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WATER UTILITY TARIFF FOR

Tyron Development Corporation and
Holigan Family Investments, Inc., dba
Spring Hill Water Company
(Utility Name)

1330 North White Chapel, Suite 200
(Business Address)

Southlake, Texas 76092
(City, State, Zip Code)

(817) 994-0688
(Area Code/Telephone)

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

12833

This tariff is effective in the following county:

Parker

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

None

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

Stonewood Acres: PWS ID 1840127

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SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

METER SIZE	MONTHLY BASE RATE (INCLUDES 2000 GALLONS)	GALLONAGE CHARGE PER 1,000 GALLONS
5/8" x 3/4"	\$25.00	\$2.60
1"	\$42.50	Same for all
1½"	\$82.50	meter sizes.
2"	\$132.50	
3"	\$250.00	
4"	\$417.00	

FORM OF PAYMENT: The utility will accept the following forms 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%

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

TAP FEE \$500.00

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

****FOR SERVICE INITIATED WITH A NEW TAP, WHICH INCLUDES CROSSING AN EXISTING STREET, SPRING HILL WATER COMPANY WILL CHARGE THE NEW CUSTOMER THE ACTUAL COST OF ANY PAVEMENT REPAIR, UNDERBORE, OR OTHER WORK REQUIRED TO CROSS THE STREET.**

TAP FEE (Unique costs) Actual Cost

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

TAP FEE (Large meter) Actual Cost

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

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

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

METER TEST FEE \$25.00

THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

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

Section 1.02 - Miscellaneous Fees

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 \$40.00

TRANSFER FEE\$30.00

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

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

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

RETURNED CHECK CHARGE\$15.00

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

CUSTOMER SERVICE INSPECTION FEE.....\$50.00

A CHARGE FOR INSPECTION OF CUSTOMER'S PROPERTY TO DETERMINE PRESENCE OF CROSS-CONNECTION OR UNSANITARY CONDITION.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY TCEQ 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:

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

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SECTION 2.0 - SERVICE RULES AND REGULATIONS

Section 2.01 - Texas Natural Resource Conservation Commission Rules

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

Section 2.02 - Application for and Provision of Water Service

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

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

For service initiated with a new tap, which includes crossing an existing street, Spring Hill Water Company will charge the new customer the actual cost of any pavement repair, underbore, or other work required to cross the street.

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

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers may be required to install a customer owned cut-off valve on the customer's side of the meter or connection.

Section 2.03 - Refusal of Service

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

Section 2.04 - Customer Deposits

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.04 - Customer Deposits (cont.)

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

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

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

Section 2.05 - Meter Requirements, Readings, and Testing

All water sold by the utility will be billed based on meter measurements. The utility will provide, install, own and maintain meters to measure amounts of water consumed by its customers. One meter is required for each residential, commercial or industrial facility in accordance with the TNRCC Rules.

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

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

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SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.06 - Billing

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

A late penalty of either \$2.00 or 5.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

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

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

Section 2.07 - Service Disconnection

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

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

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

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SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.07 - Service Disconnection (cont.)

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

Utility personnel must be available to collect payments and to reconnect service on the day of and the day after any disconnection of service unless service was disconnected at the customer's request or due to a hazardous condition.

Section 2.08 - Reconnection of Service

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

Section 2.09 - Service Interruptions

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

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

Section 2.10 - Quality of Service

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

Section 2.11 - Customer Complaints and Disputes

If a customer or applicant for service lodges a complaint, the utility will promptly make a suitable investigation and advise the complainant of the results. Service will not be disconnected pending completion

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SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.11 - Customer Complaints and Disputes (cont.)

of the investigation. If the complainant is dissatisfied with the utility's response, the utility must advise the complainant that he has recourse through the Texas Natural Resource Conservation Commission complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

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

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

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

The utility adopts the administrative rules of the Texas Natural Resource Conservation Commission, as the same may be amended from time to time, as its company specific service rules and regulations. These rules will be kept on file at the company's offices for customer inspection during regular business hours.

