



Filing Receipt

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Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)

Pursuant to 16 Texas Administrative Code (TAC) Chapter 24, Substantive Rules Applicable to Water and Sewer Service Providers, Subchapter G: Certificates of Convenience and Necessity

CCN Application Instructions

- I. **COMPLETE:** In order for the Commission to find the application sufficient for filing, you should be adhere to the following:
- Answer every question and submit all required attachments.
 - Use attachments or additional pages if needed to answer any question. If you use attachments or additional pages, reference their inclusion in the form.
 - Provide all mapping information as detailed in Part F: Mapping & Affidavits.
 - Provide any other necessary approvals from the Texas Commission on Environmental Quality (TCEQ), or evidence that a request for approval is being sought at the time of filing with the Commission.
- II. **FILE:** Seven (7) copies of the completed application with numbered attachments. One copy should be filed with no permanent binding, staples, tabs, or separators; and 7 copies of the portable electronic storage medium containing the digital mapping data.
- SEND TO:** Public Utility Commission of Texas, Attention: Filing Clerk, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 (NOTE: Electronic documents may be sent in advance of the paper copy; however, they will not be processed and added to the Commission's on-line Interchange until the paper copy is received and file-stamped in Central Records.)
- III. The application will be assigned a docket number, and an administrative law judge (ALJ) will issue an order requiring Commission Staff to file a recommendation on whether the application is sufficient. The ALJ will issue an order after Staff's recommendation has been filed:
- DEFICIENT (Administratively Incomplete):** Applicant will be ordered to provide information to cure the deficiencies by a certain date (usually 30 days from ALJ's order). *Application is not accepted for filing.*
 - SUFFICIENT (Administratively Complete):** Applicant will be ordered by the ALJ to give appropriate notice of the application using the notice prepared by Commission Staff. *Application is accepted for filing.*
- IV. Once the Applicant issues notice, a copy of the actual notice sent (including any map) and an affidavit attesting to notice should be filed in the docket assigned to the application. Recipients of notice may choose to take one of the following actions:
- HEARING ON THE MERITS:** an affected party may request a hearing on the application. The request must be made within 30 days of notice. If this occurs, the application may be referred to the State Office of Administrative Hearings (SOAH) to complete this request.
 - LANDOWNER OPT-OUT:** A landowner owning a qualifying tract of land (25+ acres) may request to have their land removed from the requested area. The Applicant will be requested to amend its application and file new mapping information to remove the landowner's tract of land, in conformity with this request.
- V. **PROCEDURAL SCHEDULE:** Following the issuance of notice and the filing of proof of notice in step 4, the application will be granted a procedural schedule for final processing. During this time the Applicant must respond to hearing requests, landowner opt-out requests, and requests for information (RFI). The Applicant will be requested to provide written consent to the proposed maps, certificates, and tariff (if applicable) once all other requests have been resolved.
- VI. **FINAL RECOMMENDATION:** After receiving all required documents from the Applicant, Staff will file a recommendation on the CCN request. The ALJ will issue a final order after Staff's recommendation is filed.

FAQ:

Who can use this form?

Any retail public utility that provides or intends to provide retail water or wastewater utility service in Texas.

Who is required to use this form?

A retail public utility that is an investor owned utility (IOU) or a water supply corporation (WSC) must use this form to obtain or amend a CCN prior to providing retail water or sewer utility service in the requested area.

What is the purpose of the application?

A CCN Applicant is required to demonstrate financial, managerial, and technical (FMT) capability to provide continuous and adequate service to any requested area. The questions in the application are structured to support an Applicant's FMT capabilities, consistent with the regulatory requirements.

Application Summary

Applicant: SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc.

CCN No. to be amended: 11978 (w) & 20650 (s)

or Obtain NEW CCN Water & Sewer

County(ies) affected by this application: Travis

Dual CCN requested with: _____

CCN No.: _____ (name of retail public utility)
 Portion or All of requested area

Decertification of CCN for: _____

CCN No.: _____ (name of retail public utility)
 Portion or All of requested area

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Please mark the items included in this filing

- | | |
|---|-----------------------------------|
| <input type="checkbox"/> Partnership Agreement | Part A: Question 4 |
| <input type="checkbox"/> Articles of Incorporation and By-Laws (WSC) | Part A: Question 4 |
| <input checked="" type="checkbox"/> Certificate of Account Status | Part A: Question 4 Attachment 2 |
| <input type="checkbox"/> Franchise, Permit, or Consent letter | Part B: Question 7 |
| <input type="checkbox"/> Existing Infrastructure Map | Part B: Question 8 |
| <input checked="" type="checkbox"/> Customer Requests For Service in requested area | Part B: Question 9 Attachment 3 |
| <input type="checkbox"/> Population Growth Report or Market Study | Part B: Question 10 |
| <input type="checkbox"/> TCEQ Engineering Approvals | Part B: Question 11 |
| <input type="checkbox"/> Requests & Responses For Service to ½ mile utility providers | Part B: Question 12.B |
| <input type="checkbox"/> Economic Feasibility (alternative provider) Statement | Part B: Question 12.C |
| <input type="checkbox"/> Alternative Provider Analysis | Part B: Question 12.D |
| <input type="checkbox"/> Enforcement Action Correspondence | Part C: Question 16 |
| <input checked="" type="checkbox"/> TCEQ Compliance Correspondence | Part D: Question 20 Attachment 5 |
| <input checked="" type="checkbox"/> Purchased Water Supply or Treatment Agreement | Part D: Question 23 Attachment 10 |
| <input type="checkbox"/> Rate Study (new market entrant) | Part E: Question 28 |
| <input checked="" type="checkbox"/> Tariff/Rate Schedule | Part E: Question 29 Attachment 4 |
| <input checked="" type="checkbox"/> Financial Audit | Part E: Question 30 Attachment 6 |
| <input checked="" type="checkbox"/> Application Attachment A & B | Part E: Question 30 Attachment 7 |
| <input type="checkbox"/> Capital Improvement Plan | Part E: Question 30 |
| <input checked="" type="checkbox"/> Disclosure of Affiliated Interests | Part E: Question 31 Attachment 8 |
| <input checked="" type="checkbox"/> Detailed (large scale) Map | Part F: Question 32 Attachment 9 |
| <input checked="" type="checkbox"/> General Location (small scale) Map | Part F: Question 32 Attachment 9 |
| <input checked="" type="checkbox"/> Digital Mapping Data | Part F: Question 32 |
| <input checked="" type="checkbox"/> Signed & Notarized Affidavit | Page 12 |
| <input checked="" type="checkbox"/> Transaction Summary | Attachment 1 |

Part A: Applicant Information

1. A. Name: SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc.
(individual, corporation, or other legal entity)

Individual Corporation WSC Other: _____

B. Mailing Address: 12535 Reed Rd
Sugar Land, TX 77478

Phone No.: (830) 207-6100 Email: SWWC.COM

C. **Contact Person.** Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title.

Name: Brian Bahr Title: Director, Rates & Regulatory

Mailing Address: 1620 Grand Ave Pkwy, Ste 140, Pflugerville, TX 78660

Phone No.: (646) 599-2415 Email: bbahr@swwc.com

2. If the Applicant is someone other than a municipality, is the Applicant currently paid in full on the Regulatory Assessment Fees (RAF) remitted to the TCEQ?

Yes No N/A

3. If the Applicant is an Investor Owned Utility (IOU), is the Applicant current on Annual Report filings with the Commission?

Yes No If no, please state the last date an Annual Report was filed: _____

4. The legal status of the Applicant is:

- Individual or sole proprietorship
- Partnership or limited partnership (*attach* Partnership agreement) See Attachment 2 - Certificate of Account Status
- Corporation: Charter number (recorded with the Texas Secretary of State): 0800832416
- Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under TWC Chapter 67]
Charter number (as recorded with the Texas Secretary of State): _____
- Articles of Incorporation and By-Laws established (*attach*)
- Municipally-owned utility
- District (MUD, SUD, WCID, FWSD, PUD, etc.)
- County
- Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)
- Other (please explain): _____

5. If the Applicant operates under an assumed name (i.e., any d/b/a), provide the name below:

Name: SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc.

Part B: Requested Area Information

6. Provide details on the existing or expected land use in the requested area, including details on requested actions such as dual certification or decertification of service area.

Please see Attachment 1 - Transaction Summary.

7. The requested area (check all applicable):

Currently receives service from the Applicant Is being developed with no current customers

Overlaps or is within municipal boundaries Overlaps or is within district boundaries

Municipality: _____ District: _____

Provide a copy of any franchise, permit, or consent granted by the city or district. If not available please explain:

N/A

8. Describe the circumstances (economic, environmental, etc.) driving the need for service in the requested area:

Please see Attachment 1 - Transaction Summary

9. Has the Applicant received any requests for service within the requested area? See Attachment 1 - Transaction Summary and Attachment 3 - Request for Service

Yes* No *Attach copies of all applicable requests for service and show locations on a map

10. Is there existing or anticipated growth in the requested area? See Attachment 1 - Transaction Summary and Attachment 3 - Request for Service

Yes* No *Attach copies of any reports and market studies supporting growth

11. A. Will construction of any facilities be necessary to provide service to the requested area?

Yes* No *Attach copies of TCEQ approval letters See Attachment 1 - Transaction Summary (specifications and timeline TBD)

B. Date Plans & Specifications or Discharge Permit App. submitted to TCEQ: _____

C. Summarize an estimated timeline for construction for any required facilities to serve the requested area:

See Attachment 1 - Transaction Summary

D. Describe the source and availability of funds for any required facilities to serve the requested area:

See Attachment 1 - Transaction Summary

Note: Failure to provide applicable TCEQ construction or permit approvals, or evidence showing that the construction or permit approval has been filed with the TCEQ may result in the delay or possible dismissal of the application.

12. A. If construction of a physically separate water or sewer system is necessary, provide a list of all retail public water and/or sewer utilities within one half mile from the outer boundary of the requested area below:

N/A, construction of a physically separate water or sewer system is not necessary.

B. Did the Applicant request service from each of the above water or sewer utilities? N/A

Yes* No *Attach copies of written requests and copies of the written response

C. Attach a statement or provide documentation explaining why it is not economically feasible to obtain retail service from the water or sewer retail public utilities listed above. N/A

D. If a neighboring retail public utility agreed to provide service to the requested area, attach documentation addressing the following information: N/A

- (A) A description of the type of service that the neighboring retail public utility is willing to provide and comparison with service the applicant is proposing;
- (B) An analysis of all necessary costs for constructing, operating, and maintaining the new facilities for at least the first five years of operations, including such items as taxes and insurance; and
- (C) An analysis of all necessary costs for acquiring and continuing to receive service from the neighboring retail public utility for at least the first five years of operations.

13. Explain the effect of granting the CCN request on the Applicant, any retail public utility of the same kind serving in the proximate area, and any landowners in the requested area. The statement should address, but is not limited to, regionalization, compliance, and economic effects.

SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc. is a subsidiary of SouthWest Water Company, which also owns other utilities in Texas, including Monarch Utilities I L.P. and Midway Water Utilities, Inc. It is well-known to the Commission and has adequate financial, operational, and managerial expertise and capacity to serve the proposed development without negatively affecting existing customers. There are no retail public utilities of the same kind serving within the requested CCN area, and the sole landowner within the requested CCN area has consented to the proposed CCN amendment. See Attachment 3 - CRP Consent.

Part C: CCN Obtain or Amend Criteria Considerations

14. Describe the anticipated impact and changes in the quality of retail utility service for the requested area:

Adding the requested area back to the CCN will enable Hornsby Bend to work with the landowner to fulfill anticipated service; the full extent of those needs is currently to be determined.

15. Describe the experience and qualifications of the Applicant in providing continuous and adequate retail service:

Hornsby Bend, along with its parent SouthWest Water Company, is well-known to the Commission and has been successfully providing service in Texas for many years. It has the financial, managerial, and technical expertise and capacity to provide service to the proposed area.

16. Has the Applicant been under an enforcement action by the Commission, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG), or the Environmental Protection Agency (EPA) in the past five (5) years for non-compliance with rules, orders, or state statutes?

Yes* No

*Attach copies of any correspondence with the applicable regulatory agency concerning any enforcement actions, and attach a description of any actions or efforts the Applicant has taken to comply with these requirements.

17. Explain how the environmental integrity of the land will or will not be impacted or disrupted as a result of granting the CCN as requested:

As requested by the landowner, water and wastewater service will be provided under the review and approval of the PUCT and the TCEQ, which will ensure that the environmental integrity of the land will not be disrupted or impacted negatively.

18. Has the Applicant made efforts to extend retail water or sewer utility service to any economically distressed area located within the requested area?

No, there are no economically distressed areas located within the requested area.

19. List all neighboring water or sewer retail public utilities, cities, districts (including ground water conservation districts), counties, or other political subdivisions (including river authorities) providing the same service located within two (2) miles from the outer boundary of the requested area:

Kennedy Ridge WSC (CCN 12643), Aqua Texas Inc (CCN 13254), City of Austin (CCN 11322), Manville WSC (CCN 11144), Garfield WSC (CCN 11244), & Plan Z LLC (CCN 13080) are all within two miles from the boundary of the requested area.

Rio de Vida MUD 1 (District 7282501) is nearby but listed by the TCEQ as inactive.

City of Manor, Aqua WSC (CCN 10294), & River Timber Water Supply (CCN 12293) are all nearby but outside of two miles from the boundary of the requested area.

Part D: TCEQ Public Water System or Sewer (Wastewater) Information

20. A. Complete the following for all Public Water Systems (PWS) associated with the Applicant's CCN:

TCEQ PWS ID:	Name of PWS:	Date of TCEQ inspection*:	Subdivisions served:
2270255	Austins Colony Public Water System	4/17/2019	See list of subdivisions served in tariffs provided as Attachment 4

*Attach evidence of compliance with TCEQ for each PWS
See Attachment 5 - TCEQ Compliance

- B. Complete the following for all TCEQ Water Quality (WQ) discharge permits associated with the Applicant's CCN:

TCEQ Discharge Permit No:	Date Permit expires:	Date of TCEQ inspection*:	Subdivisions served:
WQ- 0013138001	10/4/2024	11/9/2018	See list of subdivisions served in tariffs provided as Attachment 4
WQ-			
WQ-			
WQ-			

*Attach evidence of compliance with TCEQ for each Discharge Permit
See Attachment 5 - TCEQ Compliance

- C. The requested CCN service area will be served via: PWS ID: 2270255
WQ - 0013138001

21. List the number of existing connections for the PWS & Discharge Permit indicated above (Question 20. C.):

Water				Sewer	
	Non-metered	3	2"	3,749	Residential
3,314	5/8" or 3/4"	2	3"	13	Commercial
5	1"		4"		Industrial
4	1 1/2"	2	Other	7	Other
Total Water Connections:		3,330		Total Sewer Connections:	3,769

22. List the number of additional connections projected for the requested CCN area: N/A, no additional connections proposed at this time

Water				Sewer	
	Non-metered		2"		Residential
	5/8" or 3/4"		3"		Commercial
	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:				Total Sewer Connections:	

23. A. Will the system serving the requested area purchase water or sewer treatment capacity from another source?

Yes* No *Attach a copy of purchase agreement or contract. Please see Attachment 10 - Purchased Water Contract

Capacity is purchased from:

Water: EPCOR 130, Inc. and M.G. Solutions, LLP

Sewer: _____

B. Are any of the Applicants PWS's required to purchase water to meet the TCEQ's minimum capacity requirements or TCEQ's drinking water standards?

Yes No

C. What is the amount of supply or treatment purchased, per the agreement or contract? What is the percent of overall demand supplied by purchased water or sewer treatment (if any)?

	Amount in Gallons	Percent of demand
Water:	4,000,000	95%
Sewer:		0%

24. Does the PWS or sewer treatment plant have adequate capacity to meet the current and projected demands in the requested area?

Yes No

25. List the name, class, and TCEQ license number of the operators that will be responsible for the operations of the water or sewer utility service provided to the requested area:

Name (as it appears on license)	Class	License No.	Water/Sewer
Macario Ybarra	B	CI0009726, WW0047157	CS Inspector, wastewater
Macario Ybarra	B	WG0013703, WS0012063	ground water, surface water
Paul Mallini	C	WG0000745, WW0015590	ground water, wastewater
Ryan Batista	D	WO0047498	water

26. A. Are any improvements required for the existing PWS or sewer treatment plant to meet TCEQ or Commission standards?

Yes No

B. Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters): *N/A, no capital improvements currently necessary*

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:

27. Provide a map (or maps) showing all facilities for production, transmission, and distribution, and the location of existing or proposed customer connections, in the requested area. Facilities should be identified on subdivision plats, engineering planning maps, or other large scale maps. Color coding can be used, and is encouraged, to distinguish types of facilities.

Please see Attachment 9 - Maps (note that while there are existing facilities adjacent to the requested area, there are no production, transmission, or distribution facilities currently located within the requested area)

Part E: Financial Information

28. If the Applicant seeking to obtain a CCN for the first time is an Investor Owned Utility (IOU) and under the original rate jurisdiction of the Commission, a proposed tariff must be attached to the application. The proposed rates must be supported by a rate study, which provides all calculations and assumptions made. Once a CCN is granted, the Applicant must submit a rate filing package with the Commission within 18 months from the date service begins. The purpose of this rate filing package is to revise a utility's tariff to adjust the rates to a historic test year and to true up the new tariff rates to the historic test year. It is the Applicant's responsibility in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service. Any dollar amount collected under the rates charged during the test year in excess of the revenue requirement established by the Commission during the rate change proceeding shall be reflected as customer contributed capital going forward as an offset to rate base for ratemaking purposes. N/A, Applicant is seeking only to amend existing CCN area

29. If the Applicant is an existing IOU, please attach a copy of the current tariff and indicate: See Attachment 4 - Hornsby Bend Tariffs

A. Effective date for most recent rates: 3/1/2020

B. Was notice of this increase provided to the Commission or a predecessor regulatory authority?

No Yes

Application or Docket Number: 50055

C. If notice was not provided to the Commission, please explain why (ex: rates are under the jurisdiction of a municipality)

N/A

If the Applicant is a Water Supply or Sewer Service Corporation (WSC/SSC) and seeking to obtain a CCN, attach a copy of the current tariff.

30. **Financial Information**

Applicants must provide accounting information typically included within a balance sheet, income statement, and statement of cash flows. If the Applicant is an existing retail public utility, this must include historical financial information and projected financial information. However, projected financial information is only required if the Applicant proposes new service connections and new investment in plant, or if requested by Commission Staff. If the Applicant is a new market entrant and does not have its own historical balance sheet, income statement, and statement of cash flows information, then the Applicant should establish a five-year projection.

