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WATER UTILITY TARIFF FOR

Southern Utilities Company
(Utility Name)

218 North Broadway Avenue
(Business Address)

Tyler, Texas 75702-5710
(City, State, Zip Code)

(903) 593-2588
(Area Code/Telephone)

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

10762

This tariff is effective in the following counties:

Cherokee, Rusk, and Smith

This tariff is effective in the following cities or unincorporated towns:

Tyler, Kilgore, Nooday, and New Chapel Hill

“The rates set or approved by the city for the systems entirely within its corporate boundary are not presented in this tariff. Those rates are not under the original jurisdiction of the TCEQ and will have to be obtained from the city or utility.”

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

See attached list by county

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Southern Utilities Company

List of Subdivisions
Cherokee, Rusk & Smith Counties

SMITH COUNTY - SOUTHERN UTILITIES COMPANY PWS ID 2120063

Acadia Place
Allen, Gene Homes
Apple Ridge MHP
Arp Club Lake

Backwoods Subdivision
Baker Plantation
Bayview Estates
Bellaire Addition
Bellwood Acres (Fish Pond Acres)
Ben Roy Bay
Ben Hughey Addition
Bentwood Bay
Bentwood Subdivision (Wedgewood Park)
Bickley Homeplace
Big "T" Industrial Park
Big Oak Bay
Blue Ridge
Boat Ramp (Lake Palestine)
Boat Ramp (Lake Tyler)
Boneys MHP
Breckenridge Park
Brook Stone
Byrd Lane Area

Cambridge Estates
Cameron Park Addition
Canterbury Estates
Canyon Circle
Cedar Bay
Cedar Valley
Cedar Ridge Subdivision
Channelview Estates
Chapel Hill Elementary School Sub
Charles Burkett Addition
Chas Burkett Addition
Chelsey Addition
Cherokee Trails Addition
Cherokee Cove
Cheyenne Hills Sub
Claremore Terrace
Colony, The
Colony West, The
Concession Park (Lake Tyler)
Cooper, H.P. Sub
Cooper Addition
Country Mobile Home
Country Estates (Cr327)
Country Estates (Cr142)
Country Estates MHP (Barbee Road)
Country Place MHP
Country Estates Subdivision (FM 2767)
Country Manor Estates
Country Place (Cr 1246)
Cox-Welch Addition
Cumberland Ridge
Cumberland Valley

Curtis Well Area

Deer Creek
Deer Run Addition
Deer Park
Department of Public Safety
Dewberry Estates
Dixie Heights North
Dixie Well Area
Dixson Acres
Dogwood Shores
Driskill-Burleson Industrial Park

Eagles Bluff Area
East Lake Heights
East Side Subdivision
Eastshore Estates
Edwards Subdivision
Edwards, Almerita
Emerald Isle
Estate Villages
Eubanks Addition

Fairhaven
Fairmount Oak Addition
Fall Creek Estates
Federal Lake
Field Estates
Fish Hatchery
Flint Acres
Flint Addition
Flint Heights
Flintridge Addition
Flintwood South Sub
Ford Lake
Forest Glen South
Forest Glen
Forestview Estates
Foxwood Addition
Fruitdale Addition

SMITH COUNTY - SOUTHERN UTILITIES COMPANY PWS ID 2120063

(Contd..)

Garrett MHP
George, A.L. Subdivision
Giles Subdivision
Gilliam, Wade Estates
Golden Meadows Park
Golf Course (Lake Palestine)
Graham Estates
Green Leaf Addition
Green Berry Hill Subdivision
Greenbriar Addition
Greenbriar MHP
Greenbriar Lake Club
Greenland Hills Country Estates
Greenleaf Subdivision
Gresham Heights
Gresham Village Shopping Center
Gresham Oaks Addition
Grier Acres

Headache Springs Natural Park
Herring Industrial Park
Hidden Hill Lake
Hidden Oaks
Hide-A-Way Bay
High Forty Sub
High Meadows
Hill Lake
Hill Creek Park
Hilltop Acres
Hilltop Heights Addition
Holiday Farms
Hombre Industrial Park
Horseshoe Club Lake
Horseshoe Lake
Huckleberry Hill
Hughey Addition, The
Hunters Ridge

Imperial Gardens MHP
Interlake Hills

Kara Lynn Subdivision
Keeling Heights Subdivision
Keeling Hills
Kellywood Acres
Kimwood Acres
Kimswood Acres
Kirkley Addition
Kirkpatrick Heights
Kirkpatrick Addition
Knollwood Addition

Lcra-Mar Estates
L.O.W Subdivision
Lake East Villages
Lake Forest Hill Addition
Lake Haven

Lake Pine Estates
Lake Ridge Estates
Lake Tyler
Lake Palestine

Lake Park Addition
Lake Park
Lake Cove Estates
Lake Tyler East
Lake Placid
Lakeland Heights
Lakeridge Estates
Lakeview Estates
Lakeway Industrial Park
Lakewood Addition
Lakewood Garden
Lamplighter MHP
Laura Leigh Acres
Lavender Springs
Lavender Estates
Lemon Point
Liberty Hill Gardens
Lindsey Park
Lookout Village
Lucky Acres

Mae Gin Cove
Malibu Bay Subdivision
Marina (Lake Palestine)
Matise-Hoyt Addition
Mcelroy Subdivision
Mckeathan Subdivision
Meadow Oaks
Meadowbrook MHP
Meadowlands, The
Meadows, The
Meadow View Estates
Metcalf Subdivision
Mobile Home Parks
Mockingbird Hill
Monarch Oaks (Paul Hancock Addition)
Montgomery Gardens
Moseley Place
Murry Acres Addition
Muse, Marshall Addition
Muse, The
Myrtlewood Addition

Neely's Point
Negem Industrial Park
Nolan, George
Normandy Heights
North Shores
Northgate Park Mhp
Northwest Subdivision
Northwoods Subdivision

SMITH COUNTY - SOUTHERN UTILITIES COMPANY PWS ID 2120063
(Contd..)

Oak Place
Oak Hurst Golf Course
Oak Ridge Subdivision
Oak Ridge Acres
Oakbrook Estates (Oakbrook Addition)
Oakhurst Place
Oakleaf
Oaks Landmark, The
Oakvale Subdivision
Oakwood Bay Addition
Oakwood Ridge Addition
Oakwood Park MHP
Oakwood South
Oasis South Subdivision
Oil Palace
Old Longview Road & Loop 323 Area
Olon Woods Park
Open Aire Estates
Overland Stage Subdivision

Pagosa Trails
Parkway
Paradise Acres MHP
Peaceful Acres
Peach Tree Country Club
Pecan Estates MHP
Peninsula Addition
Peninsula, West Addition
Pilot Point
Pine Tree Estates
Pine Cone Estates
Pine Trail Shores
Pine Tree Village
Pine Springs Subdivision
Pincrest Subdivision
Pincrest MHP
Pinehaven MHP
Pines Addition, The
Pines, The
Plantation South Addition
Plantation Park Addition
Pleasant Hill Estates
Pleasant Retreat Acres
Pleasure Acres Lake
Pleasure Acres
Preston Jones MHP

Quail Valley Estates
Quail Meadow MHP
Queenview Estates
Quiet Bay Subdivision

R.A.I.L. Addition
R&P MHP
Rainbow Ridge Subdivision
Ranch Estates
Ranch, The
Rancho Grande MHP
Rancho M Sub
Raspberry (Bob) MHP
Redfern Estates

Reese, Lola Addition
Reynolds, James Subdivision
Robertson Addition
Rolling Oaks Subdivision
Roy Addition
Royal Oaks South
Royal Oaks Subdivision
Running Meadows
Running Meadows North
Running Meadows West
Russwood Acres
Rustic MHP

Saddlebrook Estates
Sandy Acres MHP
Sandy Acres
Sandy Beach Park
Schambach MHP
Seven Pines MHP
Shady Grove Addition
Shell Shores Subdivision
Shelton, H.M. Subdivision
Sherwood Forest Addition
Sherwood Forest Estates
Silver Pines
Slack Subdivision
Smallwood Addition
Smith & Hall
Snug Harbor
South Chase Addition
South Haven
South Hill Creek Subdivision
South Point Subdivision
Southern Hills
Southern Utilities, Field Office
Southern Trace
Southpark Moblie Home Estates
Southpoint Industrial Area
Southview Addition
Southview Subdivision
Spring Lake Addition
Spring Lake
Spring Creek Subdivision
Spring Branch Addition
Spring Lake Fishing Club
Spring Glenn
Springhill Canal
Springlake MHP
Spruce Hill Estates
Star Canyon
Stoneridge Addition
Stoneridge Subdivision
Stonewood Addition
Stoney Glen Addition
Stratford Place Addition
Sugar Creek
Summerhill Place
Summit Ridge Addition
Sundown Trails Subdivision
Sunrise Heights Subdivision
Sunset Acres Subdivision
Surrey Trails

SMITH COUNTY - SOUTHERN UTILITIES COMPANY PWS ID 2120063
(Contd..)

Taffney Ridge
Tall Timbers Estates
Talmadge Place Addition
Tandem North Addition
Tanglewilde Addition
Tealwood
Thorn Hill
Three Creeks Estates
Three Pines MHP
Timbercreek Subdivision
Timberdale Estates
Timberidge Subdivision
Timberidge Estates
Timberlake MHP
Timberlake Village
Timberland Estates
Tinsley, W.P. Addition
Town & Country Mobile Estates
Traylor Park
Tranquility Place
Tucson Oaks
Turtle Creek South
Twin Pines MHP
Twin Oaks Subdivision
Twin Lakes
Tyler Pounds Field Airport
Tyler Animal Shelter

Universal Heights

Vanderbilt Estates
Vantage View Subdivision
Venture South Subdivision
Verner-Wood Cemetery Area
Victoria Park Addition
Villages, South
Villages, East
Villages

Walnut Hill Village Addition
Warwick Park Sub
Washington Park Subdivision
Watson Addition
Wedgewood Subdivision
Wedgewood Park Addition
Welch Addition
Westhaven
West Lake Estates
West Oaks (FM 724)
Western Hill Subdivision
Whispering Pines
Whispering Oaks Subdivision
Whispering Oaks
Wildwood Springs
Willingham Road Estates
Willow Creek Addition
Wilscott Addition
Wilson Retreat
Winchester Pointe
Wind Cliff Harbor
Wood Hollow
Woodard Place
Woodard Place Addition
Woodcrest MHP
Woodhollow Subdivision
Woodland Heights
Woodlands, The
Woodlands Estates, The
Woodlands Addition, The
Woodridge Meadows Estates
Wright Subdivision
Wrights Lake

CHEROKEE COUNTY - SOUTHERN UTILITIES COMPANY PWS ID 2120063

Chimney Creek Estates
Corinth Area

Eagles Bluff Area
Eastdale Acres

Flat Creek Area

Lakewood East
Lakewood West

Mt. Nevelton Area

Oakridge Estates

Petty Estates
Pleasant Hill Area

Shady Acres
Shadybrook East
Shadybrook West
Stone Chimney Creek Area
Stone Chimney Cove

Weaver Estates

RUSK COUNTY - SOUTHERN UTILITIES COMPANY - LAIRD HILL PWS ID
20110018

American Plant Area

Gulf Peterson
Gulf Camp

Humble Camp

Mull Barn Road, Area

Pistol Hill

Red Level Area
Reids Switch Area

Scurlock Camp

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Rate</u>	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$25.58</u> (INCLUDING 0 GAL.)	\$2.00 per 1,000 gallons for first 6,000 gallons
1"	<u>\$63.95</u>	\$2.50 per 1,000 gallons from 6,001 to 12,000 gallons
1 1/2"	<u>\$127.90</u>	\$3.50 per 1,000 gallons from 12,001 and up
2"	<u>\$204.64</u>	***\$3.00 per 1,000 gallons from 12,001 and up
3" C	<u>\$409.28</u>	
3" T	<u>\$447.65</u>	
4" C	<u>\$639.50</u>	
4" T	<u>\$767.40</u>	
6" C	<u>\$1,279.00</u>	
6" T	<u>\$1,598.75</u>	

*** This additional charges of \$3.00 per 1,000 gallons for usage over 12,000 gallons is conservation rate surcharge. The additional revenue generated from this charge shall be escrowed by the utility and to be used for capital improvements (customer contribution in aid of construction).

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

FORM OF PAYMENT: The utility will accept the following forms of payment:
 Cash , Check , Money Order , Discover , MasterCard , Visa , Bank Draft
 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.)

Section 1.02 - Miscellaneous Fees

TAP FEE
 5/8" or 3/4" meter \$500.00
 1" meter \$720.00
 1 1/2" meter \$920.00
 2" \$1,120.00
 ANY ROAD BORING REQUIRED FOR INDIVIDUAL METER SERVICE TO BE DONE AT ACTUAL COST. ALL OTHER UNIQUE COSTS RECOVERABLE UNDER TCEQ RULES ASSOCIATED WITH INDIVIDUAL METER SHALL BE CHARGED AT ACTUAL COST.

METER IN EXCESS OF 2" TAP FEE.....Actual Cost
 TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR TAP SIZE INSTALLED.

RATES LISTED ARE EFFECTIVE ONLY
 IF THIS PAGE HAS TCEQ APPROVAL STAMP

SECTION 1.0 -- RATE SCHEDULE

Section 1.02 - Miscellaneous Fees (Continued)

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

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00)..... \$25.00
b) Customer's request..... \$30.00
OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF

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..... \$25.00

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

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

METER TEST FEE (Actual cost of testing the meter, up to)..... \$25.00
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY.

METER RELOCATION FEE..... Actual cost to relocate that meter
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING METER

METER CONVERSION FEE..... Actual cost to convert that meter
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS CHANGE OF SIZE OF AN EXISTING METER OR CHANGE IS REQUIRED BY MATERIAL CHANGE IN CUSTOMER'S SERVICE DEMAND

SEASONAL RECONNECTION FEE:

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND SECTION 3.20 UTILITY SPECIFIC EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

INCREASES IN INSPECTION FEES AND WATER TESTING COSTS IMPOSED BY STATE OR FEDERAL LAW MAY BE PASSED THROUGH AS AN ADJUSTMENT TO THE MONTHLY BASE RATE CHARGE UNDER THE TERMS AND CONDITIONS OF 30 T.A.C. 291.21(K)(2) AFTER NOTICE TO CUSTOMERS AND UPON WRITTEN APPROVAL BY THE TCEQ.

RATES LISTED ARE EFFECTIVE ONLY
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SECTION 1.0 -- RATE SCHEDULE

Section 1.02 - Miscellaneous Fees (Continued)

TEMPORARY WATER RATE:

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

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

Where:

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

For this tariff pr shall equal 0.5.

To implement the Temporary Water Rate, the utility must comply with all notice and other requirements of 30 TAC 291.21(l).

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

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

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

RATES LISTED ARE EFFECTIVE ONLY
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SECTION 2.0 - SERVICE RULES AND REGULATIONS

The Utility will have the most current Texas Commission on Environmental Quality (TCEQ) 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.

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 TCEQ 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 TCEQ Rules.

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

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 **residential** customer who has paid 18 consecutive billings without being delinquent. **The Utility may hold the deposit of a non-residential customer as long as they continue to receive service. Refunds may be made as credits to monthly service bills.**

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 TCEQ 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.

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 twenty (20) 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.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

A late penalty of \$5.00 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 TCEQ Rules. For each of the systems it operates, the Utility will maintain and note on the monthly bill a telephone number (or numbers) which may be reached by a local call by customers. At the Utility's option, a toll-free telephone number or the equivalent may be provided.

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

Section 2.07 - Service Disconnection

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

The Utility 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 30 days from the date of issuance of a bill and if proper notice of termination has been given.

