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Received - 2022-08-17 04:35:51 PM

Control Number - 53075

ItemNumber - 710

WATER UTILITY TARIFF FOR

Ni America Texas, LLC
(Utility Name)

10913 Metronome Dr.
(Business Address)

Houston, Texas 77043
(City, State, Zip Code)

(713) 574-5952
(Area Code/Telephone)

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

11922

This tariff is effective in the following county:

Johnson & Wise

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

New Fairview

"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

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

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Ni America Texas, LLC

Shaded Lane Estates	1260103	Johnson
Chisholm Hills	2490046	Wise
Coyote Ridge	2490053	Wise
Hills of Oliver Creek	2490046	Wise
Royal Oaks		Wise
Sage Brush Estates	2490058	Wise
Skyview Ranch (Entirely within the city of New Fairview)	2490061	Wise
Windmill Trails	2490050	Wise
Chisholm Hills Estates (Entirely within the city of New Fairview)	2490044	Wise

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
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These rates are effective on August 25, 2011 for Brighton Cycle 1 and Brighton Cycle 2 customers. These rates are effective on August 29, 2011 for Shaded Lane customers.

5/8" or 3/4"	<u>\$40.00</u> (Includes 0 gallons)	<u>\$4.00</u> per 1,000 gallons up to 10,000 gallons
1"	<u>\$159.23</u>	<u>\$7.50</u> per 1,000 gallons over 10,000 gallons
1 1/2 "	<u>\$318.45</u>	
2"	<u>\$509.52</u>	
3"	<u>\$955.35</u>	

On August 25, 2012, the 5/8" or 3/4" rate will be \$50.00 (Includes 0 gallons) for Brighton Cycle 1 and Brighton Cycle 2 customers, and on August 29, 2012, the 5/8" or 3/4" rate will be \$50.00 for Shaded Lane customers (Includes 0 gallons). No other changes to the rates listed in this tariff.

On August 25, 2013, the 5/8" or 3/4" rate will be \$60.00 (Includes 0 gallons) for Brighton Cycle 1 and Brighton Cycle 2 customers, and on August 29, 2013, the 5/8" or 3/4" rate will be \$60.00 for Shaded Lane customers (Includes 0 gallons). No other changes to the rates listed in this tariff.

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

REGULATORY 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 \$750.00
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.

TAP FEE (Unique costs) Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

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

METER RELOCATION FEE Actual Relocation Cost, Not to Exceed Tap Fee
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

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

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

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

TRANSFER FEE..... \$30.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) 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..... \$25.00
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE 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 POLICIES

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

Section 2.01 - Application for Water Service

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

Section 2.02 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the 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 that a complaint may be filed with the Commission.

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

(A) Customer Deposits

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

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.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

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.

(B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the 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.

Fees in addition to the regular tap fee may be charged if listed specifically in Section 1 to cover unique costs not normally incurred as permitted by 30 T. A. C. 291.86(a)(1)(C). For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

(C) Easement Requirement

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

Section 2.04 - Utility Response to Applications for Service

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, 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.

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will 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 may be required to install and maintain a cutoff valve on their side of the meter.

No direct connection between a public water supply system and any potential source of contamination or between a public water supply system and a private water source (ex. private well) will be allowed. A customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises.

Section 2.06 - Customer Service Inspections

Applicants for new service connections or facilities which have undergone extensive plumbing modifications are required to furnish the utility a completed customer service inspection certificate. The inspection certificate shall certify that the establishment is in compliance with the Texas Commission on Environmental Quality Rules and Regulations for Public Water Systems, Section 290.46(j). The Utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

Section 2.07 - Back Flow Prevention Devices

No water connection shall be allowed to any residence or establishment where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination by either an approved air gap, backflow prevention assembly, or other approved device. The type of device or backflow prevention assembly required shall be determined by the specific potential hazard identified in §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems.

The use of a backflow prevention assembly at the service connection shall be considered as additional backflow protection and shall not negate the use of backflow protection on internal hazards as outlined and enforced by local plumbing codes. When a customer service inspection certificate indicates that an adequate internal cross-connection control program is in effect, backflow protection at the water service entrance or meter is not required.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in Section 290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems, then a backflow prevention assembly or device is not required. Outside hose bibs do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker.