Historical Financial Information may be shown by providing any combination of the following that includes necessary information found in a balance sheet, income statement, and statement of cash flows: See Attachment 6 - Financial Info

1. Completed Appendix A;
2. Documentation that includes all of the information required in Appendix A in a concise format; or

Audited financial statements issued within 18 months of the application filing date. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website porta

Projected Financial Information may be shown by providing any of the following:

1. Completed Appendix B; See Attachment 7 - Projected Financial Info
2. Documentation that includes all of the information required in Appendix B in a concise format;
3. A detailed budget or capital improvement plan, which indicates sources and uses of funds required, including improvements to the system being transferred; or
4. A recent budget and capital improvements plan that includes information needed for analysis of the operations test for the system being transferred and any operations combined with the system. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

31. Attach a disclosure of any affiliated interest or affiliate. Include a description of the business relationship between all affiliated interests and the Applicant. See Attachment 8 - Affiliates

DO NOT INCLUDE ATTACHMENTS A OR B IF LEFT BLANK

Part F: Mapping & Affidavits

32. Provide the following mapping information with each of the seven (7) copies of the application: See Attachment 9 - Maps
1. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The Applicant should adhere to the following guidance:
 - i. If the application includes an amendment for both water and sewer certificated service areas, separate maps must be provided for each.
 - ii. A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document.
 - iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
 2. A detailed (large scale) map identifying the requested area in reference to verifiable man-made or natural landmarks such as roads, rivers, and railroads. The Applicant should adhere to the following guidance:
 - i. The map should be clearly labeled and the outer boundary of the requested area should be marked in reference to the verifiable man-made or natural landmarks. These verifiable man-made and/or natural landmarks must be labeled and marked on the map as well.
 - ii. If the application includes an amendment for both water and sewer certificated service area, separate maps need to be provided for each.
 - iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
 3. One of the following identifying the requested area:
 - i. A metes and bounds survey sealed or embossed by either a licensed state land surveyor or a registered professional land surveyor. Please refer to the mapping guidance in part 2 (above);

- ii. A recorded plat. If the plat does not provide sufficient detail, Staff may request additional mapping information. Please refer to the mapping guidance in part 2 (above); or
- iii. Digital mapping data in a shapefile (SHP) format georeferenced in either NAD 83 Texas State Plane Coordinate System (US Feet) or in NAD 83 Texas Statewide Mapping System (Meters). The digital mapping data shall include a single, continuous polygon record. The following guidance should be adhered to:
 - a. The digital mapping data must correspond to the same requested area as shown on the general location and detailed maps. The requested area must be clearly labeled as either the water or sewer requested area.
 - b. A shapefile should include six files (.dbf, .shp, .shx, .sbx, .sbn, and the projection (.prj) file).
 - c. The digital mapping data shall be filed on a data disk (CD or USB drives), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

Part G: Notice Information

The following information will be used to generate the proposed notice for the application.
DO NOT provide notice until the application is deemed sufficient for filing and the Applicant is ordered to provide notice.

33. Complete the following using verifiable man-made and/or natural landmarks such as roads, rivers, or railroads to describe the requested area (to be stated in the notice documents). Measurements should be approximated from the outermost boundary of the requested area:

The total acreage of the requested area is approximately: 346 (water) & 332 (sewer)

Number of customer connections in the requested area: 0

The closest city or town: Austin

Approximate mileage to closest city or town center: 2

Direction to closest city or town: West

The requested area is generally bounded on the North by: Old Webberville Rd

on the East by: Austin's Colony Blvd

on the South by: Harold Green Rd

on the West by: Texas Highway 130

34. A copy of the proposed map will be available at 12535 Reed Rd, Sugar Land, TX 77478

Applicant's Oath

STATE OF Texas

COUNTY OF Fort Bend

I, Jeffrey L. McIntyre being duly sworn, file this application to obtain or amend a water or sewer CCN, as President (owner, member of partnership, title as officer of corporation, or authorized representative)

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

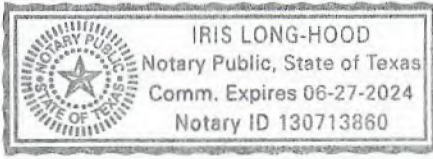
I further represent that the application form has not been changed, altered, or amended from its original form.
I further represent that the Applicant will provide continuous and adequate service to all customers and qualified applicants within its certificated service area should its request to obtain or amend its CCN be granted.

[Signature]
AFFIANT
(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Texas
this day the 31ST of AUGUST, 20 21

SEAL



[Signature]
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

Iris Long-Hood
PRINT OR TYPE NAME OF NOTARY

My commission expires: 06-27-2024

List of Attachments

- Att 1 – Transaction Summary
- Att 2 – Certificate of Account
- Att 3 – Request for Service
- Att 4 – Tariffs
- Att 5 – TCEQ Compliance
- Att 6 – Financial Audit (CONFIDENTIAL)
- Att 7 – Projected Financial Info
- Att 8 - Affiliates
- Att 9 – Maps
- Att 10 – Purchased Water Contracts

Attachment 1 – Transaction Summary

Transaction Summary

Colorado River Project, LLC (CRP) filed with the Public Utility Commission of Texas (Commission) on August 13, 2020 a petition to amend the Certificate of Convenience and Necessity (CCN) of SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc. (HBUC) by expedited release.¹ On January 14, 2021, the Commission approved CRP's request for release, and confirmed the decision in an order denying rehearing filed March 5, 2021. Prior to its release, the land was part of HBUC's CCN for many years, dating back to approval granted by the Texas Commission on Environmental Quality ("TCEQ") in an order dated November 16, 2004.²

HBUC requests in the instant application an amendment to its CCN that would add back to HBUC's CCN area a portion of the territory that was released in Docket No. 51166 ("Requested Area"). CRP supports this application; please see Attachment 3 of the application for CRP's letter in support of HBUC's application.

As CRP is the sole landowner in the Requested Area, no additional facilities are needed to serve the Requested Area at this time, but should additional facilities be required in the future, all appropriate permits will be obtained from the TCEQ.

¹ Docket No. 51166

² TCEQ Docket Nos, 2002-189-UCR, 2000-0112-UCR, 2002-0756-UCR, and 2002-1197-UCR

Attachment 2 – Certificate of Account



Franchise Tax Account Status

As of : 06/11/2021 11:04:57

This page is valid for most business transactions but is not sufficient for filings with the Secretary of State

SWWC UTILITIES, INC.

Texas Taxpayer Number 12602872199

Mailing Address 12535 REED RD ATTN: TAX DEPT (FSC) SUGAR LAND,
TX 77478-2837

Right to Transact Business in Texas ACTIVE

State of Formation DE

Effective SOS Registration Date 06/19/2007

Texas SOS File Number 0800832416

Registered Agent Name CORPORATION SERVICE COMPANY DBA CSC -
LAWYERS INCO

Registered Office Street Address 211 E. 7TH STREET SUITE 620 AUSTIN, TX 78701

Attachment 3 – Request for Service

Public Utility Commission of Texas
PO Box 13326
Austin, TX 78711-3326

RE: Application of SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc. to amend water CCN No. 11978 and sewer CCN No. 20650

To Whom it May Concern,

May it be known by this letter that Colorado River Project, LLC ("CRP") has requested that SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc. ("HBUC") seek approval from the Public Utility Commission of Texas ("Commission") to amend its water Certificate of Convenience and Necessity ("CCN") No. 11978 and sewer CCN No. 20650 to incorporate territory solely owned by CRP that was previously released from HBUC's CCNs by order of the Commission in Docket No. 51166. CRP understands that, under Sections 13.242 and 13.250 of the Texas Water Code, HBUC has both the right and responsibility to provide water and sewer utility services within its respective CCNs, and that, should the Commission approve HBUC's request, CRP will obtain service for water and sewer utility services from HBUC in compliance with the CCN granted. CRP fully supports HBUC's request as contained in its CCN amendment application.

Regards,

A handwritten signature in black ink, appearing to read "Rohan Patel". The signature is fluid and cursive, with the first name "Rohan" and the last name "Patel" clearly distinguishable.

Rohan Patel

Senior Director, Global Policy and Business Development

Attachment 4 – Tariffs*

*Note that water tariffs were most recently approved in Docket No. 51358; however, the official approved tariffs on file in that docket were incomplete as they included only the rates pages and not the pages containing the service rules and regulations. The water tariffs attached here include the rates pages approved in Docket No. 51358 as well as the service rules and regulations pages that were presumably inadvertently omitted, previously approved in Docket No. 50055.



**WATER UTILITY TARIFF
Tariff Control Number 51358**

SWWC Utilities, Inc., dba
Hornsby Bend Utility Company, Inc.
(Utility Name)

12535 Reed Rd.
(Business Address)

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

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

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

11978

This tariff is effective in the following counties:

Travis

This tariff is effective in the following subdivisions or systems:

Austin's Colony: PWS ID # 2270255 serving Austin's Colony, Forest Bluff, Tecolote Farms, Birch Addition, Bountiful Harvest, Mission of Santa Barbara, Twin Creek Meadows, Plain View Estates, Betty Francis Addition, Rod Stewart Addition, Francis Subdivision, Decker Creek Estates, Hornsby Bend, The Tommy Reaux Subdivision, Trinity Hill, Chaparral Crossing, Gilbert Lane

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

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APPENDIX D -- AGREEMENT FOR TEMPORARY WATER SERVICE

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Phase I rates effective January 1, 2014

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons all meters)	<u>Gallonge Charge</u>
5/8"	\$45.00	\$6.87 per 1,000 gallons *Plus pass-through fee listed below
3/4"	\$67.50	
1"	\$112.50	
1½"	\$225.00	
2"	\$360.00	
3"	\$675.00	
4"	\$1,125.00	
6"	\$2,250.00	
8"	\$3,600.00	
10"	\$5,175.00	
12"	\$11,250.00	

Phase II rates effective January 1, 2017

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons all meters)	<u>Gallonge Charge*</u>
5/8"	\$47.03	\$7.18 per 1,000 gallons *Plus pass-through fee listed below
3/4"	\$70.55	
1"	\$117.58	
1½"	\$235.15	
2"	\$376.24	
3"	\$705.45	
4"	\$1,175.75	
6"	\$2,351.50	
8"	\$3,762.40	
10"	\$5,408.45	
12"	\$11,757.50	

Federal Tax Change Credit Rider (*Tariff Control No. 50055*)

Meter Size	One-Time Credit Effective March 1, 2020	Monthly Credit Effective March 1, 2020 – February 28, 2023	Additional Monthly Credit Effective March 1, 2023 (if applicable)
5/8"	(\$29.08)	(\$0.95)	(1.07)
3/4"	(\$43.63)	(\$1.43)	(\$1.61)
1"	(\$72.70)	(\$2.38)	(\$2.68)
1½"	(\$145.40)	(\$4.75)	(\$5.35)
2"	(\$232.64)	(\$7.60)	(\$8.56)
3"	(\$436.20)	(\$14.25)	(\$16.05)
4"	(\$727.00)	(\$23.75)	(\$26.75)
6"	(\$1,454.00)	(\$47.50)	(\$53.50)
8"	(\$2,326.40)	(\$76.00)	(\$85.60)
10"	(\$3,344.20)	(\$109.25)	(\$123.05)
12"	(\$7,270.00)	(\$237.50)	(\$267.50)

SECTION 1.0 -- RATE SCHEDULE (Continued)

*Epcor 130 Project Pass-Through Fee \$0.23 per 1,000 gallons
(Tariff Control No. 51358)

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

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

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

REGULATORY ASSESSMENT..... 1.0%

PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND TO REMIT FEE TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (TCEQ).

Section 1.02 – Miscellaneous Fees

TAP FEE \$700.00

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

TAP FEE (Unique costs) Actual Cost

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

LARGE METER TAP FEE..... Actual Cost

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

RECONNECTION FEE

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

- a) Non-payment of bill (Maximum \$25.00) \$25.00
 - b) Customer's request \$50.00
- or other reasons listed under Section 2.0 of this tariff

TRANSFER FEE..... \$45.00

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

LATE CHARGE 10%

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

RETURNED CHECK CHARGE \$25.00

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

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

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.

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees (Continued)

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

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

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:
INCREASES IN INSPECTION FEES AND WATER TESTING COSTS IMPOSED BY STATE OR FEDERAL LAW MAY BE PASSED THROUGH AS AN ADJUSTMENT TO THE MONTHLY BASE RATE CHARGE UNDER THE TERMS AND CONDITIONS OF 16 TAC 24.21(b)(2)(F) AFTER NOTICE TO CUSTOMERS AND UPON WRITTEN APPROVAL BY THE PUC.

SUPPLEMENTAL EMERGENCY SERVICE FEE
APPLICABLE TO NONRESIDENTIAL WATER SERVICE CUSTOMERS WHO REQUIRE SUPPLEMENTAL SERVICE OVER AND ABOVE THEIR EXISTING WATER SERVICE FROM TIME TO TIME. USAGE IS TO BE DETERMINED BY CUSTOMER. THE MINIMUM DIAMETER FOR SUPPLEMENTAL SERVICE METER SHALL BE 2 INCHES.

MONTHLY SUPPLEMENTAL SERVICE RATE: \$13.43
PER INCH DIAMETER OF SERVICE CONNECTION METER

METER TAMPERING, DAMAGE OR DIVERSION FEE: \$100.00
ONE TIME PENALTY PER OCCURRENCE FOR TAMPERING WITH OR DAMAGING A WATER METER OR ANY APPURTENANCE THERETO INCLUDING LOCKS AND METER BOXES OR SERVICE DIVERSION OF ONE HUNDRED DOLLARS (\$100.00).

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

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

Where:

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees (Continued)

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE - ALL WATER SUBJECT TO FEE:

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

$$AG = G + B/(1-L),$$

Where:

- AG = adjusted gallonage charge, rounded to the nearest one cent;
- G = approved gallonage charge (per 1,000 gallons);
- B = change in purchased water/district gallonage charge (per 1,000 gallons);
- L = system average line loss for preceding 12 months not to exceed 0.15

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE – PORTION OF WATER SUBJECT TO FEE:

Upon notice from a water supplier of either an increase or a decrease in the cost of purchased water, the utility shall provide notice to customers and the Commission of its intent to implement rates imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula:

Adjustment to the gallonage rate: $AG = (CP/GB) \times 1,000$

Adjustment to the minimum bill: $AMB = GMB \times AG$

Where:

- CP: $CP1 - CP0 =$ Change in cost of purchased water
- CP1: Cost of purchased water during the most recent 12 month period at the new rates;
- CP0: Cost of purchased water during the most recent 12 month period at the previous rates;
- GMB: Number of gallons in the minimum bill, divided by 1,000; and
- GB: Number of gallons billed to customers in excess of the amount included in the monthly minimum bill for the 12 Month period used above.

With each annual adjustment to the Purchased Water and/or District Fee Pass-Through, the utility must file a true-up report that shows the pass-through calculation for the next 12 months in the notice. The report shall contain up to five years of data, as available, and show the annual and accumulated differences between the adjusted gallonage charge (AG) and/or the adjustment to the minimum bill (AMB) amounts collected from customers and the amounts actually paid to the entities whose charges are included in the pass-through provision and any other information requested by Commission Staff during the review.

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees (Continued)

FRANCHISE FEE PASS THROUGH CLAUSE:

Charges a municipality makes for use of streets and alleys pursuant to Tax Code §182.025 or other applicable state law shall be passed through as an adjustment to the water gallonage charge according to the following formula:

$$AG = G + B$$

Where:

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

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

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

FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):

The Federal Tax Change Credit Rider gives effect to the Tax Cuts and Jobs Act of 2017, which changed the federal corporate tax rate from 35% to 21%, by reducing the cost of service paid by customers taking service under this rate tariff. The FTCCR will provide credits to customers taking service under this rate tariff.

SECTION 2.0 -- SERVICE RULES AND REGULATIONS

Section 2.01 - Rules

The Utility will have the most current Public Utility Commission of Texas (Commission) Rules, 16 TAC Chapter 24, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.02 - 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 PUC Rules. In the event that the Utility refuses to serve an applicant, the Utility will inform the applicant in writing of the basis of its refusal. The Utility is also required to inform the applicant that a complaint may be filed with the Commission.

Section 2.04 - Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the Utility, the applicant 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 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 that accrued within the last two years.

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

SECTION 2.0 -- SERVICE RULES AND REGULATIONS (Continued)

Section 2.04 - Customer Deposits (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. Deposits from non-residential customers may be held as long as that customer takes service.

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 PUC 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 that 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 2.06 - Billing

Bills from the Utility will be mailed monthly unless otherwise authorized by the Commission. The due date of the bills for utility service will be at least sixteen (16) days from the date of issuance. If the customer is a state agency, the due date for the bill may not be less than 30 days after issuance, unless otherwise agreed to by the agency. 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. At the customer's option, bills may be sent in a paperless, electronic form by email. The date of the email will constitute 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.

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

SECTION 2.0 -- SERVICE RULES AND REGULATIONS (Continued)

Section 2.06 - Billing (Continued)

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

Section 2.07 - 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 may 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 has not been entered into within 30 days from the date of issuance of a bill and if proper notice of termination has been given.

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

Section 2.08 - Reconnection of Service

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

Service will be reconnected within 36 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.

SECTION 2.0 -- SERVICE RULES AND REGULATIONS (Continued)

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 TCEQ 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 of the investigation. If the complainant is dissatisfied with the Utility's response, the Utility must advise the complainant that he has recourse through the PUC complaint process. Pending resolution of a complaint, the Commission may require continuation or restoration of service.

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

Section 2.12 – Specific Utility Service Rules and Regulations

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

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

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

All payments for utility service shall be delivered or mailed to the Utility's business office. If the business office fails to receive payment before 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 a 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 2.0 -- SERVICE RULES AND REGULATIONS

Section 2.12 – Specific Utility Service Rules and Regulations (Continued)

Customers shall 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 must install customer-owned and -maintained cutoff valves on their side of the meter.

No water connection from any public drinking water supply system shall be made to any establishment where an actual or potential contamination or system hazard exists without an air gap separation between the drinking water supply and the source of potential contamination. The containment air gap is sometimes impractical and, instead, reliance must be placed on individual "internal" air gaps or mechanical backflow prevention devices.

Under these conditions, additional protection shall be required at the meter in the form of a backflow prevention device (in accordance with AWWA Standards C510 and C511, and AWWA Manual M14) on those establishments handling substances deleterious or hazardous to the public health. The water purveyor need not require backflow protection at the water service entrance if an adequate cross-connection control program is in effect that includes an annual inspection and testing by a certified backflow prevention device tester. It will be the responsibility of the water purveyor to ensure that these requirements are met.

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

Limitation on Product/Service Liability. Public water utilities are required to deliver water to the customer's side of the meter or service connection that meets the potability and pressure standards of the TCEQ. The Utility will not accept liability for any injury or damage to individuals or their property occurring on the customer's side of the meter when the water delivered meets these state standards. The Utility makes no representations or warranties (expressed or implied) that customer's appliances will not be damaged by disruptions of or fluctuations in water service whatever the cause. The Utility will not accept liability for injuries or damages to persons or property due to disruption of water service caused by: (1) acts of God, (2) acts of third parties not subject to the control of the Utility if the Utility has undertaken such preventive measures as are required by PUC rules, (3) electrical power failures in water systems not required by TCEQ rule to have auxiliary power supplies, or (4) termination of water service pursuant to the Utility's tariff and the PUC's rules. The Utility is not required by law and does not provide fire prevention or firefighting services. The Utility therefore does not accept liability for fire-related injuries or damages to persons or property caused or aggravated by the availability (or lack thereof) of water or water pressure (or lack thereof) during fire emergencies. The Utility will accept liability for any injury or damage to individuals or their property directly caused by defective utility plant (leaking water lines or meters) or the repairs to or construction of the Utility's facilities.

SECTION 2.0 -- SERVICE RULES AND REGULATIONS (Continued)

Section 2.12 - Specific Utility Service Rules and Regulations (Continued)

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

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

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

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

The Utility adopts the Uniform Plumbing Code pursuant to 30 TAC § 290.46(i). The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the TCEQ, the Uniform Plumbing Code and with the service rules and regulations of the Utility.

The customer will bring out his service line to his property line at the point on the customer's property mutually acceptable to the customer and the Utility subject to such requirements as may exist by PUC rule. No water service smaller than 5/8" will be connected. No pipe or pipe fitting which contains more than 8.0% lead can be used for the installation or repair of plumbing at any connection, which provides water for human use. No solder or flux, which contains more than 0.2% lead, can be used at any connection that provides water for human use.

The Utility will have the right of access to the customer's premises at all times reasonable for the purpose of installing, testing, inspecting or repairing 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. 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.

SECTION 2.0 -- SERVICE RULES AND REGULATIONS (Continued)

Section 2.12 - Specific Utility Service Rules and Regulations (Continued)

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

Except in cases where the customer has a contract with the Utility for reserve or auxiliary service, no other water service will be used by the customer on the same installation in conjunction with the Utility's service, either by means of a crossover valve or any other connection. Customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises. Two places shall not be permitted to be supplied with one service pipe where there is a water main abutting the premises.

No connection shall be allowed which allows water to be returned to the public drinking water supply. No backflow prevention device shall be permitted to be installed in the customer's plumbing without notice to and written permission from the Utility. Any backflow prevention devices so installed shall be inspected annually by a licensed backflow prevention device inspector or appropriately licensed plumber and a written report of such inspection delivered to the Utility.

