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**SEWER UTILITY TARIFF
FOR**

Sweetwater Utility, LLC
(Utility Name)

P.O. Box 918
(Business Address)

Wimberley, Texas 78676
(City, State, Zip Code)

(512) 847-5774
(Area Code/Telephone)

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

20887

This tariff is effective in the following counties:

Hays and Caldwell

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

Niederwald (original jurisdiction to TNRCC 4/3/00)

This tariff is effective in the following subdivisions or systems:

Woods of Brushy Creek Subdivision
WQ #14094-001

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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 SAMPLE SERVICE AGREEMENT

PUBLIC UTILITIES COMMISSION
20887 CON 20887 JAN 7 02
APPROVED TARIFF BY Sm/KIB

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$40.00</u>	

Volume charges are determined based on average consumption for winter period which includes the following months: n/a

FORM OF PAYMENT: THE UTILITY WILL ACCEPT THE FOLLOWING FORM(S) OF PAYMENT

Cash X, Check X, Money Order X, Credit Card _____, Other (specify) _____
(THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.)

REGULATORY ASSESSMENT 1.0%
(TNRCC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.)

Section 1.02 - Miscellaneous Fees

TAP FEE \$795.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

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

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00) \$25.00
- b) Customer's request that service be disconnected \$25.00

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) \$5.00
TNRCC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RATES LISTED ARE EFFECTIVE ONLY
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SECTION 1.0 - RATE SCHEDULE (CONT.)

TRANSFER FEE \$50.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION
WHEN THE SERVICE IS NOT DISCONNECTED

RETURNED CHECK CHARGE \$25.00
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE
WHEN AUTHORIZED IN WRITING BY TNRCC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE
RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING 30 TAC 291.21(K)(2).

LINE EXTENSION AND CONSTRUCTION CHARGES: at cost

Refer to Section 3.0 Extension Policy for terms, conditions, and charges when new construction is
necessary to provide service.

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IF THIS PAGE HAS TNRCC APPROVAL STAMP

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APPROVED TARIFF BY *L. JFS*

SECTION 2.0 - SERVICE RULES AND POLICIES

The utility will have the most current Texas Natural Resource Conservation Commission Rules, Chapter 291, Water Rates, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.01 - Application for Water Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

Section 2.02 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the TNRCC Rules. In the event that the utility refuses to serve an applicant, the utility will inform the applicant in writing of the basis of its refusal. The utility is also required to inform the applicant 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 TNRCC 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 deposit at any time prior to termination of utility service but must refund the deposit plus interest for any customer who has paid 18 consecutive billings without being delinquent.

SECTION 2.0 - SERVICE RULES AND POLICIES (CONT.)

(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 TNRCC 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 30 T. A. C. 291.86(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 (CONT.)

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 2.10 - 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 as stated on the rate schedule in Section 1.0 will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

(C) Information on Bill

Each bill will provide all information required by the TNRCC 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.

(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 payer or payee's bank, shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid money

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SECTION 2.0 - SERVICE RULES AND POLICIES (CONT.)

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 TNRCC Rules.

(B) Without Notice

Utility service may also be disconnected without notice for reasons as described in the TNRCC 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 2.14 - 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 2.0 - SERVICE RULES AND POLICIES (CONT.)

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain and operation 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 TNRCC 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 Natural Resource Conservation Commission complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

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

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

Section 2.17 - Customer Liability

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

SECTION 3.0 - EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

LINE EXTENSION AND CONSTRUCTION CHARGES.

NO CONTRIBUTION IN AID OF CONSTRUCTION MAY BE REQUIRED OF ANY CUSTOMER EXCEPT AS PROVIDED FOR IN THIS APPROVED EXTENSION POLICY.

The 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.

Unless an exception is granted by the TNRCC's Executive Director, the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution and pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.

Exceptions may be granted by the TNRCC Executive Director if

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

If an exception is granted, 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 over sizing 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.

The utility shall bear the cost of any over-sizing of water distribution lines or waste water collection lines necessary to serve other potential service applicants for customers in the immediate area.

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.

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

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SECTION 3.0 - EXTENSION POLICY (CONT.)

providing the standard service and connection beyond 200 feet and throughout his property including the cost of all necessary transmission facilities.

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 treatment and collection facilities necessary to meet the service demands anticipated to be created by that property.