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

Section 2.08 - Reconnection of Service

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

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

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

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 TCEQ Rules and Regulations for Public Water Systems.

Section 2.11 - Customer Complaints and Disputes

If a customer or applicant for service lodges a complaint, the Utility will promptly make a suitable investigation and advise the complainant of the results. Service will not be disconnected pending completion of the investigation. If the complainant is dissatisfied with the Utility's response, the Utility must advise the complainant that he has recourse through the TCEQ 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 TCEQ Rules to be effective.

The Utility adopts the administrative rules of the TCEQ, 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. In the event of a conflict between the TCEQ's amended rules and the provisions of this tariff, the amended rules shall prevail. Where necessary, any conflicting provision of this tariff shall be deemed to have been superseded by the TCEQ rule in question to the degree that the Utility may conduct its lawful business in conformance with all requirements of said rule.

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.

Customers shall not be allowed to use the Utility's cutoff valve on the Utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers must install customer-owned and -maintained cutoff valves on their side of the meter.

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

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

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

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

Limitation on Product/Service Liability - Public water utilities are required to deliver water to the customer's side of the meter or service connection that meets the potability and pressure standards of the TCEQ. The Utility will not accept liability for any injury or damage to individuals or their property occurring on the customer's side of the meter when the water delivered meets these state standards. The Utility makes no representations or warranties (expressed or implied) that customer's appliances will not be damaged by disruptions of or fluctuations in water service whatever the cause. The Utility will not accept liability for injuries or damages to persons or property due to disruption of water service caused by: (1) acts of God, (2) acts of third parties not subject to the control of the Utility if the Utility has undertaken such preventive measures as are required by TCEQ rules, (3) electrical power failures in water systems not required by TCEQ rule to have auxiliary power supplies, or (4) termination of water service pursuant to the Utility's tariff and the TCEQ'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 service received by the Utility for service to that applicant's service extension only, such engineer will be selected by the Utility and the applicant, and the applicant shall bear all expenses incurred therein.

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

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

Tap fees may be increased by unique costs not normally incurred as may be permitted by 30 TAC 291.86(a)(1)(C).

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

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

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

Except in cases where the customer has a contract with the Utility for reserve or auxiliary service, no other water service will be used by the customer on the same installation in conjunction with the Utility's service, either by means of a 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.

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

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

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 or in a contract/application for service shall be construed to reflect a sale or transfer of any such meters, lines or equipment to any customer. All tap and extension charges shall be for the privilege of connecting to said water lines and for installation, not purchase, of said meters and lines.

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

All customers or service applicants shall provide access to meters and utility cutoff valves at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply. Access to meters and cutoff valves shall be controlled by the provisions of 30 TAC 291.89(c).

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

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

SECTION 3.0 - EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

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

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

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY

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

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

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

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

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

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

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 30 TAC 291.86(d) and this tariff. When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge based upon the capacities of production, transmission, storage, pumping and treatment facilities, compliant with the TCEQ minimum design criteria, which must be committed to such extension.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

As provided by 30 TAC 291.86(d)(4), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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

Unless expressly exempted by TCEQ rule or order, each point of use (as defined by 30 TAC 291.3) must be individually metered.

The imposition of additional extension costs or charges as provided by Sections 2.20 and 3.20 of this tariff shall be subject to appeal as provided in this tariff, TCEQ rules, or the rules of such other regulatory authority as may have jurisdiction over the Utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall have the right to appeal such costs to the TCEQ or such other regulatory authority having jurisdiction over the Utility's rates in that portion of the Utility's service area in which the applicant's property(ies) is located. Unless the TCEQ or other regulatory authority enters interlocutory orders to the contrary, service to the applicant may be delayed until such appeal is resolved.

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

The Utility shall serve each qualified service applicant within its certificated service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by TCEQ 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 TCEQ service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a "qualified service applicant" as defined herein or by TCEQ rules.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

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

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

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

The Utility shall require a developer (as defined by TCEQ rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property. The Developer shall be required to obtain all necessary easements and rights-of-way required to extend the Utility's existing service facilities from their nearest point with adequate service capacity (as prescribed by TCEQ rules and local service conditions) to and throughout the Developer's property. The easements shall be sufficient to allow the construction, installation, repair, maintenance, testing, and replacement of any and all utility plant necessary to provide continuous and adequate service to each and every potential service location within the property at full occupancy. Unless otherwise restricted by law, well plant sites shall convey with unrestricted rights to produce water for public drinking water supply. Developers shall be required to provide sanitary control easements acceptable to the TCEQ for each water well site to be located within their property or otherwise being obtained to serve their property. Unless otherwise agreed to by the Utility, pipe line right-of-way easements must be at least 15 feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and meters.

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

Easements must be provided for all production, storage, treatment, pressurization and disposal sites which are sufficient to construct and maintain all weather roads as prescribed by TCEQ rules. All easements shall be evidenced, at Developer's expense, by recorded county-approved subdivision plat or by specific assignment supported by metes and bounds survey from a surveyor licensed by the State of Texas.

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

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

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

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

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

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

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

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

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

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

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

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

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

SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY (CONT.)

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

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

(1) The residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution.

(2) Exceptions may be granted by the TCEQ Executive Director if:

(A) 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;

(B) larger minimum line sizes are required under subdivision platting requirements or applicable building codes.

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

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

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

SECTION 4.0 - DROUGHT CONTINGENCY PLAN
(Utility must attach copy of TCEQ approved Drought Contingency Plan)

SOUTHERN UTILITIES COMPANY

WATER CONSERVATION AND

DROUGHT CONTINGENCY

EMERGENCY DEMAND MANAGEMENT

PLAN

2009

Prepared By: Wisenbaker, Fix & Associates

TEXAS COMM. ON ENVIRONMENTAL QUALITY
CCN 10762, APRIL 16, 2010
APPROVED TARIFF BY *LJ KA*

A. Planning Area - Proposed Project:

The planning area will consist of the Southern Utilities Company and its service area which contains 400 square miles. The service area has a population of 51,639 with 18,021 service connections.

B. Contingency Plan:

System improvements will be developed from study and evaluation of existing conditions to establish a specific program for meeting desired goals. Best Management Practices has been established for the Southern Utilities Company Water System which will allow the utility to meet the requirements set forth by the State.

C. Utility Evaluation Data:

The following checklist provides a convenient method to insure that the most important items needed for the update or development of a Conservation and Drought Contingency Emergency Management program are considered.

1. Utility Evaluation Data

(a)	Population of Service	51,639	(Number)
(b)	Area of Service area	Approx. 400	(Sq. mi.)
(c)	Number of equivalent 5/8" meter connections in service area	18,021	(Conn)
	Multi Family units	846	(Conn)
(d)	Net rate of new connection additions per year	221	(Conn)
(e)	Water use information:		
	1) <u>Water production</u> for 2008	3,149,409,000	(gal./yr.)
	2) <u>Average water production</u> for last two years (2007/ 2008)	2,900,138,500	(gal./yr.)
	3) <u>Average monthly water production</u> for last two years (2007/ 2008)	241,678,208	(gal./mo)

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4) Estimated Monthly Sales

2008	TOTAL		
	PUMPED	SOLD	REVENUE
JANUARY	<u>209,336,000</u>	<u>125,201,000</u>	<u>\$ 506,815.99</u>
FEBRUARY	<u>197,865,000</u>	<u>112,157,000</u>	<u>\$ 478,957.07</u>
MARCH	<u>208,636,000</u>	<u>109,365,000</u>	<u>\$ 473,330.03</u>
APRIL	<u>218,901,000</u>	<u>116,922,000</u>	<u>\$ 489,529.99</u>
MAY	<u>249,768,000</u>	<u>146,783,000</u>	<u>\$ 555,608.19</u>
JUNE	<u>311,015,000</u>	<u>183,989,000</u>	<u>\$ 640,588.84</u>
JULY	<u>311,015,000</u>	<u>239,302,000</u>	<u>\$ 772,015.41</u>
AUGUST	<u>409,938,000</u>	<u>321,646,000</u>	<u>\$ 971,320.08</u>
SEPTEMBER	<u>277,780,000</u>	<u>182,191,000</u>	<u>\$ 639,894.02</u>
OCTOBER	<u>270,348,000</u>	<u>175,057,000</u>	<u>\$ 623,121.90</u>
NOVEMBER	<u>233,211,000</u>	<u>138,643,000</u>	<u>\$ 541,060.15</u>
DECEMBER	<u>215,077,000</u>	<u>125,453,000</u>	<u>\$514,884.85</u>
TOTAL	<u>3,149,409,000</u>	<u>1,976,709,000</u>	<u>\$ 7,207,126.52</u>
AVERAGE	<u>212,450,750</u>	<u>164,725,750</u>	<u>\$ 600,592.21</u>
TOTAL GALLONS PURCHASED		<u>1,305,583.22</u>	
AVERAGE MONTHLY GALLONS PURCHASED		<u>108,798.60</u>	

5) Average daily water use 8,628,528 GPD
(Res./Comm./Ind.)

6) Peak Daily Use 13,150,000 GPD
(Res./Comm./Ind.)

7) Peak to average use ratio (average daily summer use divided by annual average daily use) 1.35

TEXAS COMM. ON ENVIRONMENTAL QUALITY

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8) 2008 Unaccounted for water (% of water production) 37 %
 (Water loss percent does not reflect water used for flushing lines, filter
 backwashing.)

i. Total Pumped 2,644,503,000
 ii. Total Sold 1,958,363,000
 iii. Total Water Loss 686,140,000

9) Revenues:

i. Operating Revenues \$ 6,181,426.00
 ii. Other Water Related Revenues \$ 247,965.00
Total Revenues \$ 6,429,391.00

(f) Operating Expenses: \$ 5,626,127.00

11) Wastewater Information:

12.) Percent of your potable water customers sewered by your wastewater
 treatment system None No wastewater treatment systems are owned
 by Southern Utilities Company.

13) Safe annual yield of water supply 17.4 mgd

14) Peak daily design capacity of water system 21.8 mgd

(g) Major high-volume customers: None

(h) Population and water use projections:

<u>Year</u>	<u>Population Potential</u>	<u>Daily Avg. MGD</u>	<u>Daily Max MGD</u>
2010	69,201	9.8	17.65
2015	88,320	12.5	22.52
2020	91,635	15.3	27.39

Percent of water supply connection in system metered:

100% Res. 100% Comm.

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SECTION II - LONG TERM WATER CONSERVATION PLAN

The following planning elements are in accordance with requirements listed in TWDB Best Management Practice Guidelines published November, 2004.

A. Public Education and Information

Southern Utilities Company will give information to its customers about various recommended methods for reducing water usage. Generally, the majority of water consumed is by residential customers. Therefore, the target area for educational information is residential customers. The Company will set up a Public Educational and Information Best Management Practice to insure the quality of the information given to its citizens. The Company will implement this program in several phases over a five to ten year period.

DESCRIPTION

Public information program can result in short and long term water savings. Behavioral changes by customers will occur if the information presented is compelling and consistent therefore the customer will reduce their water consumption resulting in long term water reduction for the area served by the Southern Utilities Company.

GOAL

The goal for the Best Management Practice (BMP) Public Education and Information is to educate customers with correct information of the overall water resources in the community and area served by the utility. The program will educate on the importance of conservation, managing, and sustaining the existing water supplies. The program will give specific actions, through pamphlets and mail-outs, to the water customers for reducing their consumption and will provide data on implementing the community goals.

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IMPLEMENTATION & SCHEDULE

1. First year program or activities will consist of the following:
 - (a) A Fact Sheet on the Conservation Plan and Educational Best Management Practice will be provided.
 - (b) An article will be placed in the local newspaper, correlated with the Fact Sheet distribution, allowing the required time period for comments. The article will include information for obtaining the Home Owner's guide, highlighting methods for water conservation, and other brochures available through the Company.
 - (c) Have the "Homeowner's Guide to Water Use and Conservation" and "Water...Half a Hundred Ways to Save It" available at the Southern Utilities Office and at special events, such as health fairs and county fairs where the Company may sponsor.
 - (d) Provide a brochure to water customers that will educate them on conservation methods for their homes. "How to Save Water Outside the Home", or "How to Save Water Inside the Home" will be made available.
 - (e) Acquire educational and training materials from the Texas Commission on Environmental Quality, Environmental Protection Agency, and the Texas Water Development Board for the information/ education program.
2. Long-term program will consist of other activities each year after first year:
 - (a) Newspaper article targeting household water using appliances and methods for conserving water (dishwasher, shower, toilet, laundry).
 - (b) Brochure relating to outside household use, car washing, lawn watering, time of day, correlated to weather predictions.
 - (c) Newspaper article correlated to the provision of the brochure.
 - (d) New customers will be advised of the Southern Utilities Company Conservation Program and a copy of Homeowners Guide will be made available.

Southern Utilities Company will obtain available resource materials from the Texas Water Development Board and other agencies or organizations which develop and distribute pertinent information on water conservation.

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B. Plumbing Codes

Southern Utilities Company Plumbing Code has been amended to include State Water Savings Performance Standard - 30 TAC Chapter 290.251 through 290.266 since 2003. The Amendment also requires recirculation equipment for all new swimming pool installations and insulation of hot water piping for all new construction.

C. Water Conservation Retrofit Program

Southern Utilities Company will encourage customers to utilize low demand fixtures and appliances through proposed educational sources described in this Plan. The Company will advise customers of low water demand items, shower heads, toilet dams, etc., by mail outside and/or publication of newspaper articles, emphasizing the importance of water saving devices. The Company may contact local suppliers of plumbing supplies advising suppliers of the water saving drive content. Suppliers will be requested to stock low water fixtures and low water use items.

D. Conservation Oriented Water Rate Structure

The Conservation Water Rate Structure will be implemented immediately upon adoption of the Water Conservation Plan. The current rate structure has all water users paying the same rate. At this time, the Southern Utilities Company has a minimum water rate but no set gallon amount for the minimum rate and wishes to continue the use of the current minimum amount.

The use of the base rate for water consumption guarantees an income from all metered customers. This allows the Company to continually maintain the water storage tanks, pump stations and distribution system with a plausible budget number. Southern Utilities is a privately owned utility.

See Attachment No. 1 – Southern Utilities Rate Schedule

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E. Universal Metering and Meter Repair and Replacement

Universal metering will be initiated within the first year after adoption of this Plan. Meter readers will classify the apparent condition of all the Company's meters during the following six months. During this same period, all inoperative meters will be replaced and then a percentage of the meters will be tested each year thereafter. Annual testing of meters, maintaining, and replacement of inoperative meters will enable water consumption to be tracked, thus providing a more efficient conservation plan.

Southern Utilities Company will replace approximately 3 percent of meters annually with standard meters to insure meter accuracy and help reduce the water loss percentage. Southern Utilities Company will continue the utility wide meter replacement beginning in the first year of implementation of this BMP. All water usage will be metered including new customers and all company usage.

F. Water Conservation Landscaping

Educational material will include information relating to low water use landscaping. Subdividers and builders within the Southern Utilities Company service area will have access to literature pertaining to low water demand landscaping items. Area nurseries will also have access to mentioned literature.

G. Water Audits and Leak Detection

Southern Utilities Company will implement a Water Audit System to monitor monthly consumption, and this Water Audit approach will become a major tool in system management.

Classification of meter condition or replacement of meter, as proposed in this Plan, will provide a reliable and effective leak detection program. It is estimated unaccounted for water can be reduced by one percent (1%) per year for the first two (2) years of the Water Conservation Program. The Company is aware that assistance in leak detecting surveys can be obtained from the Texas Water Development Board Staff, if needed.

Meter classification and aggressive enactment of a current detection program will enable Company Staff to determine the need for seeking further assistance from the use of electronic equipment.

