



## Filing Receipt

**Received - 2022-03-25 01:14:32 PM**

**Control Number - 52492**

**ItemNumber - 22**



**Application**

7. On September 1 and 2, 2021, SWWC Utilities filed the application at issue in this proceeding to amend its CCN numbers 11978 and 20650, respectively, to add uncertificated area.
8. On September 14, 2021, SWWC Utilities filed a supplement to the application.
9. On September 30, 2021, SWWC Utilities filed an amendment to the application.
10. On October 1, 2021, SWWC Utilities filed a confidential supplement to the application.
11. The requested water service area is 323 acres and has no current connections and one potential connection.
12. The requested sewer service area is 332 acres and has no current connections and one potential connection.
13. The requested water service area and sewer service area (collectively, the requested areas) are located approximately nine miles east of downtown Austin, Texas, and are generally bounded on the north by Old Webberville Road; on the east by Austin's Colony Boulevard; on the south by Harold Green Road; and on the west by State Highway 130.
14. In Order No. 2 filed on October 5, 2021, the administrative law judge (ALJ) found the application administratively complete.

**Notice**

15. On November 3, 2021, SWWC Utilities filed the affidavit of Brian Bahr, rates and regulatory director for SWWC Utilities, attesting that notice was provided to current customers, landowners, neighboring utilities, and affected parties on November 2, 2021.
16. On November 3, 2021, SWWC Utilities filed a publisher's affidavit attesting to publication of notice in *The Austin Chronicle*, a newspaper of general circulation in Travis County on October 22 and 29, 2021.
17. In Order No. 3 filed on November 30, 2021, the ALJ found notice sufficient.

**Evidentiary Record**

18. On February 16, 2022, SWWC Utilities and Commission Staff filed a joint motion to admit evidence and proposed notice of approval.

19. In Order No. 4 filed on March 8, 2022, the ALJ admitted the following evidence into the record of this proceeding: (a) the application and all attachments filed on September 1, 2021; (b) SWWC Utilities' confidential attachments to the application filed on September 2, 2021; (c) SWWC Utilities' supplement to the application filed on September 14, 2021; (d) SWWC Utilities' amendment to the application filed on September 30, 2021; (e) SWWC Utilities' confidential supplement to the application filed on October 1, 2021; (f) SWWC Utilities' proof of notice filed on November 3, 2021; (g) SWWC Utilities' consent form concurring with Commission Staff's proposed final maps, certificates, and tariffs filed on January 25, 2022; (h) Commission Staff's recommendation of approval of the application and attachments filed on February 4, 2022; and (i) the final maps, amended certificates, and proposed tariffs attached to the joint motion to admit evidence filed on February 16, 2022.

**Adequacy of Existing Service and System Compliance**

20. There are no existing customers in the requested areas.
21. Water and sewer services are not currently being provided in the requested areas.

**Need for Service**

22. The landowner of the requested areas requested water and sewer service from SWWC Utilities.
23. SWWC Utilities filed a copy of the correspondence confirming the landowner requested water and sewer service for the requested areas, demonstrating the need for water and sewer service in the requested areas.

**Effect of Granting the Amendments**

24. Granting the CCN amendments will obligate SWWC Utilities to provide water and sewer service to future customers in the requested areas and such service must be continuous and adequate.
25. Granting the CCN amendments will enable SWWC Utilities to provide water service to the landowner of the requested area in accordance with its request.
26. The landowner of the requested areas will have a water and sewer service provider available when they need water and sewer service.

27. All retail public utilities in the proximate areas were provided notice of the application and no protests, adverse comments, or motions to intervene were filed.
28. There will be no effect on any retail public utility providing service in the proximate areas.