Section 3.02 - Costs Utilities Shall Bear

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

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.

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

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 Texas Natural Resource Conservation Commission minimum design criteria for facilities used in the treatment and collection of sewer or Texas Natural Resource Conservation Commission minimum requirements. 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.

SECTION 3.0 - EXTENSION POLICY (CONT.)

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 Texas Natural Resource Conservation Commission minimum design criteria for sewer treatment and collection.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 30 TAC 291.86(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the Texas Natural Resource Conservation Commission minimum design criteria. As provided by 30 T.A.C. 291.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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

- Under a contract and only in accordance with the terms of the contract; or
- if service is not being provided to a lot or lots within two years after installation of facilities necessary to provide service to the lots has been completed and if the standby fees are included on the utility's 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, TNRCC 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 TNRCC 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

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SECTION 3.0 - EXTENSION POLICY (CONT.)

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 must be readily accessible to Utility personnel for inspection and servicing while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, the applicant may refer the matter to the TNRCC 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, TNRCC rules and/or TNRCC order, (2) has made payment or made arrangement for payment of tap fees, (3) has provided all necessary easements and rights-of-way necessary 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 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 TNRCC 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 TNRCC service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by TNRCC rules.

Section 3.07 - Developer Requirements

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

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APPROVED TARIFF BY *[Signature]* JFS

Sweetwater

FROM : AGUAS DULCE L.L.C.
Mar 20 2000 11:05PM

PHONE NO. : 5128476392

Mar 20 2000 04:10PM

ORIGINAL

ORDINANCE NO. 040300-A

AN ORDINANCE GRANTING THE FRANCHISE, RIGHT, PERMISSION, AND AUTHORITY TO SWEETWATER UTILITY, LLC, A TEXAS LIMITED LIABILITY COMPANY, ITS SUCCESSORS AND ASSIGNS, TO CONSTRUCT, EXTEND, MAINTAIN, REPAIR, REPLACE, OPERATE, AND REMOVE IN CERTAIN PORTIONS OF THE CITY OF NIEDERWALD, COUNTIES OF HAYS AND CALDWELL, STATE OF TEXAS, A SYSTEM FOR THE COLLECTION AND TREATMENT OF WASTEWATER AND FOR THE PROVISION OF WASTEWATER AND SEWER SERVICE, FOR ALL PURPOSES FOR WHICH THIS SERVICE MAY BE USED; ALLOWING THE USE OF STREETS, ALLEYS, SIDEWALKS, EASEMENTS, RIGHTS-OF-WAY, AND PUBLIC PLACES; ADDRESSING TITLE TO IMPROVEMENTS, CERTIFICATE OF CONVENIENCE AND NECESSITY, RATES, OPERATIONS, SERVICES, UTILITY RULES & REGULATIONS; REQUIRING A GROSS REVENUE FEE AND THE MAINTENANCE OF PLATS, MAPS, AND RECORDS; REGULATING EXCAVATIONS; REQUIRING LIABILITY INSURANCE AND INDEMNITY; SETTING TERM OF ORDINANCE; ALLOWING ASSIGNMENT; PROHIBITING WAIVER; REGULATING NOTICES; PROVIDING FOR ACCEPTANCE OF ORDINANCE, SEVERABILITY, REPEAL OF CONFLICTING ORDINANCE, AND AN EFFECTIVE DATE.

WHEREAS, Sweetwater Utility, LLC, a Texas limited liability company, hereafter also designated as the Utility, has requested that the Mayor and City Council grant it, its successors and assigns, the franchise, right, privilege, and authority by ordinance, to construct, extend, maintain, repair, replace, operate, and remove in the City of Niederwald a system for the collection and treatment of wastewater and for the provision of wastewater and sewer service, for all purposes for which this service may be used; and

WHEREAS, the Utility has duly complied with all provisions of the laws of the State of Texas, and with all ordinances of the City with reference to the obtaining of this franchise, right, privilege, and authority;

NOW THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF NIEDERWALD, TEXAS:

SECTION 1. GRANT OF FRANCHISE

(a) The City of Niederwald, Texas ("the City") hereby grants to Sweetwater Utility, LLC ("the Utility"), the nonexclusive right, privilege and franchise to construct, extend, maintain, repair, replace, operate, and remove in the City of Niederwald, Texas a system for the collection and treatment of wastewater and for the provision of wastewater and sewer service, for all purposes for which this Utility and its customers may use this service for a period of ten (10) years from the effective date of this franchise ordinance.

