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Item Number - 117

Thomas J. Gleeson
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Commissioner

Jimmy Glotfelty
Commissioner

Kathleen Jackson
Commissioner

Courtney K. Hjaltman
Commissioner




Greg Abbott
Governor

Connie Corona
Executive Director

Public Utility Commission of Texas

TO: Shelah Cisneros
Commission Counsel

All Parties of Record

FROM: Christina Denmark 
Administrative Law Judge

RE: **Docket No. 53630** – *Application of Orbit Systems, Inc. and Undine Texas Environmental, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Brazoria County*

DATE: November 6, 2024

Enclosed is the Proposed for Decision (PFD) in the above-referenced case. By copy of this memorandum, the parties to this proceeding are being served with the PFD.

Please place this docket on an open meeting agenda for the Commissioners' consideration. Please notify me and the parties of the open meeting date, as well as the deadline for filing exceptions to the PFD, replies to the exceptions, and requests for oral argument.

/s/eg
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DOCKET NO. 53630

| | | |
|---|--|--|
| APPLICATION OF ORBIT SYSTEMS, INC. AND UNDINE TEXAS ENVIRONMENTAL, LLC FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN BRAZORIA COUNTY | § § § § § § | PUBLIC UTILITY COMMISSION OF TEXAS |
|---|--|--|

PROPOSAL FOR DECISION

This Proposal for Decision (PFD) addresses the application of Orbit Systems, Inc. and Undine Texas Environmental, LLC for approval of the sale, transfer, or merger of facilities and certificate rights in Brazoria County. The administrative law judge (ALJ) recommends the Commission approve the following: (1) the sale and transfer to Undine of all facilities held by Orbit located within the service area of Orbit's certificate of convenience and necessity (CCN) number 20682 and within six acres of uncertificated area; (2) the sale and transfer of all service area under Orbit's CCN number 20682 to Undine; (3) the cancellation of Orbit's CCN number 20682; (4) the amendment of Undine's CCN number 20816 to include the area previously included in Orbit's CCN number 20682; (5) the amendment of Undine's CCN number 20816 to add six acres of uncertificated area; and (6) the initial rates following Undine's acquisition of Orbit's facilities and service area.

Although factual disputes may still exist between the applicants and the sole intervenor, no party requested a hearing and no hearing has been held.

I. Findings of Fact

The ALJ makes the following findings of fact.

Applicants

1. Orbit is a Texas corporation registered with the Texas secretary of state under file number 72981900.
2. Orbit operates, maintains, and controls facilities for providing sewer service for compensation in its certificated area in Brazoria County under CCN number 20682.

3. Orbit owns the Grasslands sewer system, which is permitted with the Texas Commission on Environmental Quality (TCEQ) under Texas Pollutant Discharge Elimination System permit number WQ0012672001.
4. Undine is a Texas limited liability company registered with the Texas secretary of state under file number 801768069.
5. Undine operates, maintains, and controls facilities for providing sewer service for compensation in its certificated area in multiple counties, including Brazoria County, under CCN number 20816.

Application

6. On May 23 and 25, 2022, Orbit and Undine filed the application at issue in this proceeding.
7. The applicants filed supplemental information on June 21, September 21 and 22, October 6 and 14, 2022, and February 15, 16, 17, and 21, and June 16 and 29, 2023.
8. In the application, as supplemented and amended, the applicants seek approval of the following:
 - a. the sale and transfer to Undine of all facilities held by Orbit located within the service area of Orbit's CCN number 20682 and within six acres of uncertificated area;
 - b. the sale and transfer of all service area under Orbit's CCN number 20682 to Undine,
 - c. the amendment of Undine's CCN number 20816 to include the area previously included in Orbit's CCN number 20682;
 - d. the cancellation of Orbit's CCN number 20682;
 - e. the amendment of Undine's CCN number 20816 to add six acres of uncertificated area; and
 - f. authorization for Undine to charge the customers served by the Grasslands sewer system the rates that are currently in force for its sewer systems.
9. The requested area includes the following:
 - a. 146 acres of area that is singly certificated under Orbit's CCN number 20682;

- b. Six acres of uncertificated area immediately adjacent to Orbit's existing certificated service area; and
 - c. 195 customer connections.
10. The requested area is located approximately two miles north of downtown Bonney, Texas and is generally bounded on the north by Farm-to-Market Road 1462; on the east by County Road 7977; on the south by County Road 841; and on the west by Farm-to-Market Road 521.
11. In Order No. 3 filed on July 21, 2022, the ALJ found the application, as supplemented, administratively complete.

