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DOCKET NO. 53006

APPLICATION OF UA HOLDINGS	§	PUBLIC UTILITY COMMISSION
1994-5 LP DBA SC UTILITIES FOR A	§	
CLASS D RATE ADJUSTMENT FOR	§	OF TEXAS
THE MEADOW VISTA BUSINESS	§	
PARK	§	

**COMMISSION STAFF’S RECOMMENDATION ON ADMINISTRATIVE
COMPLETENESS AND FINAL DISPOSITION**

On December 21, 2021, UA Holdings 1994-5 LP dba SC Utilities (UA Holdings) filed an application for a Class D rate adjustment under Texas Water Code (TWC) § 13.1872 and 16 Texas Administrative Code (TAC) § 24.49 for the Meadow Vista Business Park under its sewer Certificate of Convenience and Necessity (CCN) No. 20586. UA Holdings filed supplemental information on January 3, 2022.

On January 21, 2022, the administrative law judge (ALJ) filed Order No. 2, establishing a deadline of February 3, 2022, for Staff (Staff) of the Public Utility Commission of Texas (Commission) to file a recommendation on the sufficiency of the application and a recommendation on final disposition if Staff recommends that the application be deemed administratively complete. Therefore, this pleading is timely filed.

I. ADMINISTRATIVE COMPLETENESS

Staff has reviewed the application and, as detailed in the attached memorandum of Maxine Gilford of the Rate Regulation Division, Staff recommends that the application be found administratively complete and accepted for filing under TWC § 13.1872 and 16 TAC § 24.49.

II. FINAL DISPOSITION

Staff conducted a technical review of the application under TWC § 13.1872 and 16 TAC § 24.49, which allows the Commission to adjust the rates of a Class D utility of no more than five percent without the need for a hearing.

In accordance with the technical review that is detailed in the attached memorandum by Ms. Gilford, Staff recommends approval of the application and UA Holdings’ proposed rates. Staff has attached the tariffs reflecting the proposed rates to this pleading. Staff also recommends that

UA Holdings proceed with issuing notice to customers in accordance with TWC § 13.1872(c)(1) at least 30 days before the effective date of the proposed adjustment.

III. NOTICE

In accordance with Staff's recommendation that UA Holdings issue notice of the rate adjustment, Staff proposes the following procedural schedule for further processing of this docket:

Event	Deadline
Deadline for UA Holdings to provide notice to customers	March 1, 2022
Effective date of rate adjustment	April 1, 2022

IV. CONSOLIDATION

In Order No. 1, the ALJ notified the parties of his intent to exercise his authority under 16 TAC § 22.34 to order the consolidation of the proceedings under Docket Nos. 53006, 53007, and 53008 with prior notice to all parties and ordered Staff to file a response. The ALJ stated that all three proceedings were filed by UA Holdings for 5% class D rate adjustments. While these dockets each address different subdivisions or properties where UA Holdings provides water or sewer service, the ALJ points out that Texas Water Code § 13.1872 states that it is the utility, not the subdivision served by the utility, that applies for 5% class D rate adjustments. Staff agrees the ALJ's reasoning and has no objection to the consolidation of Docket Nos. 53006, 53007, and 53008. Staff notes that its recommendation that the application be approved would not be affected by consolidation.

V. CONCLUSION

For the reasons stated above, Staff respectfully recommends that the amended application be deemed administratively complete, and that UA Holdings rate adjustment be approved. Staff further recommends that UA Holdings be ordered to provide notice of the new rate, using only the notice pages approved by the Commission, at least 30 days before the effective date of the proposed changes. Finally, Staff has no objection to the ALJ's intent to consolidate Docket Nos. 53006, 53007, and 53008. Staff respectfully requests the entry of an order consistent with these recommendations.

Date: February 3, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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/s/ Ian Groetsch
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DOCKET NO. 53006

CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record on February 3, 2022 in accordance with the Order Suspending Rules filed in Project No. 50664.

/s/ Ian Groetsch
Ian Groetsch

Public Utility Commission of Texas

Memorandum

TO: Ian Groetsch, Attorney
Legal Division

FROM: Maxine Gilford, Financial Analyst
Rate Regulation Division

DATE: February 3, 2022

RE: **Docket No. 53006** – *Application of UA Holdings 1994-5 LP dba SC Utilities for a Class D Rate Adjustment for the Meadow Vista Business Park*

On December 21, 2021, UA Holdings 1994-5 LP dba SC Utilities (UA Holdings) filed an application for a Class D rate adjustment for the Meadow Vista Business Park. Under Texas Water Code (TWC) § 13.1872 and 16 Texas Administrative Code (TAC) § 24.29, a Class D utility may request an annual increase to its tarified rates, under certain conditions described below. In support of its application, UA Holdings provided:

1. A Class D application for a water or sewer annual rate adjustment;
2. A completed proposed notice to be issued to customers after the proposed rate adjustment is approved; and
3. A copy of the relevant pages of UA Holdings' current approved tariff.