The current detection program consists of the following observations and activities:

- a. Leaks reported by citizens.
- b. Leak detection by Meter Readers.
- c. Continual checking and servicing of production, pumping and storage facilities.
- d. Quick response by maintenance department and staff to respond to reported problems.

Through the implementation of this BMP Southern Utilities Company will maintain a proactive water loss and leak detection program. The Company will implement a structured leak detection program to limit water loss due to leaks in the distribution system and water production facilities. Some of the items to be included in this program are as follows:

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1. Utility employees will conduct regular inspections and soundings on all water mains, fittings and connections.
2. Pressure zones will be operated based on topography. The Southern Utilities Company Water System currently operates on a single pressure zone.
3. If needed, utility employees will perform night flow measurements periodically with or without the assistance of the Texas Water Development Board or TCEQ and available monitoring equipment.
4. Pressure surges in the water system will be appropriately managed and limited.
5. Employ the use of temporary or permanent noise detectors and loggers when necessary.
6. Daily, weekly and monthly flows will be taken in different areas of the water system using portable metering equipment (phased in several years after implementation).
7. Engineer a water model and water loss model for Southern Utilities Company Water System.
8. Performing regular leak surveys on system. Approximately three (3) per year.
9. System wide replacement of water meters (3% annually).
10. Phase in a leakage tracking system for repairs to include a method for calculating cost effectiveness of replacing service lines and water mains.

The System Water Audit and Water Loss program will be implemented during the first year following the adoption of the Best Management Practice. The program will consist of Top-Down Audit and a Bottom-Up Audit on the Southern Utilities Company Water System, also referred to as "the Company".

- 1) Top Down Audit – The top down audit will use existing records and general estimation on an overall water loss for the Company’s water system. Records to complete the top down audit will be, quantities of water entering and exiting the water plants, average pressures, meter replacement summaries, customer billing summaries, leak repair summaries, water theft records and any permitted fire hydrant water use summaries.

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Any un-metered company water use records will also be needed. Once this information is gathered the Southern Utilities Company will have completed the top down audit.

- 2) Bottom Up Audit – The bottom up audit will investigate the Company's utility policies and practices and will be phased in over several years. This second step in the water audit will be detailed and furnish the Company with a greater understanding of the water used for the utility's purposes and how it can be reduced and managed through metering. Some of the items to be addressed include water for line flushing, water use by any fire departments, system wide pressure analysis, the use of night flow and/ or zone analysis for water leakage estimates and detailed leakage repair information.

All the above information will give the Company the tools to improve the water loss, control procedures, and give a quantifiable value to indicators such as Real Losses, Apparent Losses, Unavoidable Annual Real Losses (or UARL), Economic Level of Leakage (or ELL) and the Infrastructure Leakage Index (or ILI).

The Southern Utilities Company has a target goal of an ILI of 3 or less. Annually, Southern Utilities Company will calculate the ILI and will continue to implement the bottom up portions of the water audit until such a time that the ILI of 3 can be achieved therefore reducing the overall consumption of water to below a gallon per capita of 140 or less .

H. Recycling and Reuse

Recycling and water reuse is not practical or essential for this privately owned utility or within this service area.

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I. Means of Implementation and Enforcement

The General Manager, through his staff, will implement the Plan in accordance with the adoption of the Plan, adoption of Plumbing Codes and revision thereof as set out in this Plan. The Plan will be enforced by the following:

1. Refusing to provide taps for customers who do not meet requirements for Water Conservation fixtures as established by Plumbing Code.
2. Nonpayment of water bills will initiate prompt discontinuation of service.
3. Analysis of water rates and adjusting rates to eliminate Conservation Plan abuse.
4. Discontinuation of service for those individuals not conforming to implemented water rationing and curtailment.
5. Disconnection of service if customer does not repair a water leak, on his/her side of the meter, within an appropriate timeframe after notification by the Company.

J. Contracts with Other Wholesale Customers

Any political subdivision and/or wholesale customer contracting for water from the Southern Utilities Company must have (1) an approved Texas Water Development Board Water Conservation and Emergency Demand Management Plan in effect or (2) must officially adopt applicable provisions of the Southern Utilities Company's Water Conservation and Drought Contingency Emergency Demand Management Plan. The City of Tyler and the City of Kilgore both have individual Water Conservation and Drought Contingency Plans.

K. Regional Water Planning Groups

As stated previously in the document, Southern Utilities Company will send an original and copy of the Southern Utilities Company Conservation Plan to the Region "I" Regional Water Planning Group. Providing a copy of this Water Conservation and Drought Contingency Plan to the appropriate Water Planning Group is a requirement of the State of Texas and enforced by the TCEQ.

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The Water Planning Group will receive a copy of each plan completed by all water suppliers within Region "I" so the planning committees have the information to determine the range of water available to the state in five, ten, and 20 year intervals.

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SECTION III - EMERGENCY DEMAND MANAGEMENT PLAN**A. Threshold Condition:**

The Texas Water Development Board suggests three (3) levels or conditions for determining degree of urgency for initiation of an Emergency Demand Management Plan. These three (3) levels of drought conditions are as follows and relate to the Southern Utilities Company Water System. Drinking water for the Southern Utilities Company is obtained from the Carrizo- Wilcox Aquifers.

1. Mild drought occurs when:

- a. Average daily water consumption reaches 85% of production capacity for any individual well.
- b. Consumption (85%) has existed for a period of three days.
- c. The utility will reduce the average daily water consumption by 5% or 0.87 million gallons per day
- d. Weather conditions are to be considered in drought classification determination. Predicted long, hot or dry periods are to be considered in the impact analysis.

2. Moderate drought conditions are reached when:

- a. Average daily water consumption reaches 90% of rated production capacity for any individual well for a three day period.
- b. Weather conditions indicate mild drought will exist five (5) days or more.
- c. The utility will reduce the average daily water consumption by 10% or 1.74 million gallons per day
- d. One ground storage tank is taken out of service during mild drought period.
- e. Storage capacity (water level) is not being maintained during period of 100% rated production period.
- f. Existence of any one listed condition for a duration of 36 hours.

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3. Severe drought classification is reached when:

- a. Average daily water consumption reaches 100% of production capacity for any individual well.
- b. Average daily water consumption will not enable storage levels to be maintained.
- c. The utility will reduce the average daily water consumption by 25% or 4.35 million gallons per day.
- d. Water demand exceeds available high service pump capacity within well area.
- e. Any two (2) conditions listed in moderate drought classification occur at the same time for a 24 hour period.
- f. Water system is contaminated either accidentally or intentionally. Severe condition is reached immediately upon detection.
- g. Water system fails – from acts of God, (tornadoes, hurricanes) or man. Severe condition is reached immediately upon detection.

B. Emergency Demand Management:

The Water Conservation and Emergency Demand Management Resolution, adopted and included as part of this Plan, enables the General Manager to initiate action that will effectively implement the Plan. The following steps are recommended:

1. Step I

Step 1 are measures related to mild drought conditions and will be initiated by the following listed actions. (Listed action is volunteered by user):

- a. Develop Information Center and designate information person.
- b. Advise public of condition and publicize availability of information from Center.

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- c. Encourage voluntary reduction of water use.
- d. The utility will reduce the average daily water consumption by 5% or 0.87 million gallons per day.
- e. Implementation of system oversight and make adjustments required to meet changing conditions.

2. Step II

Step II curtailment is to be initiated by the General Manager on his identifying moderate drought conditions. Listed action is compulsory on users and is intended to prohibit water waste. (“Water Waste” is defined as washing house windows, sidings, eaves and roof with hose, without the use of a bucket; washing driveways, streets, curbs and gutters, washing vehicles without cutoff valve and bucket, and unattended sprinkling of landscape shrubs and grass; draining and filling swimming pools and flushing water system.)

- (a) Outdoor residential use of water will be permitted on specified days. Outdoor water usage shall be allowed every fourth day with the schedule being developed by the General Manager. Outdoor residential uses consist of washing vehicles, boats, trailers, landscape sprinkler systems and irrigation, recreational use of sprinklers, outside showers (in parks) and water slides.
- (b) The General Manager will monitor system function and establish hours for outside water use, depending upon system performance.
- (c) The utility will reduce the average daily water consumption by 10% or 1.74 million gallons per day.
- (d) Information Center and publicity elements shall keep the public advised of curtailment status.

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3. Step III

Step III curtailment shall be initiated upon existence of severe conditions as determined by the General Manager. The General Manager will ban the use of water for:

- (a) Vehicle washing, window washing, outside watering (lawn, shrub, faucet dripping, garden, etc.)
- (b) The utility will reduce the average daily water consumption by 25% or 4.35 million gallons per day.
- (c) Public water uses which are not essential for health, safety and sanitary purposes. These include:
 - 1. Street washing
 - 2. Fire hydrant flushing
 - 3. Filling of pools
 - 4. Athletic fields
 - 5. Golf courses
 - 6. Dust control sprinkling

Businesses requiring water as a basic function of the business, such as nurseries, commercial car wash, Laundromats, high pressure water cleaning, etc., will obtain written permission from the General Manager for intended water use.

The System Priority for water service shall be made on the following basis:

- 1. Hospital
- 2. Schools
- 3. Residential
- 4. Industrial
- 5. Commercial
- 6. Recreational

C. Initiation Procedures:

Initiation procedures employed at any period are described in this Plan. Each condition will be met with corresponding action by the General Manager, and the General Manager will affect curtailment, give notice, publicize and follow implementation of curtailment procedures.

D. Termination of Curtailment:

Termination of each drought condition will begin when that specific condition has been improved to the extent that an upgraded condition can be declared by the General Manager of Southern Utilities Company. This process will not be employed until full service can be provided. System priority will be considered in return to upgraded condition, returning hospitals, schools, etc., in priority order.

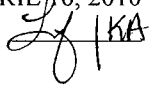
Termination will be initiated by the General Manager by giving notice, etc., as was given to enact drought curtailment.

E. Modification, Deletion and Amendment:

The Southern Utilities Company General Manager can add, delete, and amend rules, regulations, and implementation as necessary, and shall advise the Company owners of such amendments at its next regular or called meeting.

F. Means of Implementation:

Adoption of this revised Plan and Drought Contingency Ordinance, written into the Tariff, will enable the Company to implement and carry out enforcement of enacted ordinances to make the Plan effective and workable.

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LEGAL AND REGULATORY COMPONENT

APPENDIX A

TEXAS COMM. ON ENVIRONMENTAL QUALITY
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RESOLUTION NO. _____

A RESOLUTION ADOPTING A REVISED SOUTHERN UTILITIES COMPANY WATER CONSERVATION AND EMERGENCY DEMAND MANAGEMENT PLAN (MAY, 2009): PROVIDING A PENALTY OF NON-COMPLIANCE AND/OR DIS-CONNECTION OF WATER SERVICES TO SUCH USERS BY SOUTHERN UTILITIES COMPANY: A PUBLIC NEED OF AN EMERGENCY NATURE FOR THE ADOPTION HEREOF ON ONE READING: PROVIDING FOR PUBLICATION AND ORDAINING OTHER MATTERS RELATED TO THE FOREGOING.

BE IT ORDAINED BY SOUTHERN UTILITIES COMPANY, TYLER, TEXAS:

WHEREAS, the General Manager has determined there is an urgent need in the best public interest of Southern Utilities Company to adopt the revised 2009 Water Conservation Plan and Emergency Demand Management Plan, and the General Manager further determines that such a public need is of an emergency nature and the requirement of two required separate readings of the subject Resolution be dispensed with and waived;

WHEREAS, THE General Manager now desires to evidence his approval of the revised 2009 Water Conservation/Emergency Demand Management Plan (May, 2009) and adopt such a plan as an official policy of Southern Utilities Company, as written into the Tariff;

Now, Therefore

BE IT ORDAINED BY THE SOUTHERN UTILITIES COMPANY:

SECTION 1: Approval of the Plan: The General Manager hereby approves and adopts as Southern Utilities Company Water Conservation Plan, the revised 2009 Water Conservation/ Emergency Demand Management Plan (May, 2009) attached hereto as Exhibit "A" to be included in full as a part of this Resolution as if recited verbatim herein. Southern Utilities Company commits to implement the program according to the procedures set forth in the adopted plan.

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SECTION II: In regards to implementation and enforcement of the revised Conservation/Emergency Demand Management Plan, the General Manager is designated as the official responsible for implementation and enforcement, and the following guidelines are adopted:

1. Mild Drought occurs when:

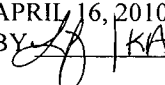
- (a) Average daily water consumption reaches 85% of production capacity for any individual well.
- (b) Consumption (85%) has existed for a period of three days.
- (c) The utility will reduce the average daily water consumption by 5% or 0.87 million gallons per day.
- (d) Weather conditions are to be considered in drought classification determination. Predicted long, hot, or dry periods are to be considered in impact analysis.

2. Moderate Drought conditions are reached when:

- (a) Average daily water consumption reaches 90% of rated production capacity for any individual well for three-day period.
- (b) Weather conditions indicate mild drought will exist five days or more.
- (c) The utility will reduce the average daily water consumption by 10% or 1.74 million gallons per day.
- (d) One ground storage tank or one clear well is taken out of service during mild drought.
- (e) Storage capacity (water level) is not being maintained during period of 100% rated production period.
- (f) Existence of any preceding conditions listed above for a duration of 36 hours.

3. Severe Drought Classification is reached when:

- (a) Average daily water consumption reaches 100% of production capacity for any individual well for a 24 hour period.
- (b) Average daily water consumption will not enable storage levels to be maintained.
- (c) The utility will reduce the average daily water consumption by 25% or 4.35 million gallons per day.
- (d) System demand exceeds available high service pump capacity.

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- (e) Any two conditions listed in Moderate Drought Classification occur for a 24 hour period.
- (f) Water system is contaminated either accidentally or intentionally. Severe condition is reached immediately upon detection.
- (g) Water system fails – from acts of God (tornadoes, hurricanes) or man. Severe condition is reached immediately upon detection.

In the event severe classification conditions persist (Item 3 above) for an extended period of time, Southern Utilities Company may ration water usage and/or terminate service to selected users of the system in accordance with the following sequence:

- | | |
|------------------------|--|
| (1) Recreational Users | (4) Residential Users |
| (2) Industrial Users | (5) School Users |
| (3) Commercial Users | (6) Hospitals, Public Health and Safety Facilities |

SECTION III: Users of Southern Utilities Company water except for Southern Utilities Company itself that do not comply with Section II of this Resolution shall be subject to a penalty of noncompliance and/or disconnection or discontinuance of water services to such users by Southern Utilities Company.

First violation - The customer will be notified by written notice of their specific violation.

Second violation - After written notice the utility may install a flow restricting device in the line to limit the amount of water which will pass through the meter in a 24 hour period. The utility may charge the customer for the actual cost of installing and removing the flow restricting device, not to exceed \$50.00.

Subsequent violations - The utility may discontinue 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.

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SECTION IV: Southern Utilities Company General Manager finds and declares that a sufficient written notice of the date, hour, place, and subject of the meeting of Southern Utilities Company was posted for the time required by law preceding this meeting and that such place of posting was readily accessible at all times to the general public; and that all of the foregoing was done as required by law; and that this meeting has been open to the public as required by law at all times during which this Resolution and the subject matter thereof has been discussed, considered and formally acted upon.

Southern Utilities Company further ratifies, approves and confirms such written notice and the contents and posting thereof.