All backflow prevention assemblies or devices shall be tested upon installation by a TCEQ certified backflow prevention assembly tester and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against health hazards must also be tested and certified to be operating within specifications at least annually by a certified backflow prevention assembly tester.

If the utility determines that a backflow prevention assembly or device is required, the utility will provide the customer or applicant with a list of TCEQ certified backflow prevention assembly testers. The customer will be responsible for the cost of installation and testing, if any, of backflow prevention assembly or device. The customer should contact several qualified installers to compare prices before installation. The customer must pay for any required maintenance and annual testing and must furnish a copy of the test results demonstrating that the assembly is functioning properly to the utility within 30 days after the anniversary date of the installation unless a different date is agreed upon.

Section 2.08 - Access to Customer's Premises

The utility will have the right of access to the customer's premises at all reasonable times 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 and the utility personnel will attempt to notify the customer that they will be working on the customer's property. 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.

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.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.09 - Meter Requirements, Readings, and Testing

One meter is required for each residential, commercial, or industrial connection. 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.

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 2.10 - Billing(A) Regular Billing

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

If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

(B) Late Fees

A late penalty of either \$5.00 or 10.0% 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.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

(C) Information on Bill

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 local or toll-free telephone number (or numbers) to which customers can direct questions about their utility service.

(D) Prorated Bills

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

Section 2.11- Payments

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

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

Section 2.12 - Service Disconnection

(A) With Notice

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

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

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

B) Without Notice

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.13 - Reconnection of Service

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

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

Section 2.14 - Service Interruptions

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

Section 2.15 - 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 Texas Commission on Environmental Quality Rules and Regulations for Public Water Systems.

Section 2.16 - Customer Complaints and Disputes

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

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

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

Section 2.17 - Customer Liability

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

SECTION 3.0 -- EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

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

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

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

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

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

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

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

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

SECTION 3.0 -- EXTENSION POLICY (Continued)

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

Exceptions may be granted by the TCEQ Executive Director if

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

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

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers. A service applicant requesting a one inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

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

The utility will bear the full cost of any over-sizing of 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.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.03 - Contributions in Aid of Construction

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

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

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

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

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

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy of this tariff shall be subject to appeal as provided in this tariff, 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 given a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall be informed of the right to appeal such costs to the 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.

Section 3.05 - Applying for Service

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

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to Utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, the applicant may refer the matter to the TCEQ for resolution.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.06 - Qualified Service Applicant

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

The Utility shall serve each qualified service applicant within its certified service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by 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 by TCEQ rules.

Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, 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.

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

**DROUGHT CONTINGENCY PLAN
FOR THE
INVESTOR OWNED UTILITY**

SHADED LANE WATER CO., INC.

6777 CAMP BOWIE BLVD. SUITE 329

FORT WORTH, TX 76116

CCN# 11922

PWS # 1260103

DATE: August 1, 2005

Section 1 Declaration of Policy, Purpose and Intent

In cases of extreme drought, periods of abnormally high usage, system contamination, or extended reduction in ability to supply water due to equipment failure, temporary restrictions may be instituted to limit non-essential water usage. The purpose of the Drought Contingency Plan is to encourage customer conservation in order to maintain supply, storage, or pressure or to comply with the requirements of a court, government agency or other authority.

Please note: Water restriction is not a legitimate alternative if water system does not meet the Texas Commission on Environmental Quality's (TCEQ) capacity requirements under normal conditions or if the utility fails to take all immediate and necessary steps to replace or repair malfunctioning equipment.

I, **Brenda Kostohryz**, being the responsible official for **Shaded Lane Water Co., Inc.**, request a minor tariff amendment to include the enclosed Drought Contingency Plan.