**Ability to Serve: Managerial and Technical**

29. SWWC Utilities provides water service from a public water system that is registered with the TCEQ under identification number 2270255. SWWC Utilities provides sewer service from a TCEQ-permitted sewer system, permit number WQ0013138001.
30. SWWC Utilities does not have any unresolved violations listed in the TCEQ database for its water or sewer systems.
31. SWWC Utilities employs TCEQ-licensed operators who are responsible for operating and maintaining its water and sewer systems.
32. The Commission's complaint records, which go back to 2014, show 51 complaints against SWWC Utilities, which have been resolved.
33. SWWC Utilities has access to an adequate supply of water and is capable of providing drinking water that meets the requirements of chapter 341 of the Texas Health and Safety Code, chapter 13 of the Texas Water code (TWC), and TCEQ's rules.
34. SWWC Utilities' sewer system meets the TCEQ's design criteria for sewer systems and the requirements of chapter 13 of the TWC.
35. SWWC Utilities has the managerial and technical capability to provide continuous and adequate service in the requested areas.

**Feasibility of Obtaining Service from Other Utilities**

36. The landowner of the requested areas requested water and sewer service from SWWC Utilities.
37. It is not feasible to obtain services from an adjacent retail public utility.

**Regionalization or Consolidation**

38. It will not be necessary for SWWC Utilities to construct a physically separate water or sewer system to serve the requested areas.

39. Because the requested areas will not require construction of physically separate water or sewer systems, consideration of regionalization or consolidation with another retail public utility is not required.

**Ability to Serve: Financial Ability and Stability**

40. SWWC Utilities has a debt-to-equity ratio of less than one, satisfying the leverage test.
41. SWWC Utilities demonstrated that it has sufficient cash on hand to cover any projected operations and maintenance shortages in the first five years of operations after approval of the CCN amendments, satisfying the operations test.
42. SWWC Utilities demonstrated the financial capability and stability to pay for the facilities necessary to provide continuous and adequate service to the requested areas.

**Financial Assurance**

43. There is no need to require SWWC Utilities to provide a bond or other financial assurance to ensure continuous and adequate services to the requested areas.

**Environmental Integrity and Effect on the Land**

44. There will be minimal and temporary effects on environmental integrity and on the land as distribution and collection facilities are installed.

**Improvement of Service or Lowering Cost to Consumers**

45. Water and sewer service in the requested areas will improve because SWWC Utilities will be obligated to serve future customers in the requested areas.
46. No lowering of cost to consumers will result from granting the CCN amendments.

**Maps, Certificates, and Tariffs**

47. On January 12, 2022, Commission Staff emailed the proposed final maps and certificates to SWWC Utilities.
48. On January 24, 2022, Commission Staff emailed the proposed tariffs to SWWC Utilities.
49. On January 25, 2022, SWWC Utilities filed its consent to the proposed final maps, amended certificates, and proposed tariffs.
50. On February 16, 2022, the parties filed the proposed maps, certificates, and tariffs as attachments to the joint motion to admit evidence.

**Informal Disposition**

51. More than 15 days have passed since completion of the notice provided in this docket.
52. No party filed a protest or motion to intervene.
53. SWWC Utilities and Commission Staff are the only parties to this proceeding.
54. No party requested a hearing and no hearing is necessary.
55. Commission Staff recommended approval of the application.
56. This decision is not adverse to any party.

**II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. The Commission has authority over this proceeding under TWC §§ 13.241, 13.244, 13.246.
2. SWWC Utilities is a retail public utility as defined by TWC § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(31).
3. SWWC Utilities' application meets the requirements of TWC § 13.244 and TAC § 24.227.
4. SWWC Utilities provided notice of the application that complies with TWC § 13.246 and 16 TAC § 24.235.
5. The Commission processed the application as required by the TWC, the Administrative Procedure Act,<sup>1</sup> and Commission rules.
6. After consideration of the factors in TWC §§ 13.241(a) and 13.246(c) and 16 TAC § 24.227(a) and (e), SWWC Utilities demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service in the requested areas as required by TWC § 13.241(a) and 16 TAC § 24.227.
7. Regionalization and consolidation concerns under TWC § 13.241(d) do not apply in this proceeding because construction of physically separate water system and sewer system is not required.

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<sup>1</sup> Tex. Gov't Code §§ 2001.001–.903.

