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TARIFF CONTROL NO. 53173

APPLICATION OF SJWTX, INC. DBA	§	PUBLIC UTILITY COMMISSION
CANYON LAKE WATER SERVICE	§	
COMPANY FOR A PASS-THROUGH	§	OF TEXAS
RATE CHANGE	§	

COMMISSION STAFF'S RECOMMENDATION ON THE APPLICATION

On January 31, 2022, SJWTX dba Canyon Lake Water Service (Applicant), filed an application for approval of a proposed pass-through rate change related to water use fees imposed by Guadalupe-Blanco River Authority (GBRA) and Comal Trinity Groundwater Conservation District (under 16 Texas Administrative Code (TAC) § 24.25(b)(2) with a proposed effective date of March 1, 2022.

On February 2, 2021, the administrative law judge filed Order No. 1 directing Staff (Staff) of the Public Utility Commission (Commission) of Texas to file a recommendation regarding the sufficiency of the application and notice and propose a procedural schedule by March 2, 2022.

I. STAFF RECOMMENDATION ON APPLICATION

Staff has reviewed the application and, as detailed in the attached memorandum from Emily Sears of the Rate Regulation Division, recommends that the application be found administratively complete. Further, Staff recommends approval of the application as amended in Ms. Sears's memorandum.

II. STAFF RECOMMENDATION ON NOTICE

Notice in this proceeding is governed by 16 TAC § 24.25(b)(2)(F)(ii). Staff has also reviewed the notice filed with the application. The notice, provided as a bill insert to customers, included the information required by 16 TAC 24.25(b)(2)(F)(ii). Therefore, Staff recommends that the notice provided is sufficient and that the pass-through rate changes for these subdivisions take effect March 1, 2022. The tariff reflecting the pass-through rate changes is attached.

III. CONCLUSION

For the reasons stated above, Staff respectfully requests the entry of an order consistent with the foregoing recommendation.

Dated: March 2, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Rachelle Nicolette Robles
Division Director

Rustin Tawater
Managing Attorney

/s/ Phillip Lehmann
Phillip Lehmann
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DOCKET NO. 53173

CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on March 2, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Phillip Lehmann
Phillip Lehmann

Public Utility Commission of Texas

Memorandum

TO: Phillip Lehmann, Senior Attorney
Legal Division

FROM: Emily Sears, Senior Financial Analyst
Rate Regulation Division

DATE: February 28, 2022

RE: Tariff Control No. 53173 – *Application of SJWTX, Inc. dba Canyon Lake Water Service Company for a Pass-Through Rate Change*

On January 31, 2022, SJWTX, Inc. dba Canyon Lake Water Service Company (Applicant) filed an application to implement a pass-through rate change under 16 Texas Administrative Code (TAC) § 24.25(b)(2) for a true-up of its pass-through fees. The Applicant's collections in 2021 were \$233,639 less than actual costs. The 2022 true-up report incorporates the water supply cost increases for Guadalupe-Blanco River Authority's (GBRA) firm water rate and plant treatment operations and maintenance (O&M) rates. The change in the GBRA firm water rate raises the fee charged to the Applicant from \$0.463 to \$0.482 per thousand gallons effective September 1, 2021. The change in the GBRA plant treatment O&M rate raises the fee charged to the Applicant from \$1.089 to \$1.247 per thousand gallons effective September 1, 2021.

The Applicant is providing service under certificate of convenience and necessity number (CCN) 10692,¹ and the application included a copy of the tariff pages for CCN number 10692 that contain the rates that will change if the application is approved.² A copy of the notice provided to customers was also filed with the application.³

The Applicant requests a true-up pass-through rate change from \$0.70 to \$1.02 per thousand gallons for all subdivisions under CCN number 10692 except Deer Creek Ranch, Kendall West Utility, Bandera East Utility, as well as the Clear Water Estates and the Saddleridge subdivisions in PWS ID No. 2270049.⁴ The application was supported by documentation from the Applicant, which calculates the increase in the true-up fees.⁵

I have reviewed the calculations and assumptions used to determine the requested true-up pass-through rate. Based upon my review of the underlying calculations and assumptions used to perform the true-up, I recommend that they be adjusted as described below.⁶

I recommend that the pass-through formula included in the Applicants tariff be modified as follows:

$$\text{WPC} = [E + (\text{AP} - \text{AC} + \text{PY})] / (\text{ME} \times \text{AU})$$

¹ 16 TAC § 24.25(b)(2)(F)(i)(I).

² 16 TAC § 24.25(b)(2)(F)(i)(VIII).

³ 16 TAC § 24.25(b)(2)(F)(i)(III).