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

It is agreed and understood that any and all meters, water lines, and other equipment furnished by the Utility (excepting the customer's individual service lines from the point of connection to customer's structures on customer's premises) are and shall remain the sole property of the Utility, and nothing contained herein or in a contract/application for service shall be construed to reflect a sale or transfer of any such meters, lines, or equipment to any customer. All tap and extension charges shall be for the privilege of connecting to said water lines and for installation, not purchase, of said meters and lines.

Applicants for service at new consuming facilities or facilities which have undergone extensive plumbing modifications are required to deliver to the Utility a certificate that their facilities have been inspected by a state-licensed inspector and that they are in compliance with all applicable plumbing codes and are free of potential hazards to public health and safety. Service may be denied until the certificate is received or any identified violations or hazards are remedied. The Utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer to locate and obtain the services of a licensed inspector in a timely manner. When potential sources of contamination are identified which, in the opinion of the inspector or the Utility, require the installation of a state-approved backflow prevention device, such backflow prevention device shall be installed on the customer's service line or other necessary plumbing facilities by an appropriately licensed plumber/backflow prevention device specialist at the customer's expense. The backflow prevention device shall be maintained by the customer at his expense and inspected annually by a licensed inspector. Copies of the annual inspection report must be provided to the Utility. Failure to comply with this requirement may constitute grounds for termination of water service with notice.

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. Access to meters and cutoff valves shall be controlled by the provisions of 16 TAC 24.169(c).

SECTION 2.0 -- SERVICE RULES AND REGULATIONS (Continued)

Section 2.12 - Specific Utility Service Rules and Regulations (Continued)

Where necessary to serve an applicant's property, the Utility may require the applicant to provide it a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant.

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

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 before 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 PUC's Rules.

Section 3.02 – Specific Utility Extension Policy

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

Residential customers not covered under Section 3.01 will be charged the equivalent of the costs of extending service to their property from the nearest 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 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.

SECTION 3.0 -- EXTENSION POLICY

Section 3.02 – Specific Utility Extension Policy (Continued)

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

When an individual residential applicant requires an extension of a main line beyond 200 feet, the charge to that applicant shall be the actual cost of such extension in excess of 200 feet, plus the applicable tap fee plus such other approved costs as may be provided in this tariff and/or PUC rules.

Residential tap fees may be increased by other unique costs not normally incurred as permitted by PUC rule. Larger meter taps shall be made at actual cost associated with that tap which shall include such extraordinary expenses.

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

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.

Unless expressly exempted by PUC rule or order, each point of use (as defined by 16 TAC § 24.3) must be individually metered.

The imposition of additional extension costs or charges as provided by Sections 2.12 and 3.02 of this tariff shall be subject to appeal as provided in this tariff, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the Utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs before payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall have the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the Utility's rates in that portion of the Utility's service area in which the applicant's property(ies) is located. Unless the PUC or other regulatory authority enters interlocutory orders to the contrary, service to the applicant may be delayed until such appeal is resolved.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.02 – Specific Utility Extension Policy (Continued)

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 any individual applicant desires one service connection. Service application forms will be available for applicant pick up at the Utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions that might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

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

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

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

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

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.02 – Specific Utility Extension Policy (Continued)

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

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

(a) The Developer shall make a written request for service to property that is to be subdivided and developed. The Developer shall submit to the Utility a proposed plat on a scale of one inch (1") to two hundred feet (200') for review and determination of required easements, utility plant, and plant location. If sewer service is requested, the plat must contain elevation data. A reconcilable deposit in an amount set by the Utility may be required to cover preliminary engineering, legal, and copy cost to be incurred by the Utility in reviewing and planning to meet this service request. The plat and/or accompanying information shall identify the type, location, and number of houses and other planned structures that will be requiring utility service. If other than residential structures are to be located on the property, all other types of anticipated businesses and their service demands shall be identified with specificity. All areas requiring special irrigation and/or other unique water demands must be identified. To the extent reasonably possible, this information must be precise so that adequate facilities can be designed and constructed to meet all future service demands without hazard to the public, other utility customers, and/or the environment.

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

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

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.02 – Specific Utility Extension Policy (Continued)

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

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

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

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

(h) As soon as the roads are rough cut and before paving, extension lines will need to be constructed at each road crossing. The Developer must notify the Utility sufficiently in advance of this development stage to allow for the necessary Utility construction without disruption to other service operations of the Utility. Failure to provide adequate advance notice and cooperation in the construction of necessary utility plant may result in additional delays in obtaining service to the property. The Developer shall be required to pay for all additional costs of road boring or other remedial construction necessary to install adequate utility plant throughout the affected property.

(i) The Developer, not the Utility, shall insure that Developer's employees, agents, contractors, and others under its control coordinate their work or construction throughout the property with the Utility to insure the orderly and timely construction of all utility plant necessary to serve the public.

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

(a) That the developer of the subdivision refused to provide facilities compatible with the Utility's facilities in accordance with the Utility's approved extension policy after receiving a written request from the Utility; or,

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.02 – Specific Utility Extension Policy (Continued)

(b) That the Developer defaulted on the terms and conditions of a written agreement or contract existing between the Utility and the developer or the terms of this tariff regarding payment for services, extensions, or other requirements; or in the event the Developer declared bankruptcy and was therefore unable to meet obligations; and

(c) That the residential service applicant purchased the property from the Developer after the Developer was notified of the need to provide facilities to the Utility. A residential service applicant may be charged the remaining costs of extending service to his property; provided, however, that the residential service applicant may only be required to pay the cost equivalent to the cost of extending the nearest water main, whether or not that line has adequate capacity to serve that residential service applicant. The following criteria shall be considered to determine the residential service applicant's cost for extending service:

- 1) The residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution.
- 2) Exceptions may be granted by the PUC if:
 - i. 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;
 - ii. Larger minimum line sizes are required under subdivision platting requirements or applicable building codes.
- 3) If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

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

A service applicant requesting a one-inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

SECTION 4.0 -- DROUGHT CONTINGENCY PLAN

~~(Utility must attach a copy of the TCEQ approved Drought Contingency Plan)~~

See UDCP effective August 2020 for all SWWC utilities



**SEWER UTILITY TARIFF
Tariff Control Number 50055**

SWWC Utilities, Inc., dba
Hornsby Bend Utility Company, Inc.
(Utility Name)

12535 Reed Rd.
(Business Address)

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

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

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

20650

This tariff is effective in the following counties:

Travis

This tariff is effective in the following subdivisions or systems:

Austins Colony WWTP (WQ #13138-001) serving Austin's Colony, Forest Bluff, Tecolote Farms, Birch Addition, Bountiful Harvest, Mission of Santa Barbara, Twin Creek Meadows, Plain View Estates, Betty Francis Addition, Rod Stewart Addition, Francis Subdivision, Decker Creek Estates, Hornsby Bend, The Tommy Reaux Subdivision, Trinity Hill, Chaparral Crossing, Gilbert Lane

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APPENDIX A -- CONTRACT/APPLICATION FOR UTILITY SERVICE

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 – Rates

Phase I rates effective January 1, 2014

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons all meters)	<u>Gallonge Charge</u>
5/8"	<u>\$43.47</u>	<u>\$6.89</u> per 1,000 gallons
3/4"	<u>\$65.21</u>	
1"	<u>\$108.68</u>	
1½"	<u>\$217.35</u>	
2"	<u>\$347.76</u>	
3"	<u>\$652.05</u>	
4"	<u>\$1,086.76</u>	
6"	<u>\$2,173.50</u>	
8"	<u>\$3,477.60</u>	
10"	<u>\$4,999.05</u>	
12"	<u>\$10,867.50</u>	

Phase II rates effective January 1, 2017

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons all meters)	<u>Gallonge Charge</u>
5/8"	<u>\$45.42</u>	<u>\$7.20</u> per 1,000 gallons
3/4"	<u>\$68.13</u>	
1"	<u>\$113.55</u>	
1½"	<u>\$227.10</u>	
2"	<u>\$363.36</u>	
3"	<u>\$681.30</u>	
4"	<u>\$1,135.50</u>	
6"	<u>\$2,271.00</u>	
8"	<u>\$3,633.60</u>	
10"	<u>\$5,223.30</u>	
12"	<u>\$11,355.00</u>	

Residential sewer service will be billed year round using that service connection's average winter water consumption during December, January and February. Single family residential service connections without a winter historic average will have an imputed average of 5,000 gallons until they have established an average. Multi-family residential service connections without a historic winter average will have an imputed average of 5,000 gallons per residential unit until they have established an average.

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

Federal Tax Change Credit Rider (Tariff Control No. 50055)

Meter Size	One-Time Refund Effective March 1, 2020	Additional Monthly Credit Effective March 1, 2020 – February 28, 2023	Monthly Credit Effective March 1, 2023 (if applicable)
5/8"	(\$155.94)	(\$5.09)	(\$5.73)
3/4"	(\$233.91)	(\$7.64)	(\$8.60)
1"	(\$389.85)	(\$12.73)	(\$14.33)
1½"	(\$779.70)	(\$25.45)	(\$28.65)
2"	(\$1,247.52)	(\$40.72)	(\$45.84)
3"	(\$2,339.10)	(\$76.35)	(\$85.95)
4"	(\$3,898.50)	(\$127.25)	(\$143.25)
6"	(\$7,797.00)	(\$254.50)	(\$286.50)
8"	(\$12,475.20)	(\$407.20)	(\$458.40)
10"	(\$17,933.10)	(\$585.35)	(\$658.95)
12"	(\$38,985.00)	(\$1,272.50)	(\$1,432.50)

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.

FORM OF PAYMENT: The utility will accept the following forms of payment:
 Cash , Check , Money Order , MasterCard , Visa , Electronic Fund Transfer
 AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

Section 1.02 – Miscellaneous Fees

TAP FEE (Gravity sewer, street or easement installation) \$700.00

TAP FEE (Pressure sewer, non-rock installation)..... \$1,525.00
 TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION PLUS UNIQUE COSTS AS PERMITTED BY PUC RULE AT COST.

TAP FEE (Pressure sewer, rock installation)..... \$3,776.00
 TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION PLUS UNIQUE COSTS AS PERMITTED BY PUC RULE AT COST.

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

ACCOUNT SET UP FEE \$25.00
 FEE TO SET UP ACCOUNT FOR NEW CUSTOMER APPLYING FOR SEWER SERVICE ONLY.

SECTION 1.0 -- RATE SCHEDULE (Continued)

RECONNECTION FEE

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

- a) Non-payment of bill (Maximum \$25.00)..... \$25.00
- b) Customer's request..... \$50.00
or other reasons listed under Section 2.0 of this tariff.

TRANSFER FEE \$45.00

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

LATE CHARGE 10%

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

RETURNED CHECK CHARGE..... \$25.00

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

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

SERVICE RELOCATION FEE..... Actual cost to relocate that service connection

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

SEASONAL RECONNECTION FEE:

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

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

DAMAGE OR SERVICE DIVERSION FEE..... \$100.00

ONE TIME PENALTY FOR TAMPERING WITH OR DAMAGING A SEWER SERVICE CONNECTION, OR ANY APPURTENANCE THERETO, INCLUDING PUMPS OR SERVICE DIVERSION.

SECTION 1.0 -- RATE SCHEDULE (Continued)

FRANCHISE FEE PASS THROUGH CLAUSE:

Charges a municipality makes for use of streets and alleys pursuant to Texas Tax Code § 182.025 or other applicable state law shall be passed through as an adjustment to the sewer gallonage charge according to the following formula:

$$AG = G + B$$

Where:

- AG = adjusted gallonage charge, rounded to the nearest one cent:
- G = approved gallonage charge (per 1,000 gallons) and
- B = projected franchise fees payable (per 1,000 gallons).

PURCHASED SEWER PASS THROUGH CLAUSE:

Changes in fees imposed by any non-affiliated third party wholesale sewer service provider shall be passed through as an adjustment to the sewer gallonage charge according to the following formula:

$$AG = G + B$$

Where:

- AG = adjusted gallonage charge, rounded to the nearest one cent:
- G = approved gallonage charge (per 1,000 gallons) and
- B = change in purchased sewer service gallonage charge (per 1,000 gallons).

FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):

The Federal Tax Change Credit Rider gives effect to the Tax Cuts and Jobs Act of 2017, which changed the federal corporate tax rate from 35% to 21%, by reducing the cost of service paid by customers taking service under this rate tariff. The FTCCR will provide credits to customers taking service under this rate tariff.

SECTION 2.0 -- SERVICE RULES AND REGULATIONS

Section 2.01--Public Utility Commission of Texas Rules

The Utility will have the most current Public Utility Commission (PUC or Commission) Rules, 16 TAC Chapter 24, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.02--Application for and Provision of Sewer Service

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

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

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

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

Section 2.03--Refusal of Service

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

Section 2.04--Customer Deposits

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

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

SECTION 2.0 -- SERVICE RULES AND REGULATIONS (Continued)

Section 2.04--Customer Deposits (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. Deposits from non-residential customers may be held as long as that customer takes service.

Section 2.05--Meter Requirements, Readings, and Testing

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

Section 2.06--Billing

Bills from the Utility will be mailed monthly unless otherwise authorized by the Commission. The due date of the bills for utility service will be at least sixteen (16) days from the date of issuance. If the customer is a state agency, the due date for the bill may not be less than 30 days after issuance unless otherwise agreed to by the agency. 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. At the customer's option, bills may be sent in a paperless, electronic form by email. The date of the email will constitute 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.

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

Each bill will provide all information required by the PUC Rules. For each of the systems it operates, the Utility will maintain and note on the monthly billing a telephone number (or numbers) which may be reached by a local call by customers. At the Utility's option, a toll-free telephone number or the equivalent may be provided.

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

SECTION 2.0 -- SERVICE RULES AND REGULATIONS (Continued)

Section 2.07--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 may 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 has not been entered into within 30 days from the date of issuance of a bill and if proper notice of termination has been given.

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

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

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 36 hours after the past due bill and any other outstanding charges are paid or correction of the conditions that caused service to be disconnected.

Section 2.09--Service Interruptions

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

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

Section 2.10--Quality of Service

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

SECTION 2.0 -- SERVICE RULES AND REGULATIONS (Continued)

Section 2.11--Customer Complaints and Disputes

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

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

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

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

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

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

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

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

SECTION 2.0 -- SERVICE RULES AND REGULATIONS (Continued)

Section 2.12--Specific Utility Service Rules and Regulations

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

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

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

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

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

The Utility adopts the Uniform Plumbing Code pursuant to 30 TAC § 290.46(i). The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the PUC and TCEQ, the Uniform Plumbing Code and with the service rules and regulations of the Utility. The customer will bring out his service line to his property line at the point on the customer's property mutually acceptable to the customer and the Utility subject to such requirements as may exist by PUC rule.

SECTION 2.0 -- SERVICE RULES AND REGULATIONS (Continued)

Section 2.12--Specific Utility Service Rules and Regulations (Continued)

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

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

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

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

It is agreed and understood that any and all sewer lines and other equipment furnished by the Utility (excepting the customer's individual service lines from the point of connection to customer's structures on customer's premises) are and shall remain the sole property of the Utility, and nothing contained herein or in a contract/application for service shall be construed to reflect a sale or transfer of any such lines or equipment to any customer. All tap and extension charges shall be for the privilege of connecting to said sewer lines and for installation, not purchase, of said lines. Notwithstanding anything else in this tariff to the contrary, customers requiring pressurized service shall be responsible for owning, maintaining, repairing and providing electricity to all grinder pumps, storage tanks, controls and other appurtenances necessary to connect them to the Utility's collection line.

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

SECTION 2.0 -- SERVICE RULES AND REGULATIONS (Continued)

Section 2.12--Specific Utility Service Rules and Regulations (Continued)

The disposal into the Utility's sewer collection system of bulk quantities of food or food scraps not previously processed by a grinder or similar garbage disposal unit and grease and oils, except as incidental waste in process or wash water, used in or resulting from food preparation by sewer utility customers engaged in the preparation and/or processing of food for other than domestic consumption for sale to the public shall be prohibited. Specifically included in this prohibition are grease and oils from grease traps to other grease and/or oil storage containers. These substances are defined as "garbage" under Section 361.003 (12) of the Solid Waste Disposal Act, Texas Health and Safety Code, and are not "sewage" as defined by Section 26.001(7) of the Texas Water Code. The Utility only provides "sewage" collection and disposal service to the public. This service is limited to the collection, treatment and disposal of waterborne human waste and waste from domestic activities such as washing, bathing, and food preparation. This service does not include the collection, treatment or disposal of waste of such high BOD or TSS characteristics that it cannot reasonably be processed by the Utility's state-approved wastewater treatment plant within the parameters of the Utility's state and federal wastewater discharge permits. **This service does not include the collection and disposal of storm waters or run off waters, which may not be diverted into or drained into the Utility's collection system.**

Pursuant to PUC Rule 24.165(n), the Utility may charge for all labor, material, equipment, and other costs necessary to repair to replace all equipment damaged due to service diversion or the discharge of wastes which the system cannot properly treat. This shall include all repair and clean-up costs associated with discharges of grease and oils, except as incidental waste in process or wash water, used in or resulting from food preparation by sewer utility customers engaged in the preparation and/or processing of food for other than domestic consumption or for sale to the public discharged from grease traps or other grease and/or oil storage containers. The Utility may charge for all costs necessary to correct service diversion or unauthorized taps where there is no equipment damage, including incidents where service is reconnected without authority. The Utility may not charge any additional penalty or charge other than actual costs unless such penalty has been expressly approved by the regulatory authority having rate/tariff jurisdiction and filed in the Utility's tariff.

Pursuant to 16 TAC § 24.163(b)(3)(A) and (B), the customer's service line and appurtenances shall be construed in accordance with the laws and regulations of the State of Texas, local plumbing codes, or, in the absence of such local codes, the Uniform Plumbing Code. It shall be the customer's responsibility to maintain the service line and appurtenances in good operating condition, i.e., clear of obstruction, defects, or blockage.

If the Utility can provide evidence of excessive infiltration or inflow or failure to provide proper pretreatment, the Utility may, with the written approval of the PUC, require the customer to repair the line or eliminate the infiltration or inflow or take such actions necessary to correct the problem. If the customer fails to correct the problem within a reasonable time, the Utility may disconnect service after proper notice.

SECTION 2.0 -- SERVICE RULES AND REGULATIONS (Continued)

Section 2.12--Specific Utility Service Rules and Regulations (Continued)

In accordance with the requirements of Utility's wastewater discharge permit, any and all repairs and maintenance of Utility's lines, tanks, pumps, and equipment located on customer's premises shall be performed exclusively by the Utility.

Copies of the Utility's state and federal wastewater discharge permits shall be available for public inspection and copying in the Utility's business office during normal business hours.

Non-residential customers electing the pretreatment option for sewage with non-standard characteristics may be charged those costs set forth in the Utility's extension policy if such pretreatment fails or otherwise causes the Utility's facilities to violate their wastewater discharge permits.

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

RESIDENTIAL SINGLE-FAMILY GRINDER / SEWAGE STATIONS

The Utility will install the grinder pumps, storage tanks, controls and other appurtenances necessary to provide pressurized sewer service to a residential connection. The customer will have ownership of all Utility-installed grinder pumps, receiving tanks, lift stations or controls on the customer's property, and all maintenance, repairs, replacement, and electric bills are the customer's responsibility. The repairs may be performed by anyone selected by the customer, who is competent to perform such repairs. The Utility requires that parts and equipment meet the minimum standards approved by the TCEQ, to insure proper and efficient operation of the sewer system.

MULTI-FAMILY AND COMMERCIAL RECEIVING TANK / LIFT STATIONS

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

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

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

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

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SECTION 2.0 -- SERVICE RULES AND REGULATIONS (Continued)

Section 2.12--Specific Utility Service Rules and Regulations (Continued)

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

Regardless of who performs the initial installation, the customer shall hold title to and the responsibility to maintain and repair all equipment necessary to connect that service location to the Utility's pressurized collection line. The customer shall be responsible for the monthly electric bill.

