



Filing Receipt

Received - 2022-08-17 02:45:45 PM

Control Number - 53075

ItemNumber - 698

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" x 3/4"	<u>\$37.71</u> (Includes 0 gallons)	<u>\$2.25</u> per 1000 gallons thereafter;
3/4"	<u>\$56.57</u>	in addition, the utility may collect
1"	<u>\$94.28</u>	<u>\$0.77</u> per 1000 gallons for the City of Houston GRP Fee*
1 1/2"	<u>\$188.55</u>	
2"	<u>\$301.68</u>	
3"	<u>\$565.65</u>	
4"	<u>\$1,131.30</u>	
6"	<u>\$2,262.60</u>	

***City of Houston Groundwater Reduction Plan (GRP) Fee Per 1000 gallons usage AG = G + [B/1-L]**

Where:

AG = adjusted gallonage charged, rounded to nearest one cent;

G = approved gallonage charge, per 1,000 gallons

B = change in fee (per 1,000) gallons

L = water line loss for proceeding 12 months, not to exceed 0.15

(15%)

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

Cash X, Check X, Money Order X, Credit Card , Other (specify)

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

REGULATORY ASSESSMENT 1.0%

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$600.00

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

METER TEST FEE \$25.00

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

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS

Section 2.01 - Texas Natural Resource Conservation Commission Rules

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

Section 2.02 - Application for and Provision of Water Service

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

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

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

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

Section 2.03 - Refusal of Service

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

Section 2.04 - Customer Deposits

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

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

31911C CCN 12870 FFB 23 '98

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SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.04 - Customer Deposits (cont.)

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

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

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

Section 2.05 - Meter Requirements, Readings, and Testing

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

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

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

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SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.06 - Billing

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

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

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

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

Section 2.07 - Service Disconnection

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

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

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

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SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.07 - Service Disconnection (cont.)

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

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

Section 2.08 - Reconnection of Service

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

Section 2.09 - Service Interruptions

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

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

Section 2.10 - Quality of Service

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

Section 2.11 - Customer Complaints and Disputes

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

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SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

Section 2.11 - Customer Complaints and Disputes (cont.)

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

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

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

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

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SECTION 3.0 - EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

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

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

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

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

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

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SECTION 3.20 - SPECIFIC UTILITY EXTENSION POLICY

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

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

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

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

AQUA PURE

November 17, 2005

TCEQ
Public Water Supply
Utilities & Districts
P.O. Box 13087
Austin Texas 78711-3087

RECEIVED
NOV 22 2005
WATER RIGHTS PERMITTING

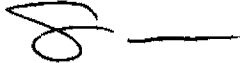
RE: Updated Drought Contingency Plan
Mt. Houston Utility PWS No 1011957

Dear Sirs,

Enclosed is a copy of our updated drought contingency plan for the above mentioned system.

If you have any questions or comments regarding the plan, please don't hesitate to call.

Sincerely,



Shannon Marsh

13510 Aldine Westfield Houston, Tx 77039
P.O. Box 2482, Conroe, Tx 77305
Ph. 281-590-4359 Fx. 936-344-9838

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

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**DROUGHT CONTINGENCY PLAN
FOR
MT. HOUSTON UTILITY COMPANY INC. (MHU)**

Section I: Declaration of Policy, Purpose, and Intent

In order to conserve the available water supply and protect the integrity of water supply facilities, with particular regard for domestic water use, sanitation, and to protect and preserve public health, welfare, and safety and minimize the adverse impacts of water supply shortage or other water supply emergency conditions, Mt. Houston Utility Company, Inc. hereby adopts the following regulations and restrictions on the delivery and consumption of water from the Plant.

Water uses regulated or prohibited under this Drought Contingency Plan (the "Plan") are considered to be non-essential and continuation of such uses during times of water shortage or other emergency water supply condition are deemed to constitute a waste of water which subjects the offender(s) to penalties as defined in Section X of this Plan.

Section II: Public Involvement

Opportunity for the public to provide input into the preparation of the Plan was provided by Mt. Houston Utility, Inc by means of direct contact with utility customers.

Section III: Public Education

Mt. Houston Utility, Inc will periodically provide the public with information about the Plan, including information about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage. This information will be provided by means of letters to the customers, notices on the utility bills, or other similar measures as appropriate.