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 check which has: insufficient funds in the account to cover it, upon which payment has been stopped, or which has not been signed, shall be deemed to be delinquent. All returned checks must be redeemed with cash or money order. If a customer has two returned checks within a twelve month period, the customer shall be required to pay a deposit if one has not already been paid and make future payments by cash or money order for a period of twelve months.

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

Limitation on Product/Service Liability - Public water utilities are required to deliver water to the customer's side of the meter or service connection which meets the potability and pressure standards of the Texas Natural Resource Conservation Commission. The utility will not accept

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SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (cont.)

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

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

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

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SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (cont.)

The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the TNRCC, state plumbing codes, and with the service rules and regulations of the utility. The customer will bring out his service line to his property line at the point on the customer's property mutually acceptable to the customer and the Utility subject to such requirements as may exist by TNRCC rule. No water service smaller than 5/8" will be connected. No pipe or pipe fitting which contains more than 8.0% lead can be used for the installation or repair of plumbing at any connection which provides water for human use. No solder or flux which contains more than 0.2% lead can be used at any connection which provides water for human use.

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

Except in cases where the customer has a contract with the utility for reserve or auxiliary service, no other water service will be used by the customer on the same installation in conjunction with the utility's service, either by means of a cross-over valve or any other connection. Customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises. Two places shall not be permitted to be supplied with one service pipe where there is a water main abutting the premises; each shall have separate service lines and meters. For the purposes of this paragraph, each residence shall be construed to be one entity or consuming facility.

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

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SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS (cont.)

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

The Utility has adopted the Uniform Plumbing Code for use in its service area. Any extensions and/or new facilities shall comply with that code and all standards established by the TNRCC. When conflicts arise, the more stringent standard must be followed.

For service areas more than 20 miles from the utility's billing office, the following rule applies: Customers who have been disconnected for nonpayment and applicants for service may send their payment (and service agreement if applicable) by express mail (next day delivery). The customer or applicant may deduct the cost of the express mail from the total amount due the utility or the utility will credit this amount on the next bill. Customers or applicants should advise the utility that the mailing cost has been deducted by including a brief note with their payment.

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SECTION 3.0 - EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

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

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

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

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

Developers may be required to provide contributions in aid of construction in amounts to furnish the system with all facilities necessary to comply with the Texas Natural Resource Conservation Commission's "Rules and Regulations for Public Water Systems."

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SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY

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

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

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

The utility adopts the administrative rules of the Texas Natural Resource Conservation Commission, as amended from time to time, as its company specific extension policy. These rules will be kept on file at the company's business office for customer inspection during normal business hours.

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

When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge based upon the capacities of production, transmission, storage, pumping and treatment facilities, compliant with the Texas Natural Resource Conservation Commission minimum design criteria, which must be committed to such extension. 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.

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 water production, treatment, pumping, storage and transmission.

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SECTION 4.0 - WATER RATIONING PROGRAM

In cases of extreme drought, periods of abnormally high usage, or extended reduction in ability to supply water due to equipment failure, temporary restrictions may be instituted to limit water usage. The purpose of the Water Rationing Program is to limit the total amount of water demanded from the utility and to encourage customer conservation.

Water rationing is not a legitimate alternative when water systems are deficient in meeting the Texas Natural Resource Conservation Commission's "Rules and Regulations for Public Water Systems" and the Commission Rules during normal use periods, or when the utility is not making all immediate and necessary efforts to replace or repair malfunctioning equipment.

Section 4.01 - General Provisions

DECLARATION OF WATER RATIONING: When there is an acute water supply shortage to such an extent that normal use patterns will no longer be possible, the utility may implement a water rationing program in the following manner.

NOTICE REQUIREMENTS: Written notice must be provided to each customer prior to implementing the rationing program. Mailed notice must be given 72 hours prior to the start of rationing. If notice is hand delivered, the utility cannot enforce the provisions of the plan for 24 hours after notice is provided.