Notice

12. On August 16, 2022, the applicants filed the following:
- a. the affidavit of Carey A. Thomas, senior vice-president of Undine, attesting that notice was provided to all current customers of Orbit, landowners, neighboring utilities, and affected parties on July 28, 2022. Attached to the affidavit were copies of the notice and maps provided by the applicants; and
 - b. a publisher's affidavit attesting to the publication of notice in *The Facts*, a newspaper of general circulation in Brazoria County, on July 28 and August 4, 2022.
13. On August 17, 2022, the applicants confidentially filed a list of recipients to whom notice was provided.
14. In Order No. 6 filed on September 8, 2022, the ALJ found the notice sufficient.
15. In Order No. 12 filed on December 28, 2022, the ALJ withdrew the finding in Order No. 6 that notice was sufficient and required revised notice of the application.
16. On February 22, 2023, the applicants filed the affidavit of Mr. Thomas attesting that notice was provided to all current customers of Orbit, landowners, neighboring utilities, and affected parties on February 15, 2023. Attached to the affidavit were copies of the notice and maps provided by the applicants, and a confidential list of recipients to whom notice was provided.

17. On March 7, 2023, the applicants filed a publisher's affidavit attesting to the publication of notice in *The Facts*, a newspaper of general circulation in Brazoria County, on February 14 and 21, 2023.
18. In Order No. 16 filed on March 13, 2023, the ALJ found the notice sufficient.
19. On May 24, 2023, the applicants filed the affidavit of Mr. Thomas attesting that there are no landowners with a tract of land that is at least 25 acres and is wholly or partially included in the requested area.
20. In Order No. 20 filed on June 16, 2023, the ALJ found the supplemental notice sufficient.

Intervention

21. In Order No. 4 filed on August 10, 2022, the ALJ granted Tommy Green's motion to intervene.

Opportunity for a Hearing

22. In Order No. 35 filed on October 11, 2024, the ALJ established October 25, 2024, as the deadline for Mr. Green to request a hearing.
23. Mr. Green did not request a hearing.
24. No other party requested a hearing.

Evidentiary Record

25. In Order No. 10 filed on December 14, 2022, the ALJ admitted the following evidence into the record of this proceeding:
 - a. The application and all attachments filed on May 23, 2022;
 - b. Undine's confidential attachments to the application filed on May 25, 2022;
 - c. Commission Staff's recommendation on administrative completeness and notice and proposed procedural schedule filed on June 21, 2022;
 - d. Undine's first supplement to the application filed on June 21, 2022;
 - e. Undine's request to change the docket style filed on June 21, 2022;
 - f. Commission Staff's supplemental recommendation on administrative completeness and notice, proposed procedural schedule, and request to restyle docket filed on July 20, 2022;

- g. Undine's proof of notice and confidential attachment filed on August 16 and 17, 2022;
 - h. Commission Staff's recommendation on sufficiency of notice filed on August 29, 2022;
 - i. Commission Staff's supplemental recommendation on sufficiency of notice filed on September 7, 2022;
 - j. Undine's second supplement to application filed on September 21, 2022;
 - k. Undine's third supplement to application filed on September 22, 2022;
 - l. Undine's fourth supplement to application filed on October 6, 2022;
 - m. Undine's fifth supplement to application filed on October 14, 2022; and
 - n. Commission Staff's final recommendation on the transaction filed on November 4, 2022.
26. In Order No. 23 filed on July 20, 2023 the ALJ admitted the following evidence into the record of the proceeding:
- a. Undine's sixth supplement to application filed on February 15, 2023;
 - b. Undine's confidential exhibit A to the supplement to the application filed on February 16, 2023;
 - c. Commission Staff's clarification filed on February 17, 2023;
 - d. Undine's clarification filed on February 17, 2023;
 - e. Undine's confidential attachment A to the clarification filed on February 21, 2023;
 - f. Undine's response to Order No. 15 filed on February 22, 2023;
 - g. Undine's confidential exhibit B to the response to Order No. 15 filed on February 22, 2023;
 - h. Undine's supplemental response to Order No. 15 filed on March 7, 2023;
 - i. Commission Staff's supplemental recommendation on revised notice filed on March 10, 2023;