⁴ 16 TAC § 24.25(b)(2)(F)(i)(II).

⁵ 16 TAC § 24.25(b)(2)(F)(i)(IV).

⁶ 16 TAC § 24.25(b)(2)(F)(i)(VI).

Where:

- WPC = Water Pass-Through Gallonage Charge per 1,000 gallons, rounded to the nearest cent
- E = Projected sum for upcoming 12 months of Purchase Water and district costs
- AP = Actual Payments by utility for prior 12 months for Purchase Water and district costs
- AC = Actual Collections by utility in prior 12 months from the previously approved water pass-through gallonage charge
- AP-AC = Difference between actual payments and actual collections from the previously approved water pass-through gallonage charge for the prior 12 months
- PY = Prior Year under- or over-collections.
- ME = Year End Meter Equivalents
- AU = Average Annual Usage per meter equivalent, in 1,000 gallons, from most recent rate case.

For this application, my recommended adjustment increases the actual collections by \$217,124 (or reduces actual payments by the same amount).⁷ This modification reduces the under-collection used by the Applicant for the 2022 upcoming year by the same amount. This changes the Water Pass-Through Gallonage Charge for 2022 to \$0.90 per 1,000 gallons.

1	Projected sum of purchased water and district costs for upcoming 12 months	\$1,709,158 ⁸
2	Actual payments by utility for prior 12 months	\$1,545,639 ⁹
3	Actual collections by utility for prior 12 months	\$1,312,000 ¹⁰
4	Prior year over-collections by utility	(\$217,124) ¹¹
5	Difference between actual payments and actual collections including prior year over- or under-collection (Line 2 – Line 3 + Line 4)	\$16,515
6	Year-end Meter Equivalents	24,636 ¹²
7	Average yearly use per ME from most recent case (1,000 gallons)	77.61 ¹³
8	Estimated volumes to be billed (Line 6 x Line 7)	1,912,000 ¹⁴
9	Water purchase charge for 2022 [(Line 1 + Line 5)/Line 8]	\$0.90

This recommended change takes into account that the balance that existed at the beginning of 2021 for the 2020 over-collection reduced the amount needed to be collected by the Applicant during 2021, rather than passing that overcollection back to the customers. Therefore, the formula must take into account that the actual collections for the prior 12 months of 2021 was necessarily lower than actual payments, because the Applicant used the additional \$217,124 on hand to make actual payments.

⁷ *Application of SJWTX, Inc. dba Canyon Lake Water Service Company for a Pass-Through Rate Change*, Docket No. 51772, Application, at 4 and Attachment 3 (Jan. 29, 2021) (Application).

⁸ Application at Attachment 3.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

The application meets the requirements of 16 TAC § 24.25(b)(2). I recommend that the application be approved as amended by my explanation above and that Commission provide the Applicant with a copy of the attached tariff.

cc:

Anna Givens, Director of Financial Review Section, Rate Regulation Division

Kathryn Eiland, Financial Analyst, Rate Regulation Division

Kevin Bartz, Attorney, Legal Division



WATER UTILITY TARIFF Tariff Control No. 53173

SJWTX, Inc. dba Canyon Lake Water Service Company
(Utility Name)

P. O Box 1742
1399 Sattler Road
(Business Address)

Canyon Lake, Texas 78133
(City, State, Zip Code)

(830) 312-4600
(Area Code/Telephone)

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

10692

This tariff is effective in the following counties:

Blanco, Comal, Hays, and Travis

The following is a list of cities where SJWTX, Inc. dba Canyon Lake Water Service Company provides service:

City of Bulverde

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 PUC and will have to be obtained from the city or utility. This tariff applies to outside city customers of systems that provide service inside and outside of a city's corporate boundary.

This tariff is effective in the following subdivisions or systems:

See attached list.

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):

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APPENDIX A - DROUGHT CONTINGENCY PLAN

