affected by Rate Change

604 W 12 th St.	Austin	Texas	78701-1718
Company Address	City	State	Zip

(512) 917-0072

Company Phone Number

\$38,883

0.00

0.00

Water Annual Revenue Increase	Water Pass-Through Annual Revenue Increase	Sewer Annual Revenue Increase
-------------------------------	--	-------------------------------

August 20, 2021

November 20, 1996

Date Current Rate Change Notice Delivered

Date of Last Rate Change

*Prior to providing notice, the utility shall file a request for the assignment of a docket number for the application.

PUCT DOCKET NO.

RATEPAYER COMMENTS/REQUESTS TO INTERVENE

If you wish to PROTEST the proposed rate change, you must submit this form and 10 copies to:

**Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326**

Unless protests are received from at least 10% of ratepayers or from any affected municipality, or the Commission Staff requests a hearing, no hearing will be held, and the rates will be effective as proposed.

CUSTOMER INFORMATION (to be completed by customers submitting protests)

First Name: _____ Last Name: _____

Phone Number: _____ Fax Number: _____

Email Address: _____

Address, City, State: _____

Location where service is received: _____
(if different from the mailing address)

Please fill out the following:

I wish to PROTEST the following proposed rate action/s:

☐ I wish to be a COMMENTER. I understand that: I am NOT a party to this case; my comments are not considered evidence in this case; and I have no further obligation to participate in the proceeding. Public comments may help inform the PUCT of the public concerns and identify issues to be explored. Please provide comments below. Attach a separate page, if necessary.

☐ I am requesting to INTERVENE in this proceeding. As an INTERVENOR, I understand that: I am a party to the case; I am required to respond to all discovery requests from other parties; I may be required to attend hearings, and if I file testimony, I may be cross-examined in the hearing; if I file any documents in the case, I must provide a copy to every other party in the case; and I acknowledge that I am bound by the Procedural Rules of the PUCT and the State Office of Administrative Hearings (SOAH).

Signature of Protester: _____

Date: _____

**Si desea informacion en Espanol, puede llamar al
1-888-782-8477**

**Hearing- and speech-impaired individuals with text telephones may contact the PUCT's Customer Assistance Hotline
at
512-936-7136**

Updated: April 8, 2020

NOTICE OF PROPOSED RATE CHANGE – WATER

CURRENT RATES			PROPOSED RATES		
Minimum Monthly Charge includes 2500 gallons			Minimum Monthly Charge includes 0 gallons		
Meter Size: RESIDENTIAL			Meter Size: RESIDENTIAL		
5/8"	\$	30.00	5/8"	\$	98.60
3/4"	\$		3/4"	\$	98.60
1"	\$		1"	\$	246.50
1 1/2"	\$		1 1/2"	\$	493.00
2"	\$		2"	\$	788.80
3"	\$		3"	\$	1,479.00
Other:	\$		Other: 4"	\$	2,465.00
GALLONAGE CHARGE:			GALLONAGE CHARGE:		
TIER	VOLUME	CHARGE per 1000 gals.	TIER	VOLUME	CHARGE per 1000 gals.
Tier 1	2500 to Above gals.	\$ 3.50 /1000 gals.	Tier 1	0 to 5,000 gals.	\$ 5.84 /1000 gals.
Tier 2	to gals.	\$ /1000 gals.	Tier 2	5,000 to 10,000 gals.	\$ 7.00 /1000 gals.
Tier 3	to gals.	\$ /1000 gals.	Tier 3	10,000 to Above gals.	\$ 9.00 /1000 gals.
Tier 4	to gals.	\$ /1000 gals.	Tier 4	to gals.	\$ /1000 gals.
Tier 5	to gals.	\$ /1000 gals.	Tier 5	to gals.	\$ /1000 gals.
MISCELLANEOUS FEES			MISCELLANEOUS FEES		
Tap Fee	\$	450.00	Tap Fee	\$	800.00
Reconnect Fee: Non-payment	\$	25.00	Reconnect Fee: Non-payment (Maximum - \$25.00)	\$	25.00
Customer's Request	\$	25.00	Customer's Request	\$	50.00
Transfer Fee	\$	0	Transfer Fee	\$	35.00
Late Charge	\$	2.00 or 5%	Late Charge (Indicate either \$5.00 or 10%)		10%
Returned Check Charge	\$	15.00	Returned Check Charge	\$	30.00
Deposit	\$	50.00	Deposit (Maximum \$50.00)	\$	50.00
Meter Test Fee	\$	25.00	Meter Test Fee (Maximum - \$25.00)	\$	25.00

Regulatory Assessment of 1% is added to the minimum monthly charge and gallonage charges.
Additional fees and meter sizes may be shown on a separate page.

Seasonal Disconnect: Minimum bill times the number of months disconnected, not to exceed six (6) months or \$590.16

If applicable, list any bill payment assistance programs to low-income ratepayers.

Financial Statements

8:24 PM

06/22/21

Cash Basis

AVALON POINT WATER SYSTEMS, LLC

Balance Sheet

As of December 31, 2018

	Dec 31, 18
ASSETS	
Current Assets	
Checking/Savings	
131 · Charles Schwab A/C #1625	1,383.58
133 · Charles Schwab #991243	-2,488.26
Total Checking/Savings	-1,104.68
Other Current Assets	
151 · Plant Materials and Supplies	
151.1 · Plant Materials and Supplies	487.99
151.2 · Less A/D - Plant Mat/Supplies	-70.00
Total 151 · Plant Materials and Supplies	417.99
173 · A/R - IRS (Tax Withheld)	1.22
Total Other Current Assets	419.21
Total Current Assets	-685.47
TOTAL ASSETS	-685.47
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
241 · Regulatory Fees Collected	-371.36
Total Other Current Liabilities	-371.36
Total Current Liabilities	-371.36
Total Liabilities	-371.36
Equity	
211 · Member's Equity	6,585.00
211.1 · Members Draw	-5,917.53
215 · Retained Earnings	7,992.77
Net Income	-8,974.35
Total Equity	-314.11
TOTAL LIABILITIES & EQUITY	-685.47