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

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

SECTION 3.0 -- EXTENSION POLICY

Section 3.01--Standard Extension Requirements

LINE EXTENSION AND CONSTRUCTION CHARGES. No contribution in aid of construction may be required of any customer except as provided for in this approved extension policy.

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

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

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

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

Section 3.02--Specific Utility Extension Policy

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

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

Developers 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 TCEQ's minimum design criteria for facilities used in collecting, treating, transmitting, and discharging of wastewater effluent. For purposes of this subsection, a developer is one who subdivides or requests more than two connections on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

Tariff Control No. 50055

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.02--Specific Utility Extension Policy

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

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

Non-residential sewer customers producing waterborne waste significantly different from waste generated by residential customers may be required to provide a suitable sampling point at the property line for testing the customer's waste for chemicals or substances, e.g., grease, oils, solvents, pesticides, etc., which can reasonably be believed to have an injurious effect on the Utility's plant and/or its ability to treat and dispose of such wastes within the parameters of the Utility's permit. Utility shall have reasonable access to the sampling point at all times.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC § 24.163(d) and this tariff. When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge based upon the capacities of collection, transmission, storage, treatment and discharge facilities, compliant with the TCEQ minimum design criteria, which must be committed to such extension.

As provided by 16 TAC § 24.163(d)(4), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.02--Specific Utility Extension Policy (Continued)

The imposition of additional extension costs or charges as provided by Sections 2.12 and 3.02 of this tariff shall be subject to appeal as provided in this tariff, PUC Rules, or the rules of such other regulatory authority as may have jurisdiction over the Utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall have the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the Utility's rates in that portion of the Utility's service area in which the applicant's property(ies) is located. Unless the PUC or other regulatory authority enters interlocutory orders to the contrary, service to the applicant may be delayed until such appeal is resolved.

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

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

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

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

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.02--Specific Utility Extension Policy (Continued)

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

The Utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property. The Developer shall be required to obtain all necessary easements and rights-of-way required to extend the Utility's existing service facilities from their nearest point with adequate service capacity (as prescribed by TCEQ rules and local service conditions) to and throughout the Developer's property. The easements shall be sufficient to allow the construction, installation, repair, maintenance, testing, and replacement of any and all Utility plant necessary to provide continuous and adequate service to each and every potential service location within the property at full occupancy.

Unless otherwise restricted by law, sewage treatment, holding tank sites, lift station sites shall convey with all permanent easements and buffers required by TCEQ rules. Unless otherwise agreed to by the Utility, pipeline right-of-way easements must be at least 15 feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and meters. Easements must be provided for all storage, treatment, pressurization and disposal sites which are sufficient to construct and maintain all weather roads as prescribed by TCEQ rules. All easements shall be evidenced, at Developer's expense, by recorded county-approved subdivision plat or by specific assignment supported by metes and bounds survey from a surveyor licensed by the State of Texas.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.02--Specific Utility Extension Policy (Continued)

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

(a) The Developer shall make a written request for service to property that is to be subdivided and developed. The Developer shall submit to the Utility a proposed plat on a scale of one inch (1") to two hundred feet (200') for review and determination of required easements, utility plant, and plant location. If sewer service is requested, the plat must contain elevation data. A reconcilable deposit in an amount set by the Utility may be required to cover preliminary engineering, legal, and copy cost to be incurred by the Utility in reviewing and planning to meet this service request. The plat and/or accompanying information shall identify the type, location, and number of houses and other planned structures that will be requiring utility service. If other than residential structures are to be located on the property, all other types of anticipated businesses and their service demands shall be identified with specificity. All areas requiring special irrigation and/or other unique water demands must be identified. To the extent reasonably possible, this information must be precise so that adequate facilities can be designed and constructed to meet all future service demands without hazard to the public, other utility customers, and/or the environment.

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

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

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

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

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.02--Specific Utility Extension Policy (Continued)

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

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

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

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

(a) That the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the Utility's approved extension policy after receiving a written request from the Utility; or,

(b) That the Developer defaulted on the terms and conditions of a written agreement or contract existing between the utility and the developer or the terms of this tariff regarding payment for services, extensions, or other requirements; or in the event the Developer declared bankruptcy and was therefore unable to meet obligations; and,

(c) That the residential service applicant purchased the property from the Developer after the Developer was notified of the need to provide facilities to the Utility. A residential service applicant may be charged the remaining costs of extending service to his property; provided, however, that the residential service applicant may only be required to pay the cost equivalent to the cost of extending the nearest water main or wastewater collection line, whether or not that line has adequate capacity to serve that residential service applicant. The following criteria shall be considered to determine the residential service applicant's cost for extending service:

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

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.02--Specific Utility Extension Policy (Continued)

2. Exceptions may be granted by the PUC if:
 - i. 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;
 - ii. larger minimum line sizes are required under subdivision platting requirements or applicable building codes.
3. If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

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

Attachment 5 – TCEQ Compliance

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



RECEIVED
JUL 12 2021
TXU-AP

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 2, 2021

Mr. Tim Williford, Environmental Health and Safety Manager
SWWC Utilities, Inc.
1620 Grande Avenue Parkway, Ste. 140
Pflugerville, Texas 78660

Re: Compliance Evaluation Investigation at:
Austin's Colony Wastewater Treatment Plant, 14517 Lippincott Street, Travis County,
Texas; Investigation No. 1736528

Dear Mr. Williford:

On March 30, 2021, Michael Tucker of the Texas Commission on Environmental Quality (TCEQ) Austin Region Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for water quality. No violations are being alleged as a result of the investigation.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Mr. Michael Tucker in the Austin Region Office at (512) 239-7095.

Sincerely,

Chad Ahlgren

For

Shawn Stewart
Water Section Manager
Austin Region Office

SS/mwt

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Toby Baker, *Executive Director*



RECEIVED

MAY 13 2019

TXU-AP

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 8, 2019

Mr. Tim Williford, Environmental Manager
Southwest Water Corporation Utilities, Inc.
1620 Grand Avenue Parkway, Suite 140
Pflugerville, Texas 78660-2185

Re: Comprehensive Compliance Investigation at:
Austins Colony Public Water System
Austin (Travis County), Texas
PWS ID No.: 2270255; TCEQ Regulated Entity No.: RN102678703

Dear Mr. Williford:

On April 17, 2019, James McMullen of the Texas Commission on Environmental Quality (TCEQ) Austin Regional Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for public water supply. No violations are being alleged as a result of this investigation, however please see the enclosed additional issue.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Mr. McMullen in the Austin Region Office at (512)339-2929.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Stewart".

Shawn Stewart
Water Section Manager
Austin Region Office

SS/jsm

Enclosure: Summary of Investigative Findings

Summary of Investigation Findings

AUSTINS COLONY

Investigation #

1553091

Investigation Date: 04/17/2019

, TRAVIS COUNTY,

Additional ID(s): 2270255

No Violations Associated to this Investigation

ADDITIONAL ISSUES

Description	Additional Comments
-------------	---------------------

Item #1	During a review of the water system records it was noted that the population count being provided drinking water has increased from 7,371 to 8,874 persons. With the increase in population the water system is required to increase the number of routine monthly bacteriological samples taken from eight per month to now ten per month, per 30 TAC §290.109(c)(2)(A)(iii).
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Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 18, 2019

CERTIFIED MAIL 9489 0090 0027 6008 7014 88
RETURN RECEIPT REQUESTED

Tim Williford, Senior Environmental Health and Safety Manager
SouthWest Water Company
1620 Grand Avenue Parkway, Suite 140
Pflugerville, Texas 78660

Re: Notice of Violation for Wastewater Compliance Evaluation Investigation at:
Austin's Colony Wastewater Treatment Facility
14517 Lippincott Street, Austin, Travis County
Regulated Entity No.: RN101526226, TCEQ ID No.: WQ0013138001, EPA ID No.:
TX0098612

Dear Mr. Williford,

On November 09, 2018 and November 20, 2018, Michael Beatty of the Texas Commission on Environmental Quality (TCEQ) Austin Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for wastewater treatment. Enclosed is a summary which lists the investigation findings. During the investigation, concerns were noted which were an alleged noncompliances. Based on the information you have provided, the TCEQ has adequate documentation to resolve the alleged violation. Therefore, no further action is required. Additionally, self-reported effluent violations may be subject to formal enforcement, including penalties, upon review by the Enforcement Division.

In the listing of the alleged violations, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.state.tx.us> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the Austin Region Office at (512) 339-2929 or the Central Office Publications Ordering Team at 512-239-0028. Copies of applicable federal regulations may be obtained by calling Environmental Protection Agency's Publications at 800-490-9198.

Tim Williford
Page 2
January 18, 2019

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Mr. Michael Beatty in the Austin Region Office at (512) 239-5118.

Sincerely,



Shawn Stewart, Water Program Manager
Austin Region Office
Texas Commission on Environmental Quality

SS/mb

Enclosure: Summary of Investigation Findings

Summary of Investigation Findings

AUSTINS COLONY WWTP

, TRAVIS COUNTY,

Additional ID(s): WQ0013138001
TX0098612

Investigation #
1537533
Investigation Date: 11/09/2018

ALLEGED VIOLATION(S) NOTED AND RESOLVED ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 701431

2D TWC Chapter 26.121(a)(1)

30 TAC Chapter 305.125(1)

Alleged Violation:

Investigation: 1537533

Comment Date: 12/28/2018

Failed to prevent unauthorized discharges. One unauthorized discharges was reported between November 2016 through September 2018.

(1) On February 10, 2018, 500 gallons of sewage discharged at 3702 Sojourner Street due to a line blockage.

Recommended Corrective Action: Clean up spills, repair damaged pipe, unclog sewer lines, and report on actions taken to prevent a recurrence.

Resolution: Adequate compliance documentation was received for the unauthorized discharge that described the dates, volume, location, cause, corrective actions and description.

ADDITIONAL ISSUES

Description

Was the permittee compliant with the self-monitored effluent limits?

Additional Comments

The daily maximum E.coli limit of 399 MPN or cfu per 100 ml was exceeded in August 2017, November 2017, August 2018, and September 2018. The daily average E.coli limit of 126 MPN or cfu per 100 ml was exceeded in August 2017, August 2018, and September 2018.

The daily average flow limit of 0.5 MGD was exceeded in January 2018.

The daily maximum for total ammonia nitrogen limit of 10 mg per liter was exceeded in August 2018. The daily average for total ammonia nitrogen limit of 2 mg per liter was exceeded in July 2018, August 2018, and September 2018. The daily average for total ammonia nitrogen limit of 15 lbs per day was exceeded in August 2018 and September 2018.

Self-reported effluent may be subject to enforcement, including penalties, upon review by Enforcement Division.

Attachment 6 – Financial Audit (CONFIDENTIAL)

filed separately under confidential seal

Attachment 7 – Projected Financial Info

The Applicant, SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc. (HBUC), is an existing retail public utility (IOU), and the Commission is familiar with its financial, managerial, and technical information. HBUC does not propose new service connections as part of this CCN amendment other than to serve the sole landowner of the area to be added to HBUC's existing water and sewer CCNs. Furthermore, HBUC does not propose significant new investment in plant. Landowner is still determining level of service needs and timing, but HBUC does not anticipate added capacity will be required, only line extensions. Therefore, projected financial information is not provided with this application.

Attachment 8 - Affiliates

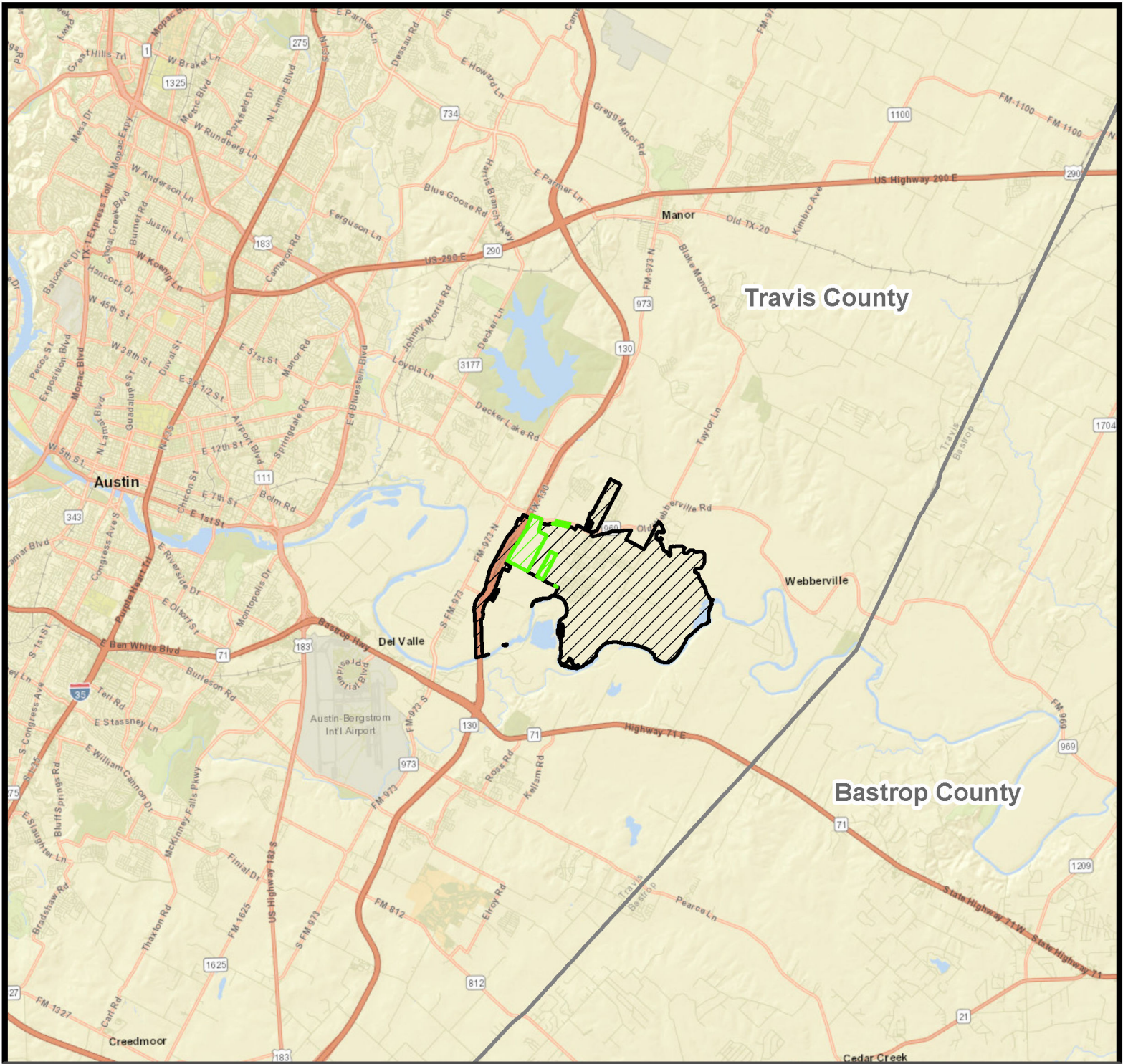
Affiliates of SWWC Utilities, Inc. dba

Hornsby Bend Utility Company, Inc.

1710 Woodcreek Farms, Inc.
Alabama Utility Systems, Inc.
CUC Holding Company, Inc.
Florida Utility Systems, Inc.
Kiawah Island Utility, Inc.
Metro Water Systems, Inc.
Midway Water Utilities, Inc.
Monarch Utilities, Inc.
Monarch Utilities I L.P.
New Mexico Utilities, Inc.
Ni America Operating, Inc.
Ni America Texas, LLC
Ni Florida, Inc.
Ni SC Environmental Services, Inc.
Ni South Carolina, Inc.
Ni South Carolina Utilities, Inc.
Northwest Utility Systems, Inc.
Oregon Water Utilities Cline Butte, Inc.
Oregon Water Utilities Mountain Lakes, Inc.
Oregon Water Utilities, Inc.
Palmetto Utilities, Inc.
Palmetto Wastewater Reclamation, Inc.
Shelby Ridge Utility Systems LLC
South Carolina Utility Systems, Inc.
South Carolina Water Utilities - CUC, Inc.
South Carolina Water Utilities, Inc.
Southeast Utility Systems, Inc.
SouthWest Water Company
Suburban Water Systems
SW Merger Acquisition Corp.
SWWC Services, Inc.
Texas Water Services Group, LLC
TWC Utility Company, LLC

Attachment 9 – Maps


**Application to Amend Hornsby Bend Utility Co CCN 11978
Hornsby Bend Water System
Travis County**



Requested Area - Hornsby Bend Water System

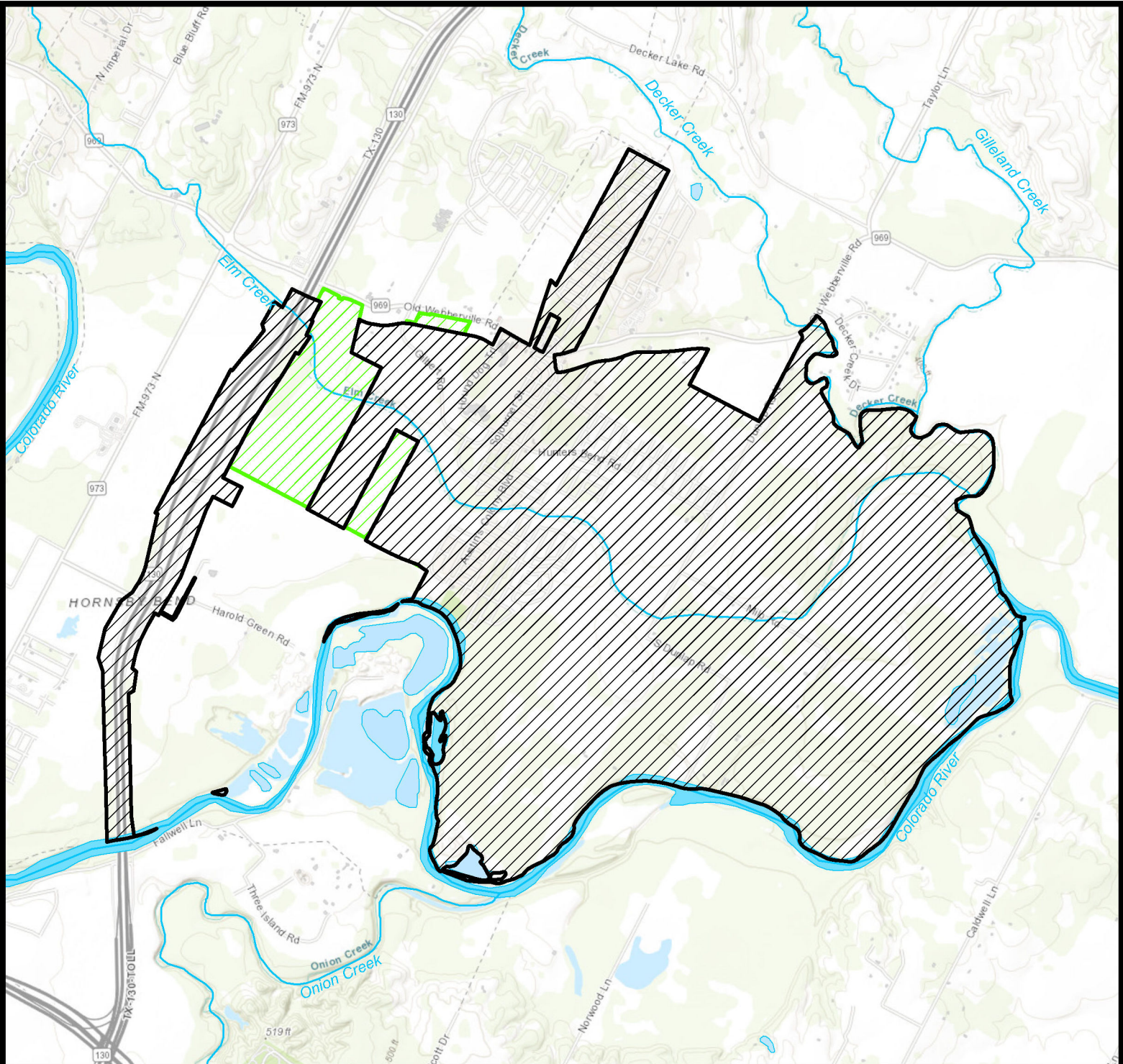
Description

 Hornsby Bend Existing CCN Boundary

 Area to be Added





Application to Amend Hornsby Bend Utility Co CCN 11978
Hornsby Bend Water System
Travis County