- j. Commission Staff's recommendation on the transaction including the attached tariff and confidential attachments filed on April 21, 2023;
 - k. Undine's response to Commission Staff's recommendation on the transaction filed on April 24, 2023;
 - l. Undine's response to Order No. 18 requiring clarification on notice filed on May 24, 2023;
 - m. Commission Staff's recommendation on sufficiency of supplemental notice and financial assurance filed on June 14, 2023;
 - n. Undine's supplemental information including confidential attachments filed on June 16, 2023; and
 - o. Undine's supplemental information filed on June 29, 2023.
27. In Order No. 30 filed on May 17, 2024, the ALJ admitted the following evidence into the record of the proceeding:
- a. Joint response to Order No. 21 filed on July 7, 2023;
 - b. Undine's status report filed on September 27, 2023;
 - c. Undine's application amendment filed on February 5, 2024;
 - d. Undine and Orbit's motion for reconsideration filed on February 6, 2024;
 - e. Undine's application supplement filed on March 21, 2024;
 - f. Undine's clarification filed on March 27, 2024;
 - g. Commission Staff's recommendation on the transaction filed on March 28, 2024; and
 - h. Undine's response to Commission Staff's recommendation filed on April 2, 2024.
28. In Order No. 34 filed on October 11, 2024, the ALJ admitted the following evidence into the record of the proceeding:
- a. Undine's notice of close of transaction filed on June 20, 2024;
 - b. Commission Staff's recommendation on sufficiency of closing documents and proposed procedural schedule filed on July 8, 2024;

- c. Undine's consent form filed on July 31, 2024;
- d. Orbit's consent form filed on July 31, 2024; and
- e. The proposed map, certificate, and tariff attached to the joint response to Order No. 33 filed on September 18, 2024.

Sale

- 29. In Order No. 25 filed on July 21, 2023, the ALJ approved the sale and transaction to proceed and required the applicants to file proof that the transaction had closed and that customer deposits had been addressed.
- 30. In Order No. 25 filed on July 21, 2023, the ALJ ordered the transaction to be completed within 180 days and, if no extension had been granted, the approval would be void and the applicants would be required to reapply for approval.
- 31. The applicants did not file proof that the transaction was completed within 180 days of the date of Order No. 25 and no extension was requested or granted.
- 32. In Order No. 26 filed on January 30, 2024, the ALJ voided the approval of the transaction and required the parties to file an amended application.
- 33. On February 5, 2024, Undine filed an amended application.
- 34. On March 21 and 27, 2024, Undine filed a supplement and clarification.
- 35. In Order No. 31 filed on May 17, 2024, the ALJ approved the sale and transaction to proceed and required the applicants to file proof that the transaction had closed and that customer deposits had been addressed.
- 36. On June 20, 2024, the applicants filed proof that the sale had closed and that there were no outstanding customer deposits that needed to be addressed.
- 37. In Order No. 32 filed on July 11, 2024, the ALJ found the closing documentation sufficient.

Purchaser's Compliance History

- 38. The Commission's complaint records, which date back to five years, show four informal complaints against Undine. The Commission's Consumer Protection Division has evaluated and closed the four complaints. The number of complaints does not include complaints for Undine Development, LLC and Undine Texas, LLC.

39. Undine has been subject to enforcement actions by the Commission and the TCEQ for non-compliance with rules, orders, or statutes.
40. Undine is actively working on resolving the violations that have been identified by the TCEQ at each of their water and sewer systems.
41. Undine does not have a history of continuing mismanagement or misuse of revenues as a utility service provider.
42. Undine has demonstrated a compliance status that is adequate for approval of the transaction.

Adequacy of Existing Service

43. There are currently 195 connections in the requested area that are being served by Orbit through the Grasslands sewer system and such service has been continuous and adequate.
44. The last TCEQ compliance investigation of the Grasslands sewer system was on January 31, 2022.
45. Orbit's sewer system does not have any violations listed in the TCEQ database.
46. The Commission's complaint records, which go back to 2017, show no complaints against Orbit.
47. Undine has planned capital improvements for the system.
48. There is no evidence in the record that Orbit has failed to comply with any Commission or TCEQ order.

Need for Additional Service

49. There are 195 existing customer connections in the requested area that are receiving service from Orbit and have an ongoing need for service.
50. The requested area includes uncertificated area with existing facilities owned by Orbit and an existing customer served by Orbit.

Effect of Approving the Transaction and Granting the Amendment

51. Undine will be the certificated entity for the requested area and will be required to provide continuous and adequate sewer service to current and future customers in the requested area.