City of Niederwald Ordinance No. 040300A
04/20/00 11:05 AM
10/20/00

FROM : AGUAS DULCE L.L.C.
Nov. 10 2000 3:33PM

PHONE NO. : 5128476392

Nov. 30 2000 04:11 PM
No. 1282 P. 3/12

(b) The City hereby grants the Utility the nonexclusive right, privilege, and franchise to install, over, under, along, and across the present and future streets, alleys, sidewalks, and other public easements and rights-of-way within the corporate limits of the City as they may now or hereafter exist, all necessary plants, works, mains, services, conduits, pipes, tanks, and appurtenances for the purpose of operating and extending to the City of Niederwald, Texas, and its inhabitants, a wastewater system. The Utility's use of City streets, alleys, sidewalks, or other public easements and rights-of-way shall be subject to and conducted in accordance with the City's policies, procedures, and ordinances now in force or that the City may subsequently adopt or enact relative to the use of the streets, alleys, sidewalks, easements, rights-of-way, or public places of the City, including all ordinances relating to the use of streets by public utilities. The terms of this franchise ordinance shall apply to all areas that the City subsequently annexes immediately upon the effective date of annexation.

(c) Nothing contained in this franchise ordinance shall be construed as preventing, diminishing, or restricting the Utility from using for public utility purposes any easement shown on any plat or plats of any portion of the City previously or subsequently planned or recorded or any easement that any person, firm, or corporation has or may subsequently create, grant, or dedicate for public utility purposes whatsoever.

SECTION 2. USE OF STREETS, ALLEYS, SIDEWALKS, EASEMENTS, RIGHTS-OF-WAY, AND PUBLIC PLACES

(a) The Utility will provide service by means of streets, alleys, easements, and other public rights-of-way. If the Utility needs additional easements to provide service, then the provision of those easements shall be the responsibility of the property owner requesting such service.

(b) The City reserves the right to reasonably regulate the erection and construction of any work by the Utility and to reasonably designate the location of any such work and construction prior to the commencement of the work.

(c) The Utility will locate, erect, and maintain its system, plants, works, mains, services, conduits, pipes, tanks, and appurtenances so that none of these facilities will endanger or interfere with the lives of persons, interfere with any improvements the City may deem proper to make, or unnecessarily hinder or obstruct the free use of the streets, alleys, bridges, easements, rights-of-way, or public property.

(d) If at any time during the period of this franchise, the City shall lawfully elect to alter or change the grade of any street, alley, or other public right-of-way, or if at any time the City shall lawfully elect to alter or change the location of any street, alley, bridge, right-of-way, easement, or public property, the Utility, upon thirty (30) days written notice from the City, will commence removing or relocating, as necessary, any and all of its facilities or fixtures at its own expense.

(e) The Utility will not place facilities or fixtures where the facilities or fixtures will interfere with any existing water, gas, electric, or telephone facilities, traffic control signalization, street lights, fire lines, or communication lines, or obstruct or hinder in any manner the various utilities serving the residents of the City.

City of Niederwald Ordinance No. 040300A
 City of Niederwald
 11/10/2000

FROM : AGUAS DULCE L.L.C.
Mar. 20. 2000 3:07PM

PHONE NO. : 5128476392

Mar. 23 2000 04:17PM
NOV 10 2000 P 07:21

(f) The Utility will install all wastewater lines under this franchise ordinance so as not to injure or damage unnecessarily any public grounds, drains, storm sewers, catch basins, or other like improvements. However, if the Utility's installation of one of its wastewater lines damages any public grounds, drains, storm sewers, catch basins, or other like improvements, then the Utility shall repair the damage caused and restore the public grounds, drains, storm sewers, catch basins, or other like improvements to as good condition as existed prior to undertaking the work.

(g) If the Utility refuses or neglects to repair any public grounds, drains, storm sewers, catch basins, or other like improvements that it damages during installation of a wastewater line within a reasonable time after it completes its work on the related project and if the City has given the Utility thirty (30) days' written notice of the Utility's refusal or neglect, then:

(1) the City Council may direct the necessary repairs be made at the expense of the Utility, and

(2) the Utility shall be responsible for all damages sustained by any person or persons by reason of this refusal or neglect of the Utility.