LIST OF SUBDIVISIONS AND SYSTEMS

Table 1 of 2

PWS	SUBDIVISION/SERVICE AREA	COUNTY
0460019 (Canyon Lake Shores)*	Ahern Creek Ranches, Brumley, Bulverde Crossing, Bulverde Hills, Canyon Lake Estates, Canyon Lake Shores, Canyon Lake Acres, Canyon Lake Island, Carpers Creek, Cascada, Comal Hills, Cougar Ridge, Cross Canyon Ranch, Cypress Springs on the Guadalupe, Deer River/Valero Estates, Devils Backbone Heights, The Point/Hillcrest, Eldorado Heights, Glenmare, Hancock Oak Hills, HEB Bulverde Shopping Center, Lake of the Hills, Lakewood Hills, Lantana Ridge, Lakeside Valley, Mystic Shores, Mystic Bluffs, Northlake Estates, Oakland Estates, Rancho Del Lago West, Rayner Ranch, Rinconada Heights, River Crossing, Riverwood, Rocky Creek Ranch, Saddle Ridge*, Scenic Terrace/Hancock Canyon, Springs at Rebecca Creek, Stallion Estates, Stallion Springs, Summit Estates at Fischer, Tamarack Shores, Tanglewood Shores, The Cedars, The Enclave, The Legends at Rancho Del Lago, Serenity Oaks, Spring Branch Meadows, The Crossing at Spring Creek, Tranquility Park, Woods of Spring Branch, Rebecca Creek, Summit North	Comal and Blanco
0460172 (Triple Peak)	Astro Hills, Canyon Lake Hills, Canyon Lake Forest/Waterfront Park, Canyon Lake Village, Cordova Bend, Crystal Heights, Emerald Valley, Ensenada Shores, First Mountain, Guadalupe River Club, Horseshoe Falls, Inland Estates, Lakeview Park, Las Brisas, Meyer Ranch, Mountain Springs, Mt. Lookout, Oak Shores North, Ponderosa, Riverside, Rolling Hills, Sattler, Summit Estates, The Oaks, The Woodlands, Tom Creek Hills/Heritage Estates, Triple Peak Ranch Estates, Village West, Vintage Oaks, Waggner Ranch, Whispering Hill	Comal
0160019 (Rust Ranch)	Rust Ranch Whitmire Estates	Blanco
0460246 (Glenwood)	Glenwood, Ventana, Belle Oaks	Comal
0460235 (North Point)	North Point Subdivision	Comal
2270049 (Deer Creek Water)**	Deer Creek Ranch, Vistancia, Highland Creek Lakes, Hill Creek West, Hill Top Manor, Montebella, Mountain Creek Lakes, Twin Lake Hills, Valley Lake Hills	Hays and Travis

* See Page Nos. 7 through 8 for rates applicable to Saddle Ridge.

** See Page Nos. 9 through 11 for rates applicable to Deer Creek.

LIST OF SUBDIVISIONS AND SYSTEMS

Table 2 of 2

PWS	SUBDIVISION/SERVICE AREA	COUNTY
0460153 (Clear Water Estates)***	Clear Water Estates	Comal

***See Page Nos. 12 through 13 for rates applicable to Clear Water Estates.

SECTION 1.0 – RATE SCHEDULE

Section 1.01 - Rates

Monthly Minimum Charge (Base Rate) (Includes 0 Gallons)	12/2/2013 – 12/31/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019 (until changed and if no prior application filed)
Residential Meter Size: 5/8" x 3/4" 3/4" 1"	\$44.00 \$66.00 \$110.00	\$41.37 \$62.05 \$103.42	\$42.32 \$63.48 \$105.81	\$43.28 \$64.91 \$108.19	\$44.00 \$66.00 \$110.00	\$44.00 \$66.00 \$110.00
Gallonage Charge (per 1,000 gallons used)*						
Tier 1	\$3.30	\$3.10	\$3.17	\$3.25	\$3.30	\$3.30
Tier 2	\$4.85	\$4.56	\$4.67	\$4.77	\$4.85	\$4.85
Tier 3	\$6.35	\$5.97	\$6.11	\$6.25	\$6.35	\$6.35
Tier 4	\$8.00	\$7.52	\$7.69	\$7.87	\$8.00	\$8.00

Monthly Minimum Charge (Base Rate) (Includes 0 Gallons)	12/2/2013 – 12/31/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019 (until changed and if no prior application filed)
Large Meter Size: 1.5" 2" 3" 4" 6" Bulk Water	\$220.00 \$352.00 \$660.00 \$1,100.00 \$2,200.00 \$352.00	\$206.85 \$330.95 \$620.54 \$1,034.23 \$2,068.45 \$330.95	\$211.61 \$338.58 \$634.83 \$1,058.05 \$2,116.11 \$338.58	\$216.38 \$346.20 \$649.13 \$1,081.88 \$2,163.76 \$346.20	\$220.00 \$352.00 \$660.00 \$1,100.00 \$2,200.00 \$352.00	\$220.00 \$352.00 \$660.00 \$1,100.00 \$2,200.00 \$352.00
Gallonage Charge (per 1,000 gallons used)*	\$6.35	\$5.97	\$6.11	\$6.25	\$6.35	\$6.35