52. There will be no effect on landowners as requested area is currently certificated or receiving service from Orbit.
53. All retail public utilities in the proximate area were provided notice of the transaction proposed in this application, and no protests, adverse comments, or motions to intervene were filed by any adjacent retail public utility.
54. There will be no effect on any retail public utility providing service to the proximate area.

Initial Rates

55. Undine requested approval to charge acquired customers initial rates that are shown on the sewer tariff issued to Undine at the time the application was filed.
56. The application was considered filed on July 21, 2022, when it was deemed administratively complete.
57. On the date the application was filed, Undine's tariff in force for its sewer systems was the tariff approved in Docket No. 50018.¹
58. The phase three sewer tariff rates requested by Undine, which were approved in Docket No. 50018, is a flat rate for all meter sizes of \$110.00.
59. Undine's phase three sewer tariff rates approved in Docket No. 50018 are just and reasonable initial rates for Undine to charge to customers served by Grasslands sewer system.

Ability to Serve: Managerial and Technical

60. Undine owns and operates numerous TCEQ-permitted sewer systems in Texas.
61. Undine employs TCEQ-licensed operators who will be responsible for operation of the Grasslands sewer system.
62. Undine has the technical and managerial capability to provide continuous and adequate service to the requested area.

¹ *Application of Pure Utilities, LC and Undine Texas Environmental, LLC for Sale, Transfer, or Merger of Sewer Facilities and Certificate Rights and to Decertify a Portion of Pure Utilities, LC's Certificated Area, and to Amend Uncertificated Sewer Service Area in Polk County*, Docket No. 50018, Notice of Approval (Mar. 12, 2021).

Feasibility of Obtaining Service from an Adjacent Retail Public Utility

63. Orbit is currently serving customers throughout the requested area, and such service has been continuous and adequate.
64. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities would need to be constructed; at a minimum, an interconnect would need to be installed to connect to a neighboring retail public utility.
65. It is not feasible to obtain service from an adjacent retail public utility.

Regionalization or Consolidation

66. It will not be necessary for Undine to construct a physically separate sewer system to serve the requested area.
67. Because the requested area will not require the construction of a physically separate sewer system, consideration of regionalization or consolidation with another retail public utility is not required.

Ability to Serve: Financial Ability and Stability

68. Undine Group, LLC, an affiliate of Undine, is capable, available, and willing to cover temporary cash shortages and has a debt-to-equity ratio that is less than one. Therefore, Undine has satisfied the leverage test.
69. Undine Group provided a written guarantee of coverage of temporary cash shortages and has sufficient cash available to cover any projected operations and maintenance shortages in the first five years of operations after completion of the transaction. Therefore, Undine has satisfied the operations test.
70. Undine is proposing to make capital improvements in excess of \$100,000 to the Grasslands sewer system.
71. Undine submitted loan approval documents indicating funds are available for the purchase of the public sewer system plus planned capital improvements necessary to provide continuous and adequate service to existing customers.
72. Undine submitted a capital improvement plan that included a budget and an estimated timeline for construction of all facilities necessary to provide service to the requested area, keyed to a map showing where such facilities will be located.

73. Undine has demonstrated the financial capability and stability to pay for the facilities necessary to provide continuous and adequate service to the requested area.

Financial Assurance

74. There is no need to require Undine to provide a bond or other financial assurance to ensure continuous and adequate service.

Environmental Integrity and Effect on the Land

75. The effects on environmental integrity and the land will be temporary as capital improvements are made for Undine to continue providing service to the requested area.

Improvement of Service or Lowering Cost to Consumers

76. Undine will continue to provide sewer service to Orbit's existing customers in the requested area.
77. Reliability and quality of sewer service is expected to improve under Undine's management.
78. Undine requested authorization to charge the customers served by the sewer system being acquired its phase three sewer tariff rates that are currently in force, which were approved in Docket No. 50018.
79. Rates for customers in the requested area will be higher than the rates currently charged by Orbit because Undine will charge its current phase three sewer tariff rates.

Map, Certificate, and Tariff

80. On July 22, 2024, Commission Staff emailed to Undine the proposed final map and certificate related to this docket and, on July 29, 2024, Commission Staff emailed Undine the proposed tariff related to this docket.
81. On July 22, 2024, Commission Staff emailed to Orbit the proposed final map.
82. On July 31, 2024, Undine filed its consent form concurring with the proposed final map, certificate, and tariff and Orbit filed its consent to the proposed final map.
83. The proposed final map, certificate, and tariff and were included as attachments to the joint response to Order No. 33 filed on September 18, 2024.