SECTION 3. TITLE TO IMPROVEMENTS

Title to all wastewater utility components whether situated on public grounds or on easements for public utility purposes, shall be and remain in the Utility, its successors or assigns.

SECTION 4. CERTIFICATE OF CONVENIENCE AND NECESSITY

The Utility will secure from the Texas Natural Resource Commission a certificate of convenience and necessity to construct, operate, and maintain the its wastewater system in the area it proposes to serve.

SECTION 5. RATES, OPERATIONS, AND SERVICES

(a) Because the City has elected to have the Texas Natural Resource Conservation Commission have exclusive jurisdiction over the sewer utility rates, operations, and services within the corporate limits of the City under Section 13.043 of the Texas Water Code, the rates that the Utility will charge and the rules and regulations governing the furnishing of services to inhabitants of the City that the Utility will follow under this franchise ordinance will be those authorized by and on file with the Texas Natural Resource Conservation Commission or any and all other public authorities having jurisdiction in the premises during the term of this franchise ordinance, unless and until the City reinstates its original jurisdiction to regulate utility rates, operations, and services.

(b) The Utility will file its approved tariff with the City and shall make it available for inspection by the public and residents of the City.

FROM : AGUAS DULCE L.L.C.
 Nov 20 2000 3:03PM

PHONE NO. : 5128476392

Nov 20 2000 04:18PM
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SECTION 6. UTILITY RULES AND REGULATIONS

(a) The Utility shall have the authority to promulgate such rules, regulations, terms, and conditions affecting its customers as shall be reasonably necessary to enable the Utility to exercise its rights and perform its obligations under this franchise ordinance and to assure uninterrupted service to each and all of its customers.

(b) Any such rules, regulations, terms and conditions shall not be in conflict with the provisions hereof or applicable federal, state and local laws.

(c) The Utility will file a copy of its rules with the City and keep a copy in the Utility's local office for inspection by the public.

SECTION 7. GROSS REVENUE FEE

(a) On the _____ day of _____, 2000, and quarterly thereafter, 45 days after each calendar quarter for the life of this franchise, Sweetwater Utility, LLC, its successors and assigns, shall pay to the City of Niederwald a sum equal to four percent (4%) of its gross revenue received from the sale of monthly wastewater service within the corporate limits of the City for the preceding calendar quarter in full payment for the privilege of using and occupying the streets, alleys, easements, rights-of-way, parks, and other public places in the City of Niederwald. This payment shall be in lieu of any other tax or increased rate of tax or other imposition, assessment, or charges, except ad valorem taxes.

(b) The Utility will pay to the City the gross revenue fee authorized in this section quarterly on or before the 15th day of the second month following the end of the quarterly period for which the payment is due. The Utility will deliver the gross revenue fee payment to the City Secretary, along with a gross revenue fee statement, showing, in a form that the City approves, the calculations of the amount of the quarterly payment. An officer of the Utility will certify this fee statement to be true and correct.

(c) The Utility will file annually with the City Secretary no later than four (4) months after the end of the Utility's fiscal year, an audited statement of revenues attributable to the operations of its system within the City pursuant to this franchise ordinance, which statement shall have been audited by an independent Certified Public Accountant whose report shall accompany the statement.

(d) The City shall have the right to review or audit the Utility's gross revenue fee statements and statements of revenues and other books and records, and to recalculate any amounts determined to be payable under this franchise ordinance.

SECTION 8. PLATS, MAPS, AND RECORDS

The Utility will make and keep full and complete plats, maps, and records showing the exact location of all plants, works, mains, services, conduits, pipes, tanks, and facilities located and that the Utility uses in the City of Niederwald, Texas, in connection with its system. The Utility will keep these

City of Niederwald Ordinance No. 04-0300-A
 2000-11-20

FROM : AGUAS DULCE L.L.C.
Nov 10 2000 3:38PM

PHONE NO. : 5128476392

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plans, maps, and records current at all times to reflect all changes in the system and all additions, relocations, and modifications to its system.

SECTION 9. EXCAVATION

(a) The Utility will not disturb the surface or subsurface of any street, alley, sidewalk, right-of-way, or public place for the purpose of construction or maintenance without first obtaining a permit to do so from the City.

(b) The Utility will not encumber any street, alley, sidewalk, right-of-way or public place for a longer period than shall be necessary to perform and complete the work.