Section IV: Coordination with Regional Water Planning Groups

The service area of the Mt. Houston Utility, Inc. is located within the Houston Region (Region H) Regional Water Planning Group and the Mt. Houston Utility, Inc. will provide a copy of this Plan to the Region H Planning Group.

Section V: Authorization

Mt. Houston Utility, Inc., or its designee, is hereby authorized and directed to implement the applicable provisions of this Plan upon determination that such implementation is necessary to protect public health, safety, and welfare. Mt. Houston Utility, Inc., or its designee, shall have the authority to initiate or terminate drought or other water supply emergency response measures as described in this Plan.

Section VI: Application

The provisions of this Plan shall apply to all persons, customers, and property utilizing water provided by the Mt. Houston Utility, Inc.. The terms "person" and "customer" as used in the Plan include individuals, corporations, partnerships, associations, and all other legal entities.

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Section VII: Definitions

For the purposes of the Plan, the following definitions shall apply:

Aesthetic water use: water use for ornamental or decorative purposes such as fountains, reflecting pools, and water gardens.

Commercial and institutional water use: water use which is integral to the operations of commercial and non-profit establishments and governmental entities such as retail establishments, hotels and motels, restaurants, and office buildings.

Conservation: those practices, techniques, and technologies that reduce the consumption of water, reduce the loss or waste of water, improve the efficiency in the use of water or increase the recycling and reuse of water so that a supply is conserved and made available for future or alternative uses.

Customer: any person, company, or organization using water supplied by the MHU.

Domestic water use: water use for personal needs or for household or sanitary purposes such as drinking, bathing, heating, cooking, sanitation, or for cleaning a residence, business, industry, or institution.

Even number address: street addresses, box numbers, or rural postal route numbers ending in 0, 2, 4, 6, or 8 and locations without addresses.

Industrial water use: the use of water in processes designed to convert materials of lower value into forms having greater usability and value.

Landscape irrigation use: water used for the irrigation and maintenance of landscaped areas, whether publicly or privately owned, including residential and commercial lawns, gardens, golf courses, parks, and rights-of-way and medians.

Non-essential water use: water uses that are not essential nor required for the protection of public, health, safety, and welfare, including:

MHU: Mt. Houston Utility Company, Inc.

- (a) irrigation of landscape areas, including parks, athletic fields, and golf courses, except otherwise provided under this Plan;
- (b) use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle;
- (c) use of water to wash down any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
- (d) use of water to wash down buildings or structures for purposes other than immediate fire protection;
- (e) flushing gutters or permitting water to run or accumulate in any gutter or street;

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- (f) use of water to fill, refill, or add to any indoor or outdoor swimming pools or Jacuzzi-type pools;
- (g) use of water in a fountain or pond for aesthetic or scenic purposes except where necessary to support aquatic life;
- (h) failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
- (i) use of water from hydrants for construction purposes or any other purpose other than fire fighting.

Odd numbered address: street addresses, box numbers, or rural postal route numbers ending in 1, 3, 5, 7, or 9.

Section VIII: Triggering Criteria for Initiation and Termination of Drought Response Stages

MHU, or its designee, shall monitor water supply and/or demand conditions on a daily basis and shall determine when conditions warrant initiation or termination of each stage of the Plan, that is, when the specified "triggers" are reached.

The triggering criteria described below are based on known system capacity limits. MHU will adopt measures for each stage of the Plan as warranted by the triggers. The stages will not necessarily be adopted in consecutive order. Public notification shall be provided in accordance with Section IX hereof.

MHU shall comply with all voluntary and/or mandatory supply management measures, described as follows, at its own facilities which are supplied by this water system.

Stage 1 – MODERATE Water Shortage Conditions

Triggers / Requirements for Initiation

Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses for Stage 1 of this Plan when the average well run time is at or above 18 hours per day for three (3) consecutive days or when any of the water facilities cannot meet the water supply demand.

Requirements for Termination

Stage 1 of the Plan may be rescinded when the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days or at the discretion of MHU.

Supply Management Measures:

1. If the water system is normally operated above 55 psi pressure, reduce system pressure at the water plant to 55 psi.
2. Voluntary Water Use Restrictions as follows:

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- a. Water customers are requested to voluntarily limit the irrigation of landscaped areas to Sundays and Thursday for customers with a street address ending in an even number (0, 2, 4, 6, or 8), and Saturdays and Wednesdays for customers with a street address ending in an odd number (1, 3, 5, 7 or 9), and to irrigate landscapes only between the hours of midnight and 6:00 AM and 8:00 PM to midnight on designated water days.
- b. Water customers are requested to practice water conservation and to minimize or discontinue water use for non-essential purposes.