PASSED AND APPROVED THIS 27th DAY OF June, 2009

GENERAL MANAGER *Michael R. Farrell*
 Michael R. Farrell

WITNESS *Annice B. Height*

TEXAS COMM. ON ENVIRONMENTAL QUALITY
 CCN 10762, APRIL 16, 2010
 APPROVED TARIFF BY *[Signature]*

Southern Utilities Company

218 N. Broadway
Tyler, Texas 75702

Billing Office	903-593-2588
Service Office	903-566-3511
Rusk & Gregg County	1-866-865-5722

CONTRACT/APPLICATION FOR UTILITY SERVICE

This Contract/Application for Utility Service ("Contract/Application") is by and between Southern Utilities Company, a corporation, its successors and assigns ("Utility") and the applicant ("Customer" or "Applicant") whose name and signature is shown below on the last page of this document.

CUSTOMER LIABILITY: 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 under his control. By accepting service under this Contract/Application, Customer agrees to take no action to create a health hazard or otherwise endanger, injure, damage or threaten Utility's plant, its personnel, or its customers. Failure to comply with this provision shall be grounds to terminate Customer's service.

LIMITATION ON UTILITY'S 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 Commission on Environmental Quality ("TCEQ"). Utility will not accept liability for any injury or damage to individuals or to their properties occurring on the Customer's side of the meter when the water delivered meets these State standards. Utility makes no representations or warranties (expressed or implied) that Customer's appliances will not be damaged by disruption of or fluctuations in water service, whatever the cause. 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 Utility if Utility has undertaken such preventive measures as are required by TCEQ rules, (3) electrical power failures in water systems not required by TCEQ rule to have auxiliary power supplies, or (4) termination of water service pursuant to Utility's tariff and the TCEQ rules.

FIRE PROTECTION: Utility is not required by law and does not provide fire prevention or fire fighting services. 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. Utility may (but is not required to) contract with individual customers/applicants to provide water service capacities to their properties in excess of the TCEQ's domestic water system regulations so that such water volumes and pressures may be used by the customer/applicant or local fire department (at their sole election and responsibility) for fire fighting purposes. Such additional water service capacities shall be provided only in response to and according to design criteria and/or plans prepared by the customer/applicant's registered professional engineer. Notwithstanding any understanding or intent of such customer/applicant for the use of such excess water service capacity, Utility does not profess, state, warrant, guarantee, or imply that such additional water service capacity is, or shall ever be, adequate or sufficient for fire fighting. Utility neither possesses nor claims to possess knowledge or expertise in fire fighting or the requirements of fire fighting. No statement or action of Utility shall ever be implied or meant to suggest that any facilities of Utility comply with any state or local fire code.

EXTENSION AND FACILITIES: If the services of a registered professional engineer are required as a result of an application for service to that applicant only, such engineer will be selected by Utility and the applicant, and applicant shall bear all expense incurred therein. The applicant shall bear all extension charges and fees as may be provided in Utility's tariff and the rules of the TCEQ.

PLUMBING CODE: Utility has adopted the Uniform Plumbing Code. Any extensions and/or new facilities shall comply with that code and all standards established by the TCEQ. Where conflicts arise, the more stringent standard must be followed.

If an applicant requires service other than the standard service provided by Utility, such applicant will be required to pay all expenses incurred by 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 for the actual costs of any additional facilities required to maintain compliance with the TCEQ's minimum design criteria for Public Drinking Water Systems plus meeting any additional requirements needed to meet local service conditions. Utility shall bear all expense related to main oversizing or additional production, storage or treatment facilities for individual residential customers with normal domestic service demands.

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 applicable regulatory authorities and with the service rules and regulations of Utility. The Customer will bring out his service line to his property line at a point mutually acceptable to Utility and the Customer. No water service smaller than 5/8" will be connected. The Customer shall install and maintain a cut-off valve on the Customer side of the meter and within three (3) feet of the meter. If the Customer desires water at a lower pressure than that which is delivered at the meter and such delivery pressure does not exceed any TCEQ rule or order pressure standard, the Customer will install, at the Customer's expense, the equipment necessary for such reduction in pressure. It shall be the Customer's responsibility to maintain such equipment in good repair and working order.

Except in cases where the Customer has a contract with Utility for reserve or auxiliary service, no other water service will be used by the Customer on the same installation in conjunction with 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 (2), or more, consuming facilities shall not be permitted to be supplied with one (1) service pipe where there is a water main abutting the premises; each shall have separate service lines and meters. For the purpose of this paragraph, each residence shall be construed to be one (1) entity or consuming facility.

It is agreed and understood that any and all meters, water lines and other equipment furnished by Utility (excepting the Customer's individual service line from the point of connection to the Customer's point of ultimate use) is and shall remain the sole property of 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 charges shall be for the privilege of connecting to said water lines and for installation, not purchase, of said meters and lines.

PERIOD OF USE. Customer shall tie onto the Utility system within sixty (60) days of the date of this Contract/Application or this Contract/Application shall be deemed void. Any additional request for service for this location must then be made by a new Contract/Application. If major utility construction, on the Customer's private water distribution facilities, is needed prior to service being connected, the above date may be extended for another sixty (60) days upon completion of a new Contract/Application, or conversely, the Customer may begin paying a monthly water bill based upon an average of the estimated annual gallons as shown below.

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

OTHER CONTRACTS: It is possible that Applicant and Utility will enter into an additional contract pertaining to water service at this location. Any such contract shall be in addition to this Contract/Application. Nothing herein will negate any provision of this Contract/Application.

RIGHT OF ACCESS AND EASEMENTS: Utility will have the right of access to the Customer's premises at all reasonable times for the purpose of installing, 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 Utility's system, including inspection of the Customer's plumbing for code, plumbing or tariff violations. This right of access shall not include the right to construct and maintain production, storage or treatment facilities unless these facilities are required to provide continuous and adequate service to the individual property in question.

If the property to be served does not have dedicated, recorded public utility easements available for Utility's use in providing water utility service to the property, the Applicant (or the Applicant's landlord in the case of a tenant applicant) shall be required to provide Utility with a suitable recorded easement as a condition of service. Such easement shall be in a location acceptable to Utility and shall be for a corridor no less than fifteen (15) feet in width. The easement shall be signed by (and shall be binding upon) all record title owners of the property in question. No applicant shall be deemed to be a "qualified" applicant under the TCEQ's rules until such easement is recorded.

LANDLORD GUARANTEE: Applications by tenants MUST be countersigned by the owner of the property. By signing the application, the landlord grants all required rights of access. IF the landlord is designated herein as the person responsible for the bill, then the landlord GUARANTEES PAYMENT of all utility service charges and fees incurred by or compensable damages caused by its tenant.

PLUMBING RESTRICTIONS:

The following undesirable plumbing practices are prohibited by state regulations. Other prohibitions are found in the Uniform Plumbing Code and/or Utility's tariff.

- 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 drinking water system by an air-gap or the installation of an appropriate backflow prevention assembly in accordance with TCEQ rules.
- B. No cross-connection between the public drinking water supply and a private water supply 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 the installation of an approved reduced pressure zone backflow prevention assembly, properly installed with a service agreement existing for annual inspection and testing by a state-licensed tester.
- C. No connection which allows water to return 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 of any connection which provides water for human use.

APPEAL TO THE TCEQ OR OTHER REGULATORY AGENCY: Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of Utility's approved tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall have the right to appeal such costs to the TCEQ or such other regulatory authority with jurisdiction over Utility's rates in that portion of Utility's service area in which the applicant's or existing customer's property is located. Unless the TCEQ or other regulatory authority enters interlocutory orders to the contrary, service to the applicant may be delayed until such appeal is resolved.

PLUMBING INSPECTION: State law requires applicants for service at new consuming facilities, existing consuming facilities if the Utility has reason to believe that cross-connections or other potential contaminant hazards may exist, or facilities which have undergone material plumbing modifications to deliver to the Utility a Service Inspection Certification, as prescribed by the Utility, that their private water distribution facilities have been inspected by a state-licensed inspector and that they are in compliance with all applicable plumbing codes and are free of potential hazards to public health and safety. In addition, Utility shall require such certificates in the case of material plumbing modifications to the Customer's private water distribution facilities made after the initial date of service to Customer. Installation of a landscaping sprinkler system shall be considered material plumbing modifications. If the Customer installs and/or maintains a landscaping sprinkler system, the Customer must deliver the appropriate inspection certificate to the Utility, including any annual inspection reports if required. Service may be denied until the certificate is received and any identified violations or hazards remedied. When potential sources of contamination are identified which, in the opinion of the inspector or Utility, require the installation of a state-approved backflow prevention assembly, such backflow flow prevention assemblies shall be installed on the Customer's service line or other necessary plumbing facilities by an appropriately state-licensed plumber/backflow prevention assembly specialist at the Customer's expense. The backflow prevention assembly shall be maintained by the Customer at his expense and shall be tested annually by a state-licensed tester. The original testing report, as prescribed by the Utility, shall be properly completed, executed and delivered to the Utility. Failure to comply with this testing and reporting requirement may constitute grounds for termination of water service with notice.

CUSTOMER AGREEMENT: BY SIGNING THIS APPLICATION FOR PUBLIC UTILITY SERVICE, I AGREE TO COMPLY WITH UTILITY'S RULES AND TARIFF AND ALL RULES AND REGULATIONS OF THE TCEQ AND OTHER APPLICABLE REGULATORY AGENCIES. I GUARANTEE PROMPT PAYMENT OF ALL UTILITY BILLS FOR THE SERVICE ADDRESS PRINTED BELOW. I AGREE TO REMAIN RESPONSIBLE FOR UTILITY BILLS FOR THIS SERVICE ADDRESS FROM THE DATE SERVICE IS STARTED UNTIL THE DAY SERVICE IS TERMINATED AT MY WRITTEN REQUEST.

I AGREE TO TAKE NO ACTION TO CREATE A HEALTH HAZARD OR OTHERWISE ENDANGER, INJURE, DAMAGE OR THREATEN UTILITY'S PLANT, ITS PERSONNEL, OR ITS CUSTOMERS. FAILURE TO COMPLY WITH THIS PROVISION SHALL BE GROUNDS TO TERMINATE MY SERVICE.

I AGREE TO PUT NO UNSAFE, NON-DOMESTIC SERVICE DEMANDS ON UTILITY'S SYSTEM WITHOUT NOTICE TO AND PERMISSION FROM UTILITY.

I HAVE BEEN SHOWN A COPY OF UTILITY'S TCEQ-APPROVED TARIFF AND I AGREE TO PAY THE RATES IN THE TARIFF AND ABIDE BY THE REQUIREMENTS IN THIS APPLICATION. I ACKNOWLEDGE THAT THE RATES AND/OR TERMS OF SERVICE IN THE TARIFF MAY BE CHANGED BY FUTURE ORDER OF THE TCEQ OR OTHER REGULATORY AUTHORITY HAVING JURISDICTION OVER UTILITY'S RATES. I AGREE TO ABIDE BY SUCH CHANGES AS THEY OCCUR.

1. Date of Application: _____ Date to begin service: _____
2. Account No.: _____ Existing Service: _____ New Service: _____
 Previous Customer: _____
 Transferred from Account No: _____ (If Applicable) Off Date: _____
3. Applicant's Name: _____ Spouse: _____
 Billing Address: _____

 Telephone: Residence: _____ Business: _____ Ext: _____
 Drivers Lic. No.: _____ State: _____ SSN: _____
 Applicant is: Landowner: _____ Tenant: _____
 If Tenant: Name of Landlord: _____
 Landlord's Address: _____
 Telephone: Residence: _____ Business: _____
4. Service location (911 address if possible): _____
 Directions to new service location (attach plat or drawing, if possible): _____

 Subdivision: _____ Lot: _____ Block: _____
 School District: _____ County: _____
5. Type of water service: Permanent _____ For: Residential _____
 Temporary _____ Commercial _____
 Industrial _____
 Developer _____
 Other _____
 Agreement for temporary water service attached: Yes _____ No _____
 Date of agreement: _____
 Temporary service to be terminated on: _____
6. Purpose for which water service is to be used:
 Residential _____ Other _____ (explain use below)

7. Water volume and pressure requirements (to be completed by applicants other than residential applicants):
 Gallons: Annual _____ Highest day _____
 Pressure required: Minimum _____ Average _____ Maximum _____
 Special service requirements: _____

8. Person responsible for payment of utility service bills, if other than applicant. (Guarantor):
 Name: _____
 Billing address: _____
 Telephone: Residence: _____ Business: _____ Ext: _____
 Drivers Lic. No.: _____ State: _____ SSN: _____

9. Size of water meter applied for: _____ Tap fee due: \$ _____
 Date tap fee paid: _____ Paid by: Cash _____ Check # _____ Other _____
 Road bore required: Yes ___ No ___ Undetermined ___ (COST TO BE PAID BY CUSTOMER)

Location of water meter: On or before the _____ day _____, _____, the Applicant agrees to set a wooden stake, clearly marked with the words "Water Meter" at a location, at or near the property line, which it is desired that the applied for water meter be installed. **NOTE:** The applied for water meter will not be installed until a wooden stake is set, unless a meter box is presently installed on the property. If a meter box is presently installed on the property, Applicant agrees to accept the applied for water meter at the location of said meter box.

10. Service deposit required: Yes ___ No ___ Amount: \$ _____ Receipt # _____
 If Yes: Date Paid: _____ Paid by: Cash _____ Check # _____ Other _____
 If No: Reason for Exemption: _____

11. Miscellaneous fees required as a condition of water service:

<u>Amount</u>	<u>Type</u>	<u>Refundable</u>	
\$ _____	_____	Yes ___	No ___
\$ _____	_____	Yes ___	No ___
\$ _____	_____	Yes ___	No ___
\$ _____	_____	Yes ___	No ___

\$ _____ Total Miscellaneous Fees Required Receipt # _____

Date Paid: _____ Paid by: Cash _____ Check # _____ Other _____

12. Public utility easement required: Yes ___ No ___ Date _____ Vol/Pg _____

13. Service Inspection Certificate on file: Yes ___ No ___

If Yes: Date of inspection: _____

Annual testing required: Yes ___ No ___

If Yes: Date of next annual test: _____

Service inspection required: Yes ___ No ___

AGREED AND ACCEPTED ON THIS THE _____ DAY OF _____, _____.