8. It is not necessary for SWWC Utilities to provide a bond or other financial assurance under TWC § 13.246(d) or 16 TAC § 24.227(f).
9. SWWC Utilities has access to an adequate supply of water to serve the requested area, and its public water system is capable of providing water that meets the requirements of chapter 341 of the Texas Health and Safety Code, chapter 13 of the TWC, and the rules of the TCEQ in accordance with TWC § 13.241(b) and 16 TAC § 24.227(a)(1).
10. SWWC Utilities' sewer system meets the TCEQ's design criteria for sewer systems and the requirements of chapter 13 of the TWC in accordance with TWC § 13.241(c) and 16 TAC § 24.227(a)(2).
11. SWWC Utilities demonstrated that the amendments to CCN numbers 11978 and 20650 are necessary for the service, accommodation, convenience, or safety of the public as required by TWC § 13.246(b) and 16 TAC § 24.227(d).
12. Under TWC § 13.257(r) and (s), SWWC Utilities must record a certified copy of the approved maps and certificates, along with a boundary description of the service areas, in the real property records of Travis County within 31 days of this Notice of Approval and submit evidence of the recording to the Commission.
13. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

### **III. Ordering Paragraphs**

In accordance with the preceding findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission amends SWWC Utilities' CCN number 11978 to add 323 acres and CCN number 20650 to add 332 acres to the extent provided in this Notice of Approval and shown on the attached maps.
2. The Commission approves the maps and tariffs attached to this Notice of Approval.
3. The Commission issues the certificates attached to this Notice of Approval.
4. SWWC Utilities must provide water service to every customer and applicant for service within the approved areas under CCN numbers 11978 who requests water service and



- meets the terms of SWWC Utilities' water service policies, and such service must be continuous and adequate.
5. SWWC Utilities must provide sewer service to every customer and applicant for sewer service within the approved areas under CCN number 20650 who requests sewer service and meets the terms of SWWC Utilities' sewer service policies, and such service must be continuous and adequate.
  6. SWWC Utilities must comply with the recording requirements in TWC § 13.257(r) and (s) for the areas in Travis County affected by this application and must file in this docket proof of the recording no later than 45 days after the date of this Notice of Approval.
  7. Within ten days of the date of this Notice of Approval, Commission Staff must provide a clean copy of the tariffs approved by this Notice of Approval to central records to be marked *Approved* and filed in the Commission's tariff book.
  8. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