II. Conclusions of Law

The ALJ makes the following conclusions of law.

1. The Commission has authority over this proceeding under Texas Water Code (TWC) §§ 13.041, 13.241, 13.242, 13.244, 13.246, 13.251, 13.301, and 13.3011.
2. Undine and Orbit are retail public utilities as defined by TWC § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(31).
3. Notice of the application was provided in compliance with TWC §§ 13.246 and 13.301(a)(2) and 16 TAC § 24.239(c).²
4. Undine and Orbit's application meets the requirements of TWC § 13.244 and 16 TAC §§ 24.227 and 24.233.
5. The Commission processed this application in accordance with the requirements of the TWC, the Administrative Procedure Act,³ and Commission rules.
6. Undine and Orbit complied with the requirements of 16 TAC § 24.239(k) and (l) with respect to customer deposits.
7. Undine and Orbit completed the sale and transfer within the time required by 16 TAC § 24.239(m).
8. After consideration of the factors in TWC § 13.246(c), Undine demonstrated that it is capable of rendering continuous and adequate service to every customer within the requested area, as required by TWC § 13.251.
9. Undine demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service in the requested area, as required by TWC §§ 13.241(a) and 13.301(b).
10. Regionalization and consolidation concerns under TWC § 13.241(d) do not apply in this proceeding because construction of a physically separate sewer system is not required.

² After this application was filed, 16 TAC § 24.239 was amended, effective March 29, 2023. Accordingly, all references and citations to 16 TAC § 24.239 in this Order are made to the version in effect at the time the application was filed.

³ Tex. Gov't Code §§ 2001.001–.903.

11. It is not necessary for Undine to provide bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).
12. The extension of Undine's phase three sewer utility rates and tariff approved for Undine in Docket No. 50018 to customers served by Orbit's Grasslands sewer system complies with TWC §§ 13.182 and 13.3011.
13. Undine and Orbit have demonstrated that the sale and transfer of Orbit's sewer facilities and service area held under CCN number 20682 to Undine will serve the public interest and is necessary for the service, accommodation, convenience, or safety of the public as required by TWC §§ 13.246(b) and 13.301(d) and (e).
14. Under TWC § 13.257(r) and (s), Undine must record a certified copy of the certificate and the map approved by this Order, along with a boundary description of the service area, in the real property records of the Brazoria County within 31 days of receiving this Order and submit to the Commission evidence of the recording.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the ALJ recommends the following ordering paragraphs.

1. The Commission approves the sale and transfer of all Orbit's sewer facilities and service area held under CCN number 20682 to Undine.
2. The Commission amends Undine's CCN number 20816 to include the area previously included in Orbit's CCN number 20682, as shown on the attached map.
3. The Commission amends Undine's CCN number 20816 to add six acres of uncertificated area.
4. The Commission cancel's Orbit's CCN number 20682.
5. The Commission approves the map and tariff attached to this Order.
6. The Commission issues the certificate attached to this Order.
7. The Commission approves the initial rates requested by Undine to be applicable to the former customers of Orbit as shown in the tariff attached to this Order.

8. Undine must provide service to every customer or qualified applicant for service within the approved area under CCN number 20816 that requests sewer service and meets the terms of Undine's sewer service policies, and such service must be continuous and adequate.
9. Undine must comply with the recording requirements in TWC § 13.257(r) and (s) for the area in Brazoria County affected by the application and file in this docket proof of the recording no later than 45 days of the date of this Order.
10. Within ten days of the date of this Order, Commission Staff must provide the Commission with a clean copy of the tariff approved by this Order to be stamped *Approved* and retained by Central Records.
11. The Commission denies all other motions and any other request for general or specific relief, if not expressly granted.

Signed at Austin, Texas on the 6th day of November 2024.

PUBLIC UTILITY COMMISSION OF TEXAS



**CHRISTINA DENMARK
ADMINISTRATIVE LAW JUDGE**

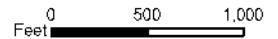
PUCT Docket No. 53630
Undine Texas Environmental, LLC
Portion of Sewer CCN No. 20816

Transfer all of Orbit Systems, Inc., CCN No. 20682 and Amend CCN No. 20816 in Brazoria County



Sewer CCN

 20816 - Undine Texas Environmental LLC





**SEWER UTILITY TARIFF
Docket No. 53630**

Undine Texas Environmental, LLC
(Utility Name)