8:21 PM

06/22/21

Cash Basis

AVALON POINT WATER SYSTEMS, LLC

Profit & Loss

January through December 2018

	Jan - Dec 18
Ordinary Income/Expense	
Income	
300 · Water Sales	21,620.24
300.1 · Line Extension Fee Income	9,500.00
Total Income	31,120.24
Expense	
403 · Depreciation Expense	70.00
620 · Operating Exp./Maint Supplies	
620.2 · Job Supplies	5,481.51
620.4 · Meters	698.70
620.5 · Misc. Operating Expenses	180.00
620.6 · Repairs and Maintenance	6,526.18
670 · Utilities	1,669.69
Total 620 · Operating Exp./Maint Supplies	14,556.08
631 · O & M Contract Labor	
631.1 · Distribution System R&M	1,839.00
631.2 · Line Extension R&M	9,227.39
631.3 · Meter Reading/Installation	1,170.00
631.5 · Monthly Operations	6,600.00
631.6 · Water Plant R&M	1,725.00
Total 631 · O & M Contract Labor	20,561.39
633 · Legal/Professional Fees	903.25
635 · Laboratory Analysis	487.02
667 · Other Misc. Expense	
667.1 · Meals/Entertainment	137.85
Total 667 · Other Misc. Expense	137.85
675 · General Office Expense	
675.1 · Automobile Expense	2,085.00
675.8 · Misc. Admin Expense	9.00
675.9 · Office Supplies	376.70
675.10 · Postage/Delivery	92.27
675.13 · Travel/Lodging Expense	568.81
Total 675 · General Office Expense	3,131.78
409.0 · Regulatory Fees - TCEQ	252.48
Total Expense	40,099.85
Net Ordinary Income	-8,979.61
Other Income/Expense	
Other Income	
421 · Interest Income	5.26
Total Other Income	5.26
Net Other Income	5.26
Net Income	-8,974.35

Balance Sheet - 2019

As of December 31, 2019

	Dec 31, 19
ASSETS	
Current Assets	
Checking/Savings	
131 · Charles Schwab A/C #1625	362.71
133 · Charles Schwab #991243	-2,488.26
Total Checking/Savings	-2,125.55
Accounts Receivable	
141 · Accounts Receivable	-445.81
Total Accounts Receivable	-445.81
Other Current Assets	
151 · Plant Materials and Supplies	
151.1 · Plant Materials and Supplies	955.63
151.2 · Less A/D - Plant Mat/Supplies	-189.00
Total 151 · Plant Materials and Supplies	766.63
173 · A/R - IRS (Tax Withheld)	2.75
Total Other Current Assets	769.38
Total Current Assets	-1,801.98
TOTAL ASSETS	-1,801.98
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
241 · Regulatory Fees Collected	-305.14
Total Other Current Liabilities	-305.14
Total Current Liabilities	-305.14
Total Liabilities	-305.14
Equity	
211 · Member's Equity	9,312.30
211.1 · Members Draw	-19,587.65
215 · Retained Earnings	-981.58
Net Income	9,760.09
Total Equity	-1,496.84
TOTAL LIABILITIES & EQUITY	-1,801.98

AVALON POINT WATER SYSTEMS, LLC

06/18/21

Profit & Loss

Cash Basis

January through December 2019

	Jan - Dec 19
Ordinary Income/Expense	
Income	
300 · Water Sales	19,045.04
300.1 · Line Extension Fee Income	13,250.00
300.2 · Tap Fee Revenue	1,250.00
300.3 · Late Fee Income	50.72
300.4 · NSF Fee Income	25.00
Total Income	33,620.76
Expense	
403 · Depreciation Expense	119.00
615 · Purchased Power	2,043.06
618 · Chemicals	241.32
620 · Operating Exp./Maint Supplies	
620.2 · Job Supplies	1,934.42
620.5 · Misc. Operating Expenses	1,100.00
Total 620 · Operating Exp./Maint Supplies	3,034.42
631 · O & M Contract Labor	
631.2 · Line Extension R&M	2,200.00
631.3 · Meter Reading/Installation	1,700.00
631.5 · Monthly Operations	7,800.00
Total 631 · O & M Contract Labor	11,700.00
632 · Contract Accounting	1,300.00
633 · Legal/Professional Fees	257.50
635 · Laboratory Analysis	2,024.55
667 · Other Misc. Expense	
667.1 · Meals/Entertainment	35.26
Total 667 · Other Misc. Expense	35.26
675 · General Office Expense	
675.1 · Automobile Expense	0.00
675.2 · Advertising/Promotion	30.00
675.3 · Bank Service Charges	25.00
675.5 · Dues/Subscriptions	180.00
675.6 · Janitorial Expense	225.00
675.7 · Licenses/Fees/Permits	1.03
675.8 · Misc. Admin Expense	0.50
675.9 · Office Supplies	54.04
675.10 · Postage/Delivery	119.31
675.11 · Printing/Reproduction	13.68
675.13 · Travel/Lodging Expense	1,030.96
Total 675 · General Office Expense	1,679.52
408 · Taxes - Other	
408.6 · Taxes - Property	532.96
Total 408 · Taxes - Other	532.96
409.0 · Regulatory Fees - TCEQ	899.50
Total Expense	23,867.09
Net Ordinary Income	9,753.67
Other Income/Expense	
Other Income	
421 · Interest Income	6.42
Total Other Income	6.42
Net Other Income	6.42
Net Income	9,760.09

AVALON POINT WATER SYSTEMS, LLC

Balance Sheet

As of December 31, 2020

06/03/21

Cash Basis

	Dec 31, 20
ASSETS	
Current Assets	
Checking/Savings	
132 · Heritage Bank #253081	1,929.40
131 · Charles Schwab A/C #1625	140.36
Total Checking/Savings	2,069.76
Accounts Receivable	
141 · Accounts Receivable	-474.49
Total Accounts Receivable	-474.49
Other Current Assets	
151 · Plant Materials and Supplies	
151.1 · Plant Materials and Supplies	955.63
151.2 · Less A/D - Plant Mat/Supplies	-274.00
Total 151 · Plant Materials and Supplies	681.63
173 · A/R - IRS (Tax Withheld)	2.82
174 · Employee A/R	211.22
Total Other Current Assets	895.67
Total Current Assets	2,490.94
Fixed Assets	
101 · Utility Plant in Service	
101.2 · Medina Heights Well #2	15,662.32
Total 101 · Utility Plant in Service	15,662.32
Total Fixed Assets	15,662.32
TOTAL ASSETS	18,153.26
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
232 · Notes Payable	
232.1 · N/P - J. Moore	19,792.13
Total 232 · Notes Payable	19,792.13
241 · Regulatory Fees Collected	174.70
241.0 · Other Current Liabilities	
241.2 · Payroll Liabilities	19.43
241.3 · S/D Deposit Payable	50.00
Total 241.0 · Other Current Liabilities	69.43
Total Other Current Liabilities	20,036.26
Total Current Liabilities	20,036.26
Total Liabilities	20,036.26
Equity	
211 · Member's Equity	27,216.40
211.1 · Members Draw	-1,688.32
Net Income	-27,411.08
Total Equity	-1,883.00
TOTAL LIABILITIES & EQUITY	18,153.26