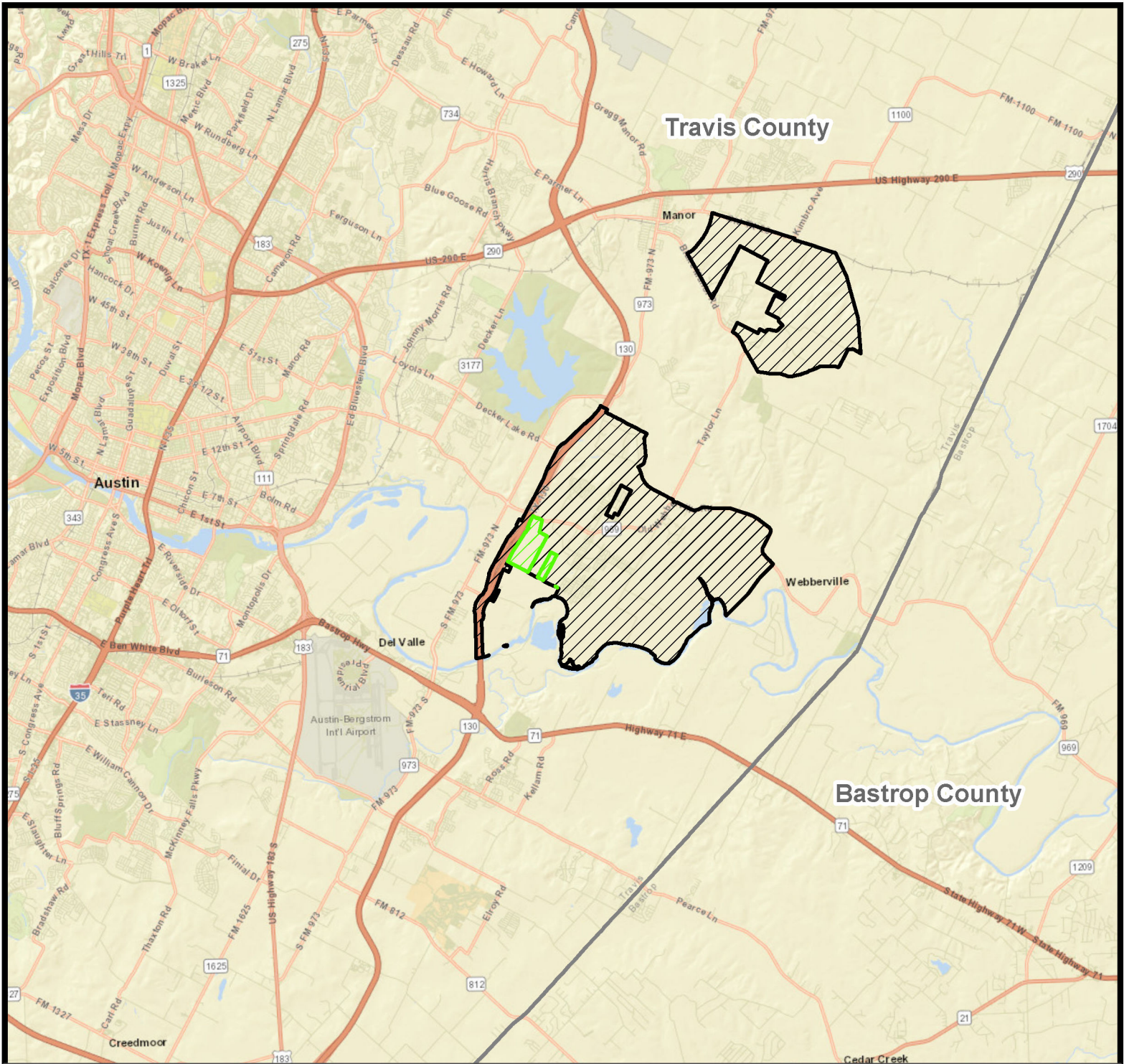
Requested Area - Hornsby Bend Water System

Description

-  Hornsby Bend Existing CCN Boundary
-  Area to be Added




Application to Amend Hornsby Bend Utility Co CCN 20650
Hornsby Bend Sewer Systems
Travis County



Requested Area - Hornsby Bend Sewer System

Description

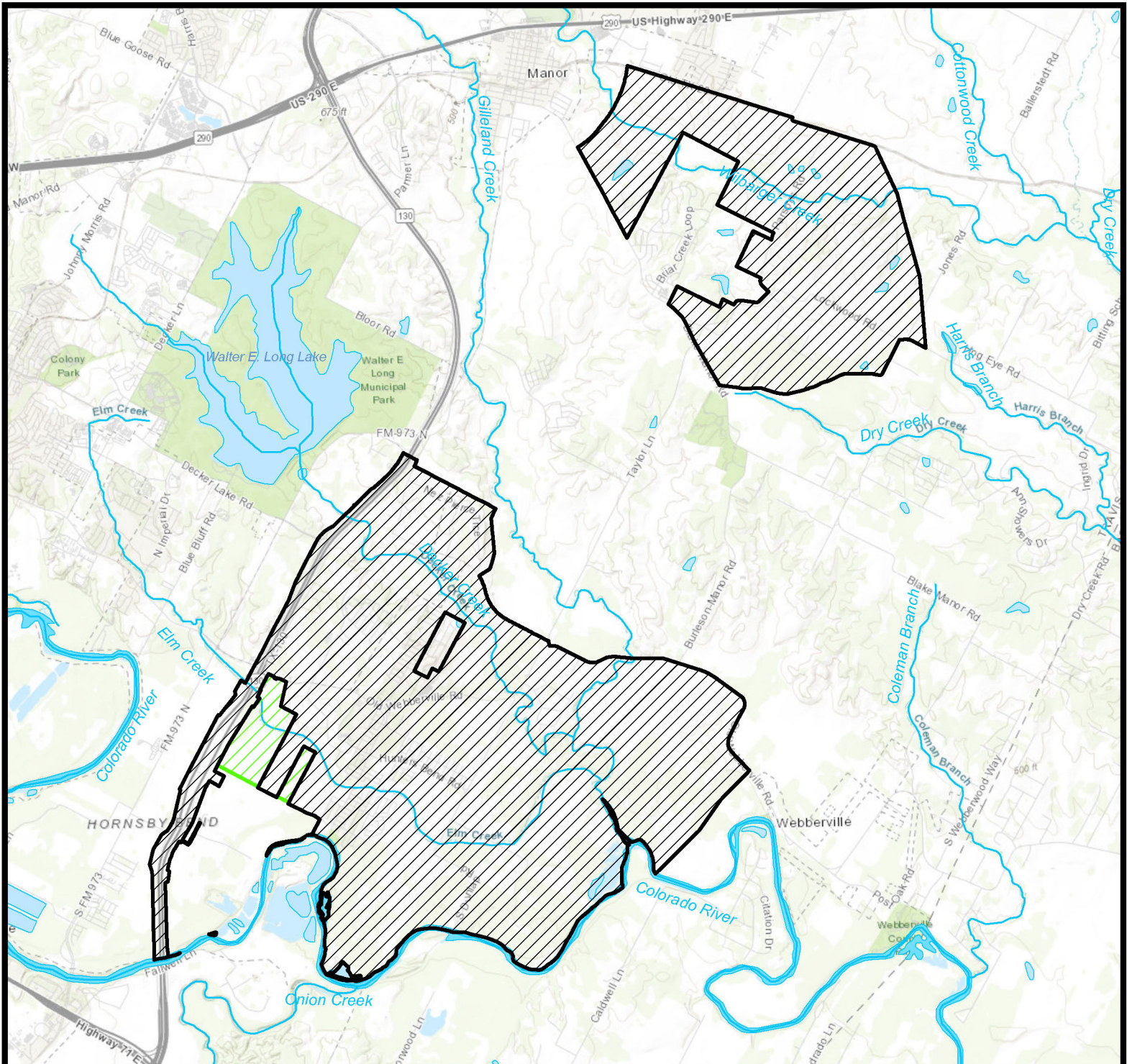
 Hornsby Bend Existing CCN Boundary

 Area to be Added



0 2 4 Miles

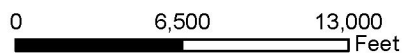
Application to Amend Hornsby Bend Utility Co CCN 20650
Hornsby Bend Sewer System
Travis County



Requested Area - Hornsby Bend Sewer System

Description

-  Hornsby Bend Existing CCN Boundary
-  Area to be Added



Attachment 10 – Purchased Water Contracts

WATER SUPPLY CONTRACT

This Contract is by and between M.G. Solutions, LLP, a Texas Limited Partnership ("Seller") and Hornsby Bend Utility Company, Inc., a Texas corporation ("Buyer"). The effective date of this Contract ("Effective Date") shall be the date on which it has been signed by both parties.

Whereas, Buyer owns and operates a retail water system and requires a supply of water for treatment and distribution to its customers;

Whereas, Seller intends to enter into groundwater leases on certain premises, to produce water for delivery and sale to Buyer.

NOW THEREFORE, for and in consideration of the mutual promises and covenants contained herein Seller and Buyer agree as follows:

SECTION 1 INITIATION OF CONTRACT

1.01 Initiation of Contract. For and in consideration of \$100, paid by Seller to Buyer, the receipt of which is hereby acknowledged, Seller shall have the option until 5:00 p.m. on the one hundred and eightieth (180th) day after the Effective Date of this Contract to initiate the rights and obligations of the parties under this Contract. Seller may exercise this option by delivering a letter, substantially in the form of that attached hereto as Exhibit "A," to Buyer in the manner provided for notices in paragraph 3.14 of this Contract.

The purpose of this option period is to allow Seller to finalize groundwater rights that are sufficient in Seller's opinion to allow it to deliver water to Buyer under the terms of this Contract.

Unless and until Seller initiates this Contract the obligations of Seller and Buyer shall be limited to those set forth in this Section. If Seller does initiate this Contract on or before 5:00 p.m. on the one hundred and eightieth (180th) day after the Effective Date of this Contract this Contract shall be in full force and effect and Seller and Buyer will be subject to all of the rights and obligations provided for in this Contract. If Seller does not initiate this Contract on or before the one hundred and eightieth (180th) day after the Effective Date of this Contract, this Contract may be extended for a mutually agreeable time by amendment, or, if either party does not wish to extend the time for initiation of this Contract, it shall automatically terminate.

SECTION 2 CONSTRUCTION PERIOD

2.01 Construction Periods. If and when Seller exercises the option granted in the foregoing paragraph 1.01, Seller shall use reasonable diligence to drill a well or wells and perform well tests and obtain water analyses sufficient to confirm its ability to deliver the volume of water identified in paragraph 3.01(a) of this Contract, all of which shall be completed within 180 days of when Seller

exercises that option. Within that 180-day period Seller shall deliver to Buyer easements for well sites, gathering lines and other facilities necessary to deliver water to Buyer's system, which easements shall be subject to Buyer's approval, which approval, and all approvals required by this Contract, shall be subject to the provisions of Paragraph 3.19 of this Contract. Upon completion of the foregoing tests Seller may, on or before the expiration of the foregoing 180-day period, deliver notice to Buyer that the results of test wells and laboratory analyses confirm that Seller can deliver to Buyer the volume of water identified in paragraph 3.01(a) of this Contract. If Seller delivers that notice to Buyer, Seller shall then have 180 days from the date of that notice to complete the wells necessary to deliver that amount of water to Buyer, and Buyer shall have the same 180-day period to install its gathering system for wells that are on those portions of the Wisian, Schwetman, Hackett and Hall tracts that are south of FM 969, and 270 days for wells that are located elsewhere provided however that the 180 day period or 270 day construction period as the case may be for Buyer's construction of and installation of the gathering system shall begin to run from the date Seller delivers the easements necessary for the gathering system infrastructure. A map showing the location of the Wisian, Schwetman, Hackett and Hall tracts that are south of FM 969, is attached hereto as Exhibit "B." If Seller installs the wells necessary for Seller to deliver to Buyer the volume of water identified in paragraph 3.01(a) of this Contract within 180 days from the foregoing notice that the results of test wells and laboratory analyses confirm that Seller can deliver to Buyer the volume of water identified in paragraph 3.01(a) of this Contract, then, when the gathering system has been installed, or at the expiration of six months or nine months from the date of the foregoing notice, as appropriate, whichever ever occurs first (the "Delivery Date"), Buyer shall be obligated to begin making the Take or Pay Payments in accordance with paragraph 3.06 of this Contract. In the event Seller does not give notice to Buyer that it is ready and able to deliver the initial Take or Pay Volume of water to Buyer within twelve (12) months from the date it exercises the option granted in Section 1 of this Contract, this Contract shall terminate unless Buyer agrees that it shall remain in effect.

SECTION 3 TERMS OF CONTRACT

3.01 Initial Volume of Water. (a) Following construction of the facilities described in paragraph 2.01, Seller will deliver to Buyer, on a take or pay basis, at the points of delivery hereafter described, one million gallons per calendar day (1.0 mgd), calculated as an annual average (the "Take or Pay Volume"). The Take or Pay Volume may be increased in the manner provided in paragraph 3.02. The maximum amount of water that Seller shall be required to deliver in any one calendar day shall be 1.20 multiplied by the Take or Pay Volume. Seller will also deliver, at the request of Buyer, such additional amounts of water as may be available. The annual period used to determine the Take or Pay Volume shall initially be the twelve-month period between the Delivery Date and the first anniversary of the Delivery Date, and thereafter shall be the twelve-month period between the anniversary of the Delivery Date preceding the date of the determination and the following anniversary of the Delivery Date. If Buyer takes more than the Take or Pay Volume during any twenty-four (24) month period, Seller shall have the right to increase the Take or Pay Volume up to the average usage over a moving twenty-four (24) month period.

(b) If, during the process described in the foregoing paragraph 2.01, Seller determines that it cannot deliver up to 1.0 mgd, calculated as an annual average, or a maximum amount of water in any one calendar day equal to 1.20 mgd, Sellers shall inform Buyer as to what volume per calendar day, calculated as an annual average, it can deliver. Buyer shall then have the option to accept that lesser amount as the initial Take or Pay Volume. The maximum amount of water that Seller shall then be required to deliver in any one calendar day shall be 1.20 multiplied by that revised Take or Pay Volume.

3.02 Request for Additional Capacity. Beginning on the Delivery Date and continuing during the term of this Contract, Buyer shall have the right to request Seller to increase the Take or Pay Volume in increments of 0.5 mgd. Buyer shall exercise this right by giving Seller notice of its need to increase the Take or Pay Volume six months in advance of when the volume will be increased. Seller shall not be required to increase the Take or Pay Volume if, in the opinion of Seller, water meeting the requirements of Paragraph 3.04 of this Contract is not available in quantities that are economically feasible to fulfill Buyer's request.

3.03 Well-Site Fencing, Gathering System, Meters and Points of Delivery. Well sites will be fenced in accordance with the requirements of the Texas Commission on Environmental Quality (the "TCEQ"). Seller will install meters, of size and manufacture approved by Buyer, at the fence around each well site. Seller shall be responsible for providing electricity at each well site. The Points of Delivery of water from Seller to Buyer will be at the outlets of the meters at each well site fence. Buyer will install a gathering system to transport water from each well site to Buyer's place of use. Title to all water supplied herein shall be in Seller up to each Point of Delivery, at which point title will pass to Buyer. Each of the parties hereby agrees to save and hold the other party hereto harmless from all claims, demands, and causes of action which may be asserted by anyone on account of the transportation and delivery of the water while title remains in such party.

3.04 Quality. The water delivered by Seller to Buyer at the Points of Delivery shall be of such quality that, after disinfection, it shall be potable water of a quality conforming to the requirements of any applicable state laws, rules, regulations or orders, including the requirements of the TCEQ, or its successors, for human consumption or other domestic use. Buyer shall be responsible for disinfection of the water sufficient to make it suitable for potable use.

3.05 Blending Facilities. If it is necessary to blend water from Seller's wells in order to meet the requirements of the foregoing paragraph 3.04, Buyer will install the necessary tanks and other facilities. If the parties can agree on a revision to the price of water set forth in the following paragraph 3.06. If the parties are unable to agree on a revision to the price Seller shall have the option to either construct the tankage and other facilities at its cost, or to terminate the Contract without the necessity of payment from either party to the other except for payment of amounts owing prior to the termination.

3.06 Price and Take or Pay Requirement. Initially the price of water delivered by Seller to Buyer shall be \$1.26 per 1,000 gallons. So long as Seller is willing and able to deliver the Take

or Pay Volume, Buyer agrees that it shall be unconditionally obligated to pay, without off-set or counterclaim, for the Take or Pay Volume regardless whether or not Seller delivers any water to Buyer, or whether or not Buyer actually receives or uses water from Seller, regardless of any other provisions of this or any other contract or agreement between any of the parties hereto. The obligation to pay for the Take or Pay Volume shall begin on the Delivery Date, and the cost of the Take or Pay Volume shall be payable monthly at the same time that Buyer pays for water actually delivered.

On each anniversary of the Delivery Date, the \$1.26 per 1,000 gallons price shall be adjusted by providing for the increase or decrease in Seller's cost per kilowatt hour of electricity, the ad valorem taxes on facilities used by Seller to supply water pursuant to this Contract, and the cost of insurance on facilities used by Seller to supply water pursuant to this Contract. For the purposes of this paragraph Seller's cost per kilowatt hour of electricity, and the cost of insurance on facilities used by Seller to supply water pursuant to this Contract shall be the rates in effect on the first day of each year in question. The ad valorem taxes on facilities used by Seller to supply water pursuant to this Contract shall be equal to the taxes assessed in the preceding year. Seller will notify Buyer of the increase within twenty (20) days after the end of each anniversary of the Delivery Date, and the revised price shall take effect at the time of the next bill.

If, after the execution of this Contract, a Groundwater District or similar entity is created that levies an export or production tax on water delivered pursuant to this Contract, such tax will be added to the foregoing price per 1,000 gallons.

In addition to paying each month for the Take or Pay Volume, Buyer will pay \$1.26 per 1,000 gallons, or such different price as may be determined from time to time as set forth in this paragraph, for all water taken in excess of 1.2 million gallons in any calendar day.

3.07 Billing. Seller shall read the meters once each month. Bills shall be delivered to Buyer by mail or by facsimile within the first five business days of each month. The due date shall be the last business day of each month. Any amount billed to Buyer that is not paid on or before the due date shall accrue a late fee at the rate of 1.5% per month, or the maximum legal rate, whichever is less.

3.08 Repair of Wells. In the event that any well providing water for delivery to Buyer needs repair, if Seller has not begun repairs within 48 hours of notice to Seller that a problem exists, Buyer may repair the well and recover the expense of the repair from Seller.

3.09 Metering. Seller shall provide, operate, maintain and read the meters at each Point of Delivery which shall record all water that is produced from the property and delivered to Buyer. Seller shall keep accurate records of all measurements of water required under this Contract, and the measuring devices and the records shall be open to inspection by the Buyer during business hours. Buyer shall have access to the metering equipment at all reasonable times. Upon written request of the Buyer, Seller will give Buyer copies of such records or permit Buyer to have access to the same

in the office of Seller during reasonable business hours. Seller shall calibrate its meter(s) once every two years, at Seller's expense, and, if requested by Buyer, shall do so in the presence of a representative of Buyer.