**Signed at Austin, Texas the 25th day of March 2022.**

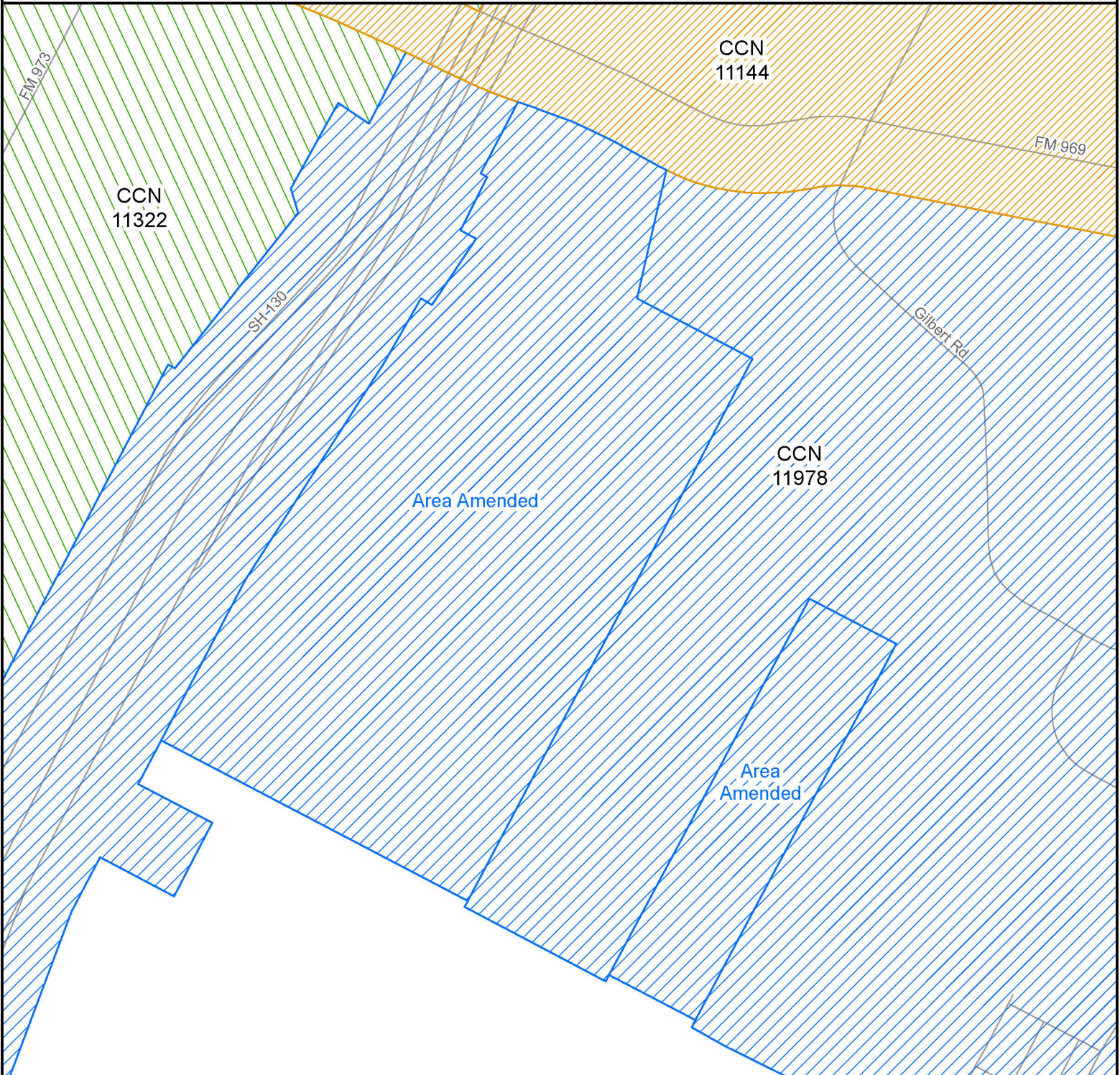
**PUBLIC UTILITY COMMISSION OF TEXAS**






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**CHRISTINA DENMARK**  
**ADMINISTRATIVE LAW JUDGE**

SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc.  
Portion of Water CCN No. 11978  
PUC Docket No. 52492  
Amended CCN No. 11978 in Travis County