AVALON POINT WATER SYSTEMS, LLC

Profit & Loss

06/03/21

Cash Basis

January through December 2020

	Jan - Dec 20
Ordinary Income/Expense	
Income	
300 · Water Sales	18,506.98
300.1 · Line Extension Fee Income	1,519.70
300.2 · Tap Fee Revenue	450.00
300.3 · Late Fee Income	333.59
300.5 · Reconnect Fee	25.00
	<hr/>
Total Income	20,835.27
Expense	
403 · Depreciation Expense	85.00
601 · Wages/Salaries	1,662.50
610 · Purchased Water	10,400.00
615 · Purchased Power	2,734.38
618 · Chemicals	393.08
620 · Operating Exp./Maint Supplies	
620.2 · Job Supplies	1,556.79
	<hr/>
Total 620 · Operating Exp./Maint Supplies	1,556.79
631 · O & M Contract Labor	
631.1 · Distribution System R&M	603.14
631.3 · Meter Reading/Installation	1,680.00
631.5 · Monthly Operations	7,200.00
	<hr/>
Total 631 · O & M Contract Labor	9,483.14
632 · Contract Accounting	1,950.00
633 · Legal/Professional Fees	6,385.50
635 · Laboratory Analysis	471.12
656 · Insurance Expense	
656.1 · General Liability Insurance	3,000.00
	<hr/>
Total 656 · Insurance Expense	3,000.00
667 · Other Misc. Expense	
667.1 · Meals/Entertainment	297.28
667.2 · Rent Expense	4,319.88
	<hr/>
Total 667 · Other Misc. Expense	4,617.16
675 · General Office Expense	
675.1 · Automobile Expense	1,141.00
675.2 · Advertising/Promotion	150.90
675.3 · Bank Service Charges	202.29
675.7 · Licenses/Fees/Permits	1,500.00
675.8 · Misc. Admin Expense	573.15
675.9 · Office Supplies	31.85
675.10 · Postage/Delivery	58.40
675.11 · Printing/Reproduction	16.54
675.12 · Telephone Expense	466.68
675.13 · Travel/Lodging Expense	869.20
	<hr/>
Total 675 · General Office Expense	5,010.01
408 · Taxes - Other	
408.2 · FICA	103.08
408.3 · Medicare	24.11
408.4 · TWC	44.89
408.5 · FUTA	9.98
	<hr/>
Total 408 · Taxes - Other	182.06
	<hr/>
Total Expense	47,930.74
	<hr/>
Net Ordinary Income	-27,095.47
Other Income/Expense	
Other Income	

AVALON POINT WATER SYSTEMS, LLC**Profit & Loss**

06/03/21

Cash Basis

January through December 2020

	Jan - Dec 20
421 · Interest Income	0.34
Total Other Income	0.34
Other Expense	
427 · Interest Expense	315.95
Total Other Expense	315.95
Net Other Income	-315.61
Net Income	-27,411.08

Payroll Information

Form 1096 Department of the Treasury Internal Revenue Service	Annual Summary and Transmittal of U.S. Information Returns	OMB No. 1545-0108 2020
FILER'S name AVALON POINT WATER SERVICES, LLC		
Street address (including room or suite number) 2637 WEST 45TH STREET		
City or town, state or province, country, and ZIP or foreign postal code AUSTIN, TX 78731		
Name of person to contact JOHN R. MOORE		Telephone number 512 917-0072
Email address john.moore.apws@gmail.com		Fax number
1 Employer identification number 		2 Social security number
3 Total number of forms 5		4 Federal income tax withheld \$
5 Total amount reported with this Form 1096 \$ 32,294.66		
6 Enter an "X" in only one box below to indicate the type of form being filed.		
W-2G 32 <input type="checkbox"/>	1097-BTC 50 <input type="checkbox"/>	1098 81 <input type="checkbox"/>
1098-C 78 <input type="checkbox"/>	1098-E 84 <input type="checkbox"/>	1098-F 03 <input type="checkbox"/>
1098-Q 74 <input type="checkbox"/>	1098-T 83 <input type="checkbox"/>	1099-A 80 <input type="checkbox"/>
1099-B 79 <input type="checkbox"/>	1099-C 85 <input type="checkbox"/>	1099-CAP 73 <input type="checkbox"/>
1099-DIV 91 <input type="checkbox"/>	1099-G 86 <input type="checkbox"/>	1099-INT 92 <input type="checkbox"/>
1099-K 10 <input type="checkbox"/>	1099-LS 16 <input type="checkbox"/>	
1099-LTC 93 <input type="checkbox"/>	1099-MISC 95 <input type="checkbox"/>	1099-NEC 71 <input checked="" type="checkbox"/>
1099-OID 85 <input type="checkbox"/>	1099-PATR 97 <input type="checkbox"/>	1099-Q 31 <input type="checkbox"/>
1099-QA 1A <input type="checkbox"/>	1099-R 98 <input type="checkbox"/>	1099-S 75 <input type="checkbox"/>
1099-SA 94 <input type="checkbox"/>	1099-SB 43 <input type="checkbox"/>	3921 25 <input type="checkbox"/>
3922 25 <input type="checkbox"/>	5498 28 <input type="checkbox"/>	5498-ESA 72 <input type="checkbox"/>
5498-QA 2A <input type="checkbox"/>	5498-SA 27 <input type="checkbox"/>	

Return this entire page to the Internal Revenue Service. Photocopies are not acceptable.

Under penalties of perjury, I declare that I have examined this return and accompanying documents and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature

Barbara E. Parker

Title

Bookkeeper

Date 01-29-2021

Instructions

Future developments. For the latest information about developments related to Form 1096, such as legislation enacted after it was published, go to www.irs.gov/Form1096.

Reminder. The only acceptable method of electronically filing information returns listed on this form in box 6 with the IRS is through the FIRE System. See Pub. 1220.

Purpose of form. Use this form to transmit paper Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G to the IRS.

Caution: If you are required to file 250 or more information returns of any one type, you must file electronically. If you are required to file electronically but fail to do so, and you do not have an approved waiver, you may be subject to a penalty. For more information, see part F in the 2020 General Instructions for Certain Information Returns.

Forms 1099-QA and 5498-QA can be filed on paper only, regardless of the number of returns.

Who must file. Any person or entity who files any of the forms shown in line 6 above must file Form 1096 to transmit those forms to the IRS.

Enter the filer's name, address (including room, suite, or other unit number), and taxpayer identification number (TIN) in the spaces provided on the form. The name, address, and TIN of the filer on this form must be the same as those you enter in the upper left area of Forms 1097, 1098, 1099, 3921, 3922, 5498, or W-2G.

When to file. File Form 1096 as follows.

- With Forms 1097, 1098, 1099, 3921, 3922, or W-2G, file by March 1, 2021.
- With Form 1099-NEC, file by February 1, 2021.
- With Forms 5498, file by June 1, 2021.

Where To File

Send all information returns filed on paper with Form 1096 to the following.