Buyer may request, in writing, Seller to calibrate the meter(s) at anytime. In that event Seller shall calibrate its meter(s) and, if requested by Buyer, shall do so in the presence of a representative of Buyer. If upon test of the meter(s) pursuant to the request of Buyer the percentage inaccuracy of such metering equipment is found to be in excess of four percent (4%), Seller shall pay the cost of the calibration. If the percentage inaccuracy of such metering equipment is found to be less than four percent (4%), the cost thereof shall be paid by Buyer.

If upon any test of the meter(s) the percentage inaccuracy of such metering equipment is found to be in excess of four percent (4%), registration thereof shall be corrected for a period extending back to the time when such inaccuracy began, if such time is ascertainable. If such time is not ascertainable, then for a period extending back one-half time elapsed since the latest date of calibration, but in no event further back than a period of six months. If any meters are out of service or out of repair so that the amount of water delivered cannot be ascertained or computed from the reading thereof, the water delivered during the periods such meter(s) are out of service or repair, shall be estimated and agreed upon by the parties hereto upon the basis of the best data available.

3.10 Groundwater Conservation District. If the groundwater leases pursuant to which Sellers delivers water to Buyer, or water produced pursuant to those groundwater leases are, or become, subject to the regulatory jurisdiction of a Groundwater Conservation District, or other similar entity of the State of Texas, which regulates or limits the pumping of water, both Buyer and Seller understand that Seller may be prohibited by law from producing water pursuant to the groundwater leases unless said pumping is in accordance with regulations promulgated by the newly created Groundwater Conservation District or any other governmental agency with lawful jurisdiction over water. Buyer and Seller agree to expedite, in a professional and cooperative manner, the joint beneficial effort of making application(s) for and completion of the administrative process to obtain the necessary permit(s) recognizing the right to drill for and pump pursuant to the groundwater leases.

Due to the unpredictability of events that might occur during the application/recognition/notice/approval process, Buyer and Seller agree to proceed as follows if such application/recognition/notice/approval process is necessary:

a. Seller agrees to take any and all necessary steps to apply for the recognition of Seller's rights to the water pursuant to the groundwater leases and shall request (i) authorization to pump the maximum allotted acre feet per year of water related to the groundwater leases allowed by law, and (ii) authorization, if necessary, to transport the water. Buyer will take all reasonable steps to obtain the governing agency's approval of Seller's application. Seller shall be responsible for all expenses, costs, and fees necessary to complete the application process before the governing agency. Additionally, Seller agrees to reimburse Buyer for all of Buyer's actual reasonable expenses,

costs, and fees (including reasonable attorney's fees) necessary to complete the application process before the governing agency.

b. Buyer and Seller agree to cooperate in a professional and expeditious manner to fully complete the administrative process regarding the application process identified in this paragraph 3.10.

3.11 Force Majeure. Seller shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to "Force Majeure." The term "Force Majeure" as employed herein shall mean: any act of God including but not limited to storms, floods, washouts, droughts, landslides, and lightning; acts of a public enemy, wars, blockades, insurrections, or riots; strikes or lockouts; epidemics or quarantine regulations; laws, acts, orders, or requests of federal, state, municipal, or other governments or governmental officers or agents under color of authority; freight embargos or failures; exhaustion or unavailability or delays in delivery of any product, labor, service or material. If Seller is required, ordered, or directed by any federal, state, or municipal law, executive order, rule, regulation, or request enacted or promulgated under color of authority to cease drilling operations, reworking operations, or production of water intended for delivery to Buyer, or if Seller by Force Majeure is prevented from conducting drilling operations, reworking operations, or production of water intended for delivery to Buyer, then until such time as such law, order, rule regulation, request, or Force Majeure is terminated, and for a period of thirty (30) days after such termination each and every obligation of Seller under this Contract shall be suspended and inoperative and this Contract shall continue in full force.

3.12 Term of Contract. If Seller initiates this Contract pursuant to the provisions of Section 1.01 above, this Contract shall be in force and effect from the Effective Date and shall continue for a term of 20 years. At the expiration of 20 years, this Contract may be renewed for another 20 year term by agreement of Seller and Buyer.

3.13 Remedies, Notice of Breach and Limitation of Damages. Except as otherwise provided in this paragraph 3.13, Seller and Buyer shall be entitled to obtain all remedies available at law and in equity for any breach of this Contract. The breach by Seller of any obligation arising under this Contract shall not result in a forfeiture or termination of this Contract, nor be grounds for cancellation of the Contract in whole or in part. In the event Buyer considers that operations are not being conducted in compliance with this Contract, Buyer shall notify Seller in writing of the facts relied on as constituting a breach of the Contract, and Seller, if in default, shall have sixty (60) days after receipt of this notice in which to commence compliance with the obligations imposed by virtue of this Contract. Buyer and Seller agree that Seller shall not be liable to Buyer for special, consequential, incidental, punitive, exemplary or indirect damages or lost profits.

3.14 Notices. Any notice to be given hereunder by either party to the other party shall be in writing and may be effected by personal delivery, by facsimile, or by sending said notices by registered or certified mail, return receipt requested, to the address set forth below. Notice shall be deemed given when received by facsimile or by personal delivery, or three days after deposited with

the United States Postal Service with sufficient postage affixed. Any notice mailed to Seller shall be addressed:

M. G. Solutions, LLP
1300 Post Oak Boulevard, Ste. 800
Houston, Texas 77056
Attn: Tim Throckmorton
Fax (713) 350-6022

Any such notice mailed to Buyer shall be addressed:

Hornsby Bend Utility Company, Inc.
c/o ECO Resources, Inc.
9511 Ranch Road 620 North
Austin, Texas 78726-2908
Attn: Manager
Fax (512) 335-0251

and

Hornsby Bend Utility Company, Inc.
Attn: Bill Jasura
2700 Pecan Street West #423
Pflugerville, Texas 78660
Fax (512) 990-4323

with a copy to:

Latius R. Prikryl
Law Offices of Latius R. Prikryl
PO Box 2143
Austin, Texas 78768-2143
Fax: 512/ 476-9991

Either party may change the address or facsimile number for notice to it by giving notice of such change in accordance with the provisions of this paragraph.

3.15 Right of First Refusal. Buyer shall have a right of first refusal to purchase Additional Water that may be offered by Seller to other prospective buyers. Additional Water is defined as water that is in addition to the then current obligation of Seller to provide water to Buyer under this Contract, and that is or may be produced by Seller from territory in the area bounded on the south by the Colorado River, on the west by FM 973, on the east by the Travis County line, and on the north by a line parallel to and five miles north of FM 969.

If Seller proposes to sell Additional Water to a person or entity other than Buyer, Seller shall give notice to Buyer describing the terms of the proposed sale. Buyer shall have 30 days to accept

or reject the proposal, which election shall be made by giving notice to Seller. If Buyer rejects the proposal, or fails to make an election within 30 days of delivery of notice, Seller shall be free to proceed with the proposed sale to the third party on the terms described in the notice to Buyer. If Buyer elects to accept the proposal, this Contract shall be amended to include the volume of the Additional Water described in the proposed sale to the third party in the Take or Pay Volume. The price of the Additional Water included in the Take or Pay Volume shall be as described in paragraph 3.06 of the Contract

3.16 Assignment. Buyer may assign this Contract to any entity 51% or more of the voting securities of which is owned or controlled directly by Southwest Water Company. In the event of that assignment, Buyer shall remain as a guarantor of the assignee's performance under the Contract. Except as stated in the foregoing sentence, neither Seller or Buyer may assign all or any part of this Contract without the prior written approval of the other party.

3.17 Assignment of Groundwater Leases. The groundwater leases entered into by Seller with respect to territory in the area bounded on the south by the Colorado River, on the west by FM 973, on the east by the Travis County Line, and on the north by a line parallel to and five miles north of FM 969 (the "Groundwater Leases") shall be assignable at the direction of Seller to any entity 51% or more of the voting securities of which is owned or controlled directly by Southwest Water Company.

3.18 Buyer's Option to Purchase. Beginning on the seventh anniversary of the Delivery Date, and continuing thereafter, Buyer shall have the right to purchase all of Seller's interest in the wells and related equipment used by Seller to deliver water pursuant to the terms of this Contract ("Seller's Interest"). Buyer may exercise this option by giving notice to Seller of its intent to exercise the option. Thereafter the parties shall proceed as follows:

The sales price shall be four times the earnings before interest, depreciation and taxes for Seller's fiscal year immediately preceding the exercise of the option, and the sum of all capital expenditures of \$50,000 or more, less accrued depreciation, that were incurred within two years of the exercise of the option.

The full amount of the sales price will be payable in cash at the closing.

The closing will be held at a time and place approved by both parties. At the closing, Seller will deliver to Buyer a properly executed and acknowledged bill of sale conveying Seller's Interest, and a document approved by Seller and Buyer directing assignment of the Groundwater Leases to an entity to whom assignment is authorized pursuant to paragraph 3.17 of this Contract.

Buyer will pay the sales price.

General ad valorem taxes for the current year relating to Seller's Interest will be prorated as of the closing date and will be adjusted in cash at the closing. If the closing occurs before the tax

rate is fixed for the current year, the apportionment of taxes will be on the basis of the tax rate for the preceding year applied to the latest assessed evaluation.

The cost and expenses of closing in consummating the sale and purchase of Seller's Interest will be apportioned between the parties according to usual custom in Travis County, Texas.

Each of the parties represents to the other that it has not incurred and will not incur any liability for brokerage fees or agents' commissions in connection with the sale provided for in this paragraph 3.18.

After the closing, Buyer shall continue to supply water to any person or entity to whom Seller was obligated by contract to deliver water, on the same terms and conditions as provided by that contract.

Any of the representations, warranties, covenants, and agreements to the parties, as well as any rights and benefits of the parties, pertaining to a period of time following the closing of the sale provided for in this paragraph 3.18, including Buyer's continuing obligation to deliver water pursuant to the foregoing paragraph, will survive the closing.

3.19 Approvals. Whenever the term "approve" or "approval" is used in this Agreement, the Party whose approval is required will not unreasonably withhold or delay it. Where approval is necessary, the Party seeking approval may request approval in writing. If the Party whose approval is requested fails to either approve the submittal or provide written comments specifically identifying the required changes within 21 working days, the submittal, as submitted by the requesting Party, will be deemed to have been approved by the Party whose approval is requested. If the matter has not been approved or deemed approved and the Parties are unable to agree on a modification, the Parties will mediate a resolution of the matter. Mediation will be conducted within ten business days of the date approval is requested before mediators at the Travis County Dispute Resolution Center or a similar organization if the Travis County Dispute Resolution Center ceases to exist, as though it had been referred through the operation of the Texas Alternative Dispute Resolution Procedures Act, Title 7, Chapter 154, TEX. CIV. PRAC. & REM. ANN. (Vernon's 1986). The Parties will enter an agreement with the Travis County Dispute Resolution Center to perform mediation services, and each Party will be responsible for 50% of any costs and fees associated with the mediation. If the Parties fail to agree on resolution following mediation, the dispute will be settled by binding arbitration administered by the American Arbitration Association under its Construction Industry Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction.

3.20 Waiver. The failure on the part of either party to require performance by the other of any portion of this Contract shall not be deemed a waiver of, or in any way affect that party's rights to enforce such provision. Any waiver by either party or any provision of this Contract shall not be a waiver of any other provision hereof.

3.21 Severability. The invalidity or unenforceability of any provision of this Contract shall not affect the validity or enforceability of any other provision of this Contract.

3.22 Attorney's Fees. In the event either party shall become a party to any litigation against the other to enforce or protect any rights or interest under this Contract and shall prevail, the losing party shall reimburse the prevailing party for all investigative and court costs and attorney's fees incurred in such litigation.

3.23 Governing Law. This Contract shall be governed by the laws of the State of Texas and venue shall lie in Travis County, Texas.

3.24 Binding Effect. The Contract shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

3.25 Time. Time is of the essence. Unless otherwise specified, all references to "days" means calendar days. If the date for performance of any obligation falls on a Saturday, Sunday, or legal public holiday, the date for performance will be the next following regular business day.

3.26 No Partnership, Agency or Third Party Beneficiaries Intended. Nothing in this Contract will be construed as creating any form of partnership or joint venture relationship between the parties, nor shall either party be authorized to act as an agent for the other party. Nothing in this Contract shall be construed to confer any right, privilege or benefit on, or to otherwise create any vested right or third-party beneficiary relationship with any person or entity not a party to the Contract.

3.27 Authority. Each of the persons signing on behalf of Buyer and Seller hereby confirm that they have the authority to execute this Contract on behalf of the party indicated by their signature and have the authority to bind such party hereto.

3.28 Headings. The captions and headings appearing in this Agreement are inserted merely to facilitate reference and will have no bearing upon its interpretation.

3.29 Further Assurances. Buyer and Seller shall take all further actions and shall execute and deliver to the other any other document or instrument which is necessary to fully carry out the transactions evidenced by this Contract. Seller and Buyer shall cooperate with each other and act in good faith to accomplish the purposes of this Contract.

3.30 Compliance with All Laws. Buyer and Seller agree that each of them will comply with all applicable federal, state, and local laws and any applicable ordinances, rules, orders, and regulations of any of the authorities having jurisdiction in carrying out its duties and obligations hereunder. However, nothing contained in this Contract shall be construed as a waiver of any right

to question or contest any law, ordinance, order, rule, or regulation in any forum having jurisdiction.

3.31 Entire Agreement. This Contract contains all agreements between the parties hereto and any agreement not contained herein shall not be recognized by the parties. The captions used herein are for convenience only and shall not be used to construe this Contract. Words of gender shall be construed to include any other gender, and words in the singular shall include the plural and vice versa unless the context requires otherwise.

3.32 Counterparts. This Contract may be executed by the parties in any number of counterparts, each of which when so executed and delivered shall be deemed an original instrument, but all such counterparts together shall constitute but one and the same instrument.

[SIGNATURES TO FOLLOW]

SELLER:

M.G. SOLUTIONS, LLP by its
Managing Partner, Municipal Groundwater
Solutions, LLC

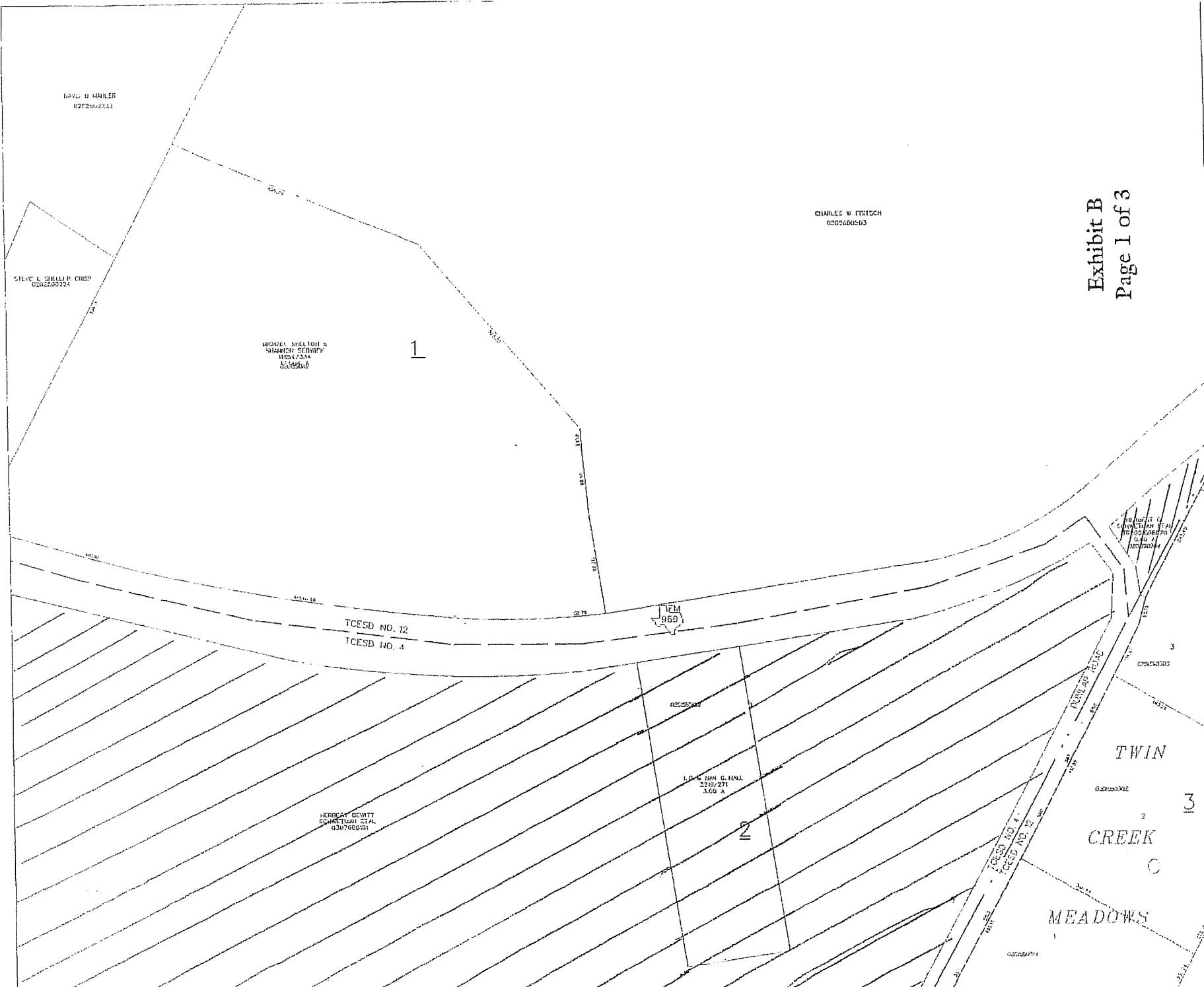
By: Tim Throckmorton
Tim Throckmorton, Manager
Date of Signature: 8-2-04

BUYER:

HORNSBY BEND UTILITY COMPANY, INC.