****Implementation of STAGE 1 is expected to reduce water demands by 15%

Customers shall be notified of the implementation of the water use restrictions by sending the letter attached as Exhibit 1.

Stage 2 – SEVERE Water Shortage Conditions

Triggers / Requirements for Initiation

Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses for Stage 2 of this Plan when the average well run time is at or above 20 hours per day for three (3) consecutive days or when any of the water facilities cannot meet the water supply demand.

Requirements for Termination

Stage 2 of the Plan may be rescinded when the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days or at the discretion of MHU. Termination of Stage 2, Stage 1 becomes operative.

Supply Management Measures:

1. If the water system is normally operated above 50 psi pressure, reduce system pressure at the water plant to 50 psi, if system operation permits.
2. Water Use Restrictions. Under threat of penalty for violation, the following water use restrictions shall apply to all persons:
 - a. Water customers are requested to practice water conservation and to minimize or discontinue water use for non-essential purposes.
 - b. Irrigation of landscaped areas shall be limited to Sundays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8), and Saturday and Wednesdays for customers with a street address ending in an odd number (1, 3, 5, 7 or 9), and irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 6:00 AM and between 8:00 PM and 12:00 midnight on designated watering days. Irrigation of landscaped areas is permitted only if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system or a

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permanently installed automatic system. Portable household sprinklers must be timed. Total irrigation times for any zone shall not exceed 30 minutes.

- c. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane, or other vehicle is prohibited except on designated water days between the hours of 12:00 midnight and 10:00 AM and between 8:00 PM and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rinses. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.
- d. Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or Jacuzzi-type pools is prohibited except on designated water days between the hours of 12:00 midnight and 6:00 AM and between 8:00 PM and 12:00 midnight.
- e. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a re-circulation system.
- f. Use of water from hydrants shall be limited to fire fighting, related activities, or other activities necessary to maintain public health, safety and welfare and use of water from designated fire hydrants for construction purposes is to be discontinued unless special considerations are made by MHU.
- g. All restaurants are prohibited from serving water to patrons except upon request of the patron.
- h. The following uses of water are defined as non-essential and are prohibited:
 - i. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas.
 - ii. use of water to wash down buildings or structures for purposes other than immediate fire protection;
 - iii. use of water for dust control, except where special permit is given for construction projects;
 - iv. flushing gutters or permitting water to run or accumulate in any gutter or street; and
 - v. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s), but in no event more than seventy-two hours after notice is given.

****Implementation of STAGE 2 is expected to reduce water demands by 25%

Customers shall be notified of the implementation of water use restrictions by sending the letter attached as Exhibit 2.

Stage 3 – CRITICAL / EMERGENCY Water Shortage Conditions

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Triggers / Requirements for Initiation

Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses for Stage 3 of this Plan when the average well run time is at or above 22 hours per day for any one (1) day or when any of the water facilities cannot meet the water supply demand.

Requirements for Termination

Stage 3 of the Plan may be rescinded when the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days or at the discretion of MHU. Upon termination of Stage 3, Stage 2 becomes operative.

Supply Management Measures:

1. If the water system is normally operated above 45 psi pressure, reduce system pressure at the water plant to 45 psi, if system operation permits.
2. Water Use Restrictions. Under threat of penalty for violation, the following water use restrictions shall apply to all persons:
 - a. Irrigation of landscaped areas is prohibited at all times.
 - b. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane, or other vehicle not occurring on the premises of a commercial car wash or commercial service station and not in the immediate interest of public health, safety, and welfare is prohibited. Further, such vehicle washing at commercial car washes and commercial service stations shall occur only between the hours of 8:00 AM and 10:00 AM and between 6:00 PM and 10:00 PM. Such washing may be exempted from these regulations if the health, safety, and welfare of the public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.
 - c. The filling, refilling, or adding of to any indoor or outdoor swimming pools, wading pools, or Jacuzzi-type pools is prohibited.
 - d. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a re-circulation system.
 - e. No application for new, additional, expanded or increased-in-size water service connections, meters, service lines, pipeline extensions, mains or water service facilities of any kind shall be approved, and time limits for approval of such applications are hereby suspended for such time as this drought response stage shall be in effect.
 - f. Use of water from hydrants shall be limited to fire fighting, related activities, or other activities necessary to maintain public health, safety and welfare and use of water from designated fire hydrants for construction purposes is to be discontinued.