If your principal business, office or agency, or legal residence in the case of an individual, is located in

Use the following address

Alabama, Arizona, Arkansas, Delaware, Florida, Georgia, Kentucky, Maine, Massachusetts, Mississippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Texas, Vermont, Virginia

Internal Revenue Service
Austin Submission Processing Center
P.O. Box 149213
Austin, TX 78741

7171

☐ VOID☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. AVALON POINT WATER SERVICES, LLC 2637 WEST 45TH STREET AUSTIN, TX 78731 (512) 917-0072		OMB No. 1545-0116 2020 Form 1099-NEC		Nonemployee Compensation	
1 Nonemployee compensation \$ 1680.00		2		Copy A For Internal Revenue Service Center File with Form 1099. For Privacy Act and Paperwork Reduction Act Notice, see the 2020 General Instructions for Certain Information Returns.	
PAYER'S TIN [REDACTED]	RECIPIENT'S TIN [REDACTED]	3			
RECIPIENT'S name Michael Laurence 709 Trading Co., LLC		4 Federal income tax withheld \$			
Street address (including apt. no.) 460 Mountain Drive		5 State tax withheld \$			
City or town, state or province, country, and ZIP or foreign postal code Lakehills TX 78063		6 State/Payer's state no. \$			
Account number (see instructions)		FATCA filing requirement <input type="checkbox"/>	2nd TIN not <input type="checkbox"/>	7 State income \$	

Form 1099-NEC 41-0852411 www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service
Do Not Cut or Separate Forms on This Page **Do Not Cut or Separate Forms on This Page**

7171

☐ VOID☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. AVALON POINT WATER SERVICES, LLC 2637 WEST 45TH STREET AUSTIN, TX 78731 (512) 917-0072		OMB No. 1545-0116 2020 Form 1099-NEC		Nonemployee Compensation	
1 Nonemployee compensation \$ 1950.00		2		Copy A For Internal Revenue Service Center File with Form 1099. For Privacy Act and Paperwork Reduction Act Notice, see the 2020 General Instructions for Certain Information Returns.	
PAYER'S TIN [REDACTED]	RECIPIENT'S TIN [REDACTED]	3			
RECIPIENT'S name Barbara E. Peskin B & B Financial Services		4 Federal income tax withheld \$			
Street address (including apt. no.) 152 Nelson Place		5 State tax withheld \$			
City or town, state or province, country, and ZIP or foreign postal code Meadowlakes TX 78654		6 State/Payer's state no. \$			
Account number (see instructions)		FATCA filing requirement <input type="checkbox"/>	2nd TIN not <input type="checkbox"/>	7 State income \$	

Form 1099-NEC 41-0852411 NEC5110 www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service

7171

☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. AVALON POINT WATER SERVICES, LLC 2637 WEST 45TH STREET AUSTIN, TX 78731 (512) 917-0072		OMB No. 1545-0116 2020 Form 1099-NEC		Nonemployee Compensation	
1 Nonemployee compensation \$ 15314.16		2		Copy A For Internal Revenue Service Center File with Form 1099. For Privacy Act and Paperwork Reduction Act Notice, see the 2020 General Instructions for Certain Information Returns.	
PAYER'S TIN [REDACTED]	RECIPIENT'S TIN [REDACTED]	3			
RECIPIENT'S name DK Drilling and Water Systems		4 Federal income tax withheld \$			
Street address (including apt. no.) PO Box 3040		5 State tax withheld \$			
City or town, state or province, country, and ZIP or foreign postal code Bandera TX 78003		6 State/Payer's state no. \$			
Account number (see instructions)		FATCA filing requirement <input type="checkbox"/>	2nd TIN not. <input type="checkbox"/>	7 State income \$	

Form 1099-NEC

41-0852411

www.irs.gov/Form1099NEC

Department of the Treasury - Internal Revenue Service

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7171

☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. AVALON POINT WATER SERVICES, LLC 2637 WEST 45TH STREET AUSTIN, TX 78731 (512) 917-0072		OMB No. 1545-0116 2020 Form 1099-NEC		Nonemployee Compensation	
1 Nonemployee compensation \$ 7200.00		2		Copy A For Internal Revenue Service Center File with Form 1099. For Privacy Act and Paperwork Reduction Act Notice, see the 2020 General Instructions for Certain Information Returns.	
PAYER'S TIN [REDACTED]	RECIPIENT'S TIN [REDACTED]	3			
RECIPIENT'S name Jason R. Smith		4 Federal income tax withheld \$			
Street address (including apt. no.) 401 Woodview Circle		5 State tax withheld \$			
City or town, state or province, country, and ZIP or foreign postal code Bandera TX 78003		6 State/Payer's state no. \$			
Account number (see instructions)		FATCA filing requirement <input type="checkbox"/>	2nd TIN not. <input type="checkbox"/>	7 State income \$	

Form 1099-NEC

41-0852411

NEC5110

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Department of the Treasury - Internal Revenue Service

7171

☐ VOID☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. AVALON POINT WATER SERVICES, LLC 2637 WEST 45TH STREET AUSTIN, TX 78731 (512) 917-0072		OMB No. 1545-0116 2020 Form 1099-NEC		Nonemployee Compensation		
1 Nonemployee compensation		\$ 5985.50		Copy A For Internal Revenue Service Center File with Form 1099. For Privacy Act and Paperwork Reduction Act Notice, see the 2020 General Instructions for Certain Information Returns.		
PAYER'S TIN	RECIPIENT'S TIN	2				
RECIPIENT'S name Superior Water Management of Texas, LLC		3				
Street address (including apt. no.) P.O. Box 130308		4 Federal income tax withheld				
City or town, state or province, country, and ZIP or foreign postal code Spring TX 77393-0308		5				
Account number (see instructions)		FATCA filing requirement <input type="checkbox"/>	2nd TIN not. <input type="checkbox"/>	6 State tax withheld	6 State/Payer's state no.	7 State income
				\$	\$	\$

Form 1099-NEC

11-0852-111

www.irs.gov/Form1099NEC

Department of the Treasury - Internal Revenue Service

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☐ VOID☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		OMB No. 1545-0116 2020 Form 1099-NEC		Nonemployee Compensation		
1 Nonemployee compensation		\$		Copy A For Internal Revenue Service Center File with Form 1099. For Privacy Act and Paperwork Reduction Act Notice, see the 2020 General Instructions for Certain Information Returns.		
PAYER'S TIN	RECIPIENT'S TIN	2				
RECIPIENT'S name		3				
Street address (including apt. no.)		4 Federal income tax withheld				
City or town, state or province, country, and ZIP or foreign postal code		5				
Account number (see instructions)		FATCA filing requirement <input type="checkbox"/>	2nd TIN not. <input type="checkbox"/>	6 State tax withheld	6 State/Payer's state no.	7 State income
				\$	\$	\$