10-4-05
(Date)

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(Signature)

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WATER RIGHTS PERMITTING

Section 2 Public Involvement

Opportunity for the public to provide input into the preparation of the Plan was provided by:

- Mailed survey with summary of results (**see attached survey and results**) Included in survey, copies of the Texas Water Development Boards "Forty-Nine Water Saving Tips". **Out of 201 customers, only had 28 to participate.**
- On June 22, 2004, requested customers to begin voluntary water conservation with tips on how to reduce outdoor water use. (**See attached**)

Section 3 Public Education

The **Shaded Lane Water Co., 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.

Drought plan information will be provided by:

- Utility bill inserts

Section 4 Coordination with Regional Water Planning Groups

The service area of the Shaded Lane Water Co., Inc. is located within:

Regional C Water Planning Group
North Texas Municipal Water District
P.O. Box 2408
Wylie, TX 75098-2408

Shaded Lane Water Co., Inc. has mailed a copy of this Plan to the RWPG.

Section 5 Notice Requirements

Written notice will be provided to each customer **prior to implementation or termination of each stage of the water restriction program.** Mailed notice must be given to each customer 72 hours prior to the start of water restrictions. If notice is hand delivered, the utility cannot enforce the provisions of the plan for 24 hours after notice is provided. The written notice to customers will contain the following information:

1. The date restrictions will begin,
2. The circumstances that triggered the restrictions,
3. The stages of response and explanation of the restrictions to be implemented, and,
4. An explanation of the consequences for violations.

The utility must notify the TCEQ by telephone at (512) 239-4691, or electronic mail at watermon@tceq.state.tx.us prior to implementing Stage III and must notify in writing the Public Drinking Water Section at MC - 155, P.O. Box 13087, Austin, Texas 78711-3087 within five (5) working days of implementation including a copy of the utility's restriction notice. The utility must file a status report of its restriction program with the TCEQ at the initiation and termination of mandatory water use restrictions (i.e. Stages III, IV and V).

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Section 6 Violations

- 1. First violation – The customer will be notified by written notice of their specific violation.
- 2. Subsequent violations:
 - a. After written notice, the utility may install a flow-restricting device in the line to limit 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
 - b. After written notice, 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 7 Exemptions or Variances

The utility may grant any customer an exemption or variance from the drought contingency plan for good cause **upon written request**. A customer who is refused an exemption or variance may appeal such action of the utility in writing to the Texas Natural Resource Conservation Commission. The utility will treat all customers equally concerning exemptions and variances, and shall not discriminate in granting exemptions and variances. No exemption or variance shall be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of the variance.

Section 7 Response Stages

Unless there is an immediate and extreme reduction in water production, or other absolute necessity to declare an emergency or severe condition, the utility will initially declare Stage I restrictions. If, after a reasonable period of time, demand is not reduced enough to alleviate outages, reduce the risk of outages, or comply with restrictions required by a court, government agency or other authority, Stage II may be implemented with Stage III to follow if necessary.

**STAGE I-MILD WATER SHORTAGE CONDITIONS
CUSTOMER AWARENESS**

Target: Achieve a voluntary 2% reduction in the total water use. The primary purpose of Stage I is raise public awareness of potential drought problems.

Stage 1 will begin:
Every April 1st, the utility will mail a public announcement to its customers.

No notice to TCEQ required.

Stage 1 will end:
Every September 30th, the utility will mail a public announcement to its customers.

No notice to TCEQ required.

Utility Measures:

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This announcement will be designed to increase customer awareness of water conservation and encourage the most efficient use of water. A copy of the current public announcement on water conservation awareness shall be kept on file available for inspection by the TCEQ.

Voluntary Water Use Restrictions:

Water customers are requested to voluntarily limit the use of water for non-essential purposes and to practice water conservation.

**STAGE II – MODERATE WATER SHORTAGE CONDITIONS
VOLUNTARY WATER CONSERVATION:**

Target: Achieve a 2% reduction in total water use.

The water utility will implement Stage 2 when any one of the selected triggers is reached:

- Storage in the 12 foot by 80 foot standpipe has dropped to 70 percent capacity; or
- Demands exceeds 90 percent of deliverable capacity for three (3) consecutive days; or
- Short-term deficiencies in the distribution system limit supply capability.