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g. All restaurants are prohibited from serving water to patrons except upon request of the patron.

h. The following uses of water are defined as non-essential and are prohibited:

- i. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas.
- ii. use of water to wash down buildings or structures for purposes other than immediate fire protection;
- iii. use of water for dust control;
- iv. flushing gutters or permitting water to run or accumulate in any gutter or street; and
- v. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s), but in no event more than forty-eight hours after notice is given.

****Implementation of STAGE3 is expected to reduce water demands by 35%

Customers shall be notified of the implementation of water use restrictions by sending the letter attached as Exhibit 3.

Section IX: Notification of Drought Stages

MHU, or its designee, shall monitor water supply and/or demand conditions on a daily basis and, in accordance with the triggering criteria set forth in Section VIII of the Plan, shall determine that a Moderate, Severe, Critical/Emergency, or water shortage condition exists and shall implement the following notification procedures:

Notification of the Public:

MHU, or its designee, shall notify the public by means of:

- Direct mail to each customer
- Signs posted in public places; or
- Other measures that might be appropriate.

Additional Notification: MHU, or its designee, shall notify directly, or cause to be notified directly, the following individuals and entities:

- Texas Natural Resource Conservation Commission as required by TNRCC rules;
- Major water users;
- Critical water users, i.e. hospitals

Section X: Enforcement

- a. No person shall knowingly or intentionally allow the use of water from the MHU for residential, commercial, industrial, agricultural, governmental, or any other purpose in a manner contrary to any provision of this Plan, or in an amount in excess of that

TEXAS COMES ONE ENVIRONMENTAL QUALITY

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permitted by the drought response stage in effect at the time pursuant to action taken by MHU, or its designee, in accordance with provisions of this Plan.

- b. First Violation. Any person or entity who violates this Plan shall receive written notification of such violation, which notice shall be set forth (i) the date of the violation, (ii) the nature of the violation, (iii) the Drought Stage measures then in effect, and (iv) the penalties applicable for any further violations of the Plan: provided, however, that if such person or entity has ever previously violated this Plan, the penalties set forth below may, at the discretion of the Owners of MHU, be imposed. The letter attached as Exhibit 4 may be used for the written notification of a first violation of the provisions of the Plan.
- c. Subsequent Violations.
 - 1. Disconnection for Noncompliance. If any person or entity violated any provision of this Plan more than one time (which violation shall constitute an unauthorized use of MHU services and/or facilities), then in addition to any other remedies, penalties, sanctions, and enforcement procedures provided for herein, MHU or its designee (with the assistance of a peace officer, when deemed necessary by MHU or its designee) shall have the right to terminate water service to such person or entity after notice and any other procedural requirements in MHU's Rate Order are satisfied. The letter attached as Exhibit 5 may be used to notify the person or entity of the termination of services.
- d. Remedies Cumulative. All rights, remedies, sanctions, penalties, and enforcement procedures provided for in this Plan are cumulative. In addition, MHU shall have and may exercise and enforce any and all rights and remedies provided by law or in equity.

Section XI: Variances

MHU or its designee, may, in writing, grant temporary variances, subject to confirmation by MHU, for existing water uses otherwise prohibited under this Plan if it is determined that failure to grant such variance would cause an emergency condition adversely affecting the health, sanitation, or fire protection for the public or the person requesting such variance and if one or more other following conditions are met:

- a. Compliance with this Plan cannot be technically accomplished during the duration of the water supply shortage or other condition for which the Plan is in effect.
- b. Alternative methods can be implemented which will achieve the same level of reduction in water use.

Persons requesting an exemption from the provisions of this Ordinance shall file a petition for variance with MHU within 5 days after the Plan or a particular drought response stage has been invoked. All petitions for variances shall be reviewed by MHU, and shall include the following:

- a. Name and address of the petitioner(s).
- b. Purpose of water use.
- c. Specific provision(s) of the Plan from which the petitioner is requesting relief.

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- d. Detailed statement as to how the specific provision of the Plan adversely affects the petitioner or what damage or harm will occur to the petitioner or others if petitioner complies with this Ordinance.
- e. Description of the relief requested.
- f. Period of time for which the variance is sought.
- g. Alternative water use restrictions or other measures the petitioner is taking or proposes to take to meet the intent of this Plan and the compliance date.
- h. Other pertinent information.