17681 Telge Road
(Business Address)

Cypress, TX 77429
(City, State, Zip Code)

(713) 574-5953
(Area Code/Telephone)

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

20816, 20832, 21029, 21026

This tariff is effective in the following counties:

Brazoria, Chambers, Fort Bend, Galveston, Harris, Johnson, Montgomery, Parker, Polk, Tarrant, & Walker

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

Beach City (Bayridge Subdivision, Oaks at Houston Point, and Sunflower Subdivision), Houston (Bellmar Terrace, Meadowland, and part of Assumption Heights), Iowa Colony (Spring Crossing and 288 Business Park), Town of Dennis (Sugartree)

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 PUBLIC UTILITY COMMISSION OF TEXAS AND WILL HAVE TO BE OBTAINED FROM THE CITY OR UTILITY

This tariff is effective in the following subdivisions and public sewer 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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| SECTION 3.0 – EXTENSION POLICY | 17 |
| APPENDIX A – SAMPLE SERVICE AGREEMENT | |

LIST OF SUBDIVISIONS AND SYSTEMS

| System Name | WQ Number | County |
|------------------------------------|----------------|------------|
| Angle Acres WWTP | WQ 0012420-001 | Brazoria |
| 1484 Wastewater Treatment Plant | WQ 0016318-001 | Montgomery |
| Beechwood WWTP | WQ 0012113-001 | Brazoria |
| Cold River Ranch | WQ 0012780-001 | Brazoria |
| Country Vista WWTP | WQ 0013769-001 | Johnson |
| Crystal Palace WWTP | WQ 0012936-001 | Galveston |
| Grand Ranch | WQ 0013846-001 | Johnson |
| Grasslands WWTP | WQ 0012672-001 | Brazoria |
| Grunwald WWTP | WQ 0016195-001 | Fort Bend |
| Laguna WWTP | WQ 0014452-001 | Galveston |
| Mayfair | WQ 0013518-001 | Tarrant |
| Mayfair South | WQ 0013518-001 | Tarrant |
| Mayfair West | WQ 0013518-001 | Tarrant |
| Spring Crossing/288 Business Park* | WQ 0012780-001 | Brazoria |
| Southwood Estates | WQ 0012780-001 | Brazoria |
| Sugartree** | WQ 0014163-001 | Parker |
| Tiemann WWTP | WQ 0016197-001 | Fort Bend |

* Spring Crossing/288 Business Park subject to City of Iowa Colony’s jurisdiction

**Sugartree subject to the Town of Dennis’s jurisdiction

| Formerly Nerro Supply, LLC | | |
|-------------------------------|----------------|----------|
| *Bayridge Subdivision | WQ 0013643-001 | Chambers |
| Greens Bayou Fabrication Yard | WQ 0003792-000 | Harris |
| *Oaks at Houston Point | WQ 0013643-001 | Chambers |
| *Sunflower Subdivision | WQ 0013643-001 | Chambers |
| Wildwood Shores | WQ 0014154-001 | Walker |

* Entirely within the City of Beach City

| Formerly Pure Utilities, L.C. | | |
|--------------------------------------|----------------|------|
| Lakeside Village | WQ 0014014-001 | Polk |
| Kalita Point Utilities, Kalita Point | WQ 0011465-001 | Polk |
| Kalita Point Utilities, Indian Hill | WQ 0011621-001 | Polk |

| Formerly Nitsch & Son Utility Company, Inc. | | |
|---|--------------|--------|
| System Name | WQ Number | County |
| Durkee Manor WWTP | WQ0010419001 | Harris |

Subdivisions: Airline Village, Assumption Heights*, Bellmar, Bellmar Estates, Bellmar Terrace*, Durkee Manor, Meadowland*

*Within the City of Houston city limits

SECTION 1.0 - RATE SCHEDULE

Section 1.01 – Rates

Rate Year 1
Meter Size:
All Meters

Effective Date: August 1, 2020
Monthly Minimum Charge
\$75.00 Flat Rate

Rate Year 2
Meter Size:
All Meters

Effective Date: August 1, 2021
Monthly Minimum Charge
\$92.50 Flat Rate

Rate Year 3
Meter Size:
All Meters

Effective Date: August 1, 2022
Monthly Minimum Charge
\$110.00 Flat Rate

Volume charges are determined based on average consumption for winter period which includes the following months: N.A.

RATE CASE EXPENSES \$1.12 per month

Effective Date: August 1, 2020. The rate case expense surcharge will be collected for 36 months or until the full \$85,289.03 of rate case expenses related to Docket No. 50200 is collected, whichever occurs first.