Form 1099-NEC

11-0852-111

NEC5110

www.irs.gov/Form1099NEC

Department of the Treasury - Internal Revenue Service

DO NOT STAPLE

33333		a Control number		For Official Use Only ▶ OMB No. 1545-0008	
b Kind of Payer (Check one)		Kind of Employer (Check one)		Third-party sick pay (Check if applicable)	
<input checked="" type="checkbox"/> 9-11 <input type="checkbox"/> CT-1 <input type="checkbox"/> Military <input type="checkbox"/> Hshld. emp. <input type="checkbox"/> 943 <input type="checkbox"/> Medicare govt. emp. <input type="checkbox"/> 9-11		<input checked="" type="checkbox"/> None apply <input type="checkbox"/> State/local non-501c <input type="checkbox"/> 501c non-govt. <input type="checkbox"/> State/local 501c <input type="checkbox"/> Federal govt.		<input type="checkbox"/>	
c Total number of Forms W-2 1		d Establishment number		1 Wages, tips, other compensation 1662.50	
e Employer identification number (EIN) [REDACTED]		3 Social security wages 1662.50		2 Federal income tax withheld 117.00	
f Employer's name AVALON POINT WATER SERVICES, AVALON POINT WATER SYSTEMS, 2637 WEST 45TH STREET AUSTIN TX 78731		5 Medicare wages and tips 1662.50		4 Social security tax withheld 103.08	
g Employer's address and ZIP code		7 Social security tips		6 Medicare tax withheld 24.11	
h Other EIN used this year		9		8 Allocated tips	
15 State Employer's state ID number		11 Nonqualified plans		10 Dependent care benefits	
16 State wages, tips, etc.		12a Deferred compensation		12b	
17 State income tax		13 For third-party sick pay use only		14 Income tax withheld by payer of third-party sick pay	
Employer's contact person JOHN R. MOORE		18 Local wages, tips, etc.		19 Local income tax	
Employer's fax number		Employer's telephone number (512) 917-0072		For Official Use Only	
		Employer's email address john.moore.apws@gmail.com			

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature ▶

Title ▶ OWNER

Date ▶

Form W-3 Transmittal of Wage and Tax Statements 2020

Department of the Treasury
Internal Revenue Service

Send this entire page with the entire Copy A page of Form(s) W-2 to the Social Security Administration (SSA). Photocopies are not acceptable. Do not send Form W-3 if you filed electronically with the SSA. Do not send any payment (cash, checks, money orders, etc.) with Forms W-2 and W-3.

Reminder

Separate instructions. See the 2020 General Instructions for Forms W-2 and W-3 for information on completing this form. Do not file Form W-3 for Form(s) W-2 that were submitted electronically to the SSA.

Purpose of Form

Complete a Form W-3 Transmittal only when filing paper Copy A of Form(s) W-2, Wage and Tax Statement. Don't file Form W-3 alone. All paper forms must comply with IRS standards and be machine readable. Photocopies are not acceptable. Use a Form W-3 even if only one paper Form W-2 is being filed. Make sure both the Form W-3 and Form(s) W-2 show the correct tax year and Employer Identification Number (EIN). Make a copy of this form and keep it with Copy D (For Employer) of Form(s) W-2 for your records. The IRS recommends retaining copies of these forms for 4 years.

E-Filing

The SSA strongly suggests employers report Form W-3 and Forms W-2 Copy A electronically instead of on paper. The SSA provides two free e-filing options on its Business Services Online (BSO) website.

- **W-2 Online.** Use fill-in forms to create, save, print, and submit up to 50 Forms W-2 at a time to the SSA.
- **File Upload.** Upload wage files to the SSA you have created using payroll or tax software that formats the files according to the SSA's Specifications for Filing Forms W-2 Electronically (EFW2).

W-2 Online fill-in forms or file uploads will be on time if submitted by February 1, 2021. For more information, go to www.SSA.gov/bsa. First time filers, select "Register"; returning filers select "Log In."

When To File Paper Forms

Mail Form W-3 with Copy A of Form(s) W-2 by February 1, 2021.

Where To File Paper Forms

Send this entire page with the entire Copy A page of Form(s) W-2 to:

**Social Security Administration
Direct Operations Center
Wilkes-Barre, PA 18769-0001**

Note: If you use "Certified Mail" to file, change the ZIP code to "18769-0002." If you use an IRS-approved private delivery service, add "ATTN: W-2 Process, 1150 E. Mountain Dr." to the address and change the ZIP code to "18702-7997." See Pub. 15 (Circular E), Employer's Tax Guide, for a list of IRS-approved private delivery services.

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 10159Y

22222		Void <input type="checkbox"/>	a Employee's social security number [REDACTED]		For Official Use Only ► OMB No. 1545-0008			
b Employer identification number (EIN) [REDACTED]					1 Wages, tips, other compensation 1662.50		2 Federal income tax withheld 117.00	
					3 Social security wages 1662.50		4 Social security tax withheld 103.08	
c Employer's name, address, and ZIP code AVALON POINT WATER SERVICES, LLC AVALON POINT WATER SYSTEMS, LLC 2637 WEST 45TH STREET AUSTIN TX 78731					5 Medicare wages and tips 1662.50		6 Medicare tax withheld 24.11	
					7 Social security tips		8 Allocated tips	
d Control number					9		10 Dependent care benefits	
e Employee's first name and initial TRAVIS M			Last name MOORE		Suff		11 Nonqualified plans	
f Employee's address and ZIP code 1100 FLORADALE DRIVE AUSTIN TX 78753					13 Statutory employee Retirement plan Third-party sick pay		12a See instructions for box 12	
					14 Other		12b	
							12c	
							12d	
15 State Employer's state ID number			16 State wages, tips, etc.		17 State income tax		18 Local wages, tips, etc.	
							19 Local income tax	
							20 Locality name	

Form **W-2** Wage and Tax Statement

2020
0000/ 1030D

Department of the Treasury - Internal Revenue Service
For Privacy Act and Paperwork Reduction
Act Notice, see the separate instructions.

Copy A For Social Security Administration - Send this entire page with
Form W-3 to the Social Security Administration; photocopies are not acceptable.

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REV 01/19/21 Q8

22222		Void <input type="checkbox"/>	a Employee's social security number		For Official Use Only ► OMB No. 1545-0008			
b Employer identification number (EIN)					1 Wages, tips, other compensation		2 Federal income tax withheld	
					3 Social security wages		4 Social security tax withheld	
c Employer's name, address, and ZIP code					5 Medicare wages and tips		6 Medicare tax withheld	
					7 Social security tips		8 Allocated tips	
d Control number					9		10 Dependent care benefits	
e Employee's first name and initial			Last name		Suff		11 Nonqualified plans	
f Employee's address and ZIP code					13 Statutory employee Retirement plan Third-party sick pay		12a See instructions for box 12	
					14 Other		12b	
							12c	
							12d	
15 State Employer's state ID number			16 State wages, tips, etc.		17 State income tax		18 Local wages, tips, etc.	
							19 Local income tax	
							20 Locality name	

Form **W-2** Wage and Tax Statement

2020
0000/ 1030D

Department of the Treasury - Internal Revenue Service
For Privacy Act and Paperwork Reduction
Act Notice, see the separate instructions.
Black-and-White Form W-2 (Revised 09/20)

Copy A For Social Security Administration - Send this entire page with
Form W-3 to the Social Security Administration; photocopies are not acceptable.