APPLICANT:

BY: _____ Company: _____
 Name(print): _____ Title: _____

LANDLORD: (Landlord **MUST** sign if Applicant is a Tenant)

BY: _____ Company: _____
 Name(print): _____ Title: _____

GUARANTOR:

BY: _____ Company: _____
 Name(print): _____ Title: _____

SOUTHERN UTILITIES COMPANY:

BY: _____ Company: _____
 Name(print): _____ Title: _____

DESCRIPTION OF FACILITY REQUESTING POTABLE WATER SERVICE FROM SOUTHERN UTILITIES COMPANY

I.D. NO.: 2120063 _____ 2010018 _____ (Rusk County)
 Applicant Name: _____ Account No.: _____
 Service Location: _____
 (911 Address, if available) _____

To be completed by Property Owner/Landlord:

Type of Facility: residence _____ mobile home _____ apartment _____ duplex, triplex, etc. _____
 hotel/motel _____ school _____ RV Park _____ mobile home park _____
 church _____ farm/ranch _____ dairy _____ business or public facility _____

If business or public facility, identify type and describe in detail the activities to be conducted therein. _____

Please check the box(es) applicable to the facility referred to above:

	Yes	No		Yes	No		Yes	No
*multi-residential	<input type="checkbox"/>	<input type="checkbox"/>	medical/dental/vet	<input type="checkbox"/>	<input type="checkbox"/>	sprinkler/irrigation system	<input type="checkbox"/>	<input type="checkbox"/>
spa/hot tub	<input type="checkbox"/>	<input type="checkbox"/>	aerobic septic system	<input type="checkbox"/>	<input type="checkbox"/>	chemical process/products	<input type="checkbox"/>	<input type="checkbox"/>
barns/stables	<input type="checkbox"/>	<input type="checkbox"/>	private water well	<input type="checkbox"/>	<input type="checkbox"/>	*ornamental fountains/ponds	<input type="checkbox"/>	<input type="checkbox"/>
laboratory	<input type="checkbox"/>	<input type="checkbox"/>	swimming pool	<input type="checkbox"/>	<input type="checkbox"/>	*livestock water troughs	<input type="checkbox"/>	<input type="checkbox"/>
greenhouses	<input type="checkbox"/>	<input type="checkbox"/>	condensers/boilers	<input type="checkbox"/>	<input type="checkbox"/>	food/beverage service	<input type="checkbox"/>	<input type="checkbox"/>
ery	<input type="checkbox"/>	<input type="checkbox"/>	poultry operations	<input type="checkbox"/>	<input type="checkbox"/>	water storage/hauling	<input type="checkbox"/>	<input type="checkbox"/>
products	<input type="checkbox"/>	<input type="checkbox"/>	laundry/cleaners	<input type="checkbox"/>	<input type="checkbox"/>	lake/pond/river pumps	<input type="checkbox"/>	<input type="checkbox"/>
mortuary	<input type="checkbox"/>	<input type="checkbox"/>	dairy operations	<input type="checkbox"/>	<input type="checkbox"/>	auto/engine repair	<input type="checkbox"/>	<input type="checkbox"/>
fabricating	<input type="checkbox"/>	<input type="checkbox"/>	water fountains	<input type="checkbox"/>	<input type="checkbox"/>	*waterfront property	<input type="checkbox"/>	<input type="checkbox"/>
manufacturing	<input type="checkbox"/>	<input type="checkbox"/>	public restrooms	<input type="checkbox"/>	<input type="checkbox"/>	petroleum products	<input type="checkbox"/>	<input type="checkbox"/>
processing	<input type="checkbox"/>	<input type="checkbox"/>	janitorial room	<input type="checkbox"/>	<input type="checkbox"/>			
car wash	<input type="checkbox"/>	<input type="checkbox"/>	marina/docks	<input type="checkbox"/>	<input type="checkbox"/>	*Contact Field Office		

To be completed by Southern Utilities Company:

Service Inspection Certification on file: yes _____ no _____
 If yes - date of inspection: _____
 Annual testing required yes _____ no _____
 Service Inspection required of Applicant: yes _____ no _____ State Reason _____

If a Service Inspection is required, Applicant or Owner/Landlord agrees to effect said inspection by a state-licensed Inspector and to effect the installation and testing of all backflow prevention assemblies required, at the Applicant's or Owner/Landlord's sole expense. Further, Applicant or Owner/Landlord agrees to deliver the attached Service Inspection Certification form and Backflow Prevention Assembly Test and Maintenance Report form, for each backflow prevention assembly required, to Southern Utilities Company prior to initiation of potable service. Any misrepresentation herein by Applicant or Owner/Landlord will render this agreement null and void for all purposes.

AGREED AND ACCEPTED ON THIS THE _____ DAY OF _____, _____.

 Property Owner/Landlord

 Applicant

 Southern Utilities Company Representative

Southern Utilities Company
218 N. Broadway
Tyler, Texas 75702

Billing Office
Service Office
Rusk & Gregg County

903-593-2588
903-566-3511
1-866-865-5722

**AGREEMENT FOR TEMPORARY, CONSTRUCTION
OR OTHER NON-POTABLE WATER SERVICE**

The water utility service applicant indicated below ("Customer") has applied for water utility service from Southern Utilities Company ("Utility") at the service location indicated below. Under State public health and water utility service regulations [30 TAC 290.46(j)], Utility may not provide continuous potable water utility service to any new construction, to any existing service location where material plumbing modifications have been made, or to any location where the Utility has reason to believe that a cross-connection or other potential contaminant hazards may exist until the service applicant or Customer presents Utility with an executed Service Inspection Certification (30 TAC 290.47-Appendix D), as prescribed by the Utility, and any identified violations or hazards remedied. It is Customer's sole obligation and responsibility, at his/her expense, to have the necessary inspection performed by a State-licensed inspector. Neither Utility nor its operators perform customer service inspections.

Notwithstanding this inspection requirement before permanent water service can be provided, Utility is allowed to provide Customer with temporary, non-potable water service for construction purposes only. Utility agrees to provide such temporary construction water service at its standard rates and conditions of service upon Customer's agreement that:

1. The water service provided will be used for construction or landscaping purposes only.
2. The water provided will not be consumed by humans or animals.
3. Customer will notify Utility in writing when to initiate the temporary construction service.
4. Customer will notify Utility in writing when construction at the indicated service location has ended.
5. Customer agrees not to occupy, or reside, in the indicated service location until Customer has delivered a fully executed Service Inspection Certification, as prescribed, to Utility.
6. Customer agrees that 1) no direct connection between the public drinking water supply and a potential source of contamination is permitted, 2) no cross-connection between the public drinking water supply and a private water supply is permitted and 3) no connection which allows water to return to the public drinking water supply is permitted.

- Customer agrees to contact the Utility's service office, prior to the provision of temporary construction water service by the Utility, to discuss the specific use of said water service, by the Customer, and in order for the Utility to determine whether the installation of backflow prevention assemblies is necessary as required by the TCEQ regulations. Further, Customer agrees to comply, at the Customer's sole expense, with the Utility's requirement of the installation of backflow prevention assemblies, if any, prior to the provision of temporary construction water service.

If Customer fails to abide by any provision of this agreement, water service to the indicated service location will be terminated and will not be restored, under any circumstances, until a fully executed Service Inspection Certification has been delivered to Utility. Termination will be made without notice if, in the opinion of Utility's licensed operator(s), Customer's service creates an immediate hazard to public health and safety. If no such hazard exists, Customer shall be notified and given a limited time to come into compliance. Utility's state-approved reconnect fee will be charged as a condition of service restoration if temporary water service is terminated for breach of this agreement.

AGREEMENT FOR TEMPORARY, NON-POTABLE CONSTRUCTION WATER SERVICE

- Account No.: _____ Existing Account: _____
New Service: _____
- Customer Name: _____ Spouse: _____
Billing Address: _____

Telephone No.: Residence: _____ Business: _____
Drivers Lic. No.: _____ State: _____ SSN.: _____
- Is the Customer the Landowner of the Property? Yes _____ No _____
If No: Relationship to Landowner: _____
Name of Landowner: _____
Address: _____

Telephone No.: Residence: _____ Business: _____
Drivers Lic. No.: _____ State: _____ SSN.: _____
- Address of Service Location: _____
(911 Address, if possible): _____
Directions to new Service Location (attach plat or drawing, if possible):

Subdivision: _____ Lot: _____ Block: _____
School District: _____ County: _____

5. Type of Water Service: Residential: _____
Commercial: _____
Industrial: _____
Developer: _____
Cleaning, etc: _____ Off Date (required): _____

Purpose or use of Temporary Water Service (Explain): _____

6. Public Utility Easement Required: Yes _____ No _____

If Yes: The Landowner is required to provide Southern Utilities Company with a recorded Public Utility Easement as a condition of water service. The easement shall be signed by (and shall be binding upon) all record title owners of the property on which water service is being requested.

7. Date to begin Temporary Water Service: _____

Temporary Water Service will be Terminated on: _____

AGREED AND ACCEPTED ON THIS THE _____ DAY OF _____, _____.

CUSTOMER:

BY: _____ Company: _____
Name (Print): _____ Title: _____

LANDOWNER: (Landowner MUST sign if not the named Customer)

BY: _____ Company: _____
Name (Print): _____ Title: _____

SOUTHERN UTILITIES COMPANY:

BY: _____ Company: _____
Name (Print): _____ Title: _____

APPLICATION FOR EXEMPTION FROM SERVICE DEPOSIT

SOUTHERN UTILITIES COMPANY

218 N. Broadway
Tyler, Texas 75702
903-593-2588

Applicants for residential potable water service who can verify that they meet any one of the following requirements will not be required to pay a service deposit to Southern Utilities Company (Check exemption number and attach copies of the appropriate documentation.):

- _____ 1. Applicant has proof of being sixty-five (65) years of age and does not have an outstanding past due account balance with Southern Utilities Company or any other water utility company.
- _____ 2. Applicant has been a customer of a similar water utility within the last two (2) years, and:
 - a) is not currently delinquent in payment, and
 - b) were not delinquent on any occasion during the last eighteen (18) consecutive months of service, and
 - c) never had service disconnected for non-payment.
- _____ 3. Applicant has letter of credit references (three (3) required) from banks or other entities, which includes the names and telephone numbers of those creditors who can be contacted expeditiously by Southern Utilities Company for verification.
- _____ 4. Applicant has an account guaranty in writing from a third (3rd) party **who is a current customer of good standing with Southern Utilities Company.** Such guaranty will:
 - a) clearly state the amount of the guaranty and
 - b) include documentation verifying the Guarantor having satisfied Requirement 2, as stated above, as applies to Guarantor's personal water utility account, and
 - c) be voided after applicant has paid the monthly billing statements for eighteen (18) consecutive months without having service disconnected for non-payment of bills and without having any occasions in which a bill was delinquent.

Applicant desires to claim an exemption for the service deposit but requires additional time to obtain supporting documentation as required by Southern Utilities Company, the Applicant must remit payment of the service deposit as a prerequisite to the delivery of potable water service and within thirty (30) days thereafter furnish satisfactory documentation. Upon receipt of satisfactory documentation, Southern Utilities Company will promptly refund the amount of the service deposit paid by the Applicant.

The above requirements for a service deposit exemption are consistent with Southern Utilities Company's Water Tariff as approved by the Texas Commission on Environmental Quality. If subsequent to claiming one of the above requirements for an exemption, the applicant is properly disconnected for non-payment of bills, meter tampering, meter bypassing and/or any other violation of the rules and regulations as promulgated by the referenced Water Tariff and the Texas Commission on Environmental Quality, the Applicant will be required to pay all amounts due and re-establish credit to the satisfaction of Southern Utilities Company prior to restoration of potable water service. If the initial service deposit has been refunded or the account guaranty voided prior to the disconnection of potable water service for the stated reasons, Southern Utilities Company reserves the right to require payment of an additional service deposit to re-establish the credit of the Applicant.

ACCOUNT NO.: _____

APPLICANT: _____

BILLING ADDRESS: _____

APPLICANT'S SOCIAL SECURITY NO.: _____

SIGNED BY: _____
Applicant

Southern Utilities Company

Date

SERVICE INSPECTION CERTIFICATION

Appendix e

To be returned to: Southern Utilities Company
218 N. Broadway
Tyler, Texas 75702

903-593-2588 (Billing Office)
903-566-3511 (Service Office)
866-865-5722 (Rusk & Gregg County)

PWS ID No.: 2120063 _____ 2010018 (Rusk County) _____

Customer Name: _____

Account No.: _____ Meter No.: _____ Meter Size: _____

Service Location: _____

Facility Type: Single-family Residence: _____ Other: _____ (describe facility below)

Reason for Inspection: New Construction
Existing service where contaminant hazards are suspected
Major renovation or expansion of distribution facilities

I, _____ (print), upon inspection of the private water distribution facilities connected to Southern Utilities Company's public water supply system do hereby certify, to the best of my knowledge, that:

	<u>COMPLIANCE</u>	<u>NON-COMPLIANCE</u>
(1) No direct connection between the public water supply and a potential source of contamination exists. Potential sources of contamination are isolated from the public water supply by an air gap or an appropriate backflow prevention assembly in accordance with Commission regulations.	_____	_____
(2) No cross-connection between the public water supply and a private water supply exists. Where an actual air gap is not maintained, between the public water supply and a private water supply, an approved reduced pressure zone backflow prevention assembly is properly installed and a service agreement exists for annual inspection and testing by a certified backflow prevention assembly tester.	_____	_____
(3) No connection exists which would allow the return of water used for condensing, cooling or industrial processes back to the public water supply.	_____	_____
(4) No pipe or pipe fitting which contains more than 8.0% lead exists in the private water distribution facilities installed on or after July 1, 1988.	_____	_____
(5) No solder or flux which contains more than 0.2% lead exists in the private water distribution facilities installed on or after July 1, 1988.	_____	_____

I further certify that the following materials were used in the installation of the private water distribution facilities:

Service Line - Lead _____ Copper _____ PVC _____ Other _____

Solder - Lead _____ Lead Free _____ Solvent Weld _____ Other _____

Potential Cross-connections Identified: (1) _____

(2) _____

(3) _____

Size and Type of Assemblies Required: (1) _____

(2) _____

(3) _____

Location of Existing Assemblies: (1) _____

(2) _____

(3) _____

I recognize that this document shall become a permanent record of Southern Utilities Company and that I am legally responsible for the validity of the information I have provided herein.

Date of Inspection: _____

License No.: _____

Signature: _____

Type of License: _____

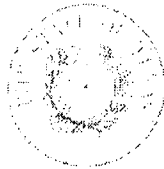
Name (print): _____

Endorsement by: _____

Address: _____

Daytime Telephone: _____

Buddy Garcia, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



PWS/2120063/CO
RN101206217
CN600648729

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

PWS/2010018/CO
RN101204436
CN600648729

May 13, 2009

Mr. Michael Farrell, Vice-President and General Manager
Southern Utilities Company
218 North Broadway
Tyler, Texas 75702-5710

SUBJECT: Request for Approval of a Customer Service Inspection Form
Southern Utilities Company – PWS ID #2120063
Southern Utilities Company Laird Hill – PWS ID #2010018
Smith and Rusk Counties, Texas

Dear Mr. Farrell:

We received your letter dated February 27, 2009 requesting the approval of a modified Customer Service Inspection Certificate as specified in Title 30 of the Texas Administrative Code (30 TAC) §290.46(j). Based on our review, we are **granting** your request to use the proposed modified certificate with the following changes noted below. This approval is for the format and wording of the attached form only. If Southern Utilities wishes to use a form other than this approved form or the form found in 30 TAC §290.44(d) Appendix D, an additional request must be submitted and approval must be received prior to the new form being placed in use.

Required changes to the proposed modified certificate:

- 1. Include the following language:

Reason for Inspection: New Construction
Existing service where contaminant hazards are suspected.....
Major renovation or expansion of distribution facilities.....

- 2. Under the "Service Line" section, replace "Cooper" with "Copper."
- 3. Under the "Size and Type of Assemblies Required" section, replace "Required" with "Required."
- 4. Replace "Location of Assemblies Installed" with "Location of Existing Assemblies."

Pursuant to 30 TAC §291.21(b)(2)(A)(i), you must request inclusion of the approved Customer Service Inspection Certificate into your approved tariff through a minor tariff change. To do so, please provide a copy of this letter granting the modification, a copy of the approved modified Customer Service Inspection Certificate, and a cover letter to request the change. These documents should be mailed to the following address:

Texas Commission on Environmental Quality
Utilities & Districts Section (MC-153), Financial Review Team
P.O. Box 13087
Austin, Texas 78711-3087

Mr. Michael Farrell, Vice-President and General Manager
Page 2 of 2
May 13, 2009

If you have any questions concerning this letter, or if I can be of additional assistance, please contact me at the letterhead's address or by telephone at (512) 239-4453. If you have any questions regarding the minor tariff amendment process, contact Ms. Tammy Benter at (512) 239-6136.