*Gallons include in Residential Tiers

5/8" x 3/4" Tiers	3/4" Tiers	1" Tiers
Tier 1 – 0 to 2,000 Gallons Tier 2 – 2,001 to 10,000 Gallons Tier 3 – 10,001 to 25,000 Gallons Tier 4 – 25,001 Gallons and Over	Tier 1 – 0 to 4,000 Gallons Tier 2 – 4,001 to 20,000 Gallons Tier 3 – 20,001 to 50,000 Gallons Tier 4 – 50,001 Gallons and Over	Tier 1 – 0 to 6,000 Gallons Tier 2 – 6,001 to 30,000 Gallons Tier 3 – 30,001 to 75,000 Gallons Tier 4 – 75,001 Gallons and Over

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SECTION 1.0 – RATE SCHEDULE (Continued)

Rebecca Creek Only:

Monthly Minimum Charge (Base Rate) (Includes 0 gallons)	
Residential Meter Size:	
5/8" x 3/4"	\$44.00
3/4"	\$66.00
1"	\$110.00
Gallonge Charge (per 1,000 gallons Used)*	
Tier 1	\$3.30
Tier 2	\$4.85
Tier 3	\$6.35
Tier 4	\$8.00

Monthly Minimum Charge (Base Rate) (Includes 0 gallons)	
Large Meter Size:	
1.5"	\$220.00
2"	\$352.00
3"	\$660.00
4"	\$1,100.00
6"	\$2,200.00
Bulk Water	\$352.00
Gallonge Charge (per 1,000 gallons Used)*	\$6.35

WATER PASS-THROUGH GALLONAGE CHARGE\$0.90 per thousand gallons used
 (all meter sizes, applicable to all CLWSC systems except Saddle Ridge and Deer Creek Ranch)
 Increased from \$0.70 to \$0.90 per 1,000 gallons (*Tariff Control No. 53173*)

SUPPLEMENTAL EMERGENCY SERVICE FEE:

APPLICABLE TO NONRESIDENTIAL WATER SERVICE CUSTOMERS THAT REQUIRE SUPPLEMENT SERVICE OVER AN ABOVE THEIR EXISTING WATER SERVICE FROM TIME TO TIME. USAGE TO BE DETERMINED BY CUSTOMER. THE MINIMUM DIAMETER FOR SUPPLEMENTAL SERVICE SHALL BE TWO INCHES.

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>
2"	<u>\$50.51</u>
3"	<u>\$75.76</u>
4"	<u>\$84.18</u>
6"	<u>\$143.11</u>
8"	<u>\$252.54</u>
10"	<u>\$336.72</u>
12"	<u>\$404.06</u>

SECTION 1.0 – RATE SCHEDULE (Continued)

Federal Tax Cut Credit (FTCC)**Volumetric Component**

Effective May 1, 2018

\$.037 per 1,000 gallons billed**Federal Tax Cut Credit (FTCC)****Base Rate Component by meter size**

Effective May 1, 2018

Meter Size	Credit
5/8"	\$2.50
3/4"	\$3.75
1"	\$6.25
1 1/2"	\$12.50
2"	\$20.00
3"	\$37.50
4"	\$62.50
6"	\$125.00
2" Wholesale	\$20.00
Bulk	\$20.00

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

Cash X , Check X , Money Order X , Credit Card X , Other (specify) Online
 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. UNAFFILIATED THIRD PARTIES WHO ACCEPT AND PROCESS CASH, CREDIT CARD, OR ELECTRONIC PAYMENTS FOR UTILITY BILLS MAY REQUIRE PAYMENT OF AN ADDITIONAL CONVENIENCE CHARGE FOR THIS SERVICE.

REGULATORY ASSESSMENT1.0%

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

Section 1.02 - Miscellaneous FeesTAP FEE\$900.00

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 SUBDIVISION OR RESIDENTIAL AREAS.

TAP FEE (Large meter)Actual Cost

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

METER RELOCATION FEEActual Relocation Cost, Not to Exceed Tap Fee

THIS FEE MAYBE 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.

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 \$45.00

SEASONAL RECONNECTION FEE:

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

TRANSFER FEE \$5.00

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

CUSTOMER SERVICE INSPECTION FEE \$50.00

ASSESSED TO AN APPLICANT FOR SERVICE BEFORE PERMANENT, CONTINUOUS SERVICE IS PROVIDED TO NEW CONSTRUCTION. THE CUSTOMER HAS THE OPTION TO HAVE THE INSPECTION COMPLETED BY ANOTHER PROVIDER.

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

PUC 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.

METER TAMPERING DAMAGE FEE \$50.00

THE UTILITY MAY CHARGE THIS FEE FOR METER TAMPERING, BYPASSING THE METER OR SERVICE DIVERSION.