Schedule III-3 Plant in Service

Medina Highlands - PWS #0100041
Schedule III - Water

Test Period Ends: 31-Dec-20														
Line No.	NARUC Acct. No.	Item Description	Plant Name	Installation Date	Original Cost	Customer CIAC Amount	Adjusted Original Cost	Service Life	Economic Life	Remaining Service Life	Annual Deprec.	Accum. Deprec.	Net Book Value	Developer DCIAC
1	303	Land												
1 01		Plant Site	Plant No 1	1-Jul-96	\$28,430		\$28,430						\$28,430	\$0
2	304	Structures & Improvements												
2 01		Chl & Control Building	Plant No 1	1-Jul-96	\$1,026	\$0	\$1,026	30	25	5	\$34	\$841	\$185	\$0
3	307	Wells												
3 01		Well	Plant No 1	1-Jul-96	\$6,700	\$0	\$6,700	30	25	5	\$223	\$5,491	\$1,209	\$0
3 02		Production Tubing 450 Lf	Plant No 1	22-Apr-21	\$2,100	\$0	\$2,100	30	0	30	\$0	\$0	\$2,100	\$0
3 03		Well Repair	Plant No 1	11-Mar-21	\$2,599	\$0	\$2,599	30	0	30	\$0	\$0	\$2,599	\$0
4	305	Storage Tanks												
4 01		GST - 10,000 gal	Plant No 1	1-Jul-96	\$3,947	\$0	\$3,947	50	25	25	\$79	\$1,941	\$2,006	\$0
4 02		GST - 6,000 gal	Plant No 1	1-Jul-96	\$2,368	\$0	\$2,368	50	25	25	\$47	\$1,164	\$1,204	\$0
4 03		Float Switches	Plant No 1	12-Apr-21	\$4,000	\$0	\$4,000	50	0	50	\$0	\$0	\$4,000	\$0
5	320	Treatment Equipment												
5 01		PST - 5,000 gal	Plant No 1	1-Jul-17	\$11,583	\$0	\$11,583	30	4	26	\$386	\$1,357	\$10,227	\$0
6	311	Booster Pumps												
6 01		Booster Pump	Plant No 1	1-Jul-17	\$1,729	\$0	\$1,729	5	4	1	\$346	\$1,215	\$514	\$0
6 02		Booster Pump Replacement	Plant No 1	16-Feb-21	\$1,135	\$0	\$1,135	5	0	5	\$0	\$0	\$1,135	\$0
7	348	Fencing												
7 01		Plant Fence - Chain Link	Plant No 1	1-Jul-96	\$1,608	\$0	\$1,608	15	15	0	\$0	\$1,608	\$0	\$0
8	325	Distribution Mains												
8 01		Dist System 3" Dia PVC		1-Jul-96	\$3,672	\$0	\$3,672	50	25	25	\$73	\$1,806	\$1,867	\$0
8 02		Dist System 2" Dia PVC		1-Jul-96	\$11,438	\$0	\$11,438	50	25	25	\$229	\$5,624	\$5,814	\$0
8 03		Dist System R&M		1-Jul-18	\$1,839	\$0	\$1,839	50	3	47	\$37	\$92	\$0	\$1,747
8 04		Line Extension		1-Jul-18	\$9,227	\$0	\$9,227	50	3	47	\$185	\$463	\$0	\$8,764
8 05		Line Extension		1-Jul-19	\$2,200	\$0	\$2,200	50	2	48	\$44	\$66	\$0	\$2,134
8 06		Shut-off Valve - 2 Ea		1-Jul-96	\$611	\$0	\$611	50	25	25	\$12	\$300	\$311	\$0
8 07		Flush Valve - 15 Ea		1-Jul-96	\$4,583	\$0	\$4,583	50	25	25	\$92	\$2,254	\$2,330	\$0
9	397	Misc. Equipment												
9 01		Storage Trailer	Plant No 1	15-Apr-20	\$2,703	\$0	\$2,703	5	1	4	\$541	\$386	\$2,317	\$0
Totals:					\$103,499	\$0	\$103,499				\$2,328	\$24,608	\$66,247	\$12,645

Current Water Tariff

**WATER UTILITY TARIFF
FOR**

James Kimble dba Medina Highlands Water
(Utility Name)

560 Mountain Drive Lot # 27
(Business Address)

Lakehills, Texas 78063
(City, State, Zip Code)

(830) 612-3144
(Area Code/Telephone)

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

12043

This tariff is effective in the following county:

Bandera

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

None

This tariff is effective in the following subdivisions or systems:

Medina Highlands: PWS ID # 0100041

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SECTION 2.0 -- SERVICE RULES AND POLICIES	3
SECTION 3.0 -- EXTENSION POLICY	8
APPENDIX A SERVICE AGREEMENTS	
ATTACHMENT DROUGHT CONTINGENCY PLAN	

CCN 12043 JUN 01

APPROVED BY: [Signature] DR.

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Base Rate</u>	<u>Gallage Charge</u>
5/8" or 3/4"	\$ <u>30.00</u> (INCLUDING <u>2,500</u> GALLONS)	\$ <u>3.50</u> per 1000 gallons same for all meter sizes

REGULATORY ASSESSMENT 1.0%
 A REGULATORY ASSESSMENT, EQUAL TO ONE PERCENT OF THE CHARGE FOR RETAIL
 WATER SERVICE ONLY, SHALL BE COLLECTED FROM EACH RETAIL CUSTOMER.

Section 1.02 - Miscellaneous Fees

TAP FEE \$ 450.00
 THE TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS
 AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" or 3/4" METER.

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 \$ 25.00
 OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF
- c) Seasonal Disconnect: Minimum bill times the number of months disconnected, not to
 exceed six (6) months or \$180.00

LATE CHARGE \$2.00 OR 5%
 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 \$ 15.00

CUSTOMER DEPOSIT (Maximum \$50) \$ 50.00

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

RATES LISTED ARE EFFECTIVE ONLY IF
 THIS PAGE HAS TNRCC APPROVAL STAMP

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

31362 SCCN 12043 NOV 20 '96

D.A. APPROVED TARIFF BY ATL

SECTION 2.0 - SERVICE RULES AND REGULATIONS

Section 2.01 - Texas Natural Resource Conservation Commission Rules

The utility will have the most current Texas Natural Resource Conservation Commission Rules, Chapter 291, Water Rates, 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 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) and will be signed by the applicant before water service is provided by the utility. A separate application or contract will be made for each service location.

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.

Where service has previously been provided, service will be reconnected 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 meter location to the place of consumption. Customers may be required to install a customer owned cut-off valve on the customer's side of the meter or connection.

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 TNRCC 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 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 may 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 TNRCC Rules.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

31362 SCCN 12043 NOV 20 '96

D.A. APPROVED TARIFF BY AH

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.04 - Customer Deposits (cont.)