Variances granted by MHU shall be subject to the following conditions, unless waived or modified by MHU:

- a. Variances granted shall include a timetable for compliance.
- b. Variances granted shall expire when the Plan is no longer in effect, unless the petitioner has failed to meet specified requirements.

No variance shall be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of the variance.

Section XII: End of Drought Contingency Water Use Restrictions

When the water system is able to return to normal water use, MHU shall send out the letter attached as Exhibit 6, or otherwise notify the customers of the end of all water use restrictions.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

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EXHIBITS

TEXAS COMM. ON ENVIRONMENTAL QUALITY

CCN 12810 MAY 22 '07

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EXHIBIT 1

Mt. Houston Utility Company Inc.

Drought Contingency Stage 1

(Date)

Dear Customer:

As a result of _____, the water plant is unable to provide water at the customary levels of pressure.

To ensure that an adequate supply of water is available for drinking and bathing, you are hereby notified that Stage One of the Drought Contingency Plan is now in effect. Stage One includes the following provisions:

1. Water system pressure will be reduced.
2. Voluntary Water Use Restrictions as follows:
 - a. Water customers are requested to voluntarily limit the irrigation of landscaped areas to Sundays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6, or 8), and Saturdays and Wednesdays for water customers with a street address ending in an odd number (1, 3, 5, 7, or 9), and to irrigate landscapes only between the hours of midnight and 6:00 AM and 8:00 PM to midnight on designated water days.
 - b. Water customers are requested to practice water conservation and to minimize or discontinue water use for non-essential purposes.

MHU appreciates your cooperation and perseverance during this Conservation Condition. Once the Conservation Condition ends, we will notify you and you may then return to normal usage. If conditions should worsen, it may be necessary to proceed to Stage 2 at which time you will be notified of the more stringent restrictions, to ensure the availability of water in your community.

Very truly yours, TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

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EXHIBIT 2

Mt. Houston Utility Company Inc.

Drought Contingency Stage 2

(Date)

Dear Customer:

As a result of _____, the water plant is unable to provide water at the customary levels of pressure.

To ensure that an adequate supply of water is available for drinking and bathing, you are hereby notified that Stage Two of the Drought Contingency Plan is now in effect. Stage Two includes the following provisions:

1. Water system pressure will be reduced.
2. Water Use Restrictions. Under threat of penalty for violation, the following water use restrictions shall apply to all persons:
 - a. Water customers are requested to practice water conservation and to minimize or discontinue water use for non-essential purposes.
 - b. Irrigation of landscaped areas by automatic irrigation systems shall be limited to Sundays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6, or 8) and Saturdays and Wednesdays for water customers with a street address ending in an odd number (1, 3, 5, 7, or 9), and irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 6:00 AM and between 8:00 PM and 12:00 midnight on designated watering days. Irrigation of landscaped areas is permitted if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system or a permanently installed automatic system. Portable household sprinklers must also be timed. Total irrigation times for any zone shall not exceed thirty (30) minutes.
 - c. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 AM and between 8:00 PM and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

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or a hand-held hose equipped with a positive shutoff nozzle for quick rinses. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted for these regulations if the health, safety, and welfare of the public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.

- d. Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools or Jacuzzi-type pools is prohibited except on designated water days between the hours of 12:00 midnight and 6:00 AM and between 8:00 PM and 12:00 midnight.
- e. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a re-circulation system.
- f. Use of water from hydrants shall be limited to fire fighting, related activities, or other activities necessary to maintain public health, safety, and welfare, and use of water from designated fire hydrants for construction purposes is to be discontinued, unless otherwise approved by the Owners of the MHU or the designee of MHU.
- g. All restaurants are prohibited from serving water to patrons except upon request of the patron.
- h. The following uses of water are defined as non-essential and are prohibited:
 - i. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas.
 - ii. use of water to wash down buildings or structures for purposes other than immediate fire protection;
 - iii. use of water for dust control, except where special permit is given for construction projects;
 - iv. flushing gutters or permitting water to run or accumulate in any gutter or street; and
 - v. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s), but in no event more than seventy-two hours after notice is given.

Failure to comply with the Water Use Restrictions is deemed a violation of the MHU's Drought Contingency Plan and may result in the termination of water and sewer service to your property. Water and sewer service will not be restored until noncompliance is discontinued and a reconnect fee is paid.