Sincerely,



Joel Klumpp
Technical Review and Oversight Team
Public Drinking Water Section (MC-155)
Water Supply Division

JPK

Enclosure: Southern Utilities Service Inspection Certification form

cc: TCEQ Tyler Regional Office (R-5)
Ms. Tammy Benter, Team Leader, Financial Review Team (MC-153)
Mr. Royce Wisenbaker, President, Southern Utilities Company, 218 N. Broadway Ave., Tyler, Texas, 75702

BACKFLOW PREVENTION ASSEMBLY TEST AND MAINTENANCE REPORT

be returned to: Southern Utilities Company
 218 North Broadway
 Tyler, Texas 75702

903-593-2588 (Billing Office)
 903-566-3511 (Service Office)
 866-865-5722 (Rusk & Gregg County)

PWS I.D. No.: 2120063 _____ 2010018 _____ (Rusk County)

Account No.: _____
 Meter No.: _____

Customer Name: _____
 Service Location: _____

Facility Type: Single-family Residence _____ Business _____ Other _____ (describe below)

Reason for Test: Initial _____ Annual _____ New Irrigation System _____ Other _____

The backflow prevention assembly detailed below has been tested and maintained as required by TCEQ regulations and is certified to be operating within acceptable parameters.

TYPE OF ASSEMBLY

- _____ Reduced Pressure Principle
- _____ Double Check Valve
- _____ Pressure Vacuum Breaker
- _____ Reduced Pressure Principle - Detector
- _____ Double Check - Detector
- _____ Spill-Resistant Pressure Vacuum Breaker

Manufacturer: _____ Size: _____
 Model Number: _____ Location: _____
 Serial Number: _____

the assembly installed in accordance with manufacturer recommendations and/or local codes? _____

	Reduced Pressure Principle Assembly			Pressure Vacuum Breaker	
	Double Check Valve Assembly		Relief Valve	Air Inlet	Check Valve
	1st Check	2nd Check		Opened at _____ psid	Held at _____ psid
Initial Test	Held at _____ psid Closed Tight <input type="checkbox"/> Leaked <input type="checkbox"/>	Held at _____ psid Closed Tight <input type="checkbox"/> Leaked <input type="checkbox"/>	Opened at _____ psid Did not open <input type="checkbox"/>	Did Not Open <input type="checkbox"/>	Leaked <input type="checkbox"/>
Repairs and Materials Used					
Test After Repair	Held at _____ psid Closed Tight <input type="checkbox"/>	Held at _____ psid Closed Tight <input type="checkbox"/>	Opened at _____ psid	Opened at _____ psid	Held at _____ psid

NOTE: Each backflow prevention assembly must be tested individually.

Test Gauge Used: Make/Model: _____ SN: _____ Calibration Date: _____
 Remarks: _____

The above is certified to be true at the time of testing.

Date of Test: _____
 Signature: _____
 Name (print): _____
 Address: _____

Certified Tester No.: _____ Date: _____
 Type of License: _____
 Endorsement By: _____
 Daytime Telephone: _____

*TEST RECORDS MUST BE KEPT FOR AT LEAST THREE (3) YEARS
 **USE ONLY MANUFACTURER'S REPLACEMENT PARTS

Bank Draft Authorization Form

Customer Name

Southern Utilities Acct #

Mailing Address

Physical Address

City, State and Zip

City, State and Zip

I (we) hereby authorize Southern Utilities Company (Southern) to initiate a Bank Draft charge to my (our) checking/savings account at the Financial Institution indicated below, and initiate adjustments (if necessary) for any transactions credited/debited in error. The Bank Draft charge to my account will be the amount of the regular monthly bill for water service provided by Southern. The Draft will be processed 2 to 3 days before the payment is due each month. This authority will remain in effect until Southern is given (30) days notice by me (us) in writing to cancel said Bank Draft. This will afford Southern and the Financial Institution a reasonable period of time to act on your request. In the event payment from your Financial Institution is denied, Southern reserves the right to remove your account from bank draft immediately.

Name of Bank or other Financial Institution

Location (City, State and Zip)

Checking or Savings Account #

Customer Signature

Date

Authorized Bank Account Holder Signature

Date

**Please Attach a Voided Check Here and
Return This Form To Us At The Above Address**

SOUTHERN UTILITIES COMPANY
218 North Broadway
Tyler, Texas 75702

Business Office: 903-593-2588
Field Office: 903-566-3511
Rusk & Gregg County: 866-865-5722

INFORMATION FOR PROSPECTIVE CUSTOMERS

General: The principal business of Southern Utilities Company ("Company") is the construction and operation of a public water supply system in suburban areas. The Company management and operation personnel have many years of experience in the utility business and endeavor to operate in a businesslike manner to furnish all customers an adequate supply of high quality water at a fair price. The Company is a tax paying, privately owned company and it is not financed by public funds from Federal or local governments. The Federal Housing Administration ("F.H.A.") will accept properties served by the Company's water system for F.H.A. - insured mortgages provided the properties otherwise meet F.H.A. loan requirements.

Cost of Initial Service: For a standard 5/8" x 3/4" water meter, a non-refundable tap fee of \$500.00 is required to be paid to the Company before a residential or business facility that is located adjacent to existing water distribution lines is connected to its system. A separate connection is required for each separate residential or business facility. Special arrangements are required before properties which are not located adjacent to existing distribution lines can be served. Requests for service larger than a 5/8" x 3/4" water meter require additional tap fees and must be authorized by management, as larger meters can only be installed in areas of the system where distribution line capacity is adequate. Should a road bore or road crossing be required, the cost of same will be due from the customer (applicant) in addition to the prescribed tap fee.

Special arrangements have been made with a local bank to provide financing (loans) to qualified individuals who desire to finance the cost of the stated tap fee on an installment type plan. Any prospective customer desiring to finance the applicable tap fee should contact the Company's business office for further instructions.

Cost of Service: All customers are required to pay a \$50.00 service deposit, except residential applicants meeting certain criteria, and a non-refundable \$30.00 connection fee to the Company before the water is turned on at a service location. This deposit is held as security for payment of the customer's account and is refundable in the form of a credit to the customer's account, upon termination of the water service by the customer and payment of all account charges owed up to the service termination date, or after the customer has paid bills for water service for eighteen (18) consecutive billings without having service disconnected for nonpayment of bills and without having any occasion in which a bill was delinquent. Interest, at a rate prescribed by the Texas Commission on Environmental Quality, is paid annually in the form of credit to the customer's account on all service deposits held by the Company.

The monthly billings to the individual customers are determined from monthly water meter readings according to the following rate schedule (5/8"x 3/4" meters only):

Minimum Bill (includes 0 gallons)	\$13.25 (Minimum Charge)
Charge per Thousand Gallons	\$1.65
State Mandated Assessment	1% of Total Water Charges

Billing Information: Monthly billings are prepared and mailed around the 27th of each month. Payment is due in the Company's business office at 218 North Broadway, Tyler, TX 75702; within 16 days after issuance. Should it become necessary to terminate water service to a customer due to non-payment of the monthly billings, payment of a \$25.00 non-refundable re-connection fee, in addition to full and complete payment of all outstanding delinquent billings and/or other applicable charges, will be required prior to restoration of water service.

above stated information is subject to change and revision from time to time as conditions warrant.

Please do not hesitate to contact us should you have any additional questions regarding our services, rates, billing procedures, etc.

NAME OF CONSUMER	ON	OFF

DATE	READINGS	CONSUMPTION	INITIALS
DEC.			
NOV.			
OCT.			
SEPT.			
AUG.			
JULY			
JUNE			
MAY			
APRIL			
MARCH			
FEB.			
JAN.			

DATE	READINGS	CONSUMPTION	INITIALS
DEC.			
NOV.			
OCT.			
SEPT.			
AUG.			
JULY			
JUNE			
MAY			
APRIL			
MARCH			
FEB.			
JAN.			

OLD ACCT NO. _____

NOTICE TO WATER CUSTOMER

SOUTHERN UTILITIES COMPANY
218 N. Broadway, Tyler, Texas 75702

Date: _____ Billing Account No.: _____

The potable water service at the referenced account has been terminated as a result of the following violation:

- | | | | | | |
|-----------------|--------------------------|--------------------|--------------------------|---------------|--------------------------|
| non-payment | <input type="checkbox"/> | illegal use | <input type="checkbox"/> | health hazard | <input type="checkbox"/> |
| returned check | <input type="checkbox"/> | service inspection | <input type="checkbox"/> | other: | _____ |
| meter tampering | <input type="checkbox"/> | BPA testing | <input type="checkbox"/> | | _____ |

Should you desire to have the potable water service restored, you must appear in Southern Utilities Company's billing office, during normal business hours, and remit any and all payments and/or the applicable documentation required to remedy the above indicated violation. Additionally, payment of the state-approved reconnection fee and customer service deposit, if applicable, will be required prior to restoration of potable water service.

NOTE: Potable water service will be restored within 36 hours of compliance with the above.

Business Office: 903-593-2588
Field Office: 903-566-3511
Rusk & Gregg County: 1-866-865-5722

By: _____
Southern Utilities Co., Representative

REQUEST FOR TERMINATION OF SERVICE

SOUTHERN UTILITIES COMPANY

DATE: _____

218 N. Broadway
_____, Texas 75702

Business Office: 903-593-2588

Field Office: 903-593-3511

Rusk & Gregg County: 1-866-865-5722

ACCOUNT NO: _____

CUSTOMER NAME: _____

PROPERTY ADDRESS: _____

SOCIAL SECURITY NO: _____ TX DRIVERS LICENSE NO: _____

I, _____, being the Customer of record named herein, do formally request Southern Utilities Company to terminate my potable water service at the stated account location on _____.

Upon termination of said potable water service, please prepare and forward a "Final Bill" to the following address:

NAME: _____

BILLING ADDRESS: _____

CITY & STATE: _____

ZIP CODE: _____

I understand that the "Final Bill" will reflect water usage up to and including the date of termination of potable water service and I agree to remit any and all amounts due Southern Utilities Company immediately upon receipt of the "Final Bill".

Customer's Signature

Southern Utilities Company

SOUTHERN UTILITIES COMPANY
WATER METER INSTALLATION WORK ORDER

DATE: _____ TIME: _____ A.M./P.M.
PHONE: _____ OR _____
APPLICANT: _____
FIRST NAME M.I. LAST NAME

BILLING ADDRESS: _____

LOCATION OF METER (water meter will be installed, if possible, at a location designated by the applicant, at or near the property line):

ADDRESS: _____
SUBDIVISION: _____ LT: _____ BLK: _____ UNT: _____
DIRECTIONS: _____

APPLICANT agrees to set a flag or stake clearly marked with words "WATER METER" by _____, 20 _____. _____ Customer Initial

WATER METER WILL NOT BE SET UNTIL FLAG OR STAKE IS IN PLACE.

SIZE OF METER APPLIED FOR: _____
FEE FOR WATER METER APPLIED FOR: _____
SERVICE DEPOSIT PAID: _____
FEE PAID BY: _____
PREPARED BY: _____

REPORT OF INSTALLATION

ACCOUNT NO.: _____ INSTALLATION DATE: _____
METER NO.: _____ METER READING: _____
NUMBER OF STATIONARY ZEROES (0): _____
ROAD BORE OR ROAD CROSSING: YES NO
COMMENTS (NEEDS PATCHING, HOT MIX, OIL SAND, ETC.):

COMPLETED BY: _____
Crew Foreman, Unit: _____

SOUTHERN UTILITIES CO.
218 N. BROADWAY
TYLER, TEXAS 75702-5710

BILLING OFFICE: (903) 593-2588
SERVICE OFFICE: (903) 566-3511
RUSK & GREG CO. (866) 865-5722
OFFICE HOURS: 7:30 A.M. - 4:30 P.M. MON-
FRI

**TERMINATION
NOTICE**

According to our records, payment of the "Full Amount Due"(stated below) for water service at your account has not been received. If payment **in full** is not received at the billing office of Southern Utilities Company by 5:00 P.M. on the "Final Due Date" (stated below), **WATER SERVICE WILL BE SUBJECT TO IMMEDIATE TERMINATION BEGINNING AT 7:00 AM ON THE "DISCONNECT DATE" (STATED BELOW) WITHOUT FURTHER NOTICE.** If your water service is disconnected for non-payment, you will be required to pay a reconnection fee of twenty-five dollars (\$25.00) plus the "Full Amount Due" (stated below), before water service can be restored and you will also be required to pay a deposit of fifty dollars (\$50.00) if your account does not currently have a deposit on file with Southern Utilities Company. If you feel this notice is in error, please contact the Billing Office at (903) 593-2588 prior to the "Disconnect Date" (stated below). Should you need assistance in payment, please contact the Service Office at (903) 566-3511 to obtain information regarding a Deferred Payment Agreement no later than two (2) regular business days prior to the "Disconnect Date" (stated below). This notice does not include the current penalty charges for late payment.

DISCONNECT DATE	
FINAL DUE DATE	
FULL AMOUNT DUE	

TO:

SOUTHERN UTILITIES COMPANY
 218 N. BROADWAY
 TYLER, TEXAS 75702

PHONE
 BUSINESS: (903) 593-2588
 SERVICE: (903) 566-3511
 RUSK & GREGG CO.
 1-866-865-5722



PRESORTED
 FIRST-CLASS MAIL
 U.S. POSTAGE PAID
 PERMIT NO. 717

SERVICE FROM		SERVICE TO		BILLING DATE	
METER READINGS		USED	AMOUNT	CODE	
PREVIOUS	PRESENT				
DUE DATE			ACCOUNT NUMBER		
PAST DUE	CURRENT CHARGES	TOTAL DUE			
SERVICE LOCATION:					

ADDRESS SERVICE REQUESTED

IF THIS BILL IS NOT PAID WITHIN 21 DAYS AFTER BILLING DATE, SERVICE WILL BE SUBJECT TO TERMINATION.

PLEASE WRITE ACCOUNT NUMBER ON CHECK
 RETURN THIS PORTION WITH PAYMENT

DUE DATE	ACCOUNT NUMBER
PAST DUE	TOTAL DUE

**SOUTHERN UTILITIES COMPANY
WORK ORDER**

Current Date: _____ Acct. #: _____

Name: _____

Address: _____

Phone No: Home - _____ Work - _____

SERVICE REQUESTED

<input type="checkbox"/> Turn On	<input type="checkbox"/> Turn Off	<input type="checkbox"/> Read Only	Date: _____
<input type="checkbox"/> Lock	<input type="checkbox"/> Unlock		
<input type="checkbox"/> Temporary Service			
<input type="checkbox"/> Two Week Clean			
Transfer To Acct. # _____			
Transfer From Acct. # _____			
<input type="checkbox"/> Re-read Meter			
<input type="checkbox"/> Test Meter - Pull Meter on			
<input type="checkbox"/> Leak At Meter			
<input type="checkbox"/> Bad Water Complaint - Type: _____			
CSI <input type="checkbox"/> Yes <input type="checkbox"/> No			
<input type="checkbox"/> NO, Verify Not Necessary at Facility		Initials _____	
<input type="checkbox"/> Other Services Requested:			
Prior Customer: _____			
Final Billing Address: _____			
Final Address Keypunched: _____			

Time Order Written: _____ Date Completed: _____

Order Written By: _____

Work Completed By: _____ Unit #: _____

NOTICE TO WATER CUSTOMER

SORRY WE MISSED YOU! Potable water service was restored at your account on _____.
An unsuccessful attempt was made to contact an individual inside your residence/business. The policy of Southern Utilities Company prohibits its representative from physically turning the potable water service on, at any account, without an individual being present inside said residence/business. Consequently, potable water service has been restored at your account by removing the lock and locking device previously installed on the water meter. It will be necessary for you to physically turn the _____ curb stop _____ gate valve on in order to effect the actual delivery of potable water to your residence/business. Your cooperation is appreciated.

SOUTHERN UTILITIES COMPANY

Field Office: 903-566-3511
Business Office: 903-593-2588
Rusk & Gregg County: 1-866-865-5722

- NOTE**
- 1) To turn curb stop on: turn the valve top 90° in a counter-clockwise direction (parallel to the valve direction) - the curb stop is located immediately upstream of the water meter.
 - 2) To turn the gate valve on: turn the wheel on top of the valve in a counter-clockwise direction until it stops turning - the gate valve is located immediately downstream of the water meter.