EQUIPMENT DAMAGE FEE Actual Cost

THE UTILITY MAY CHARGE FOR ALL LABOR, MATERIAL, EQUIPMENT AND ALL OTHER ACTUAL COSTS NECESSARY TO REPAIR OR REPLACE ALL EQUIPMENT DAMAGED DUE TO NEGLIGENCE, METER TAMPERING OR BYPASSING, OR SERVICE DIVERSION. THE UTILITY MAY CHARGE FOR ALL ACTUAL COSTS NECESSARY TO CORRECT SERVICE DIVERSION OR UNAUTHORIZED TAPS WHERE THERE IS NO EQUIPMENT DAMAGE, INCLUDING INCIDENTS WHERE SERVICE IS RECONNECTED WITHOUT AUTHORITY. AN ITEMIZED BILL WILL BE PROVIDED TO THE CUSTOMERS.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) \$50.00COMMERCIAL & NON-RESIDENTIAL DEPOSIT 1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC § 24.25(b)(2)(G)]

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.

SECTION 1.0 – RATE SCHEDULE (Continued)

TEMPORARY WATER RATE:

UNLESS OTHERWISE SUPERSEDED BY PUC ORDER OR RULE, IF THE UTILITY IS ORDERED BY A COURT OR GOVERNMENT BODY OF COMPLETE JURISDICTION TO REDUCE ITS PUMPAGE, PRODUCTION OR WATER SALES, THE UTILITY SHALL BE AUTHORIZED TO INCREASE ITS APPROVED GALLONAGE CHARGE ACCORDING TO THE FORMULA:

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

Where:

TGC = temporary gallonage charge

cgc = current gallonage charge

r = water use reduction expressed as a decimal fraction (the pumping restriction)

pr = percentage of revenues to be recovered expressed as a decimal fraction, for this tariff prr shall equal 0.5.

To implement the Temporary Water Rate, the Utility must comply with all notice and other requirements of 16 TAC § 24.25(j).

WATER PASS-THROUGH GALLONAGE CHARGE ADJUSTMENT:

CHANGES IN FEES IMPOSED BY ANY NON-AFFILIATED THIRD PARTY WATER SUPPLIER OR UNDERGROUND WATER DISTRICTS HAVING JURISDICTION OVER THE UTILITY SHALL BE CHARGED THROUGH THE WATER PASS-THROUGH GALLONAGE CHARGE ADJUSTED ANNUALLY ACCORDING TO THE FOLLOWING TRUE-UP FORMULA INTENDED TO BALANCE REVENUE FROM THE CHARGE AGAINST ACTUAL PAYMENTS AND COLLECTIONS FROM THE PRIOR YEAR:

$$\text{WPC} = (\text{E} + (\text{AP} - \text{AC})) / (\text{ME} \times \text{AU})$$

Where:

WPC = Water Pass-Through Gallonage Charge per 1,000 gallons, rounded to the nearest cent

E = Projected sum for upcoming 12 months of Purchase Water and district costs

AP = Actual Payments by utility for prior 12 months for Purchase Water and district costs

AC = Actual Collections by utility in prior 12 months from the previously approved water pass-through gallonage charge

AP-AC = Difference between actual payments and actual collections from the previously approved water pass-through gallonage charge for the prior 12 months.

PY = Prior Year under or over collections

ME = Year End Meter Equivalents

AU = Average Annual Usage per meter equivalent, in 1,000 gallons, from most recent rate case

The WPC must be true'd up and adjusted every twelve months.

To implement, all notice requirements must be met. The utility may begin to charge the new filed WPC on the proposed effective date in the notice. Implementation of this WPC adjustment provision shall be governed by 16 TAC § 24.25(b)(2).

With each annual WPC adjustment, the utility must file a true-up report with the Commission that shows the calculation for the next 12-month WPC reflected in the notice. The report shall contain up to five years' worth of data, as available, showing the annual and accumulated difference between WPC amounts collected from customers and amounts actually paid to the entities whose charges are included in the WPC. The report shall also show how the new WPC was calculated according to the adjustment formula above.

Tariff Control No. 53173

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$49.50</u> (Includes 0 gallons)	<u>\$2.75</u> per 1,000 gallons, 1 st 2,000 gallons
1"	<u>\$85.00</u>	<u>\$3.95</u> per 1,000 gallons, 2,001 - 10,000 gallons
1½"	<u>\$301.00</u>	<u>\$5.95</u> per 1,000 gallons, 10,001 - 20,000 gallons
2"	<u>\$482.00</u>	<u>\$7.75</u> per 1,000 gallons, over 20,000 gallons
3"	<u>\$904.00</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 PAYMENT 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 ASSESSMENT1.0%
PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY
BILL AND TO REMIT THE FEES TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE\$775.00
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.