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 Payment or Automatic Bank Draft)

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

UNAFFILIATED THIRD PARTIES WHO ACCEPT AND PROCESS CREDIT CARD AND ELECTRONIC PAYMENTS FOR UTILITY BILLS MAY REQUIRE PAYMENT OF AN ADDITIONAL CONVENIENCE CHARGE FOR THIS SERVICE.

REGULATORY ASSESSMENT 1.0%

PUBLIC UTILITY COMMISSION (COMMISSION) RULES REQUIRE THE UTILITY TO COLLECT AND REMIT TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE \$865.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF, INCLUDING COSTS RELATED TO ROAD BORES, ROCK CUTS, AND UNUSUALLY LONG TAPS.

SECTION 1.0 – RATE SCHEDULE (Continued)

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

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
- c) After hours reconnection \$50.00

TRANSFER FEE \$65.00

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

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

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

RETURNED CHECK CHARGE \$30.00

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

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY THE COMMISSION 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

| <u>Meter Size</u> | <u>Monthly Minimum Charge</u> | <u>Gallonge Charge</u> |
|-------------------|-------------------------------------|---|
| All Connections | <u>\$2,012</u> (Includes 0 gallons) | <u>\$0.00</u> per 1,000 gallons Same for all meter sizes |

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%

PUBLIC UTILITY COMMISSION (COMMISSION) RULES REQUIRE THE UTILITY TO COLLECT AND REMIT TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE..... Actual Cost

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF, INCLUDING COSTS RELATED TO ROAD BORES, ROCK CUTS, AND UNUSUALLY LONG TAPS.

TAP FEE (Large Connection Tap)..... Actual Cost

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

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..... \$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.

SECTION 1.0 - RATE SCHEDULE (Continued)

| | |
|---|---------------------------------------|
| LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)..... | <u>10%</u> |
| COMMISSION 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 | <u>\$50.00</u> |
| RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST. | |
| CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)..... | <u>\$50.00</u> |
| COMMERCIAL & NON-RESIDENTIAL DEPOSIT | <u>1/6TH OF ESTIMATED ANNUAL BILL</u> |
| GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE: WHEN AUTHORIZED IN WRITING BY THE COMMISSION 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

| <u>Meter Size</u> | <u>Monthly Minimum Charge</u> | <u>Gallonage Charge</u> |
|-------------------|--|---------------------------------|
| 5/8" or 3/4" | <u>\$25.00</u> (Includes 10,000 gallons) | <u>\$2.00</u> per 1,000 gallons |
| 1" | <u>\$25.00</u> | Same for all meter sizes |

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%

PUBLIC UTILITY COMMISSION (COMMISSION) RULES REQUIRE THE UTILITY TO COLLECT AND REMIT TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY 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 CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF, INCLUDING COSTS RELATED TO ROAD BORLS, ROCK CUTS, AND UNUSUALLY LONG TAPS.

TAP FEE (Large Connection Tap) Actual Cost

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

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 \$10.00

TRANSFER FEE \$10.00

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) \$5.00
COMMISSION 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) \$25.00

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY THE COMMISSION 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

Section 1.01 - Rates

| <u>Meter Size</u> | <u>Monthly Minimum Charge</u> | <u>Gallonge Charge</u> |
|-------------------|----------------------------------|--|
| 3/8" or 3/4" | \$42.49 (Includes 5,000 gallons) | \$2.00 per 1000 gallons over the minimum |

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

Cash X, Check X, Money Order X, Credit Card , Other (specify)
THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$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.

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 \$35.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) \$5.00
TCEQ RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE \$25.00
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

SECTION 1.0 -- RATE SCHEDULE (Continued)

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50).....N/A

COMMERCIAL & NON-RESIDENTIAL DEPOSIT 1/6TH 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 1.0 -- RATE SCHEDULE

Residential Monthly Flat Rate: \$30.00 flat fee per month

Volume charges are determined based on average consumption for winter period which includes the following months: N/A

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

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

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

REGULATORY ASSESSMENT 1.0%

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$1,000.00

TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION.

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 \$250.00

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) 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 \$20.00

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

SECTION 2.0 – SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission of Texas (Commission or PUC) Rules relating to sewer utilities 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 Sewer Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), 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 Commission 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 the Commission 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.