(c) Whenever the Utility does take up or disturb any street, alley, sidewalk, right-of-way, or public place in building, constructing, renewing, maintaining, or removing its facilities, the Utility will guard and protect the street, alley, sidewalk, right-of-way, or public place at all times by the placement of adequate barriers, fences, or boardings, the bounds of which during periods of dusk and darkness, the Utility will clearly designate by warning lights.

(d) The Utility shall fill in any excavation or opening of an excavation and will restore the surface at its expense within a reasonable time after completion of the work to as good a condition as before the commencement of the work.

(e) If the Utility fails to restore the surface and make repairs within a reasonable time, the City may fix a reasonable time and notify the Utility of the restoration and repairs required and the time fixed for completion of those actions.

(f) Upon the Utility's failure to comply within the time specified in the previous subsection, the City may cause proper restoration and repairs to be made, and the Utility will pay the expense of such work upon demand by the City.

SECTION 10. LIABILITY INSURANCE

(a) Prior to commencing the installation of its system, and continuing for the duration of this franchise, the Utility shall procure and maintain public liability and property insurance in an amount not less than \$500,000.00 for bodily injury and \$500,000.00 from property damage for each occurrence, with an insurance company licensed to do business in Texas, insuring against claims for liability or damages in connection with:

(1) Liability to persons or damages to property in any way arising out of or through the acts or omissions of the Utility, its agents, servants, or employees, or to which the Utility negligence may in any way contribute; and

(2) Liability arising out of the Utility's operations and relationships with any independent contractor or subcontractor.

CITY OF HOUSTON UTILITIES No. 0403007
C116-000-30-0000
11/10/00

FROM : AGUAS DULCE L.L.C.
 217.201.2000 313528

PHONE NO. : 5128476392

Mar. 20 2000 04:20PM P
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(b) The City Attorney shall approve this insurance policy, and the Utility will file and maintain a copy of this policy along with written evidence of payment of required premiums, with the City Secretary during the term of this franchise.

(c) The Utility shall immediately advise the City of any significant litigation, actual or potential, that might affect this insurance policy.

(d) All insurance policies maintained pursuant to this franchise shall contain the following conditions by endorsement:

(1) The City of Niederwald shall be a named insured and the term "owner" or "City of Niederwald" shall include all authorities, Boards, Bureaus, Commissions, Divisions, Departments, and offices of the City and the individual members, employees, and agents of the City in their official capacities and/or while acting on behalf of the City.

(2) Each policy shall require that the insurance company provide the City Secretary by certified mail written notice of cancellation or of material change in the terms of the policy at least thirty (30) days prior to the proposed cancellation or material change.

(3) Insurers shall not have any right of recovery against the City, it being the intention that the insurance policies shall protect the Utility and the City and shall be primary coverage for all losses that the policies cover.

(4) The policy clause "other insurance" shall not apply to the City of Niederwald when the City is an insured on the policy.

SECTION 11. INDEMNITY

(a) The Utility agrees to indemnify, defend, and save harmless the City, its agents, officers, servants, and employees, against and from any and all claims by or on behalf of any person, firm, or corporation, arising from the conduct of or management of the franchise, or from any occurrence in connection with the franchise; and from any and all claims arising from any breach or default on the part of the Utility in the performance of any covenant or agreement on the part of the Utility to be performed pursuant to the terms of this franchise ordinance, or arising from any act or negligence of the Utility, or any of its agents, contractors, subcontractors, servants, employees, or licensees; and from and against all costs, counsel fees, expenses, and liabilities incurred in or about any such claim or proceeding brought on such claim.

(b) Upon receipt of notice in writing from the City, the Utility shall, at its own expense, defend any action or proceeding brought against the City in which it is claimed that the activities of the Utility or its agents, servants, or employees caused personal injury or property damage in connection with the installation, operation, and maintenance of the Utility's system.

FROM : AGUAS DULCE L.L.C.
Nov 10 2000 9:10PM

PHONE NO. : 5128476392

Nov 10 2000 04:00PM
NOV 10 2000 7:51AM**SECTION 12. PERIOD OF TIME OF THIS ORDINANCE; TERMINATION**

This agreement shall be in full force and effect for the period beginning with the effective date of this franchise ordinance and ending ten (10) years, provided that at the end of the expiration of the initial period, the term of this ordinance will automatically renew for successive periods of ten (10) years. However, if during the last four months of the initial period or of any successive ten (10) year period, if one party gives the other party not less than ninety days' prior written notice setting forth its desire to terminate this franchise ordinance-agreement, then this franchise ordinance-agreement shall terminate at the expiration of the then current period.