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

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

METER CONVERSION FEEActual Cost to Convert the existing Meter
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS CHANGE OF SIZE OF AN EXISTING METER OR
CHANGE IS REQUIRED BY MATERIAL CHANGE IN CUSTOMERS SERVICE DEMAND.

METER TEST FEE\$25.00
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGES 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.

METER TAMPERING AND EQUIPMENT DAMAGE PENALTY\$50.00

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\$45.00

TRANSFER FEE\$45.00

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%

PUC 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 DEPOSIT1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC § 24.25(b)(2)(G)]

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.

CUSTOMER SERVICE INSPECTION FEE\$110.00

SERVICE APPLICANTS ARE FREE TO HAVE CUSTOMER SERVICE INSPECTIONS REQUIRED BY TCEQ RULE 290.46(J) BY ANY STATE-LICENSED INSPECTOR OF THEIR CHOICE. THEY ARE ENCOURAGED TO USE A THIRD-PARTY INSPECTOR AND NOT AN EMPLOYEE OF THE UTILITY. HOWEVER, IF THEY REQUEST THE UTILITY TO PERFORM THE INSPECTION, IT WILL BE DONE AT A MARKET PRICE. SINCE THIS IS NOT A FUNCTION OF PUBLIC WATER UTILITY SERVICE, PERFORMING CUSTOMER SERVICE INSPECTIONS MUST TAKE LOWER PRIORITY TO FULFILLING UTILITY SERVICE RESPONSIBILITIES UNDER THE TCEQ'S CHAPTER 290 RULES.

EQUIPMENT DAMAGE FEEActual Cost

THE UTILITY MAY CHARGE FOR ALL LABOR, MATERIAL, EQUIPMENT AND ALL OTHER ACTUAL COSTS NECESSARY TO REPAIR OR REPLACE ALL EQUIPMENT DAMAGES DUE TO NEGLIGENCE, METER TAMPERING OR BYPASSING, OR SERVICE DIVERSION. THE UTILITY MAY CHARGE FOR ALL ACTUAL COSTS NECESSARY TO CORRECT SERVICE DIVERSION OR UNAUTHORIZED TAPS WHERE THERE IS NO EQUIPMENT DAMAGE, INCLUDING INCIDENTS WHERE SERVICE IS RECONNECTED WITHOUT AUTHORITY. AN ITEMIZED BILL WILL BE PROVIDED TO THE CUSTOMERS.

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$44.00</u> (includes 0 gallons)	<u>\$2.00</u> per 1,000 gallons, 0-2,000 gallons
1"	<u>\$110.00</u>	<u>\$4.00</u> per 1,000 gallons, next 2,001-4,000 gallons
1 1/2"	<u>\$220.00</u>	<u>\$5.00</u> per 1,000 gallons, next 4,001-6,000 gallons
2"	<u>\$352.00</u>	<u>\$6.25</u> per 1,000 gallons, 6,001 and thereafter
3"	<u>\$660.00</u>	
4"	<u>\$1,100.00</u>	*Plus

*Plus **\$1.84** per 1,000 gallons for West Travis County Public Utility Agency (WTCPUA) and Lower Colorado River Authority (LCRA) pass through fees

$[(\$1.53 + 0.22) / (1 - 0.0469)] = \$1.84 / 1,000 \text{ gallons}$

*Plus **\$16,787.17 / (number of accounts at the beginning of the monthly billing cycle)**
(Tariff Control No. 51579)

*Less a one-time refund to pass back over-collections of \$1.93 per connection.
(Tariff Control No. 51579)

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$1,200.00
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.

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.

SECTION 1.0 -- RATE SCHEDULE (Continued)

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 \$25.00.

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) Nonpayment of bill (Maximum \$25.00).....\$25.00
- b) Customer's request that service be disconnected.....\$50.00

TRANSFER FEE\$50.00

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

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

PUC 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 DEPOSIT1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [[16 TAC § 24.25(b)(2)(G)]

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.