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 on the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund the residential customer's 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.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

(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 Commission 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 to cover unique costs not normally incurred as permitted by 16 TAC § 24.163(b)(1)(C) if they are listed on this approved tariff. 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 and utility cut-off and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within five (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 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the tap location to the place of consumption. Customers will not be allowed to use the utility's cutoff.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.06 - Access to Customer's Premises

All customers or service applicants shall provide access to utility cutoffs 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 2.07 - Back Flow Prevention Devices

No water connection shall be made to any establishment where an actual or potential contamination or system hazard exists without an approved air gap or mechanical backflow prevention assembly. The air gap or backflow prevention assembly shall be installed in accordance with the American Water Works Association (AWWA) standards C510, C511 and AWWA Manual M14 or the University Of Southern California Manual Of Cross-Connection Control, current edition. The backflow assembly installation by a licensed plumber shall occur at the customer's expense.

The back flow assembly shall be tested upon installation by a recognized prevention assembly tester and certified to be operating within specifications. Back flow prevention assemblies which are installed to provide protection against high health hazards must be tested and certified to be operating within specifications at least annually by a recognized back flow prevention device tester. The maintenance and testing of the back flow assembly shall occur at the customer's expense.

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% 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.

(C) Information on Bill

Each bill will provide all information required by the Commission 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.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

(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 nonpayment 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 Commission rules.

(B) Without Notice

Utility service may also be disconnected without notice for reasons as described in the Commission rules.

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.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Service will be reconnected within 24 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 and operate production, treatment, storage, transmission, and collection facilities of sufficient size and capacity to provide continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge effluent of the quality required by its discharge permit issued by the TCEQ. Unless otherwise authorized by the TCEQ, the utility will maintain facilities as described in the TCEQ's rules.

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 Commission's 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 Commission rules and policies, and upon extension of the utility's certified service area boundaries by the Commission.

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 Commission rules and policies, and upon extension of the utility's certificated service area boundaries by the Commission.

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 collection line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the 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.

Unless an exception is granted by the PUC, the residential service applicant shall not be required to pay for costs of main extensions greater than 6" in diameter for gravity wastewater lines.

SECTION 3.0 – EXTENSION POLICY (Continued)

Exceptions may be granted by the PUC 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.

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

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 (TCEQ) minimum design criteria for facilities used in the production, collection, transmission, pumping, or treatment of sewage 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.

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.

SECTION 3.0 – EXTENSION POLICY (Continued)

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC § 24.163(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 TCEQ minimum design criteria. As provided by 16 TAC § 24.163(d)(4), 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 utilities 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 3.04 - 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, Commission 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 Commission 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.

SECTION 3.0 – EXTENSION POLICY (Continued)

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 Commission for resolution.

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, Commission rules and/or 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 Commission 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 Commission service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by Commission rules.

Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, 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.

APPENDIX A – SAMPLE SERVICE AGREEMENT
From TCEQ Rules, 30 TAC § 290.47(b), Appendix B
SERVICE AGREEMENT

- I. **PURPOSE.** The NAME OF SEWER SYSTEM is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF SEWER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the sewer system will not re-establish service unless it has a signed copy of this agreement.
- II. **RESTRICTIONS.** The following unacceptable practices are prohibited by State regulations.
- A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
 - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
 - C. No connection which allows water to be returned to the public drinking water supply is permitted.
 - D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
 - E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.
- III. **SERVICE AGREEMENT.** The following are the terms of the service agreement between the NAME OF SEWER SYSTEM (the Sewer System) and NAME OF CUSTOMER (the Customer).
- A. The Sewer System will maintain a copy of this agreement as long as the Customer and/or the premises are connected to the Sewer System.
 - B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Sewer System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Sewer System's normal business hours.
 - C. The Sewer System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic reinspection.
 - D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.
 - E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Sewer System. Copies of all testing and maintenance records shall be provided to the Sewer System.
- IV. **ENFORCEMENT.** If the Customer fails to comply with the terms of the Service Agreement, the Sewer System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

CUSTOMER'S SIGNATURE:

DATE:



Public Utility Commission of Texas

By These Presents Be It Known To All That

Undine Texas Environmental, LLC

having obtained certification to provide sewer utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Undine Texas Environmental, LLC is entitled to this

Certificate of Convenience and Necessity No. 20816

to provide continuous and adequate water or sewer utility service to that service area or those service areas in Brazoria, Chambers, Fort Bend, Harris, Montgomery, Parker, Polk, Tarrant, and Walker counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 53630 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Undine Texas Environmental, LLC to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.