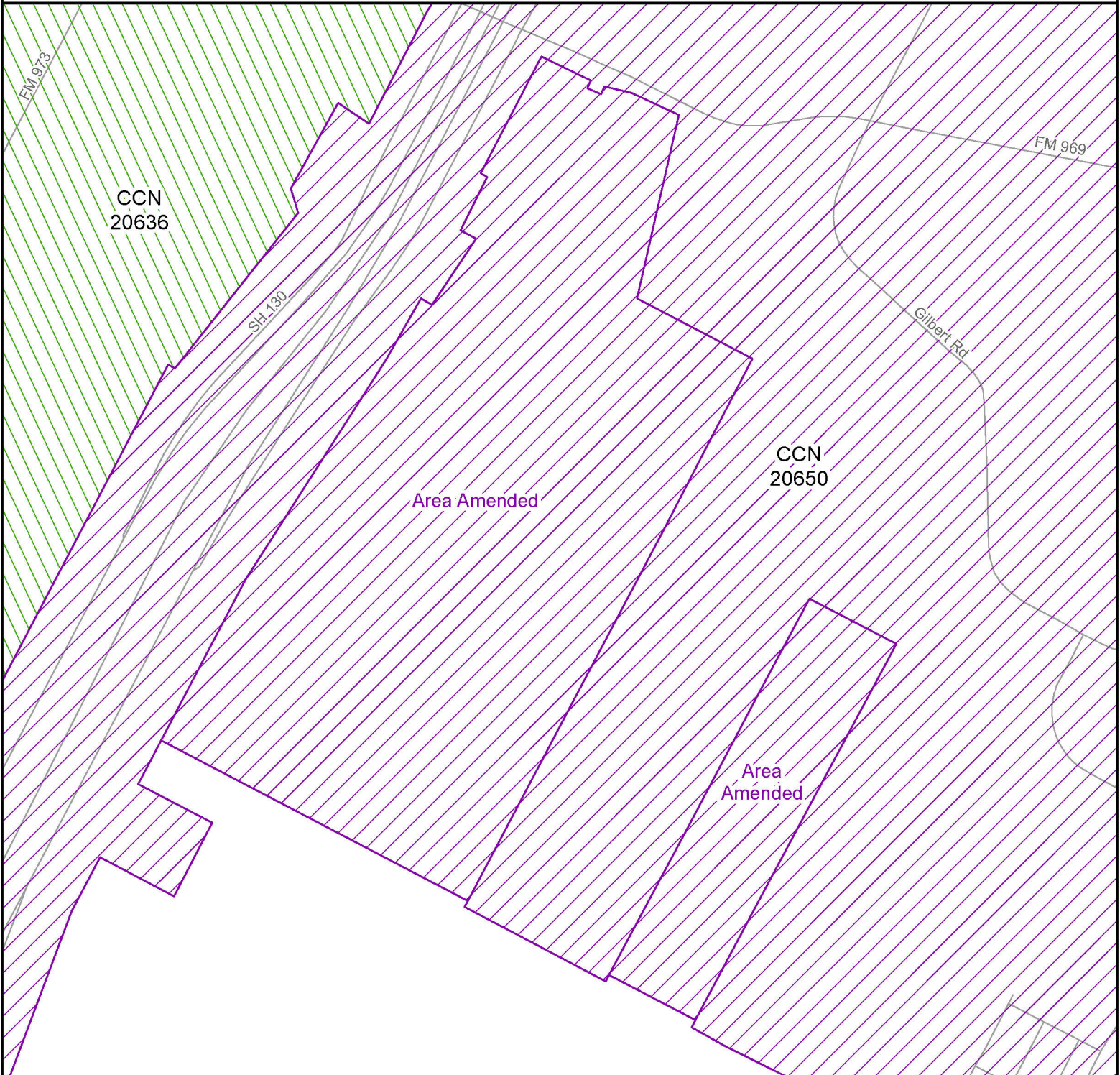
**Water CCN**

-  11978 - SWWC Utilities Inc
-  11322 - City of Austin
-  11144 - Manville WSC



0 500 1,000  
Feet

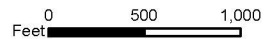


SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc.  
Portion of Sewer CCN No. 20650  
PUC Docket No. 52492  
Amended CCN No. 20650 in Travis County



**Sewer CCN**

-  20650 - SWWC Utilities Inc
-  20636 - City of Austin





# **Public Utility Commission of Texas**

**By These Presents Be It Known To All That**

## **SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc.**

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

### **Certificate of Convenience and Necessity No. 11978**

to provide continuous and adequate water utility service to that service area or those service areas in Travis County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 52492 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc. to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.



# **Public Utility Commission of Texas**

**By These Presents Be It Known To All That**

## **SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc.**

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

### **Certificate of Convenience and Necessity No. 20650**

to provide continuous and adequate sewer utility service to that service area or those service areas in Travis County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 52492 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the SWWC Utilities, Inc. dba Hornsby Bend Utility Company, Inc. to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.



**WATER UTILITY TARIFF  
Docket Number 52492**

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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APPENDIX A -- DROUGHT CONTINGENCY PLAN

APPENDIX B -- SAMPLE SERVICE AGREEMENT

APPENDIX C -- APPLICATION FOR SERVICE

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"	<u>\$45.00</u>	<u>\$6.87</u> per 1,000 gallons *Plus pass-through fee listed below
3/4"	<u>\$67.50</u>	
1"	<u>\$112.50</u>	
1½"	<u>\$225.00</u>	
2"	<u>\$360.00</u>	
3"	<u>\$675.00</u>	
4"	<u>\$1,125.00</u>	
6"	<u>\$2,250.00</u>	
8"	<u>\$3,600.00</u>	
10"	<u>\$5,175.00</u>	
12"	<u>\$11,250.00</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>\$47.03</u>	<u>\$7.18</u> per 1,000 gallons *Plus pass-through fee listed below
3/4"	<u>\$70.55</u>	
1"	<u>\$117.58</u>	
1½"	<u>\$235.15</u>	
2"	<u>\$376.24</u>	
3"	<u>\$705.45</u>	
4"	<u>\$1,175.75</u>	
6"	<u>\$2,351.50</u>	
8"	<u>\$3,762.40</u>	
10"	<u>\$5,408.45</u>	
12"	<u>\$11,757.50</u>	