SECTION 1.0 -- RATE SCHEDULE (Continued)

PURCHASED WATER AND/OR DISTRICT FEE PASS-THROUGH CLAUSE:

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

$$G = (B_1 + B_2) / (1 - L)$$
$$M = (W + A + L) / C$$

Where:

G = additional gallonage charge, rounded to the nearest one cent

B₁ = WTCPUA gallonage charge (per 1,000 gallons)

B₂ = LCRA Diversion and Use (per 1,000 gallons)*

L = system average line loss for preceding 12 months not to exceed 0.15

M = additional monthly base charge

W = WTCPUA monthly minimum base charge

A = WTCPUA annual fee/12 months in the billing year**

L = LCRA monthly reservation fee***

C = number of accounts at the beginning of the monthly billing cycle

*(Diversion and Use in acre-feet – Reservation Fee in ac-ft)/325.851429.

**WTCPUA Annual fee is \$50,000.

*** (Reservation fee x number of acre-feet reserved per contract)/12 months in the billing year.

To implement a pass-through rate, the utility must comply with all notice requirements of 16 TAC § 24.25(b)(2)(F).

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	<u>\$30.10</u> (Includes 0 gallons)	<u>\$3.05</u> per 1000 gallons over the minimum
1"	<u>\$51.00</u>	
2"	<u>\$82.39</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 ASSESSMENT1.0%
TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY
BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE\$1,100.00
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.

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

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

SECTION 1.0 – RATE SCHEDULE (Continued)

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\$25.00

TRANSFER FEE\$25.00

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

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

PUC 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 DEPOSIT1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC § 24.25(b)(2)(G)]

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.

SECTION 2.0- SERVICE RULES AND POLICIES

The utility will have the most current Texas Public Utility Commission (PUC or Commission) Rules, Chapter 24, 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 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 2.02 -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 PUC 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 2.03- 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 PUC 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 customer who has paid 18 consecutive billings without being delinquent.

Section 2.04- 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 PUC Rules.

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

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

Section 2.05- 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.

A late penalty of 10% 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)

Each bill will provide all information required by the PUC 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 2.06- Service Disconnection

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

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 30 days from the date of issuance of a bill and if proper notice of termination has been given.

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

Utility service maybe disconnected without notice for reasons as described in the PUC 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 2.07- Reconnection of Service

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

Section 2. 08 - Service Interruptions

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

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

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 2.09 - 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 TCEQ, the utility will maintain facilities as described in the TCEQ Rules and Regulations for Public Water Systems. The utility will not provide supply for fire prevention, fire flow, or firefighting services as part of standard retail water utility service.

Section 2.10 - 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 PUC 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 POLICIES

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 PUC Rules to be effective.

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

All references to office in Utility's tariff, service contracts, PUC rule, or TCEQ rule shall mean the Utility's offices at 1399 Sattler Road, Canyon Lake, Texas 78133.

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

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

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

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

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

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

SECTION 2.20 – SPECIFIC UTILITY SERVICE RULES AND POLICIES (Continued)

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

The utility will accept liability for any injury or damage to individuals or their property directly caused by defective utility plant (leaking water lines or meters) or the repairs to or construction of the utility's facilities.

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

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

Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall have the right to appeal such costs to the PUC 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 is located.

Tap fees may be increased by unique costs not normally incurred as may be permitted by 16 TAC § 24.163(a)(1)(C).

The Utility adopts the Uniform Plumbing Code pursuant to 30 TAC § 290.38(62)(B).

SECTION 2.20 – SPECIFIC UTILITY SERVICE RULES AND POLICIES (Continued)

The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the TCEQ, the Uniform Plumbing Code and with the service rules and regulations of the Utility. The customer will bring out his service line to his property line at the point on the customer's property mutually acceptable to the customer and the Utility subject to such requirements as may exist by TCEQ rule. No water service smaller than 5/8 x 3/4" will be connected. No pipe or pipe fitting which contains more than 8.0% lead can be used for the installation or repair of plumbing at any connection which provides water for human use. No solder or flux which contains more than 0.2% lead can be used at any connection which provides water for human use.

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

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

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

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

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

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

SECTION 2.20 – SPECIFIC UTILITY SERVICE RULES AND POLICIES (Continued)

Applicants for service at new consuming facilities or facilities which have undergone extensive plumbing modifications are required to deliver to the Utility a certificate that their facilities have been inspected by a state-licensed inspector and that they are in compliance with all applicable plumbing codes and are free of potential hazards to public health and safety. Service may be denied until the certificate is received or any identified violations or hazards are remedied. The Utility is not required to perform these inspections for the applicant/customer but will assist the applicant/customer to locate and obtain the services of a licensed inspector in a timely manner.

When potential sources of contamination are identified which, in the opinion of the inspector or the Utility, require the installation of a state-approved backflow prevention device, such back flow prevention device shall be installed on the customer's service line or other necessary plumbing facilities by an appropriately licensed plumber/back flow prevention device specialist at the customer's expense. The backflow prevention device shall be maintained by the customer at his expense and inspected annually by a licensed inspector. Copies of the annual inspection report must be provided to the Utility. Failure to comply with this requirement may constitute grounds for termination of water service with notice.