Upon initiation and termination of Stage 2, the utility will mail a public announcement to its customers. No notice to TCEQ required.

Requirement for termination

Stage 2 of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 2, Stage 1 becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on a daily basis. Monthly review of customer use records and follow-up on any that have unusually high usage. Reduce flushing of water mains. Continue public information efforts regarding water supply conditions and conservation efforts.

Voluntary Water Use Restrictions:

Restricted Days/Hours: Water customers are requested to voluntarily limit the irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems to once every five days based on the last digit of the address per the schedule below. Request no watering between 10 a.m. and 7 p.m.

LAST DIGIT OF ADDRESS	ALLOWED WATERING DATES
0 AND 5	5 th , 10 th , 15 th , 20 th , 25 th , 30 th
1 AND 6	1 st , 6 th , 11 th , 16 th , 21 st , 26 th
2 AND 7	2 nd , 7 th , 12 th , 17 th , 22 nd , 27 th
3 AND 8	3 rd , 8 th , 13 th , 18 th , 23 rd , 28 th
4 AND 9	4 th , 9 th , 14 th , 19 th , 24 th , 29 th

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No watering will be allowed on the 31st. Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or water can of five (5) gallons or less, or drip irrigation system.

Request customers not to drain swimming pools followed by refilling, washing or rinsing vehicles by hose; using water in such a manner as to allow runoff or other water waste.

**STAGE III – SEVERE WATER SHORTAGE CONDITIONS
MANDATORY WATER USE RESTRICTIONS:**

Target: Achieve a 10% reduction in total water use.

The water utility will implement Stage 3 when any one of the selected triggers is reached:

- Storage in the 12 foot by 80 foot standpipe has dropped to 50 percent capacity; or
- Demands exceeds 95 percent of deliverable capacity for three (3) consecutive days; or
- Short-term deficiencies in the distribution system limit supply capability.

Upon initiation and termination of Stage 3, the utility will mail a public announcement to its customers. Notice to TCEQ required.

Requirement for termination

Stage 3 of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 3, Stage 2 becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on regular basis. Monthly review of customer use records and follow-up on any that have unusually high usage. Flushing of water mains is prohibited except for dead end mains.

Mandatory Water Use Restrictions: The following water use restrictions shall apply to all customers.

1. Restricted Days/Hours: Limit landscape watering at each service address to once every five days based on the last digit of the address per the schedule below. Request no watering between 10 a.m. and 7 p.m.

LAST DIGIT OF ADDRESS	ALLOWED WATERING DATES
0 AND 5	5 th , 10 th , 15 th , 20 th , 25 th , 30 th
1 AND 6	1 st , 6 th , 11 th , 16 th , 21 st , 26 th
2 AND 7	2 nd , 7 th , 12 th , 17 th , 22 nd , 27 th
3 AND 8	3 rd , 8 th , 13 th , 18 th , 23 rd , 28 th
4 AND 9	4 th , 9 th , 14 th , 19 th , 24 th , 29 th

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No watering will be allowed on the 31st. Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or water can of five (5) gallons or less, or drip irrigation system.

2. 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 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose quipped with a positive shutoff nozzle for quick rinses.

3. 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 10:00 a.m. and between 8:00 p.m. and 12:00 midnight.

4. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except when necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.

5. Use of water from hydrants or flush valves shall be limited to maintaining public health, safety, and welfare.

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

- a. Wash down of any sidewalks, walkways, driveways, or other hard-surfaced areas;
- b. Use of water to wash down buildings or structures for purposes other than immediate fire protection;
- c. Use of water for dust control;
- d. Flushing gutters or permitting water to run or accumulate in any gutter or street;
- e. Failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
- f. Any waste of water.

STAGE IV – CRITICAL WATER SHORTAGE CONDITIONS:

Target: Achieve a 10% reduction in total water use.

The water utility will implement Stage 4 when any one of the selected triggers is reached:

- Storage in the 12 foot by 80 foot standpipe has dropped to 10 percent capacity; or
- Demands exceeds 100 percent of deliverable capacity for three (3) consecutive days; or
- Short-term deficiencies in the distribution system limit supply capability.