LEGAL AND REGULATORY COMPONENT

APPENDIX A

A RESOLUTION ADOPTING A SOUTHERN UTILITIES COMPANY WATER CONSERVATION AND EMERGENCY DEMAND MANAGEMENT PLAN: PROVIDING A PENALTY OF NON-COMPLIANCE AND/OR DISCONNECTION OF WATER SERVICES TO SUCH USERS BY SOUTHERN UTILITIES COMPANY: A PUBLIC NEED OF AN EMERGENCY NATURE FOR THE ADOPTION HEREOF ON ONE READING: PROVIDING FOR PUBLICATION AND ORDAINING OTHER MATTERS RELATED TO THE FOREGOING.

BE IT ORDAINED BY SOUTHERN UTILITIES COMPANY, TYLER, TEXAS:

WHEREAS, the General Manager has determined there is an urgent need in the best public interest of Southern Utilities Company to adopt a Water Conservation Plan and Emergency Demand Management Plan, and the General Manager further determines that such a public need is of an emergency nature and the requirement of two required separate readings of the subject Resolution be dispensed with and waived;

WHEREAS, THE General Manager now desires to evidence its approval of the Water Conservation/Emergency Demand Management Plan and adopt such a plan as an official policy of Southern Utilities Company;

Now, Therefore

BE IT ORDAINED BY THE SOUTHERN UTILITIES COMPANY:

SECTION 1:Approval of the Plan: The General Manager hereby approves and adopts as Southern Utilities Company Water Conservation Plan, the Water Conservation/ Emergency Demand Management Plan attached hereto as Exhibit "A" to be included in full as a part of this Resolution as if recited verbatim herein. Southern Utilities Company commits to implement the program according to the procedures set forth in the adopted plan.

SECTION II: In regards to implementation and enforcement of the Conservation/Emergency Demand Management Plan, the General Manager is designated as the official responsible for implementation and enforcement, and the following guidelines are adopted:

1. Mild Drought occurs when:

- (a) Average daily water consumption reaches 85% of production capacity for any individual well.
- (b) Consumption (85%) has existed for a period of three days.
- (c) Weather conditions are to be considered in drought classification determination. Predicted long, hot, or dry periods are to be considered in impact analysis.

2. Moderate Drought conditions are reached when:

- (a) Average daily water consumption reaches 90% of rated production capacity for any individual well for three-day period.
- (b) Weather conditions indicate mild drought will exist five days or more.
- (c) One ground storage tank or one clear well is taken out of service during mild drought.
- (d) Storage capacity (water level) is not being maintained during period of 100% rated production period.
- (e) Existence of any preceding conditions listed above for a duration of 36 hours.

3. Severe Drought Classification is reached when:

- (a) Average daily water consumption reaches 100% of production capacity for any individual well for a 24 hour period.
- (b) Average daily water consumption will not enable storage levels to be maintained.
- (c) System demand exceeds available high service pump capacity.
- (d) Any two conditions listed in Moderate Drought Classification occurs for a 24 hour period.
- (e) Water system is contaminated either accidentally or intentionally. Severe condition is reached immediately upon detection.
- (f) Water system fails – from acts of God (tornadoes, hurricanes) or man. Severe condition is reached immediately upon detection.

In the event severe classification conditions persist (Item 3 above) for an extended period of time, Southern Utilities Company may ration water usage and/or terminate service to selected users of the system in accordance with the following sequence:

- (1) Recreational Users
- (2) Industrial Users
- (3) Commercial Users
- (4) Residential Users

(5) School Users

(6) Hospitals, Public Health and Safety Facilities

SECTION III: Users of Southern Utilities Company water except for Southern Utilities Company, that do not comply with Section II of this Resolution shall be subject to a penalty of noncompliance and/or disconnection or discontinuance of water services to such users by Southern Utilities Company.

First violation - The customer will be notified by written notice of their specific violation.

Second violation - After written notice the utility may install a flow restricting device in the line to limit the amount of water which will pass through the meter in a 24 hour period. The utility may charge the customer for the actual cost of installing and removing the flow restricting device, not to exceed \$50.00.

Subsequent violations - The utility may discontinue 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.

SECTION IV: Southern Utilities Company General Manager finds and declares that a sufficient written notice of the date, hour, place, and subject of the meeting of Southern Utilities Company was posted for the time required by law preceding this meeting and that such place of posting was readily accessible at all times to the general public; and that all of the foregoing was done as required by law; and that this meeting has been open to the public as required by law at all times during which this Resolution and the subject matter thereof has been discussed, considered and formally acted upon.

Southern Utilities Company further ratifies, approves and confirms such written notice and the contents and posting thereof.

PASSED AND APPROVED THIS 2nd DAY OF June, 2000

GENERAL MANAGER Michael R. Farrell

SECRETARY _____

**AGREEMENT BETWEEN TALL TIMBERS UTILITY COMPANY, INC.
AND SOUTHERN UTILITIES COMPANY**

Southern Utilities Company ("Southern") and Tall Timbers Utility Company, Inc. ("Tall Timbers"), for the consideration and purposes herein expressed, enter into the following agreement regarding the disconnection and reconnection of water services for certain sanitary sewer customers of Tall Timbers:

WHEREAS, Southern provides retail water service in Cherokee, Rusk, and Smith Counties, Texas, pursuant to Texas Natural Resource Conservation Commission Certificate of Convenience and Necessity No. 10762;

WHEREAS, Tall Timbers provides retail sanitary sewer service in Smith County, Texas, pursuant to Texas Natural Resource Conservation Commission Certificate of Convenience and Necessity No. 20694;

WHEREAS, Tall Timbers recognizes that the collection of delinquent sanitary sewer customer accounts is integrally related to the provision of water services;

WHEREAS, Southern and Tall Timbers enter into this limited agreement regarding the disconnection and reconnection of water services for delinquent sanitary sewer service accounts to those Smith County customers that Southern and Tall Timbers have in common;

NOW, THEREFORE, Southern and Tall Timbers agree as follows:

SECTION I: DISCONNECTION OF WATER SERVICE DUE TO NONPAYMENT OF SEWER CHARGES

- A. Where sewer service is provided by Tall Timbers and water service is provided by Southern, Southern shall disconnect water service to a customer for unpaid undisputed sewer charges upon proper request by Tall Timbers, in accordance with the procedures set forth in this agreement.
- B. Before water service may be terminated, Tall Timbers must provide proper notice to its customers. Such notice, provided by Tall Timbers, to the customer must be in strict conformance with the following:
1. **Notice requirements.** Proper notice shall consist of a separate written statement which will be mailed, or hand delivered to the customer before water service is disconnected. The notice shall include the following:
 - (a) The words "**TERMINATION NOTICE**";
 - (b) A description of action required to avoid disconnection, such as paying all past due service charges;

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TEXAS NATURAL RESOURCE
CONSERVATION COMMISSION
UTILITY RATES & SERVICES SECTION

- (c) The date by which the required action must be completed to prevent disconnection. This date must be at least (10) days from the date the notice is provided;
 - (d) The intended date of disconnection;
 - (e) The office hours, telephone number, and address of the place payment must be made;
 - (f) The total past due charges; and
 - (g) Any and all reconnect fees that will be required to restore service if disconnected.
2. As long as this Agreement is in effect between Tall Timbers and Southern, the notice will also state:
- (a) That failure to pay past due sewer charges will result in termination of water service by Southern; and
 - (b) That water service will not be reconnected until all past due and current sewer service charges and the sewer reconnect fees are paid to Tall Timbers.
- C. Water service may be disconnected, after proper notice as set forth herein, for any of the following reasons:
- 1. Failure to pay all delinquent (past due) service charges;
 - 2. Failure to comply with the written terms of a deferred payout agreement; or
 - 3. Failure to comply with the deposit arrangements.

SECTION II: DISCONNECT FEE PAYABLE TO SOUTHERN

- A. Tall Timbers agrees to compensate Southern, based on the total number of disconnections of water services performed by Southern at the request of Tall Timbers in each calendar month, an amount equal to:

<u>Number of Disconnections</u>	<u>Compensation</u>
1-9	\$25.00 per disconnection
10-19	\$35.00 per disconnection
more than 19 per month	\$50.00 per disconnection

Southern shall submit an invoice at the end of each calendar month setting forth the number of disconnections performed and the total compensation due from Tall Timbers. Southern shall not charge a separate reconnection fee. This disconnection fee includes any costs of reconnection. Tall Timbers agrees to remit payment in full of all amounts due Southern within twenty (20) days of the invoice date.

- B. Southern may not collect a disconnect fee from Tall Timbers where water service was not disconnected, except in circumstances where a Southern representative arrives at a customer water service location with the intent to perform a requested water service disconnection and the customer, or its representative, by any cause or action prevents the Southern representative from disconnecting the water service.

SECTION III: DISCONNECTION FOR ILL CUSTOMERS

Service shall not be disconnected to any delinquent residential customer when it has been established that some person residing at that residence will become seriously ill, or more seriously ill, if service is disconnected. To avoid disconnection under these circumstances, the customer must provide a written statement from a physician to Tall Timbers prior to the stated date of disconnection.

SECTION IV: SERVICE RESTORATION

- A. Tall Timber's personnel shall be available during regular business hours to accept payment from customers according to their customary practice, but in particular on both the day of and the day after Southern disconnects water service for one of their common customers. Upon payment of its account by the customer to the satisfaction of Tall Timbers, Southern will restore water service within twenty-four (24) hours, following written notification by Tall Timbers of the receipt of payment, excluding weekends and holidays recognized by Southern. Without exception, Southern shall not be obligated or required to restore water service for any account of Tall Timbers outside of Southern's regular business hours.
- B. Southern, at its sole discretion, may require payment of any and all delinquent (past due) water service charges prior to reconnection of water service, in accordance with its approved water tariff, rules and regulations as promulgated by

the Texas Natural Resource Conservation Commission or the rules and regulations of any Agency having jurisdiction over Southern.

SECTION V: EXCHANGE OF COMMON CUSTOMER INFORMATION AND REQUESTS FOR DISCONNECTIONS:

- A. On or before the thirtieth (30th) day immediately following the effective date of this Agreement, Tall Timbers shall prepare and deliver to Southern a list of all common customer accounts receiving sanitary sewer service from Tall Timbers and water service from Southern. The list of accounts, prepared by Tall Timbers, shall include, but not be limited to, the following information for each account:
1. Tall Timbers' billing account number;
 2. The customer's name, as it appears on the billing statement;
 3. The occupant of the consuming facility, if different from the customer named on the billing statement;
 4. The billing address;
 5. The physical location of the consuming facility, if different from the billing address;
 6. The meter number on Southern's water meter serving the consuming facility; and
 7. Any distinguishing characteristics of the consuming facility which would assist Southern in cross-referencing Tall Timber's account number to the physical location of its water meter.
- B. Tall Timbers shall keep this common customer list current and update the list with new information by providing written notification, to Southern, of any and all new service connections, including the information set forth in Section V.A.1-7, *supra* within ten (10) days of the installation of same.
- C. Southern shall provide to Tall Timbers a written list setting forth a cross-reference between Tall Timbers' billing account numbers and Southern's billing account numbers within thirty (30) days of receipt of the common customer list of accounts required by Section V.A.1-7, *supra*.

- D. On or before the fifth (5th) day of each calendar month, Southern shall notify Tall Timbers of the specific day of that calendar month on which Southern will perform the disconnection of delinquent accounts for Tall Timbers.
- E. Tall Timbers accepts full and total responsibility for conformance with all notice requirements set forth in this agreement.
- F. By 5:00 P.M. on the day immediately preceding the day of disconnection as defined by Section V.D., supra, Tall Timbers will provide to Southern written notification of the specific accounts for which Tall Timbers seeks a disconnection of water service. The written notification shall include, but not be limited to, Tall Timbers' billing account number and Southern's billing account number for each account for which disconnection of water service is requested.
- G. Southern shall not be obligated or required to disconnect any water service until it has received a written request from Tall Timbers requesting disconnection of water service for a specific customer. Such written request shall include, but not be limited to, certification from Tall Timbers that the customer's account is delinquent, that all required notices of delinquency and termination have been properly given, that the delinquent bill is undisputed and that no person residing on the customer's premises is seriously ill.

SECTION VI: TRANSITION PROCEDURE

During the first 60 days following the effective date of this agreement while Southern and Tall Timbers complete the exchange of common customer account information as described in Sections V.A. & C. *supra*, Tall Timbers may seek a discontinuance of water services for specific accounts by submitting customer account information as described in Section V.A. 1-7 *supra*, to Southern for those delinquent accounts for which Tall Timbers requests disconnection on or before the fifth (5th) day of each month along with a certification from Tall Timbers that the customer's account is delinquent, that all required notices of delinquency and termination have been properly given, that the delinquent bill is undisputed and that no person residing on the customer's premises is seriously ill. Southern will perform the disconnection within twenty-five (25) days of receipt of this information from Tall Timbers.

SECTION VII: INDEMNITY

To the fullest extent permitted by law, Tall Timbers shall HOLD HARMLESS AND UNCONDITIONALLY INDEMNIFY Southern, its officers, agents, employees, from and against all claims, actions, damages, losses, liabilities, and expenses (including, but not limited to, all expenses incurred by Southern in the investigation, handling, defense, settlement, and/or payment of same, including attorney's fees and court costs) based upon

or arising out of injury, including sickness, disease or death, without regard for suddenness of onset, to person or damage to, or destruction of property, including the loss of use resulting therefrom, directly or indirectly caused by, arising out of, or incidental to this Agreement or any acts or omissions relating thereto, regardless of whether or not caused or claimed to have been caused by active or inactive negligence, including sole negligence, or other breach of duty by Southern, its employees, officers, and/or agent or any other person, EXCEPT ONLY where Southern's gross negligence or willful misconduct is the SOLE cause of such injury or damage. Tall Timbers shall at all times PROTECT, HOLD HARMLESS, AND UNCONDITIONALLY INDEMNIFY Southern from or against any loss, cost, damage, charge, fine, or expense whatsoever (including, but not limited to, all expenses incurred by Southern in the investigation, handling, defense, settlements, and/or payment of same, including attorney's fees and court costs) which Southern might suffer or sustain or become liable for by reason or any failure on the part of Tall Timbers to comply with federal, state, or local laws dealing with any and all aspects of this Agreement.

SECTION VIII: TERMINATION OF AGREEMENT

- A. Either party to this Agreement may cancel same at any time for any reason by giving the other party fifteen (15) days written notice of cancellation. Such notice may be given by hand delivery or by certified mail, postage prepaid, return receipt requested, to the address shown on the signature page of this Agreement.
- B. If any provisions of the Agreement is determined by any regulatory or judicial body to be invalid, in violation of any law, or to be contrary to the rules, regulations, or orders of such body, or if any party to the Agreement is ordered or required by such body not to comply with any provision of this Agreement, the Agreement automatically and without notice terminates without penalty at the time such order becomes final and subject to appeal.
- C. Any party may terminate this Agreement following a default by the other party in the performance of this Agreement and the failure to correct said default within thirty (30) days after written notice of default has been provided by the nondefaulting party.

SECTION IX: ATTORNEYS FEES

The prevailing party in any legal proceeding against any other party to this agreement brought under or which relates to the agreement or a breach thereof shall, in addition to its damages, shall be entitled to recover its costs and reasonable attorneys fees.