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

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

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

Section 2.05 - Meter Requirements, Readings, and Testing

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. One meter is required for each residential, commercial or industrial facility in accordance with the TNRCC Rules.

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

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible, the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

31362 SCCN 12043 NOV 20 '96

D.A. APPROVED TARIFF BY ALT

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.06 - 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 work day after the due date.

A late penalty of either \$2.00 or 5.0% 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.

Each bill will provide all information required by the TNRCC Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill 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 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 TNRCC Rules.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

31362 SCCN 12043 NOV 20 '96

D.A. APPROVED TARIFF BY ALH

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.07 - Service Disconnection (cont.)

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

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 production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the TNRCC Rules or in the Texas Natural Resource Conservation Commission's "Rules and Regulations for Public Water Systems."

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

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

31362 SCCN 12043 NOV 20 '96

D.A. APPROVED TARIFF BY AT

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.11 - Customer Complaints and Disputes (cont.)

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 Texas Natural Resource Conservation Commission 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.

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 TNRCC Rules to be effective.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

31362 SCCN 12043 NOV 20 '96

D.A. APPROVED TARIFF BY Att

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

COST UTILITIES SHALL BEAR. Within its certificate 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 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 Texas Natural Resource Conservation Commission's "Rules and Regulations for Public Water Systems."

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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 TNRCC 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 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 full 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.

Developers will 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 Texas Natural Resource Conservation Commission minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or Texas Natural Resource Conservation Commission 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.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

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D.A. APPROVED TARIFF BY Att

SEP 12 2001

Model Drought Contingency Plan

SURFACE WATER USES SECTION
TNRCCDROUGHT CONTINGENCY PLAN
FOR THE
INVESTOR OWNED UTILITY

MEDINA HIGHLANDS WATER
560 MOUNTAIN DR. (Name of utility)
LOT # 27 LAKEHILLS, TEXAS 78063
(Address, City, Zip Code)

12043
(CCN#)

(PWS #s)

SEP 1, 2001
(Date)

Section 1 Declaration of Policy, Purpose, and Intent

In cases of extreme drought, periods of abnormally high usage, system contamination, or extended reduction in ability to supply water due to equipment failure, temporary restrictions may be instituted to limit non-essential water usage. The purpose of the Drought Contingency Plan is to encourage customer conservation in order to maintain supply, storage, or pressure or to comply with the requirements of a court, government agency or other authority.

Please note: Water restriction is not a legitimate alternative if water system does not meet the Texas Natural Resource Conservation Commission's (TNRCC) capacity requirements under normal conditions or if the utility fails to take all immediate and necessary steps to replace or repair malfunctioning equipment.

I Billy N. Kimble (Please print name), being the responsible official
for MEDINA HIGHLANDS WATER (Name of utility), request a minor tariff
amendment to include the enclosed Drought Contingency Plan.

Billy N Kimble
(Signature)

SEPT 1, 2001
(Date)

Section 2 Public Involvement

Opportunity for the public to provide input into the preparation of the Plan was provided by:
(check at least one of the following)

☐ *scheduling and providing public notice of a public meeting to accept input on the Plan.*

The meeting took place at:

Date: _____ Time: _____ Location: _____

☐ *mailed survey with summary of results. (attach survey and results)*

☐ *bill insert inviting comment. (attach bill insert)*

☒ *other method* CALL BY PHONE, SEE IN PERSON

Section 3 Public Education

The MEDINA HIGHLAND WATER (name of utility) will periodically provide the public with information about the Plan, including information about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage.

Drought plan information will be provided by:
(check at least one of the following)

☐ *public meeting*

☐ *press releases*

☐ *utility bill inserts*

☒ *other* MAIL-OUT

Section 4 Coordination with Regional Water Planning Groups

The service area of the MEDINA HIGHLANDS WATER (name of your utility) is located within:
HILL COUNTRY PRIORITY GROUNDWATER MANAGEMENT AREA

Regional Water Planning Group (RWPG) _____

MEDINA HIGHLANDS WATER (name of your utility) has mailed a copy of this Plan to the RWPG.

Section 8 Response Stages

Unless there is an immediate and extreme reduction in water production, or other absolute necessity to declare an emergency or severe condition, the utility will initially declare Stage I restrictions. If, after a reasonable period of time, demand is not reduced enough to alleviate outages, reduce the risk of outages, or comply with restrictions required by a court, government agency or other authority, Stage II may be implemented with Stage III to follow if necessary.

STAGE I - CUSTOMER AWARENESS

Stage 1 will begin:

Every April 1st, the utility will mail a public announcement to its customers.
No notice to TNRCC required.

Stage 1 will end:

Every September 30th, the utility will mail a public announcement to its customers.
No notice to TNRCC required.

Utility Measures:

This announcement will be designed to increase customer awareness of water conservation and encourage the most efficient use of water. A copy of the current public announcement on water conservation awareness shall be kept on file available for inspection by the TNRCC.

Voluntary Water Use Restrictions:

Water customers are requested to voluntarily limit the use of water for non-essential purposes and to practice water conservation.

STAGE II - VOLUNTARY WATER CONSERVATION:

The water utility will implement Stage 2 when any one of the selected triggers is reached:

Supply-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Well level reaches _____ ft. mean sea level (m.s.l.)
- ☐ Overnight recovery rate reaches _____ ft.
- ☐ Reservoir elevation reaches _____ ft. (m.s.l.)
- ☐ Stream flow reaches _____ cfs at USGS gage # _____
- ☐ Wholesale supplier's drought Stage 2 _____
- ☒ Other PUMP RUNS 50% CAPACITY FOR
3 CONTINUOUS DAYS

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Drinking water treatment as % of capacity 100 %
- ☐ Total daily demand as % of pumping capacity 50 %
- ☐ Total daily demand as % of storage capacity 50 %
- ☐ Pump hours per day 12 hrs.
- ☐ Production or distribution limitations.
- ☐ Other _____

Upon initiation and termination of Stage 2, the utility will mail a public announcement to its customers. No notice to TNRCC required.

Requirements for termination

Stage 2 of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 2, Stage 1 becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on a daily basis. Monthly review of customer use records and follow-up on any that have unusually high usage.

Describe additional measures, if any, to be implemented directly by the utility to manage limited water supplies and/or reduce water demand. Examples include: reduced or discontinued flushing of water mains, activation and use of an alternative supply source(s); use of reclaimed water for non-potable purposes.

The second water source for MEDINA HIGHLANDS ^{WATER} (name of utility) is:
(check one)

- ☐ Other well
- ☐ Inter-connection with other system
- ☐ Purchased water
- ☒ Other NONE

Voluntary Water Use Restrictions:

1. Restricted Hours: Outside watering is allowed daily, but only during periods specifically described in the customer notice; between 10:00 PM and 5:00 AM for example; **OR**
2. Restricted Days/Hours: Water customers are requested to voluntarily limit the irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems. Customers are requested to limit outdoor water use to **Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays**

for water customers with a street address ending with the numbers 7, 8, 9, or 0. Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.