The MHU appreciates your cooperation and perseverance during this Conservation Condition. Once the Conservation Condition ends, we will notify you and you may then return to normal usage. If conditions should worsen, it may be necessary to proceed to Stage 3 at which time you will be notified of the more stringent restrictions, to ensure the availability of water in your community.

Very truly yours,

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

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EXHIBIT 3

Mt. Houston Utility Company Inc.

Drought Contingency Stage 3

(Date)

Dear Customer:

As a result of _____, the water plant is suffering extreme inability to provide water at the customary levels of pressure.

This condition should be resolved within the next _____ and/or a meeting will be held _____ at _____ M at _____ to explain the situation and possible solutions.

To ensure that an adequate supply of water is available for drinking and bathing, you are hereby notified that Stage Three of the Drought Contingency Plan is now in effect. MHU is aware of the inconvenience of these severe restrictions, but it is imperative that the water supply not only be available for drinking and bathing but also for fire fighters in the event of a residential or commercial facility fire. The following restrictions are now in effect:

1. Water system pressure will be reduced.
2. Water Use Restrictions. Under threat of penalty for violation, the following water use restrictions shall apply to all persons:
 - a. Irrigation of landscaped areas is prohibited at all times.
 - b. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle not occurring on the premises of a commercial car wash or commercial service station and not in the immediate interest of public health, safety, and welfare is prohibited. Further, such vehicle washing at commercial car washes and commercial service stations shall occur only between the hours of 8:00 AM and 10:00 AM and between 6:00 PM and 10:00 PM. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CCN 12810 MAY 22 '07

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- c. The filling, refilling, or adding of water to swimming pools, wading pools or Jacuzzi-type pools is prohibited.
- d. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a re-circulation system.
- e. No applications for new, additional, expanded, or increased-in-size water service connections, meters, service lines, pipelines, pipeline extensions, mains or water service facilities of any kind shall be approved, and time limits for approval of such applications are hereby suspended for such time as this drought response stage or a higher-numbered stage shall be in effect.
- f. Use of water from hydrants shall be limited to fire fighting, related activities, or other activities necessary to maintain public health, safety, and welfare, and use of water from designated fire hydrants for construction purposes is to be discontinued.
- g. All restaurants are prohibited from serving water to patrons except upon request of the patron.
- h. The following uses of water are defined as non-essential and are prohibited:
 - i. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas.
 - ii. use of water to wash down buildings or structures for purposes other than immediate fire protection;
 - iii. use of water for dust control, except where special permit is given for construction projects;
 - iv. flushing gutters or permitting water to run or accumulate in any gutter or street; and
 - v. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s), but in no event more than forty-eight hours after notice is given.

Failure to comply with the Water Use Restrictions is deemed a violation of the MHU's Drought Contingency Plan and may result in the termination of water and sewer service to your property. Water and sewer service will not be restored until noncompliance is discontinued and a reconnect fee is paid.

MHU appreciates your cooperation and perseverance during this Conservation Condition. Once the Conservation Condition ends, we will notify you and you may then return to normal usage.

Very truly yours,

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CCN 12810 MAY 22 11

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EXHIBIT 4

Mt. Houston Utility Company Inc.

CITATION

(Date)

Dear Customer:

You are hereby notified that you are violating the Water Use Restrictions of MHU.

You have been observed:

Attached is a copy of the letter we previously sent to you regarding Drought Stage _____ and the restrictions imposed.

Unless the use of water in a prohibited manner is ceased immediately, water service to your property will be terminated, and service will be restored only upon payment of a reconnect fee.

Sincerely,

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CCN 12870 MAY 22 '07

APPROVED TAD/CF BY SP/SP

EXHIBIT 5

Mt. Houston Utility Company Inc.

CITATION

(Date)

Dear Customer:

On _____, you were notified that you were violating the Water Use Restrictions of the MHU. This second violation has resulted in the termination of water service to your property. Service will be restored upon discontinuation of the prohibited use and upon payment of a reconnect fee. In addition, you will have to sign a copy of the Water Use Restrictions now in effect. To have service restored you should contact MHU as listed on your monthly utility bill.

We urge you to comply with the provisions of the MHU Drought Contingency Plan.

Sincerely,

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

.. CCN 128 / 0 MAY 22 '07

APPROVED TARIFF BY

SP/SP

EXHIBIT 6

Mt. Houston Utility Company Inc.