The requested increase may be implemented no more than once per calendar year and must be filed in the quarter designated by Commission rule.¹

UA Holdings holds certificate of convenience and necessity number 11749 for water and 20586 for sewer. This application is for a sewer rate adjustment. The application was filed in the correct quarter as required by 16 TAC § 24.49(f)(2)(D). UA Holdings' last rate adjustment was approved in Docket No. 49423.²

An increase may not be granted more than four times between rate proceedings described under TWC § 13.1871.³

This application represents UA Holdings' second Class D rate adjustment request between base rate proceedings

¹ TWC § 13.1872(f); 16 TAC § 24.49(f).

² *Application of UA Holdings 1994-5 L.P. dba SC Utilities for a Price Index Rate Adjustment for the Meadow Vista Business Park*, Docket No. 49423, Notice of Approval (Jun. 25, 2019).

³ TWC § 13.1872(f); 16 TAC § 24.49(f)(1).

The requested annual increase may be no more than five percent.⁴

UA Holdings requests approval to increase its current sewer base rates by 5%.

The following table includes UA Holdings' current and proposed flat sewer rates:

Current Flat Rate	Proposed Flat Rate
\$516.00	\$541.80

I have reviewed the application and confirmed that UA Holdings correctly calculated the proposed 5% increase to its current sewer rates.

Notice must be sent at least 30 days before the effective date of the proposed rate adjustment.⁵

The Applicant submitted a Notice of Approved Utility Rate Adjustment with the application, which includes the information required by 16 TAC § 24.49(e). I have reviewed the notice and have confirmed that the Applicant filled out the notice completely and correctly calculated the billing comparison for 5,000 gallons of usage. The proposed notice listed March 1, 2022 as the date notice will be provided and April 1, 2022 as the effective date of the proposed rate adjustment.

Based upon my review of the application, I recommend that:

1. The application be found administratively complete and the proposed notice be found sufficient;
2. The rate adjustment be approved as proposed in the application and with an effective date that coincides with UA Holdings' billing cycle;
3. UA Holdings provide the approved notice to customers as required by TWC § 13.1872(c)(1) at least 30 days before the effective date of the proposed rate adjustment;
4. The attached tariff be approved; and
5. Commission Staff provide a copy of the approved tariff to UA Holdings.

⁴ TWC § 13.1872(e)(2); 16 TAC § 24.49(c)(1).

⁵ TWC § 13.1872(c)(1), (e)(1); 16 TAC § 24.29(e).



SEWER UTILITY TARIFF

Docket No: 53006

UA Holdings, 1994-5, LP dba SC Utilities
(Utility Name)

11749 Spring Cypress Rd Ste L
(Business Address)

Spring, Texas 77379
(City, State, Zip Code)

(281) 583-6855
(Area Code/Telephone)

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

20586

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

Harris and Montgomery

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

None

This tariff is effective in the following subdivisions or systems:

Spring Cypress Shopping Center, Sunrise Ranch Subdivision, Meadow Vista Business Park

This tariff is effective for the following water quality permit numbers:

Alpha Utilities Wastewater Treatment Plant (WQ0012248-001), UA Holdings 1994-5, Inc. (WQ0014468-001), MSI Products (WQ12000-001)

TABLE OF CONTENTS

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

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SECTION 3.0 - EXTENSION POLICY	15

APPENDIX A -- SAMPLE SERVICE AGREEMENT

SECTION 1.0-RATE SCHEDULE

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
All	<u>\$48.50</u>	<u>\$8.26</u> per 1,000 gallons

Gallonge charges are determined based on average consumption for the winter months which includes December, January, and February.

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

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

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

REGULATORY ASSESSMENT1.0%

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

TAP FEE\$300.00

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.

UNIQUE TAP FEE\$400.00

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

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) Nonpayment of bill (Maximum\$25.00)\$25.00
- b) Customer's request\$25.00

TRANSFER FEE\$25.00

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

LATE CHARGE\$5.00

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

RETURNED CHECK CHARGE\$15.00

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

COMMERCIAL AND NON-RESIDENTIAL DEPOSIT1/6TH EST. ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC § 24.25(b)(2)(F)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 1.0-RATE SCHEDULE (Continued)

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Including 0 Gallons)	<u>Gallonge Charge</u>
5/8"	<u>\$53.66</u>	<u>\$7.12</u> per 1000 gallons
3/4"	<u>\$80.50</u>	
1"	<u>\$134.16</u>	
1½"	<u>\$268.32</u>	
2"	<u>\$429.31</u>	
3"	<u>\$804.96</u>	
4"	<u>\$1,341.60</u>	
6"	<u>\$2,683.20</u>	
8"	<u>\$4,293.12</u>	

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

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

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

REGULATORY ASSESSMENT1.0%

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

TAP FEE\$300.00

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.