By: Bill Jascira
Name: BILL JASCIRA
Title: V.P.
Date of Signature: 8-2-04

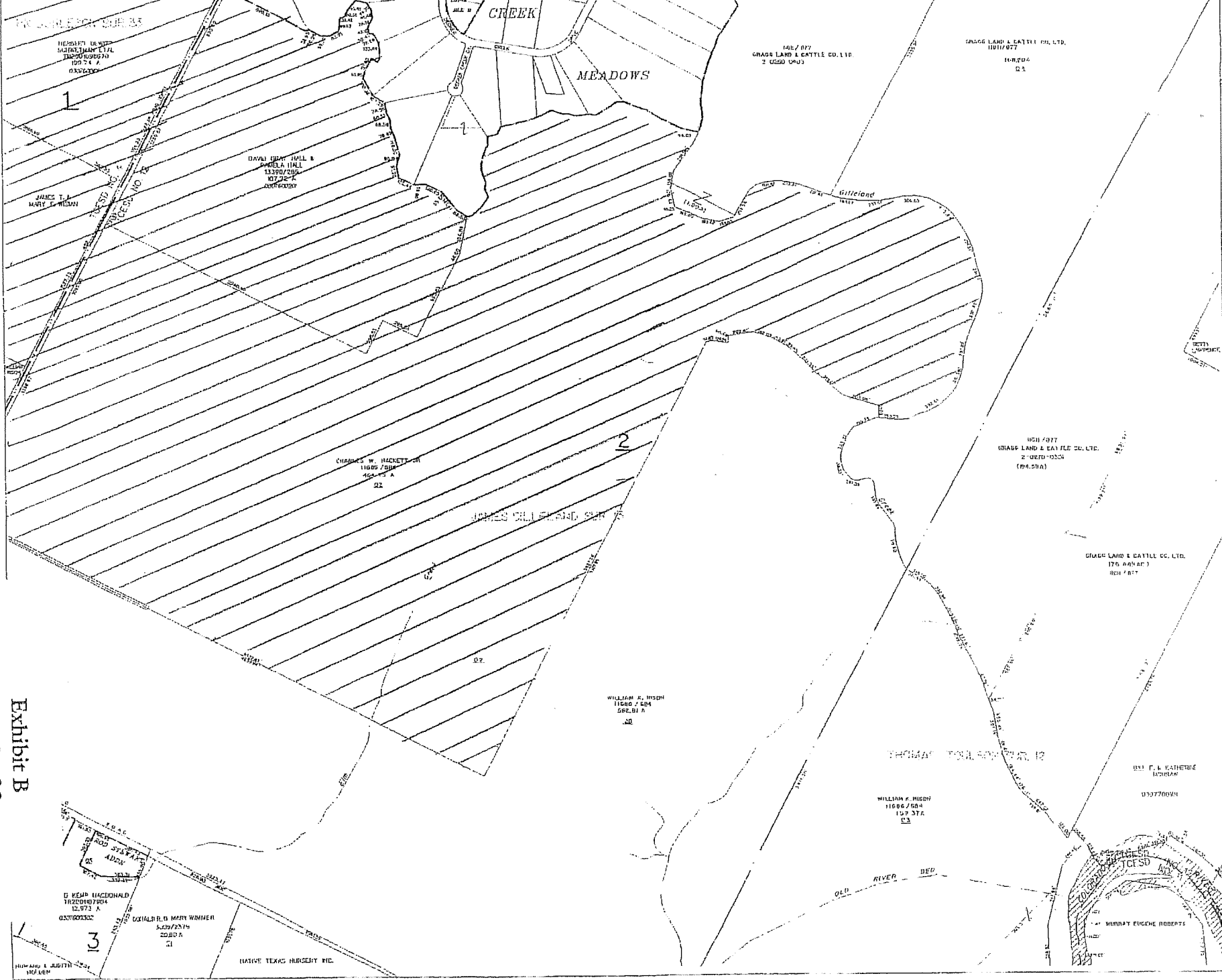
Exhibit B
Page 1 of 3



TRAVIS CENTRAL APPRAISAL DISTRICT
P.O. Box 19912
Austin, TX 78754
Internet Address WWW.TRAVISCAD.ORG
Main Telephone Number (512)254-9317 Appraisal Information: (512)254-9135

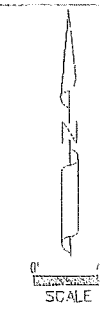


MAP NO. 2 015
2 0157
3 0216
1" = 400'
REFER TO 2 0200



JURISDICTION:
 071 WALLE RES
 00250 HD 4
 00250 HD 1
 00250 HD 2
 TRAVIS COUNTY

TRAVIS CENTRAL APPRAISAL DISTRICT
 P.O. Box 149012
 Austin, TX 78714
 Internet Address WWW.TRAVISCAD.ORG
 Telephone Number 512.834.0317



1"=100' MAP REFER

1	0250	3	0750	3	0250
2	0250	3	0750	3	0250
3	0250	3	0750	3	0250

MAP 3 07

2	0250	2	0250
3	0750	3	0750
3	1550	3	1550

Exhibit B
 Page 3 of 3

ACCEPTED AND AGREED TO

TEXAS CAPITAL BANK, NATIONAL
ASSOCIATION

By: _____
Name: _____
Title: _____

FIRST AMENDMENT TO WATER SUPPLY CONTRACT

This First Amendment to Water Supply Contract is by and between M.G. Solutions, LLP, a Texas Limited Partnership ("Seller") and Hornsby Bend Utility Company, Inc., a Texas corporation ("Buyer") ("Amendment"). The effective date of this Amendment ("Effective Date") shall be the date on which it has been signed by both parties.

Whereas, Buyer and Seller entered into that certain Water Supply Contract with the effective date of September 30, 2004 ("Contract");

Whereas, Seller initiated the Contract on February 21, 2005, pursuant to Paragraph 1.01 of the Contract;

Whereas, Seller has drilled two (2) wells and the lines connecting to the wells have been completed;

Whereas, Buyer and Seller desire to amend the Contract to reflect the new Delivery Date and other pertinent terms of the Contract.

NOW THEREFORE, for and in consideration of the mutual promises and covenants contained herein Seller and Buyer agree to enter into this First Amendment of the Agreement to Provide Water Service and the particulars of that amendment shall read as follows:

- 1) Seller will provide construction water to Buyer to perform pipeline tests on or before the new Delivery Date (as newly defined below), at no charge to Buyer except for electricity costs incurred by Seller;
- 2) The Delivery Date is hereby amended and the new Delivery Date shall be 96 hours after both Buyer and Seller obtain all City of Austin, Texas Commission on Environmental Quality ("TCEQ") and any and all other governmental approvals, and permits including but not limited to TCEQ approval of the well(s) and transmission facilities for domestic consumption.

Should there be any conflicting terms between the original Water Supply Contract and this Amendment, the terms of this Amendment shall prevail. All the rest and remainder of the provisions of the Water Supply Contract shall remain in full force and effect and are not amended by the provisions of this amendment, and the parties agree that neither the Buyer or the Seller is in default under the Water Supply Contract at the time of the execution hereof.

Counterparts. This Amendment may be executed by the parties in any number of counterparts, each of which when so executed and delivered shall be deemed an original instrument, but all such counterparts together shall constitute but one and the same instrument.

SELLER:

M.G. SOLUTIONS, LLP by its
Managing Partner, Municipal Groundwater
Solutions, LLC

By: Tim Throckmorton
Tim Throckmorton, Manager
Date of Signature: May 4, 2007

BUYER:

HORNSBY BEND UTILITY COMPANY, INC.

By: Bill Jasura
Bill Jasura, Vice President
Date of Signature: 5-8-07

CONSENT AND AGREEMENT BY HORNSBY UTILITY

Hornsby Bend Utility Company, Inc. ("Hornsby Utility") acknowledges that MG Solutions, L.P. ("Debtor") and Texas Capital Bank, National Association ("Secured Party") have entered into that certain Collateral Assignment of Contract Rights and Security Agreement (the "Assignment Agreement") to secure certain indebtedness of Debtor to Secured Party (the "Indebtedness"). All capitalized terms used herein shall have the meanings given to such terms in the Assignment Agreement.

Hornsby Utility consents to the Assignment Agreement and the security interest in the Contract by Debtor to Secured Party contained in the Assignment Agreement.

Hornsby Utility represents to Secured Party that, as of the date of this Consent and Agreement by Hornsby Utility (this "Consent"):

1. Hornsby Utility is in compliance with all the terms and provisions of the Contract, as amended by First Amendment to Water Supply Contract dated May 4, 2007.
2. The Contract is a legal, valid and binding obligation of Hornsby Utility, and Hornsby Utility has no defense to the full performance of its obligations under the Contract.

Hornsby Utility agrees that in the event that it should receive notice from Secured Party that an Event of Default has occurred under the Indebtedness, Hornsby Utility will make all payments due under the Contract directly to Secured Party, at the location designated by Secured Party, without further notice to or direction from Debtor.

DATED as of May 7, 2007.

HORNSBY UTILITY:

HORNSBY BEND UTILITY COMPANY, INC.

By: Bill Jasura
Name: Bill Jasura
Title: Vice President

MGS

Municipal Groundwater Solutions, L.L.C.

February 21, 2005

Hornsby Bend Utility Company
2700 Pecan Street W., Suite 404
Pflugerville, Texas 78660

Attn: Mr. William C. Jasura
Vice President & General Manager

Re: Exercise of Option to Enter Into Water Supply Contract

Dear Mr. Jasura:

Pursuant to Paragraph 1.01 of the Water Supply Contract by and between M G Solutions, LLP and by and through its general partner, Municipal Groundwater Solutions, LLC and the Hornsby Bend Utility Company with effective date September 30, 2004, please be advised that Seller, M G Solutions, LLP hereby exercises its option to initiate the rights and obligations to the parties under that Contract. The Contract is now in effect pursuant to all terms and conditions therein.

Very truly yours,

M G Solutions, LLP

Through its General Partner:

Municipal Groundwater Solutions, LLC

By: TIM N THROCKMORTON

Name: Tim N Throckmorton

Title: Manager

By: James O'Connor

Name: JAMES O'CONNOR

Title: PRINCIPAL

MGS

Municipal Groundwater Solutions, L.L.C.

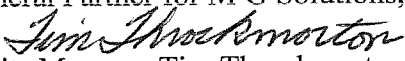
August 7, 2007

Mr. William C. Jasura
Vice President
Hornsby Bend Utility Company, Inc.
2700 Pecan Street W., Suite 404
Pflugerville, Texas 78660

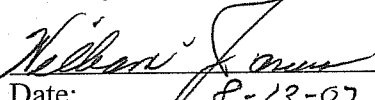
Dear Bill:

M G Solutions, LP through its general partner, Municipal Groundwater Solutions, LLC, agrees to reimburse Hornsby Bend Utility Company \$90,000 for additional pipeline expenses associated with the Hornsby Bend Water Supply Contract. Payments will be made at the rate of \$5,000 per month. The payments will take the form of a reduction in the monthly water sales invoice to Hornsby Bend Utility Company.

Bill, if this arrangement is acceptable to Hornsby Bend Utility Company, please acknowledge below.

Sincerely,
Municipal Groundwater Solutions, LLC
General Partner for M G Solutions,LP

By its Manager Tim Throckmorton

Agreed to and Accepted by:
William C. Jasura
Vice President & General Manager
Hornsby Bend Utility Company


Date: 8-13-07

CONSENT AND AGREEMENT BY HORNSBY UTILITY

Hornsby Bend Utility Company, Inc. ("Hornsby Utility") acknowledges that MG Solutions, L.P. ("Debtor") and Texas Capital Bank, National Association ("Secured Party") have entered into that certain Collateral Assignment of Contract Rights and Security Agreement (the "Assignment Agreement") to secure certain indebtedness of Debtor to Secured Party (the "Indebtedness"). All capitalized terms used herein shall have the meanings given to such terms in the Assignment Agreement.

Hornsby Utility consents to the Assignment Agreement and the security interest in the Contract by Debtor to Secured Party contained in the Assignment Agreement.

Hornsby Utility represents to Secured Party that, as of the date of this Consent and Agreement by Hornsby Utility (this "Consent"):

1. Hornsby Utility is in compliance with all the terms and provisions of the Contract, as amended by First Amendment to Water Supply Contract dated May 4, 2007.
2. The Contract is a legal, valid and binding obligation of Hornsby Utility, and Hornsby Utility has no defense to the full performance of its obligations under the Contract.

Hornsby Utility agrees that in the event that it should receive notice from Secured Party that an Event of Default has occurred under the Indebtedness, Hornsby Utility will make all payments due under the Contract directly to Secured Party, at the location designated by Secured Party, without further notice to or direction from Debtor.

DATED as of May 7, 2007.

HORNSBY UTILITY:

HORNSBY BEND UTILITY COMPANY, INC.

By: Bill Lasura
Name: Bill LASURA
Title: Vice President

Wholesale Potable Water Supply Agreement

This Water Supply Agreement (the "Agreement") is entered into between SW Utility, Inc. ("SW Utility" or "Buyer") and Blue Water Systems LP ("Blue Water" or "Seller"), a Texas limited partnership.

RECITALS

SW Utility is the owner of several water utilities or systems in Travis, Williamson and Hays Counties (the "Service Area").

Blue Water is engaged in the business of acquiring and developing groundwater resources and production systems within Texas, including groundwater resources and associated production systems within the Carrizo-Wilcox Aquifer.

SW Utility desires to reserve a water supply of up to 3,360 acre-feet of water per year from Blue Water at a delivery rate of 3,000,000 gallons per day (2,083.33 gallons per minute) to meet the demands of customers in the Service Area and the demands of its wholesale customers.

Blue Water desires to reserve and make available to SW Utility groundwater from sources it has acquired and will acquire, and from production facilities it has constructed, and will construct, in certain areas located within the Carrizo Wilcox Aquifer in Burleson and Milam Counties hereto (the "Groundwater Area").

NOW, THEREFORE, it is hereby agreed between the parties as follows:

AGREEMENT

I. WATER SUPPLY.

A. DELIVERY OF WATER. Blue Water, at its sole expense, shall be responsible for constructing, operating and maintaining any facilities or property necessary or appropriate to withdraw, collect and transport (with storage as necessary) the water to be sold pursuant to this Agreement to the points of delivery (the "Delivery Point(s)") (the "Blue Water System") for delivery to the SW Utility of the groundwater at the Delivery Point(s). The initial Delivery Point is at SW Utility's Shadow Glen Subdivision water storage tank in the vicinity of Manor, Texas. SW Utility may add additional Delivery Point(s) along the route of the pipeline constructed by Blue Water by first notifying Blue Water of the additional Delivery Point(s) location(s) and paying for all costs associated with establishing and connecting the additional Delivery Point(s). Title to, possession of and control of the groundwater shall remain with Blue Water until the groundwater passes through the Delivery Point(s) at which point title to, and possession and control of, the groundwater shall pass to SW Utility. SW Utility agrees that any groundwater

will be withdrawn and placed to beneficial use only in accordance with all applicable regulatory requirements.

B. AVAILABILITY OF WATER TO SW UTILITY. Blue Water shall use diligent efforts to complete construction and acquisition of the initial facilities comprising the Blue Water System to make available at least an initial 3,360 acre-feet of water per year at a delivery rate of 3,000,000 gallons per day (2,083.33 gallons per minute) at the initial Delivery Point for use by SW Utility by a date no earlier than July 1, 2008, and no later than July 1, 2009; provided, however, if Blue Water fails to complete construction of the Blue Water System by July 1, 2009, then Blue Water shall not be in breach of this Agreement but shall nonetheless use its best efforts to complete such construction as soon as possible thereafter. The date of actual completion of construction and acquisition of the initial Blue Water System, and readiness for operation and delivery of water at the initial Delivery Point of up to 3,360 acre-feet of water per year at a maximum delivery rate of 3,000,000 gallons per day (2,083.33 gallons per minute) of same is referred to in this Agreement as the "Delivery Date." Notwithstanding anything in this Agreement to the contrary, if Blue Water is unable by July 1, 2011, to complete construction and acquisition of the initial facilities comprising the Blue Water System to make available at least an initial 3,360 acre-feet of water per year at a delivery rate of 3,000,000 gallons per day (2,083.33 gallons per minute) at the initial Delivery Point for use by SW Utility, then this Agreement shall terminate and the parties shall have no further rights or obligations hereunder.

C. RECEIPT AND USE OF WATER BY SW UTILITY. SW Utility, at its sole expense, shall be responsible for constructing, operating and maintaining any pumping, storage, treatment and distribution facilities or properties to receive the groundwater at the Delivery Point(s) and make the same available for use by SW Utility and its customers. SW Utility agrees to consult with Blue Water's engineers in the design of any such facilities located in the Delivery Site(s). Notwithstanding anything herein to the contrary, Blue Water understands and agrees that SW Utility intends, and shall have the right, to transmit and sell the water purchased by SW Utility pursuant to this Agreement to its wholesale and other customers in the Service Area; provided, however, notwithstanding anything to the contrary in this Agreement, SW Utility shall not provide or use water received under this Agreement within the certificated retail water service area of Aqua Water Supply Corporation without the prior written consent of Blue Water.

D. SHARED FACILITIES AT DELIVERY SITES. To the extent facilities, including but not limited to storage and pumping facilities and electrical lines for use by Blue Water and/or SW Utility, located at the Delivery Site(s) can be designed and operated to provide storage capacities, pumping capacities, and/or shared costs for both parties, Blue Water and SW Utility agree to share such cost and facility on a pro rata basis to be determined on the relative percentage of usage of such facilities.

E. QUALITY OF WATER DELIVERED. Water provided to the Delivery Point(s) by Blue Water shall be of a quality suitable, after minimal treatment for disinfection by SW Utility, to meet the minimum criteria for water suitable for public consumption established from time to

time by any state and federal agencies with jurisdiction. Unless otherwise agreed in writing, both parties agree that the method of disinfection, if any, of the groundwater by either party shall be by use of either chloramines or chlorine, and the parties shall cooperate in good faith to agree upon the best method of treatment between these two alternatives.

II. CONTRACT ADMINISTRATION.

A. TERM OF CONTRACT. This Agreement shall be for a term ending September 15, 2036; provided, however, beginning five (5) years prior to expiration of the term of this Agreement, the parties agree to negotiate in good faith for an extension of this Agreement. If negotiations are not concluded one year prior to September 15, 2036, the termination will be effective on the September 15, 2036.

B. PAYMENT.

1. For the right to receive up to 3,360 acre-feet of groundwater per year at the Delivery Point(s) as provided by this Agreement, SW Utility agrees to pay monthly to Blue Water, from and after the Delivery Date, and regardless of whether, or how much, groundwater is actually delivered to the Delivery Point(s) by Blue Water, an amount of money equal to the product of (i) the Take-or-Pay Rate (as hereafter defined) times (ii) the 1,094,859.36 thousands of gallons of water committed to SW Utility from the Leased Acres at the Delivery Point(s) for the 3,360 acre-feet of water per year committed to SW Utility under this Agreement, divided by twelve (12); provided, however, if and to the extent Blue Water is unable, after the Delivery Date, to deliver water to SW Utility at the Delivery Point(s), including for reasons of Force Majeure, in the amounts and quality requested by SW Utility up to the limits of this Agreement, then SW Utility shall not be obligated to pay Blue Water for the part of the water that Blue Water is unable to deliver until such time as Blue Water is able to resume delivery of such requested amount.

2. If for any reason SW Utility receives in excess of 3,360 acre-feet per year at the Delivery Point(s) from Blue Water, SW Utility agrees to pay by January 30 of each year (or at the end of the term of this Agreement in the event of its expiration before the end of January in a future year) during the term of this Agreement to Blue Water, from and after the Delivery Date, an amount of money equal to the product of (i) the Take-or-Pay Rate (as hereafter defined) times the amount of acre-feet of water per year used during the prior calendar year in excess of 3,360 acre-feet. This subsection shall not be construed to allow SW Utility to receive in excess of 3,360 acre-feet per year or 3,000,000 gallons per day (2,083.33 gallons per minute) of water from Blue Water under this Agreement, however,

3. As used in this Agreement the term "Take-or-Pay Rate" means a rate of \$3.58 per thousand gallons for the first twelve (12) months of this Agreement and for each ensuing twelve (12) month period thereafter, (1) the product of multiplying \$3.58 times a fraction, the denominator of which shall be the Consumer Price Index- All Urban Consumers (CPI-U, U.S. City Average, 1982-1984 = 100) published by the Bureau of Labor Statistics of the U. S. Department of Labor (or if such index shall cease to be published, then a regularly published index derived by using the same or substantially the same data and methodologies) for the initial month of delivery of water under this Agreement and the numerator of which shall be the same index for the month in which the Take-or-Pay Rate is recalculated, plus (2) an appropriate increase in the Take-or-Pay Rate to reflect the increased amounts incurred by Blue Water for (i) any increase in costs of Blue Water for obtaining groundwater from the Leases and the Permits under the terms of the Leases or Permits in excess of those costs as they exist at the date of execution of this Agreement, (ii) any increase in energy related costs or costs of electricity incurred by Blue Water for pumping the groundwater to SW Utility at the Delivery Point(s) in excess of the \$0.06 per KWH, (iii) any costs incurred by Blue Water to treat the water (other than cooling and chlorination costs) so that at the Delivery Point(s) the water is capable of meeting potable water standards after minimal treatment for disinfection as required by Article I. E. of this Agreement and (iv) any ad valorem taxes incurred by Blue Water in connection with the pumping, collection, storage and transmission rights, facilities and appurtenances owned by Blue Water and used to provide water to SW Utility under this Agreement.

4. Blue Water and SW Utility agree that to the extent Blue Water is providing groundwater to other customers at points along the pipeline (between the well field to SW Utility Delivery Point(s)), then Blue Water agrees to allocate the costs of such electricity between and among SW Utility and such other customers on an equitable basis utilizing actual costs attributable for each such location as the fundamental criteria for such allocation.