All customers or service applicants shall provide access to meters and utility cutoff valves at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply. Access to meters and cutoff valves shall be controlled by the provisions of 16 TAC § 24.169(c).

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

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

SECTION 3.0- EXTENSION POLICY

Section 3.01- Standard Extension Requirements

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

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

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

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

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

SECTION 3.20 -SPECIFIC UTILITY EXTENSION POLICY

This section contains the utility's specific extension policy that complies with the requirements already stated under Section 3.01. It must be reviewed and approved by the Commission and in compliance with PUC 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, nonstandard service demands upon the system, the customer may be charged the full cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

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

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

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

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

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC § 24.163(d) and this tariff. When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge based upon the capacities of production, transmission, storage, pumping and treatment facilities, compliant with the TCEQ minimum design criteria, which must be committed to such extension. As provided by 16 TAC § 24.163(d)(4), for purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certificated area, industrial, and wholesale customers shall be treated as developers.

SECTION 3.20 -SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

Unless expressly exempted by PUC rule or order, each point of use, as defined by 16 TAC § 24.3(25), must be individually metered.

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

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

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

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

SECTION 3.20 -SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

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

The Utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer’s property. The Developer shall be required to obtain all necessary easements and rights-of-way required to extend the Utility’s existing service facilities from their nearest point with adequate service capacity (as prescribed by PUC or TCEQ rules and local service conditions) to and throughout the Developer’s property. The easements shall be sufficient to allow the construction, installation, repair, maintenance, testing, and replacement of any and all utility plant necessary to provide continuous and adequate service to each and every potential service location within the property at full occupancy. Unless otherwise restricted by law, well plant sites shall convey with unrestricted rights to produce water for public drinking water supply. Developers shall be required to provide sanitary control easements acceptable to the TCEQ for each water well site to be located within their property or otherwise being obtained to serve their property. Unless otherwise agreed to by the Utility, pipeline right-of-way easements must be at least 15feet wide to allow adequate room to facilitate backhoe and other heavy equipment operation and meters. Easements must be provided for all production, storage, treatment, pressurization, and disposal sites which are sufficient to construct and maintain all weather roads as prescribed by TCEQ rules. All easements shall be evidenced, at Developer’s expense, by recorded county-approved subdivision plat or by specific assignment supported by metes and bounds survey from a surveyor licensed by the State of Texas.

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

SECTION 3.20 -SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

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

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

(d) The Utility shall be provided with three (3) certified copies of the final plat(s) approved by the County Commissioners Court. At this time, the Utility will begin engineering the facilities necessary to serve the property. Plans and specifications will be prepared and submitted to the TCEQ by the Utility if required by law. If further plat or plans changes are necessary to accommodate the specific service needs of the property and the anticipated customer demands, the Developer will be so notified. Plat amendments must be obtained by the Developer. The Developer shall be notified when all required TCEQ or other governmental approvals or permits have been received.

(e) The Developer shall be required to post bond or escrow the funds necessary to construct all required utility plant, except individual taps, meters and sewer connections, required to serve the property, Construction shall not commence until funds are available. If the construction is to be done in coordination with the phased development of the property, funds must be provided in advance which are sufficient to complete each phase.

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

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

SECTION 3.20 -SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

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

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

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

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

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

- (1) The residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution.
- (2) Exceptions may be granted by the PUC if:
 - (i) 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;
 - (ii) larger minimum line sizes are required under subdivision platting requirements or applicable building codes.
- (3) If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

SECTION 3.20 -SPECIFIC UTILITY EXTENSION POLICY (Continued)

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

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

Residential applicants for new service in Whispering Hills Subdivision, Inland Estates Subdivision, and the Cypress Springs on the Guadalupe Subdivision, in addition to the applicable tap fees, will be required to pay a prorated, average extension fee. In these subdivisions, in order to achieve economic and construction efficiencies, the company has extended service to the entire area in one project. The individual extension fee has been calculated based on the equivalent of the average costs of extending service to individual customers. The computation of the extension fee has taken into consideration the extension of the first 200 feet of the main at the company's expense and the design sizing to meet only a typical individual applicant's demand. A detailed breakdown of the extension project costs, and computation of the individual extension fee can be reviewed at the company's office.

APPENDIX A – DROUGHT CONTINGENCY PLAN
(Utility must attach copy of TCEQ approved Drought Contingency Plan)