Notice will be provided by telephone to the Commission prior to implementing the program and will be followed within 10 days with a copy of the utility's rationing notice. The customer's written notice will contain the following information:

1. the date rationing will begin;
2. the date rationing will end;
3. the stage of rationing and explanation of the restrictions to be implemented; and,
4. explanation of penalties for violations.

The utility must file a status report of its rationing program with the Commission every 30 days that rationing continues.

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SECTION 4.0 - WATER RATIONING PROGRAM (CONT.)

Section 4.01 - General Provisions (cont.)

VIOLATION OF RATIONING RULES:

1. First violation - the customer will be notified by written notice of their specific violation.
2. Second violation - after written notice the utility may install a flow restricter in the line to limit the amount of water which will pass through the meter in a 24 hour period. The cost to be charged to the customer's account will be the actual installed cost to the utility, not to exceed \$50.00.
3. Subsequent violations - the utility may terminate service at the meter for a period of seven (7) days, or until the end of the calendar month, whichever is LESS. The normal reconnect fee of the utility will apply for restoration of service.

EXEMPTIONS OR VARIANCES FROM RATIONING RULES: The utility may grant any customer an exemption or variance from the uniform rationing program for good cause. A customer who is refused an exemption or variance may appeal such action of the utility by written appeal to the Texas Natural Resource Conservation Commission. The utility will treat all customers equally concerning exemptions and variances, and shall not discriminate in granting exemptions and variances.

RATES: All existing rates schedules will remain in effect during the rationing period, and no charges may be levied against a customer which are not contained in the approved tariff of the utility as filed with the Commission.

Section 4.02 - Stages of Rationing

Unless there is an immediate extreme reduction in water production, to declare an emergency or severe condition the Utility must initially declare Stage I rationing. If, after a reasonable period of time, demand is not reduced enough to alleviate outages, Stage II may be declared with Stage III to follow if necessary.

STAGE I (MILD RATIONING CONDITIONS): Under Stage I (Mild Rationing Conditions) the Utility may select only one of the alternatives listed below. Usage of water for outdoor purposes such as lawns, gardens, car washing, etc. will be restricted to:

1. Alternate Day Use - Customers with even numbered addresses may use water outdoors on even numbered days and customers with odd numbered addresses may water outdoors on odd numbered days. (When there are no addresses, North and West sides of streets: even days; South and East sides of streets: odd days.)

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SECTION 4.0 - WATER RATIONING PROGRAM (CONT.)

Section 4.02 - Stages of Rationing (cont.)

2. Restricted Hours of Use - Outside watering is allowed daily only during periods described in the customer notices.
3. Every Five Day Use - Customers whose addresses end in 0 and 1 may use water outdoors on the 1st day of the month; 2 and 3--on the 2nd; 4 and 5--3rd; 6 and 7--4th; 8 and 9--5th; 0 and 1--6th.... and so on. The utility must provide a calendar noting the respective watering days and the order should remain consecutive as new months begin.

STAGE II (MODERATE RATIONING CONDITIONS): All outdoor water usage is prohibited except by hand held hoses with manual turn-on/off nozzles. Water usage for livestock is exempt

STAGE III (SEVERE RATIONING CONDITIONS): All outdoor water usage is prohibited; livestock may be exempted by the utility. All consumption may also be limited to each customer in one of the following ways:

1. An average of the customer's winter months' average to be uniformly applied on a systemwide basis, each customer being notified of this average amount;
OR
2. Based upon technical data of the utility's facilities, a maximum number of gallons per meter (customer) per month, with notice to each customer of this number. Approval of the Commission must be obtained prior to implementing this restriction.

All meters shall be read as often as necessary to insure compliance with this program for the benefit of all the customers.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

314470CCN 12333 JUN 27 '97

D.A. APPROVED TARIFF BY VP al