Upon initiation and termination of Stage 4, the utility will mail a public announcement to its customers. Notice to TCEQ required.

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Requirement for termination

Stage 4 of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 4, Stage 3 becomes operative.

Operational Measures:

The utility shall visually inspect lines and repair leaks on a daily basis. Flushing is prohibited except for dead end mains and only between the hours of 9:00 p.m. and 3:00 a.m. Emergency interconnects or alternative supply arrangements shall be initiated. All meters shall be read daily and/or weekly as often as necessary to insure compliance with this program for the benefit of all the customers.

Mandatory Water Restrictions: All outdoor use of water is prohibited.

1. Irrigation of landscaped areas is absolutely prohibited.
2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited.
3. Use of water to fill, refill, or add to any indoors or outdoor swimming pools, wading pools, or "Jacuzzi" type pools is absolutely prohibited.
4. No applications for new water service would be approved.
5. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is absolutely prohibited.
6. Use of water from hydrants or flush valves shall be limited to maintaining public health, safety, and welfare.
7. The following uses of water are defined as non-essential and are absolutely prohibited:
 - a. Wash down of any sidewalks, walkways, driveways, or other hard-surfaced areas;
 - b. Use of water to wash down buildings or structures for purposes other than immediate fire protection;
 - c. Use of water for dust control;
 - d. Flushing gutters or permitting water to run or accumulate in any gutter or street;
 - e. Failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
 - f. Any waste of water.

STAGE V: SYSTEM OUTAGE or SUPPLY CONTAMINATION

Notify TCEQ Regional Office immediately.

Operational Measures:

Emergency interconnects or alternative supply arrangements shall be initiated.

In the event that water shortage conditions threaten public health, safety, and welfare, the utility is hereby authorized to allocate water according to the following water allocation plan:

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Persons per Household	Gallons per Month
1 or 2	6,000
3 or 4	7,000
5 or 6	8,000
7 or 8	9,000

"Household" means the residential premises served by the customer's meter. "Persons per household" includes only those persons currently physically residing at the premises and expected to reside there for the entire billing period. It shall be assumed that a particular customer's household is comprised of two (2) persons unless the customer notifies the Shaded Lane Water Company of a greater number of persons per household on a form prescribed by the utility. The utility shall give their best effort to see that such forms are mailed, otherwise provided, or made available to every residential customer. If, however, a customer does not receive such a form, it shall be the customer's responsibility to go to the Shaded Lane Water Company offices to complete and sign the form claiming more than two (2) persons per household. New customers may claim more persons per household at the time of applying for water service on the form prescribed by the utility. When the number of persons per household increases so as to place the customer in a different allocation category, the customer may notify the Shaded Lane Water Company on such form and the change will be implemented in the next practicable billing period. If the number of persons in a household is reduced, the customer shall notify the Shaded Lane Water Company in writing within (2) days. In prescribing the method for claiming more than two (2) persons per household, the utility shall adopt methods to insure the accuracy of the claim. Any person who knowingly, recklessly, or with criminal negligence falsely reports the number of persons in a household or fails to timely notify the Shaded Lane Water Company of a reduction in the number of persons in a household shall be fined not less than \$200.00.

Residential water customers shall pay the following surcharges:

- \$5.00 for the first 1,000 gallons over allocation.
- \$7.00 for the second 1,000 gallons over allocation.
- \$9.00 for the third 1,000 gallons over allocation.
- \$10.00 for each additional 1,000 gallons over allocation.

Surcharges shall be cumulative.

Section 8 Exemptions or Variances

The utility may grant any customer an exemption or variance from the drought contingency plan for good cause **upon written request**. A customer who is refused an exemption or variance may appeal such action of the utility in writing to the Texas Natural Resource Conservation Commission. The utility will treat all customers equally concerning exemptions and variances, and shall not discriminate in granting exemptions and variances. No exemption or variance shall be retroactive or otherwise justify and violation of this Plan occurring prior to the issuance of the variance.

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