5. The amounts owed by SW Utility hereunder shall be due and payable thirty (30) days after receipt by SW Utility of an invoice from Blue Water. Any unpaid amounts after the due date shall bear interest at the lesser of twelve percent per annum or the maximum rate allowed by law until paid.

6. SW Utility consents and agrees to Blue Water Systems assigning any or all of its rights to revenues from SW Utility under this Agreement for purposes of securing the financing of the construction of the Blue Water System. In addition, SW Utility agrees that it will not exercise any rights to setoff or counterclaim SW Utility might have against Blue Water Systems or its successors or assigns.

C. METERING OF DELIVERED WATER.

1. SW Utility, at its sole expense, shall be responsible for constructing, operating and maintaining meter(s) at or near the Delivery Point(s) to measure the amount of groundwater delivered by Blue Water to SW Utility under this Agreement. Design, location and installation of the meter(s) are subject to prior review and approval by Blue Water, which approval shall not be unreasonably withheld or delayed. SW Utility will own, operate and maintain the meter(s) at its sole expense.

2. The meter(s) shall be tested for accuracy by, and at the expense of, SW Utility at least twice each calendar year at intervals of approximately six (6) months, and a report of such test shall be furnished to Blue Water within thirty (30) days after completion of the test. The meter(s) shall also be calibrated by, and at the expense of, SW Utility at any time the meter(s) are not found to be operating within five (5) percent high or low of accuracy. In addition, the meter(s) may be tested and calibrated at any other reasonable time by either party to this Agreement, provided that the party making the test or calibration shall notify the other party at least two (2) weeks in advance and allow the other party to witness the calibration. The expense of such additional test or calibration shall be borne by Blue Water if the meter(s) are found to be within American Water Works Association (AWWA) standards for the type and size of meter(s) and by SW Utility if the meter(s) is found to not be within American Water Works Association (AWWA) standards for the type and size of meter(s).

3. If, as a result of any test, the meter(s) are found to be registering inaccurately (in excess of American Water Works Association (AWWA) standards for the type and size of meter(s)), the readings of the meter(s) shall be corrected at the rate of their inaccuracy for any period which is definitely known or agreed upon. If, for any reason, any meter(s) are out of service or out of repair, or if, upon any test, the percentage of inaccuracy of any meter is found to be in excess of five percent (5%), registration thereof shall be corrected for a period of time extending back to the time when such inaccuracy began, if such time is ascertainable, and if not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the date of the last calibration, but in no event further back than a period of six (6) months.

III. GENERAL PROVISIONS.

A. REPRESENTATIONS BY BLUE WATER.

1. Blue Water warrants and represents as follows:

a. at the time of execution of this Agreement, Blue Water represents that, except for certain easements which it is in the process of acquiring for a pipeline to transport water to SW Utility under this Agreement, and, except for the drilling of additional wells on Blue Water's permitted leases, Blue Water has acquired sufficient leases, land acquisitions, permits, and any other necessary rights to supply and transport the water in volumes at least equal to the amounts committed to in this Agreement;

b. each of the persons executing this Agreement on behalf of Blue Water is duly authorized to do so; Blue Water has full right and authority to enter into this Agreement and to consummate the transaction described in this Agreement; this Agreement constitutes the valid and legally binding obligations of Blue Water and is enforceable against Blue Water in accordance with its terms; and neither the execution or delivery of this Agreement nor the performance of Blue Water's obligations under this Agreement violates, or will violate, any contract or agreement to which Blue Water is a party or by which Blue Water is otherwise bound;

c. Blue Water has not entered into, and will not enter into, any other agreements that will impair its ability to comply with its obligations under this Agreement.

2. If Blue Water discovers that any of its warranties and representations shall be, or become, untrue, then Blue Water shall (a) notify SW Utility in writing within ten (10) days after Blue Water becomes aware of such condition and specify the nature of the untrue warranty or representation and (b) be responsible for any additional costs incurred to remedy such untrue warranty or representation. If such untrue warranty or representation impairs Blue Water's ability to meet its obligations under this Agreement and Blue Water fails to remedy such untrue warranty or representation as soon as reasonably possible, SW Utility may, after providing written notice to Blue Water of at least ten (10) days, take actions reasonably required to remedy such untrue warranty or representation, if material, and Blue Water shall reimburse SW Utility an amount equal to all costs incurred by SW Utility in connection with remedying such material, untrue warranty or representation. In no event, however, shall this Agreement be construed to cause SW Utility to be obligated to pay any loans or other indebtedness incurred by Blue Water in connection with the Blue Water System.

B. REPRESENTATIONS BY SW UTILITY.

1. SW Utility warrants and represents as follows:

a. each of the persons executing this Agreement on behalf of SW Utility is duly authorized to do so; SW Utility has full right and authority to enter into this Agreement and to consummate the transaction described in this Agreement; this Agreement constitutes the valid and legally binding obligations of SW Utility and is enforceable against SW Utility in accordance with its terms; and neither the execution or delivery of this Agreement nor the performance of SW Utility's obligations under this Agreement violates, or will violate, any contract or agreement to which SW Utility is a party or by which SW Utility is otherwise bound; and

b. SW Utility has not entered into, and will not enter into, any other agreements that will impair its ability to comply with its obligations under this Agreement.

2. If SW Utility discovers that any of its warranties and representations shall be, or become, untrue, then SW Utility shall (a) notify Blue Water in writing within ten (10) days after SW Utility becomes aware of such condition and specify the nature of the untrue warranty or representation and (b) be responsible for any additional costs incurred to remedy such untrue warranty or representation. If SW Utility fails to remedy such untrue warranty or representation as soon as reasonably possible, Blue Water may, after providing written notice to SW Utility of at least ten (10) days, take actions reasonably required to remedy such untrue warranty or representation, if material, and SW Utility shall reimburse Blue Water an amount equal to all costs incurred by Blue Water in connection with remedying such material, untrue warranty or representation.

C. NOTIFICATIONS. Unless otherwise notified in writing by the other, the addresses of SW Utility and Blue Water are and shall remain as follows:

SW Utility, Inc.:
c/o ECO Resources, Inc.
9511 Ranch Road 620 North
Austin, Texas 78726

Blue Water Systems LP
Stonebridge Plaza One
9606 North Mopac, Suite 125
Austin, Texas 78759
Attn: Ross M. Cummings

These addresses shall be used for providing any notifications that may be required by this Agreement, including any notifications that may be required pursuant to Articles III.A.2 and III.B.2. of this Agreement.

D. FURTHER ASSURANCES. Blue Water will provide to SW Utility documentation and financial support to validate and support the various provisions of this Agreement. SW Utility will have the ability to independently audit or validate the materials provided. SW Utility (and its authorized representatives) shall have the right to inspect and copy all such books and records during normal business hours, upon at least one day's notice to Blue Water.

E. FORCE MAJEURE. Except as otherwise provided in Article II. B. 1, if either party is rendered unable, wholly or in part, by Force Majeure to carry out any of its obligations under this Agreement other than an obligation to pay or provide money, then such obligations of that party to the extent affected by such Force Majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. Such cause, as far as possible, shall be remedied with all reasonable diligence. The term "Force Majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the United States or the State of Texas or political subdivisions thereof or any of their instrumentalities or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, and partial or entire failure of water supply on account of any other causes not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of either party hereto and that the above requirements that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demand of the opposing party or parties when such settlement is unfavorable to it in the judgment of either party hereto. Notwithstanding anything to the contrary in this Agreement, the suspension of obligations of Blue Water Systems by reason of an event of Force Majeure shall not be for a period in excess of twelve months.

F. SEVERABILITY. The provisions of this Agreement are severable, and if any provision or part of this Agreement or the application thereof to any person or circumstance shall ever be held by any agency or court of competent jurisdiction to be unenforceable, invalid or unlawful for any reason, the remainder of this Agreement and the application of such provision or part of this Agreement to other persons or circumstances shall not be affected thereby; provided, however, in such event the parties mutually covenant and agree to attempt to implement the unenforceable, invalid or unlawful provision in a manner which is enforceable, valid or lawful.

G. AMENDMENTS. There are no oral agreements between the parties hereto with respect to the subject matter hereof. This Agreement shall be subject to change or modification only with the mutual written consent of SW Utility and Blue Water.


H. ASSIGNMENTS. This Agreement may be assigned by either party to any other entity with notice to the other party. However, the assignor shall remain liable hereunder, unless released by

the other party, which release shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, however, SW Utility consents to Blue Water granting an assignment of this Agreement for the benefit of any lender to Blue Water providing funds to Blue Water for construction and operation of the Blue Water System.

I. CONSENT. Whenever this Agreement requires a party to give an approval or consent or to take an action, the parties agree that such consent, approval or action will not be unreasonably withheld, delayed or conditioned.

CAPTIONS AND HEADINGS. The captions and headings used herein are for reference purposes only and shall not affect the meaning or interpretation of the terms and provisions of this Agreement.

SW UTILITY, INC.

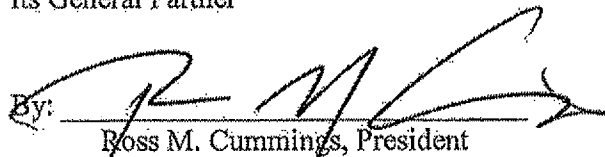
By: 
Name: Michael O. Quinn
Title: President

Date: 4/18/07

BLUE WATER SYSTEMS LP

a Texas limited partnership

By: Blue Water Systems GP, LC
Its General Partner

By: 
Ross M. Cummings, President

Date: 3/29/07

**AMENDMENT NO. 1
TO THE
WHOLESALE POTABLE WATER SUPPLY AGREEMENT BETWEEN
SWWC UTILITIES, INC. AND BLUE WATER SYSTEMS LP**

This AMENDMENT NO. 1 (the "First Amendment") is made effective as of this 15th day of December, 2008 (the "Effective Date") by and among SWWC Utilities, Inc., a Delaware corporation ("SWWCU") f/k/a SW Utility Company, Blue Water Systems LP, a Texas limited partnership ("Blue Water") and Metro-H2O, Ltd., a Texas limited partnership ("Metro"). Defined terms used herein shall have the same meaning as ascribed to them in the Agreement (as such term is defined below).

RECITALS

WHEREAS, SWWCU and Blue Water entered into a Wholesale Potable Water Supply Agreement dated April 16, 2007 (the "Agreement") wherein Blue Water reserved and made available to SWWCU groundwater from certain sources for SWWCU's customers (a copy of the Agreement is attached hereto and incorporated herein by reference as Exhibit "A"); and

WHEREAS, SWWCU and Metro are related entities; and

WHEREAS, SWWCU and Blue Water intend to add Metro as a party to the Agreement so that Metro will share equally with SWWCU in the rights and assumption of obligations under the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Blue Water, SWWCU and Metro hereby agree as follows:

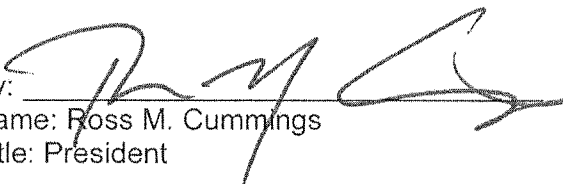
1. Addition of Metro as a Party to the Agreement. The Agreement is hereby amended to add Metro as a party and Metro shall assume and share equally in all the rights and obligations of SWWCU contained in the Agreement accruing on and after the Effective Date.

2. No Further Modification. Except as set forth in this First Amendment, all of the terms and provisions of the Agreement shall remain unmodified and in full force and effect.

3. Counterparts. This First Amendment may be executed in any number of counterparts (and by facsimile signature pages), all of which taken together shall constitute the original hereof. When counterparts have been executed by and delivered to all parties hereto, or their counsel, they shall have the same effect and if the signatures were all on the same copy hereof.

IN WITNESS WHEREOF, Blue Water, SWWCU and Metro have caused this First Amendment to be duly executed as of the date first above written.

BLUE WATER SYSTEMS LP,
a Texas limited partnership
Blue Water Systems GP, LC
General Partner

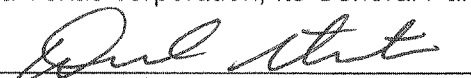
By: 
Name: Ross M. Cummings
Title: President

SWWC UTILITIES, INC.,
a Delaware corporation

By: 
Name: David Stanton
Title: President

METRO-H2O, LTD.,
a Texas limited partnership

BY: Metro-H2O Utilities, Inc.,
a Texas corporation, Its General Partner

By: 
Name: David Stanton
Title: President



BLUEWATER
SYSTEMS

July 28, 2016

SWWC Utilities, Inc.
12535 Reed Rd.
Sugar Land, Texas 77478
Attention: Charles W. Profflet, Jr. P.E.

Metro-H2O, LTD.
12535 Reed Rd.
Sugar Land, Texas 77478
Attention: Charles W. Profflet, Jr. P.E.

Re: Amended and Restated Wholesale Potable Water Supply Agreement (the "Contract") dated as of April 11, 2011 between Blue Water 130 Project LP (the "Partnership") and SWWC Utilities, Inc. and Metro-H2O, Ltd. (collectively, the "Counterparty").

Ladies and Gentlemen:

Please be advised that the Partnership has proposed to enter into an Asset Purchase Agreement (the "Purchase Agreement") on or before August 1, 2016, pursuant to which the Partnership, at closing of the Purchase Agreement, will transfer substantially all the Partnership's assets, including the Contract, to EPCOR 130, Inc. (the "Transaction"). Pursuant to Section 8.5 of the Contract, the Partnership is required to obtain Counterparty's consent in order to release the Partnership from its obligations under the Contract following an assignment of the Contract by the Partnership.

By executing this letter agreement in the spaces provided below, Counterparty and the Partnership agree, effective as of the date of Counterparty's signature set forth on the signature page hereto, that Partnership's obligations under Section 8.1 of the Contract will remain after the assignment and that Counterparty, on behalf of itself and its successors and assigns, hereby (i) acknowledges receipt of notice of the Transaction only to the extent described in this letter, (ii) consents to the assignment of the Contract for all purposes under the Contract, (iii) acknowledges that Counterparty has not given or received any notice of default under the Contract which remains uncured and neither Counterparty nor the Partnership is in default under the Contract, (iv) acknowledges and agrees that the Contract will remain in full force and effect following the assignment of the Contract, (v) acknowledges that, following the date of the assignment of the Contract the Partnership shall no longer be liable for obligations contained in the Contract except those in Section 8.1, and (vi) waives any requirement in the Contract that this letter agreement be sent using a particular delivery method. The parties hereto agree that in the event the Transaction is not consummated on or before August 1, 2016, this letter shall be void and of no further force and effect.

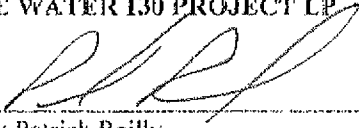
None of the parties hereto waives, alters or amends any of their respective rights under the Contract, or any other terms or conditions of the Contract, except as expressly set forth in this letter agreement. This letter agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of the executed signature pages by facsimile transmission or in "portable document format" shall constitute effective and binding execution and delivery of this letter agreement.

Signature page follows.

Please acknowledge that this letter agreement accurately reflects the agreement between Counterparty and the Partnership regarding the matters set forth above by executing this letter agreement in the space provided below. Please do not hesitate to contact the Partnership's Chief Operating Officer, Patrick Reilly, at (512) 342-6819 with any questions regarding this letter agreement.

Sincerely,

BLUE WATER 130 PROJECT LP

By: 

Name: Patrick Reilly

Title: Chief Operating Officer

Accepted and agreed as of the 18th day of JULY, 2016:

SWWC UTILITIES, INC.

By: 

Name: CHARLES PROFILET

Title: VICE PRESIDENT

Accepted and agreed as of the 18th day of JULY, 2016:

METRO-H20, LTD.

By: 

Name: CHARLES PROFILET

Title: PRESIDENT

Letter Agreement
Signature Page



BLUEWATER
SYSTEMS

July 18, 2016

SWWC Utilities, Inc.
12535 Reed Rd.
Sugar Land, Texas 77478
Attention: Charles W. Profflet, Jr. P.E.

Metro-H2O, LTD.
12535 Reed Rd.
Sugar Land, Texas 77478
Attention: Charles W. Profflet, Jr. P.E.

Re: Professional Services Agreement between Blue Water 130 Project LP (the "Partnership") and SWWC Services, Inc. ("SWWC") dated June 3, 2009, as assigned by (i) that certain Amendment No. 1 and Assignment of Professional Services Agreement between the Partnership and SWWC dated September 12, 2011, (ii) that certain Amendment No. 2 and Assignment of Professional Services Agreement between the Partnership, SWWC and Metro H2O, Ltd. ("Metro," and together with SWWC, the "Counterparty") dated February 14, 2014 and (iii) that certain Amendment No. Three to the Professional Services Agreement between the Partnership and Metro dated July 1, 2014 (collectively, the "Contract").

Ladies and Gentlemen:

Please be advised that the Partnership has proposed to enter into an Asset Purchase Agreement (the "Purchase Agreement") on or before August 1, 2016, pursuant to which the Partnership, at closing of the Purchase Agreement, will transfer substantially all the Partnership's assets, including the Contract, to EPCOR 130, Inc. (the "Transaction"). Pursuant to Section 2(l)(i) of the Contract, the Partnership is required to obtain Counterparty's consent to an assignment of the Contract by the Partnership.

By executing this letter agreement in the spaces provided below, Counterparty and the Partnership agree, effective as of the date of Counterparty's signature set forth on the signature page hereto, that Counterparty, on behalf of itself and its successors and assigns, hereby (i) acknowledges receipt of notice of the Transaction only to the extent described in this letter, (ii) consents to the assignment of the Contract for all purposes under the Contract, (iii) acknowledges that Counterparty has not given or received any notice of default under the Contract which remains uncured and neither Counterparty nor the Partnership is in default under the Contract, (iv) acknowledges and agrees that the Contract will remain in full force and effect following the assignment of the Contract, (v) acknowledges that, following the date of the assignment of the Contract, the Partnership shall no longer be liable for obligations contained in the Contract and (vi) waives any requirement in the Contract that this letter agreement be sent using a particular delivery method. The parties hereto agree that in the event the Transaction is not consummated on or before August 1, 2016, this letter shall be void and of no further force and effect.

None of the parties hereto waives, alters or amends any of their respective rights under the Contract, or any other terms or conditions of the Contract, except as expressly set forth in this letter agreement. This letter agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of the executed signature pages by facsimile transmission or in "portable document format" shall constitute effective and binding execution and delivery of this letter agreement.

Please acknowledge that this letter agreement accurately reflects the agreement between Counterparty and the Partnership regarding the matters set forth above by executing this letter agreement in the space provided below. Please do not hesitate to contact the Partnership's Chief Operating Officer, Patrick Reilly, at (512) 342-6819 with any questions regarding this letter agreement.

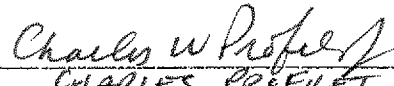
Sincerely,

BLUE WATER 130 PROJECT LP

By: 
Name: Patrick Reilly
Title: Chief Operating Officer


Accepted and agreed as of the 18th day of JULY, 2016:

SWWC UTILITIES, INC.

By: 
Name: CHARLES PROFILET
Title: VICE PRESIDENT

Accepted and agreed as of the 18th day of JULY, 2016:

METRO-H2O, LTD.

By: 
Name: CHARLES PROFILET
Title: PRESIDENT

Letter Agreement
Signature Page

The following files are not convertible:

HBUC_Wastewater_Add.dbf
HBUC_Wastewater_Add.prj
HBUC_Wastewater_Add.sbn
HBUC_Wastewater_Add.sbx
HBUC_Wastewater_Add.shp
HBUC_Wastewater_Add.shx
HBUC_Water_Add.dbf
HBUC_Water_Add.prj
HBUC_Water_Add.sbn
HBUC_Water_Add.sbx
HBUC_Water_Add.shp
HBUC_Water_Add.shx

Please see the ZIP file for this Filing on the PUC Interchange in order to access these files.

Contact centralrecords@puc.texas.gov if you have any questions.