SECTION 13. ASSIGNMENT

All provisions of this franchise ordinance that are obligatory upon or which inure to the benefit of the Utility shall also be obligatory upon and shall inure to the benefit of all successors and assigns of the Utility, and the word "Utility" whenever used in this franchise ordinance shall include and be taken to mean not only the Utility, but all successors and assigns of the Utility. The Utility shall not assign or transfer this franchise unless it has obtained the approval of the City Council of the City expressed by ordinance.

SECTION 14. NO WAIVER

Neither the Utility nor the City shall be excused from complying with any of the terms of this franchise ordinance by any failure of the Utility or the City on one or more occasions to insist upon or seek compliance with any such terms or conditions.

SECTION 15. NOTICES

Unless otherwise notified in writing by the other party, the addresses and telecopier numbers of the City and the Utility are and shall remain as set forth beneath the signature of each party. Notice to a party is effective when a party actually receives it at its then-current address or telecopier number or when a party is deemed to have received it. A party is deemed to have received a notice on the fifth calendar day following the day it is deposited with the U.S. Postal Service properly addressed and with proper postage affixed as certified or registered mail.

SECTION 16. ACCEPTANCE OF FRANCHISE ORDINANCE

The Utility shall have fifteen (15) days after passage of this franchise ordinance in which to file its written acceptance of the franchise ordinance with the City Secretary, and upon the Utility's filing of its acceptance, this franchise ordinance shall take effect and be in force from and after the date of its passage and the Utility's filing shall effectuate and make binding the agreement contained in this franchise ordinance.

City of Dallas Ordinance No. 040300-A
11/10/00

FROM : AGUAS DULCE L.L.C.
Mar. 20. 2000 3:40PM

PHONE NO. : 5128476392

Mar. 20 2000 04:21 PM
10 1202 P. 3/10

SECTION 17. SEVERABILITY

(a) If any portion of this franchise ordinance is held to be invalid or unenforceable for any reason, that holding shall not be construed to affect any other portion of this ordinance, and all other portions shall remain in full force and effect.

(b) If the City determines that a court action or the action of the state or federal government affects a material provision of this Agreement and franchise ordinance, then the City shall have the right to modify this ordinance to such reasonable extent as it deems necessary to carry out the full intent and purpose of this Agreement and franchise ordinance.

SECTION 18. REPEAL OF CONFLICTING PROVISIONS

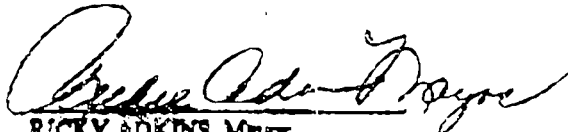
All provisions in all other ordinances in conflict with this ordinance are repealed, which repeal shall take effect upon the effective date of this ordinance.

SECTION 19. EFFECTIVE DATE

The effective date of this Ordinance is April 3 2000.

PASSED AND APPROVED this 3rd day of April 2000.

CITY OF NIEDERWALD



RICKY ADKINS, Mayor
City of Niederwald, Texas
13851 Camino Real
Niederwald, Texas 78640
Telecopier _____

ATTEST:

DENA DAVID, City Secretary

City of Niederwald Ordinance No. 040300-A
City of Niederwald, Texas
1-504-222-2200

FROM : AGUAS DULCE L.L.C.
11/20/2000 9:41PM

PHONE NO. : 5128476392

Nov. 20 2000 04:22PM P
No. 1002 P. 11/12ORDINANCE NO. 040300-B

AN ORDINANCE ELECTING TO HAVE THE TEXAS NATURAL RESOURCE CONSERVATION COMMISSION EXERCISE ORIGINAL JURISDICTION OVER THE UTILITY RATES, OPERATIONS, AND SERVICES OF RETAIL WATER AND SEWER UTILITIES WITHIN THE CORPORATE LIMITS OF THE CITY PURSUANT TO SECTION 13.042 OF THE TEXAS WATER CODE; NOTING A TERM OF THIS ORDINANCE; ADDRESSING RATES, OPERATIONS, AND SERVICES; PROVIDING FOR SEVERABILITY, REPEAL OF CONFLICTING ORDINANCES, AND AN EFFECTIVE DATE.