(Date)

Dear Customer:

The Drought Condition has ended. You may return to normal water usage. MHU appreciates your cooperation and perseverance during this period and would appreciate your continued attention to water use. Continued water conservation practices will help ensure water availability in the future. Thank you for your efforts.

Sincerely,

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CCN 12810 MAY 22 '07

APPROVED TABLE BY

SP/SP

**SEWER UTILITY TARIFF
FOR**

CenterAmerica Property Trust, L.P.,
dba Mount Houston Utilities
(Utility Name)

3901 Bellaire Blvd.
(Business Address)

Houston, Texas 77025
(City, State, Zip Code)

(713) 660-4355
(Area Code/Telephone)

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

20844

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

Harris

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

None

This tariff is effective in the following subdivisions or systems:

This tariff is effective for the following public water system number(s):

Mount Houston Square: WQ0014144-001

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE.....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	3
SECTION 3.0 -- EXTENSION POLICY	9
APPENDIX A -- SAMPLE SERVICE AGREEMENT	
APPENDIX B -- APPLICATION FOR SERVICE	

TEXAS COMM. ON ENVIRONMENTAL QUALITY
36836-R, CCN 20844, JANUARY 20, 2011
APPROVED TARIFF BY 9/1/10

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" x 3/4"	<u>\$50.46</u> (Includes 0 gallons)	<u>\$5.14</u> per 1000 gallons thereafter;
3/4"	<u>\$75.69</u>	
1"	<u>\$126.15</u>	
1 1/2"	<u>\$252.30</u>	
2"	<u>\$403.68</u>	
3"	<u>\$756.90</u>	
4"	<u>\$1,513.80</u>	
6"	<u>\$3,027.60</u>	

FORM OF PAYMENT: The utility will accept the following forms of payment:
 Cash X, Check X, Money Order X, Credit Card , Other (specify)
 THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT
 PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE
 GIVEN FOR CASH PAYMENTS.

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$600.00
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD
 RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF
 LISTED ON THIS TARIFF.

METER TEST FEE \$25.00
 THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER
 REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT
 THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

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

SECTION 1.0 – RATE SCHEDULE (Continued)

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00)..... \$25.00
- b) Customer's request that service be disconnected..... \$40.00

TRANSFER FEE \$40.00

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

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

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

RETURNED CHECK CHARGE \$30.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE N/A

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

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

SECTION 2.0--SERVICE RULES AND REGULATIONS

Section 2.01--Texas Natural Resource Conservation Commission Rules

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

Section 2.02--Application for and Provision of Sewer Service

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

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

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

The customer will be responsible for furnishing and laying the necessary customer service pipe from the connection location to the place of use.

Section 2.03--Refusal of Service

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

Section 2.04--Customer Deposits

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

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

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SECTION 2.0--SERVICE RULES AND REGULATIONS (CONT.)

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

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

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

Section 2.05--Meter Requirements, Readings, and Testing

It is not a requirement that the utility use meters to measure the quantity of sewage disposed of by individual customers. When a sewer utility is operated in conjunction with a water utility which serves the same customers, the charge for sewage disposal service may be based on the winter months average monthly consumption of water as registered on the customer's water meter. One connection is required for each residential, commercial or industrial facility in accordance with the TNRCC Rules.

Section 2.06--Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of the bills for utility service will be at least sixteen (16) days from the date of issuance. 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. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next work day after the due date.

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

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

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

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SECTION 2.0--SERVICE RULES AND REGULATIONS (CONT.)

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

Section 2.07--Service Disconnection

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

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

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

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

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

Section 2.08--Reconnection of Service

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

Section 2.09--Service Interruptions

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

Texas NATURAL RESOURCE CONSERVATION COMMISSION

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SECTION 2.0--SERVICE RULES AND REGULATIONS (CONT.)

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

Section 2.10--Quality of Service

The utility will plan, furnish, and maintain and operation a treatment and collection facility of sufficient size and capacity to provide a continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge the effluent at the quality required by its discharge permit issued by the Commission. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the TNRCC Rules.

Section 2.11--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 Texas Natural Resource Conservation Commission complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

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

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

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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 the TNRCC Rules to be effective.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

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SECTION 3.0--EXTENSION POLICY

Section 3.01--Standard Extension Requirements

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

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

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

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

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

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SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY

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

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

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

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