UNIQUE TAP FEE\$400.00

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

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) Nonpayment of bill (Maximum\$25.00)\$25.00
- b) Customer's request\$25.00

TRANSFER FEE\$25.00

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

LATE CHARGE7%

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

RETURNED CHECK CHARGE\$15.00

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

SECTION 1.0-RATE SCHEDULE (Continued)

COMMERCIAL AND NON-RESIDENTIAL DEPOSIT1/6TH EST. ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC § 24.25(b)(2)(F)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 1.0-RATE SCHEDULE (Continued)

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>
All (Flat Rate)	<u>\$541.80</u>

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

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

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

REGULATORY ASSESSMENT1.0%
A REGULATORY ASSESSMENT, EQUAL TO ONE PERCENT OF THE CHARGE FOR RETAIL SEWER SERVICE ONLY, SHALL BE COLLECTED FROM EACH RETAIL CUSTOMER.

TAP FEE\$500.00
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 BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR TAP SIZE INSTALLED.

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) Nonpayment of bill (Maximum\$25.00)\$25.00
b) Customer's request\$25.00

TRANSFER FEE\$0.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

LATE CHARGE\$5.00
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\$0.00

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)\$0.00

COMMERCIAL AND NON-RESIDENTIAL DEPOSIT1/6TH EST. ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE
WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC § 24.25(b)(2)(F)]

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

SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission of Texas (PUC or Commission) Rules, 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 2.01 - Application for 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), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

Section 2.02 - Refusal of Service

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

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

(A) Customer Deposits

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

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

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

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

(B) Tap or Reconnect Fees

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

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

(C) Easement Requirement

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

Section 2.04 - Utility Response to Applications for Service

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

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

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the tap location to the place of consumption. Customers will not be allowed to use the utility's cutoff.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

2.06 Access to Customer's Premises

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

Section 2.07 - Back Flow Prevention Devices

No water connection shall be made to any establishment where an actual or potential contamination or system hazard exists without an approved air gap or mechanical backflow prevention assembly. The air gap or backflow prevention assembly shall be installed in accordance with the American Water Works Association (AWWA) standards C510, C511 and AWWA Manual M14 or the University Of Southern California Manual Of Cross-Connection Control, current edition. The backflow assembly installation by a licensed plumber shall occur at the customer's expense.

The back flow assembly shall be tested upon installation by a recognized prevention assembly tester and certified to be operating within specifications. Back flow prevention assemblies which are installed to provide protection against high health hazards must be tested and certified to be operating within specifications at least annually by a recognized back flow prevention device tester. The maintenance and testing of the back flow assembly shall occur at the customer's expense.

Section 2.10 - Billing

(A) Regular Billing

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

(B) Late Fees

A late penalty of either \$5.00 or 10% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

(C) Information on Bill

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

(D) Prorated Bills

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

Section 2.11- Payments

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

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

Section 2.12 - Service Disconnection

(A) With Notice

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

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

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

(B) Without Notice

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

Section 2.13 - Reconnection of Service

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

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.14 - Service Interruptions

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

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain and operate production, treatment, storage, transmission, and collection facilities of sufficient size and capacity to provide continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge effluent of 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 TCEQ and PUC Rules.

Section 2.16 - Customer Complaints and Disputes

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

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

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

Section 2.17 - Customer Liability

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

SECTION 3.0 -- EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

Line Extension and Construction Charges: No Contributions in Aid of Construction may be required of any customer except as provided for in the approved extension policy.

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

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

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

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

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

Residential customers will be charged the equivalent of the costs of extending service to their property from the nearest 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 additional cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

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

Exceptions may be granted by the PUC if:

- adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
- or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

SECTION 3.0 -- EXTENSION POLICY (Continued)

If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

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

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

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

Section 3.03 - Contributions in Aid of Construction

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

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

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

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

- Under a contract and only in accordance with the terms of the contract; or

SECTION 3.0 -- EXTENSION POLICY (Continued)

- if service is not being provided to a lot or lots within two years after installation of facilities necessary to provide service to the lots has been completed and if the standby fees are included on the utilities approved tariff after a rate change application has been filed. The fees cannot be billed to the developer or collected until the standby fees have been approved by the commission or executive director.
- For purposes of this section, a manufactured housing rental community can only be charged standby fees under a contract or if the utility installs the facilities necessary to provide individually metered service to each of the rental lots or spaces in the community.

Section 3.04 - Appealing Connection Costs

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

Section 3.05 - Applying for Service

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

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to Utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers.

If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main.

SECTION 3.0 -- EXTENSION POLICY (Continued)

If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, the applicant may refer the matter to the PUC for resolution.

Section 3.06 - Qualified Service Applicant

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

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

Section 3.07 - Developer Requirements

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

APPENDIX A -- SAMPLE SERVICE AGREEMENT

From 30 TAC Chapter 290.47(b), Appendix B SERVICE AGREEMENT

- I. **PURPOSE.** The NAME OF SEWER 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 SEWER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the sewer 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 SEWER SYSTEM (the Sewer System) and NAME OF CUSTOMER (the Customer).
- A. The Sewer System will maintain a copy of this agreement as long as the Customer and/or the premises are connected to the Sewer 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 Sewer 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 Sewer System's normal business hours.
 - C. The Sewer 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 Sewer System. Copies of all testing and maintenance records shall be provided to the Sewer System.
- IV. **ENFORCEMENT.** If the Customer fails to comply with the terms of the Service Agreement, the Sewer 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: _____

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