SECTION X: NOTICES

Any notice or communication required or permitted to be given hereunder shall be sufficiently given when received by any party and must be: (1) delivered by hand delivery; or (2) mailed by certified mail, postage prepaid, return receipt requested, to the address indicated on the signature page of this Agreement, or at such other addresses as may hereafter be furnished in writing by any party to all other parties, and such notice shall be deemed to have been given as of the date so delivered or mailed.

SECTION XI: PURPOSE OF AGREEMENT

This Agreement is made for the limited purpose of facilitating the collection of fees for sanitary sewer services provided by Tall Timbers. No partnership or joint venture is intended or hereby created.

SECTION XII: NO THIRD PARTY BENEFICIARIES

This Agreement is not executed for the benefit of any third party and its terms shall not be enforceable by or in favor of any person or entity other than the express parties to this Agreement.

SECTION XIII: MISCELLANEOUS PROVISIONS

This Agreement contains all of the understanding and agreements between the parties with respect to the subject matter hereof, and the terms and conditions of the Agreement may be changed only by written amendments agreed to by both parties. This Agreement replaces and supersedes all prior agreements of the parties with respect to the subject matter hereof. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their successors and assigns; provided that, except as otherwise provided in this Agreement, no party may assign its interest in this Agreement without prior written consent of the other party. A waiver by any party of a breach of this Agreement shall not be construed as a waiver of any subsequent breach of this Agreement. The section and subsection headings in this Agreement are solely for convenience and shall not be used in construing the Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

SECTION XIV: EFFECTIVE DATE

MRF
AK
It is agreed by the parties hereto, the effective date of this Agreement shall be the 15th day of JANUARY, 1996 A.D. As of the effective date hereof, this Agreement shall be considered in full force and effect.

me
M

IN WITNESS HEREOF, this Agreement has been executed in duplicate originals by the parties hereto on this the 19th day of December, 1995 A.D.

ATTEST:

TALL TIMBERS UTILITY COMPANY, INC.

Flora Powell

By: Michael Johnson
Name: Michael Johnson
Title: Secretary/Treasurer

Mailing Address:

Tall Timbers Utility Company, Inc.
3406 SSW Loop 323
Tyler, Texas 75707

Office: 903-534-1617
Fax: 903-581-5392

ATTEST:

SOUTHERN UTILITIES COMPANY

Robert O'Quinn

By: Michael R Farrell
Name: MICHAEL R FARRELL
Title: General Manager

Mailing Address:

Southern Utilities Company
218 N. Broadway
Tyler, Texas 75702

Office: 903-593-2588
Fax: 903-593-1997

TARIFF FIVE

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AGREEMENT BETWEEN WOODMARK UTILITIES
AND SOUTHERN UTILITIES COMPANY

STATE OF TEXAS
NATURAL RESOURCE
CONSERVATION COMMISSION
WATER UTILITIES SERVICES SECTION

Southern Utilities Company ("Southern") and Woodmark Utilities ("Woodmark"), for the consideration and purposes herein expressed, enter into the following agreement regarding the disconnection and reconnection of water service for certain sanitary sewer customers of Woodmark.

WHEREAS, Southern provides retail water service in Cherokee, Rusk, and Smith Counties, Texas, pursuant to Texas Natural Resource Conservation Commission Certificate of Convenience and Necessity No. 10762;

WHEREAS, Woodmark provides retail sanitary sewer service in Smith County, Texas pursuant to the Texas Natural Resource Conservation Commission Certificate of Convenience and Necessity No. 20679;

WHEREAS, Woodmark recognizes that the collection of delinquent sanitary sewer customer accounts is integrally related to the provision of water services;

WHEREAS, Southern and Woodmark enter into this limited agreement regarding the disconnection and reconnection of water services for delinquent sanitary sewer service accounts to those Smith County customers that Southern and Woodmark have in common;

NOW, THEREFORE, Southern and Woodmark agree as follows:

SECTION 1: DISCONNECTION OF WATER SERVICE DUE TO NONPAYMENT OF SEWER CHARGES

- A. Where sewer service is provided by Woodmark and water service is provided by Southern, Southern shall disconnect water service to a customer for unpaid undisputed sewer charges upon proper request by Woodmark, in accordance with the procedures set forth in this agreement.
- B. Before water service may be terminated, Woodmark must provide proper notice to its customers. Such notice, provided by Woodmark to the customer must be in strict conformance with the following:
 - 1. **Notice requirements.** Proper notice shall consist of a separate written statement which will be mailed, or hand delivered to the customer before water service is disconnected. The notice shall include the following:
 - (a) The words "**TERMINATION NOTICE**";
 - (b) A description of action required to avoid disconnection, such as paying all past due service charges;
 - (c) The date by which the required action must be

completed to prevent disconnection. This date must be at least (10) days from the date the notice is provided;

- (d) The intended date of disconnection;
 - (e) The office hours, telephone number, and address of the place payment must be made;
 - (f) The total past due charges; and
 - (g) Any and all reconnect fees that will be required to restore service if disconnected;
2. As long as this Agreement is in effect between Woodmark and Southern, the notice will also state:
- (a) That failure to pay past due sewer charges will result in termination of water service by Southern; and
 - (b) That water service will not be reconnected until all past due and current sewer service charges and the sewer reconnect fees are paid to Woodmark.

C. Water service may be disconnected, after proper notice as set forth herein, for any of the following reasons:

- 1. Failure to pay all delinquent (past due) service charges;
- 2. Failure to comply with the written terms of a deferred payout agreement; or
- 3. Failure to comply with the deposit arrangements.

SECTION II: DISCONNECT FEE PAYABLE TO SOUTHERN

A. Woodmark agrees to compensate Southern, based on the total number of disconnections of water services performed by Southern at the request of Woodmark in each calendar month, an amount equal to:

<u>Number of Disconnections</u>	<u>Compensation</u>
1-5	\$25.00 per disconnection
6-15	\$35.00 per disconnection
more than 15 per month	\$50.00 per disconnection

Southern shall submit an invoice at the end of each calendar month setting forth the number of disconnections performed and the total compensation due from Woodmark. The disconnection fee includes the cost of reconnection; however Woodmark

agrees to reimburse Southern for any and all equipment damage caused by the customer, or its representative, prior to reconnection of water service. Southern shall not charge a separate reconnection fee. Woodmark agrees to remit payment in full of all amounts due Southern within twenty (20) days of the invoice date.

- B. Southern may not collect a disconnect fee from Woodmark where water service was not disconnected, except in circumstances where a Southern representative arrives at a customer water service location with the intent to perform a requested water service disconnection and the customer, or its representative, by any cause or action prevents the Southern representative from disconnecting the water service.

SECTION III: DISCONNECTION FOR ILL CUSTOMERS

Service shall not be disconnected to any delinquent residential customer when it has been established that some person residing at that residence will become seriously ill, or more seriously ill, if service is disconnected. To avoid disconnection under these circumstances, the customer must provide a written statement from a physician to Woodmark prior to the stated date of disconnection.

SECTION IV: SERVICE RESTORATION

- A. Woodmark's personnel shall be available during regular business hours to accept payment from customers according to their customary practice, but in particular on both the day of and the day after Southern disconnects water service for one of their common customers. Upon payment of its account by the customer to the satisfaction of Woodmark, Southern will restore water service within twenty-four (24) hours, following written notification by Woodmark of the receipt of payment, excluding weekends and holidays recognized by Southern. Without exception, Southern shall not be obligated or required to restore water service for any account of Woodmark outside of Southern's regular business hours.
- B. Southern, at its sole discretion, may require payment of any and all delinquent (past due) water service charges prior to reconnection of water service, in accordance with its approved water tariff, rules and regulations as promulgated by the Texas Natural Resource Conservation Commission or the rules and regulations of any Agency having jurisdiction over Southern.

SECTION V: EXCHANGE OF COMMON CUSTOMERS INFORMATION AND REQUESTS FOR DISCONNECTIONS:

- A. On or before the thirtieth (30th) day immediately following the effective date of this Agreement, Woodmark shall prepare and deliver to Southern a list of all common customer accounts receiving sanitary sewer service from Woodmark and water service from Southern. The list of accounts, prepared by Woodmark shall include, but not be limited to, the

following information for each account:

1. Woodmark's billing account number;
 2. The customer's name, as it appears on the billing statement;
 3. The occupant of the consuming facility, if different from the customer named on the billing statement;
 4. The billing address;
 5. The physical location of the consuming facility, if different from the billing address;
 6. The meter number on Southern's water meter serving the consuming facility; and
 7. Any distinguishing characteristics of the consuming facility which would assist Southern in cross-referencing Woodmark's account number to the physical location of its water meter.
- B. Woodmark shall keep this common customer list current and update the list with new information by providing written notification, to Southern, of any and all new service connections, including the information set forth in Section V.A.1-7, *supra* within ten (10) days of the installation of same.
- C. Southern shall provide to Woodmark a written list setting forth a cross-reference between Woodmark's billing account numbers and Southern's billing account numbers within thirty (30) days of receipt of the common customer list of accounts required by Section V.A.1-7, *supra*.
- D. On or before the fifth (5th) day of each calendar month, Southern shall notify Woodmark of the specific day of the calendar month on which Southern will perform the disconnection of delinquent accounts for Woodmark.
- E. Woodmark accepts full and total responsibility for conformance with all notice requirements as set forth in this agreement.
- F. By 5:00 P.M. on the day immediately preceding the day of disconnection as defined by Section V.D., *supra*, Woodmark will provide to Southern written notification of the specific accounts for which Woodmark seeks a disconnection of water service. The written notification shall include, but not be limited to, Woodmark's billing account number and Southern's billing account number for each account for which disconnection of water service is requested.
- G. Southern shall not be obligated or required to disconnect any water service until it has received a written request from Woodmark requesting disconnection of water service for a

specific customer. Such written request shall include, but not be limited to, certification from Woodmark that the customer's account is delinquent, that all required notices of delinquency and termination have been properly given, that the delinquent bill is undisputed and that no person residing on the customer's premises is seriously ill.

SECTION VI: TRANSITION PROCEDURE

During the first 60 days following the effective date of this agreement while Southern and Woodmark complete the exchange of common customer account information as described in Sections V.A. & C. *supra*, Woodmark may seek a discontinuance of water services for specific accounts by submitting customer account information as described in Section V.A. 1-7 *supra*, to Southern for those delinquent accounts for which Woodmark requests disconnection on or before the fifth (5th) day of each month along with a certification from Woodmark that the customer's account is delinquent, that all required notices of delinquency and termination have been properly given, that the delinquent bill is undisputed and that no person residing on the customer's premises is seriously ill. Southern will perform the disconnection within twenty-five (25) days of receipt of this information from Woodmark.

SECTION VII: INDEMNITY

To the fullest extent permitted by law, Woodmark shall HOLD HARMLESS AND UNCONDITIONALLY INDEMNIFY Southern, its officers, agents, employees, from and against all claims, actions, damages, losses, liabilities, and expenses (including, but not limited to, all expenses incurred by Southern in the investigation, handling, defense, settlement, and/or payment of same, including attorney's fees and court costs) based upon or arising out of injury, including sickness, disease or death, without regard for suddenness of onset, to person or damage to, or destruction of property, including the loss of use resulting therefrom, directly or indirectly caused by, arising out of, or incidental to this Agreement or any acts or omissions relating thereto, regardless of whether or not caused or claimed to have been caused by active or inactive negligence, including sole negligence, or other breach of duty by Southern, its employees, officers, and/or agent or any other person, EXCEPT ONLY where Southern's gross negligence or willful misconduct is the SOLE cause of such injury or damage. Woodmark shall at all times PROTECT, HOLD HARMLESS, AND UNCONDITIONALLY INDEMNIFY Southern from or against any loss, cost, damage, charge, fine, or expense whatsoever (including, but not limited to, all expenses incurred by Southern in the investigation, handling, defense, settlements, and/or payment of same, including attorney's fees and court costs) which Southern might suffer or sustain or become liable for by reason or any failure on the part of Woodmark to comply with federal, state, or local laws dealing with any and all aspects of this Agreement.

SECTION VII: TERMINATION OF AGREEMENT

- A. Either party to this Agreement may cancel same at any time for any reason by giving the other party fifteen (15) days

written notice of cancellation. Such notice may be given by hand delivery or by certified mail, postage prepaid, return receipt requested, to the address shown on the signature page of this Agreement.

- B. If any provisions of the Agreement is determined by any regulatory or judicial body to be invalid, in violation of any law, or to be contrary to the rules, regulations, or orders of such body, or if any party to the Agreement is ordered or required by such body not to comply with any provision of this Agreement, the Agreement automatically and without notice terminates without penalty at the time such order becomes final and subject to appeal.
- C. Any party may terminate this Agreement following a default by the other party in the performance of this Agreement and the failure to correct said default within thirty (30) days after written notice of default has been provided by the nondefaulting party.

SECTION IX: ATTORNEY FEES

The prevailing party in any legal proceeding against any other party to this agreement brought under or which relates to the agreement or a breach thereof shall, in addition to its damages, shall be entitled to recover its costs and reasonable attorneys fees.

SECTION X: NOTICES

Any notice or communication required or permitted to be given hereunder shall be sufficiently given when received by any party and must be: (1) delivered by hand delivery; or (2) mailed by certified mail, postage prepaid, return receipt requested, to the address indicated on the signature page of this Agreement, or at such other addresses as may hereafter be furnished in writing by any party to all other parties, and such notice shall be deemed to have been given as of the date so delivered or mailed.

SECTION XI: PURPOSE OF AGREEMENT

This Agreement is made for the limited purpose of facilitating the collection of fees for sanitary sewer services provided by Woodmark. No partnership or joint venture is intended or hereby created.

SECTION XII: NO THIRD PARTY BENEFICIARIES

This Agreement is not executed for the benefit of any third party and its terms shall not be enforceable by or in favor of any person or entity other than the express parties to this Agreement.

SECTION XIII: MISCELLANEOUS PROVISIONS

This Agreement contains all of the understanding and agreements between the parties with respect to the subject matter hereof, and the terms and conditions of the Agreement may be changed only by written amendments agreed to by both parties. This Agreement

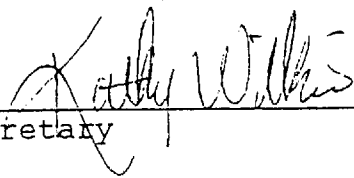
replaces and supersedes all prior agreements of the parties with respect to the subject matter hereof. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their successors and assigns; provided that, except as otherwise provided in this Agreement, no party may assign its interest in this Agreement without prior written consent of the other party. A waiver by any party of a breach of this Agreement shall not be construed as a waiver of any subsequent breach of this Agreement. The section and subsection headings in this Agreement are solely for convenience and shall not be used in construing the Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

SECTION XIV: EFFECTIVE DATE

It is agreed by the parties hereto, the effective date of this Agreement shall be the 1st day of July, 1996 A.D. As of the effective date hereof, this Agreement shall be considered in full force and effect.

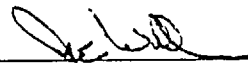
IN WITNESS HEREOF, this Agreement has been executed in duplicate originals by the parties hereto on this the 27th day of JUNE, 1996 A.D.

ATTEST:



Secretary

WOODMARK UTILITIES

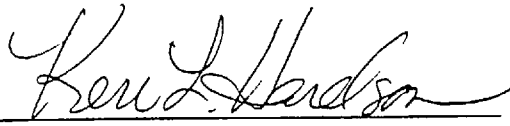
By: 

Joe Wilkins
President

Mailing Address:
820 Barclay
Tyler, Texas 75703

Office: 903-581-5930
Fax: 903-509-4713

ATTEST:



Secretary

SOUTHERN UTILITIES COMPANY

By: 

Michael R. Farrell
General Manager

Mailing Address:
218 N. Broadway
Tyler, Texas 75702

Office: 903-593-2588
Fax: 903-593-1997