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"	<u>(\$29.08)</u>	<u>(\$0.95)</u>	<u>(\$1.07)</u>
3/4"	<u>(\$43.63)</u>	<u>(\$1.43)</u>	<u>(\$1.61)</u>
1"	<u>(\$72.70)</u>	<u>(\$2.38)</u>	<u>(\$2.68)</u>
1½"	<u>(\$145.40)</u>	<u>(\$4.75)</u>	<u>(\$5.35)</u>
2"	<u>(\$232.64)</u>	<u>(\$7.60)</u>	<u>(\$8.56)</u>
3"	<u>(\$436.20)</u>	<u>(\$14.25)</u>	<u>(\$16.05)</u>
4"	<u>(\$727.00)</u>	<u>(\$23.75)</u>	<u>(\$26.75)</u>
6"	<u>(\$1,454.00)</u>	<u>(\$47.50)</u>	<u>(\$53.50)</u>
8"	<u>(\$2,326.40)</u>	<u>(\$76.00)</u>	<u>(\$85.60)</u>
10"	<u>(\$3,344.20)</u>	<u>(\$109.25)</u>	<u>(\$123.05)</u>
12"	<u>(\$7,270.00)</u>	<u>(\$237.50)</u>	<u>(\$267.50)</u>

SECTION 1.0 -- RATE SCHEDULE (Continued)

\*Epcor 130 Project Pass-Through Fee ..... (\$0.07) per 1,000 gallons  
(Tariff Control No. 52605)

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 § 24.25(b)(2)(G) 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 prr 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:

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

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

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 POLICIES

### 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 POLICIES (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 POLICIES (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 POLICIES (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 – Utility Specific Service Rules and Policies

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 POLICIES (Continued)

Section 2.12 – Utility Specific Service Rules and Policies (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 POLICIES (Continued)

Section 2.12 - Specific Utility Service Rules and Policies (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 POLICIES (Continued)

Section 2.12 - Specific Utility Service Rules and Policies (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 POLICIES (Continued)

Section 2.12 - Specific Utility Service Rules and Policies (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.

**APPENDIX A - DROUGHT CONTINGENCY PLAN**

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

APPENDIX B – SAMPLE SERVICE AGREEMENT  
From 30 TAC § 290.47(b), Appendix B

SERVICE AGREEMENT

- I. **PURPOSE.** The NAME OF WATER SYSTEM is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF WATER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the water system will not re-establish service unless it has a signed copy of this agreement.
- II. **RESTRICTIONS.** The following unacceptable practices are prohibited by State regulations.
- A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
  - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
  - C. No connection which allows water to be returned to the public drinking water supply is permitted.
  - D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
  - E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.
- III. **SERVICE AGREEMENT.** The following are the terms of the service agreement between the NAME OF WATER SYSTEM (the Water System) and NAME OF CUSTOMER (the Customer).
- A. The Water System will maintain a copy of this agreement as long as the Customer and/or the premises is connected to the Water System.
  - B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Water System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Water System's normal business hours.
  - C. The Water System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic reinspection.
  - D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.
  - E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Water System. Copies of all testing and maintenance records shall be provided to the Water System.
- IV. **ENFORCEMENT.** If the Customer fails to comply with the terms of the Service Agreement, the Water System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

CUSTOMER'S SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

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

APPENDIX D –AGREEMENT FOR TEMPORARY WATER SERVICE  
(Utility Must Attach Blank Copy)



**SEWER UTILITY TARIFF  
Docket Number 52492**

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:

Austin's Colony WWTP (WQ #0013138-001) 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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The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

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APPENDIX A -- 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 TESTINGG 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 16 TAC § 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.

**Tariff Control No. 52492**

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. 52492**

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.

APPENDIX A – CONTRACT/APPLICATION FOR UTILITY SERVICE  
(Utility Must Attach Blank Copy)