WHEREAS, the City of Niederwald, Wags and Caldwell Counties, Texas has exclusive original jurisdiction over water and sewer utility rates, operations, and services within its corporate limits pursuant to Section 13.042(a) of the Texas Water Code;

WHEREAS, the water and sewer utilities within the corporate limits of the City have certificates of convenience and necessity that extend outside the corporate limits of the City and over which unincorporated areas the Texas Natural Resource Conservation has exclusive jurisdiction over water and sewer utility rates, operations, and services pursuant to Section 13.041 of the Texas Water Code;

WHEREAS, the Texas Natural Resource Conservation Commission will, therefore, necessarily regulate the water and sewer utility rates, operations, and services of the water and sewer utilities that provide services within the corporate limits of the City because the utilities have service areas outside of the City;

WHEREAS, the City does not want to unnecessarily duplicate the efforts of the Texas Natural Resource Conservation Commission and desires to defer to the Commission's expertise in regulating water and sewer utilities as allowed in Section 13.042(b) of the Texas Water Code;

NOW THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF NIEDERWALD, TEXAS:

SECTION 1. ELECTION

The City of Niederwald, Texas ("the City") hereby elects to have the Texas Natural Resource Conservation Commission exercise original jurisdiction over the utility rates, operations, and services of retail water and sewer utilities within the corporate limits of the City pursuant to Section 13.042(b) of the Texas Water Code.

City of Niederwald, Ordinance No. 040300-B
0214-000-1000-0000
537000 2000

FROM : AGUIAS DULCE L.L.C.
11-10-2000 9:53AM

PHONE NO. : 5128476392

Nov 10 2000 04:24PM P12
11-10-2000 7:13:13

CITY OF NIEDERWALD

Ricky Adkins

RICKY ADKINS, Mayor
City of Niederwald, Texas
13851 Camino Real
Niederwald, Texas 78640

ATTEST:

Dena David
DENA DAVID, City Secretary



City of Niederwald Contract No. 040300-B
City of Niederwald
5.00-00000

FROM : AGLAS DULCE E. L. C.
MAR 29 2000 3:12PM

PHONE NO. : 5128476392

MAR 29 2000 04:03PM
No 1212 1:13

SECTION 2. TERM OF THIS ORDINANCE

The City hereby understands that, pursuant to Section 13.042(e) of the Texas Water Code, it may reinstate by ordinance its jurisdiction over the utility rates, operations, and services of retail water and sewer utilities within the corporate limits of the City at any time after the second anniversary of the effective date of this Ordinance, unless that anniversary occurs during the pendency of a rate proceeding before the Texas Natural Resource Conservation Commission. The City also hereby understands that if it reinstates this jurisdiction, it may not again elect to have the Texas Natural Resource Conservation Commission exercise this jurisdiction until the second anniversary of the date on which the City reinstates its jurisdiction.

SECTION 3. RATES, OPERATIONS, AND SERVICES

(a) Because the City has elected to have the Texas Natural Resource Conservation Commission have exclusive jurisdiction over the sewer utility rates, operations, and services within the corporate limits of the City under Section 13.042 of the Texas Water Code, the rates that the water and sewer utilities will charge and the rules and regulations governing the furnishing of services to inhabitants of the City will be those authorized by and on file with the Texas Natural Resource Conservation Commission or any and all other public authorities having jurisdiction in the premises during the term of this ordinance.

(b) The water and sewer utilities providing water or sewer utility service within the corporate limits of the City shall file its approved tariff with the City and shall make it available for inspection by the public and residents of the City.

SECTION 4. SEVERABILITY

If any portion of this Ordinance is held to be invalid or unenforceable for any reason, that holding shall not be construed to affect any other portion of this Ordinance, and all other portions shall remain in full force and effect.

SECTION 5. REPEAL OF CONFLICTING PROVISIONS

All provisions in all other ordinances in conflict with this Ordinance are repealed, which repeal shall take effect upon the effective date of this Ordinance.

SECTION 6. EFFECTIVE DATE

The effective date of this Ordinance is April 3 2000.

PASSED AND APPROVED this 3rd day of April, 2000.

City of Mansfield Ordinance No. 040300-3
City Clerk
3/29/2000