3. Other uses that waste water such as water running down the gutter.

STAGE III - MANDATORY WATER USE RESTRICTIONS:

The water utility will implement Stage 3 when any one of the selected triggers is reached:

Supply-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Well level reaches _____ ft. (m.s.l.)
- ☐ Overnight recovery rate reaches _____ ft.
- ☐ Reservoir elevation reaches _____ ft. (m.s.l.)
- ☐ Stream flow reaches _____ cfs at USGS gage # _____
- ☐ Wholesale supplier's drought Stage 3 _____
- ☒ Other PUMP RUNS 75% CAPACITY FOR 2
CONTINUOUS DAYS.

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Drinking water treatment as % of capacity 100 %
- ☐ Total daily demand as % of pumping capacity 75 %
- ☐ Total daily demand as % of storage capacity _____ %
- ☒ Pump hours per day 18 hrs.
- ☐ Production or distribution limitations.
- ☐ Other _____

Upon initiation and termination of Stage 3, the utility will mail a public announcement to its customers. Notice to TNRCC required.

Requirements for termination

Stage 3 of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 3, Stage 2 becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on a regular basis. Flushing is prohibited except for dead end mains.

- a. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
- b. use of water to wash down buildings or structures for purposes other than immediate fire protection;
- c. use of water for dust control;
- d. flushing gutters or permitting water to run or accumulate in any gutter or street;
- e. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
- f. Any waste of water.

STAGE IV - CRITICAL WATER USE RESTRICTIONS:

The water utility will implement Stage 4 when any one of the selected triggers is reached:

Supply-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Well level reaches _____ ft. (m.s.l.)
- ☐ Overnight recovery rate reaches _____ ft.
- ☐ Reservoir elevation reaches _____ ft. (m.s.l.)
- ☐ Stream flow reaches _____ cfs at USGS gage # _____
- ☐ Wholesale supplier's drought Stage 4 _____
- ☒ Supply contamination.
- ☒ Other PUMP RUNS 100% CAPACITY FOR 1 DAY.

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Drinking water treatment as % of capacity 100 %
- ☐ Total daily demand as % of pumping capacity 100 %
- ☐ Total daily demand as % of storage capacity _____ %
- ☐ Pump hours per day 24 hrs.
- ☒ Production or distribution limitations.
- ☒ System outage.
- ☐ Other _____

Upon initiation and termination of Stage 4, the utility will mail a public announcement to its customers. Notice to TNRCC required.

Requirements for termination :

Stage 4 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 4, Stage 3 becomes operative.

Proposed Water Tariff



WATER UTILITY TARIFF

Docket Number: _____

(this number will be assigned by the Public Utility Commission after your tariff is filed)

Medina Highlands (Utility Name) 601 West 12th Street
(Utility Name) (Business Address)

Austin, Texas 78701 (City, State, Zip Code) (512) 917-0072
(City, State, Zip Code) (Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity: 12043

This tariff is effective in the following counties:

Bandera

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

None

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

Medina Highlands : PWS # 0100041

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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Note: Appendix A – Drought Contingency Plan (DCP) is approved by the Texas Commission on Environmental Quality; however, the DCP is included as part of your approved utility tariff pursuant to PUC rules. If you are establishing a tariff for the first time, please contact the TCEQ to complete and submit a DCP for approval.

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Meter Size	Monthly Minimum Charge	Gallonage Charge
5/8" or 3/4"	\$ 98.60 (Includes gallons)	\$ 5.84 per 1000 gallons, 1 st 5,000 gallons
1"	\$ 246.50	\$ 7.00 per 1000 gallons, next 5,000 gallons
1½ "	\$ 493.00	\$ 9.00 per 1000 gallons thereafter
2"	\$ 788.00	
3"	\$ 1,479.00	
4"	\$ 2,465.00	

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

Cash_ ☐ _ Check_ ☒ _ Money Order_ ☐ _ Credit Card_ ☐ _ Other (specify_____)

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

REGULATORY ASSESSMENT

1.0%

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

Section 1.02 - Miscellaneous Fee

TAP FEE \$ 800.00

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

TAP FEE (Unique Costs) Actual Cost

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

TAP FEE (Large Meter) Actual Cost

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

METER RELOCATION FEE Actual Relocation Cost, Not to Exceed Tap Fee

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED

METER TEST FEE \$ 25.00

THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST 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.

SECTION 1.0 – RATE SCHEDULE (Continued)

RECONNECTION FEE

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

- a) Nonpayment of bill (Maximum \$25.00) \$___25.00___
- b) Customer's request that service be disconnected \$___50.00___
- c) _____ \$_____

TRANSER FEE

\$___35.00___

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

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

___10%___

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

RETURNED CHECK CHARGE

\$___30.00___

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

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)

\$___50.00___

COMMERCIAL & NON-RESIDENTIAL DEPOSIT

1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

\$___Actual Cost___

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. [P.U.C. SUBST. R. 24.21(k)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission of Texas (PUC or commission rules 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.

SECTION 2.0 – SERVICE RULES AND POLICIES (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 residential customer who has paid 18 consecutive billings without being delinquent.

(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 P.U.C. SUBST. R. 24.86(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 2.0 – SERVICE RULES AND POLICIES (Continued)

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.

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, 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 2.0 – SERVICE RULES AND POLICIES (Continued)

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 Title 30 Texas Administrative Code (TAC) §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems.

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

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

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

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

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

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.

SECTION 2.0 -- SERVICE RULES AND POLICIES(Continued)

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible, the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

Section 2.10 - Billing

(A) Regular Billing

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

(B) Late Fees

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

(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.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

(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 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 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.13 - Reconnection of Service

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

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

Section 2.14 - Service Interruptions

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

Section 2.15 - Quality of Service

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

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

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.

SECTION 3.0 -- EXTENSION POLICY (Continued)

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

Exceptions may be granted by the TCEQ 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 by the TCEQ, 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. A service applicant requesting a one inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

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

SECTION 3.0 -- EXTENSION POLICY (Continued)

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

Section 3.03 - Contributions in Aid of Construction

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

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

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of P.U.C. SUBST. R. 24.86(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 P.U.C. SUBST. R. 24.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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

- 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 3.0 -- EXTENSION POLICY (Continued)

Section 3.04 - Appealing Connection Costs

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

Section 3.05 - Applying for Service

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

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the utility's nearest service main with adequate capacity to 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 3.0 -- EXTENSION POLICY (Continued)

Section 3.06 - Qualified Service Applicant

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

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

Section 3.07 - Developer Requirements

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

APPENDIX A – DROUGHT CONTINGENCY PLAN (Utility Must Attach TCEQ-Approved Plan)

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