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DOCKET NO. 54121

APPLICATION OF SP UTILITY	§	PUBLIC UTILITY COMMISSION
COMPANY, INC. FOR TEMPORARY	§	
RATES FOR A NONFUNCTIONING	§	OF TEXAS
UTILITY	§	

JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED ORDER

I. INTRODUCTION

Harrison Williams (Mr. Williams), owner of SP Utility Company, Inc. (SP Utility) and temporary manager of Villa Utilities, together with the Staff (Staff) of the Public Utility Commission of Texas (Commission), file this Joint Motion to Admit Evidence and Proposed Order, and would show the following:

II. BACKGROUND

On September 15, 2022, Mr. Williams filed a request for a temporary rate increase pursuant to Texas Water Code (TWC) § 13.046 and 16 Texas Administrative Code (TAC) § 24.363 in Harris and Chambers Counties. Villa Utilities has three active public water systems (PWS): Vista Utilities (PWS ID: 0360026), Reed Estates Water System (PWS ID: 1010945), and Villa Utilities (PWS ID: 1011183).

On February 10, 2023, the administrative law judge (ALJ) filed Order No. 8, requiring the parties to file a joint motion to admit evidence and a joint proposed order by March 8, 2023. Therefore, this pleading is timely filed.

III. MOTION TO ADMIT EVIDENCE

Staff and Mr. Williams request that the following evidence be admitted into the record:

- (1) Mr. Williams' Application and all attachments filed on September 15, 2022 (Interchange Item No. 1);
- (2) Commission Staff's Recommendation on Sufficiency and Notice filed on October 6, 2022 (Interchange Item No. 3);
- (3) Mr. Williams' Response to Staff's First Informal Request for Information filed on November 9, 2022 (Interchange Item No. 8);
- (4) Mr. Williams' Response to Staff's Second Informal Request for Information filed on November 18, 2022 (Interchange Item No. 12);

- (5) Mr. Williams' Supplemental Response to Staff's Requests for Information filed on December 28, 2022 (Interchange Item No. 17);
- (6) Commission Staff's Recommendation on Final Disposition and all attachments filed on January 20, 2023 (Interchange Item Nos. 20 and 21);
- (7) Commission Staff's Clarification Regarding its Final Recommendation and Request for Extension filed on February 10, 2023 (Interchange Item No. 23); and
- (8) Mr. Williams' Re-issued Notice filed on March 2, 2023 (Interchange Item No. 25).

IV. PROPOSED ORDER

Staff and Mr. Williams offer the attached Proposed Order approving Mr. Williams' temporary rates.

V. CONCLUSION

Staff and Mr. Williams request that the Commission grant the motion to admit evidence and adopted the Proposed Order.

Date: March 8, 2023

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Keith Rogas
Division Director

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DOCKET NO. 54121

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 8, 2023 in accordance with the Second Order Suspending Rules, filed in Project No. 50664.

/s/ Margaux Fox
Margaux Fox

DOCKET NO. 54121

APPLICATION OF SP UTILITY	§	PUBLIC UTILITY COMMISSION
COMPANY, INC. FOR TEMPORARY	§	
RATES FOR A NONFUNCTIONING	§	OF TEXAS
UTILITY	§	

JOINT PROPOSED ORDER

This Order addresses the application of Harrison Williams, owner of SP Utility Company, Inc. and temporary manager of Villa Utilities, for temporary rates for services provided for a non-functioning utility. The Commission approves the temporary rates proposed in the application, as modified by this Order and to the extent provided in this Order. The temporary rates approved by this Order are subject to reconciliation, and the Commission may revise the temporary rates following its reconciliation review. The Commission approves the proposed tariff filed by the parties on March 8, 2023 as modified in this Order.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicant and Other Interested Persons

1. SP Utility Company, Inc. (SP Utility) is a corporation registered with the secretary of state under filing number 800200690.
2. Villa Utilities holds water certificate of convenience and necessity (CCN) number 12079 for the provision of water service in Chambers and Harris counties.
3. Mr. Williams operates three public water systems registered with the Texas Commission on Environmental Quality (TCEQ): Vista Utilities, identification number 0360026; Reed Estates Water System, identification number 1010945; and Villa Utilities, identification number 1011183.
4. On June 7, 2022, the Commission filed an order in Docket No. 53356¹ appointing Mr. Williams as temporary manager of Villa Utilities, Reed Estates, and Vista Utilities

¹ *Request for an Emergency Order Appointing A Temporary Manager for Villa Utilities, Reed Estates Water System, Vista Utilities, and J & L Terry Lane Without a Hearing*, Docket No. 53356, Order (June 7, 2022).

beginning June 7, 2022, and continuing until September 12, 2022, or until Mr. Williams is discharged from this appointment by the Commission, whichever occurs first.

5. On September 2, 2022, the Commission filed an order in Docket No. 53891² again appointing Mr. Williams as temporary manager of Villa Utilities, Reed Estates, and Vista Utilities beginning September 2, 2022 and continuing until the Commission orders otherwise.

Application

6. On September 15, 2022, Mr. Williams filed an application for temporary rates under Texas Water Code (TWC) § 13.046 and 16 Texas Administrative Code (TAC) § 24.363.
7. The application requests approval of temporary rates in order to ensure sufficient funds are available to keep the water facilities operating properly within regulatory requirements. In addition, the temporary rates will allow the temporary manager to make emergency repairs and required improvements on the system in order to begin to bring the system into compliance with the rules of the Commission and the TCEQ.
8. On September 15, 2022, Mr. Williams filed proof of notice.
9. On October 7, 2022, the administrative law judge (ALJ) found the application administratively complete and sufficient.
10. On November 9 and 18 and December 28, 2022, Mr. Williams filed supplemental information in response to discovery requests from Commission Staff.
11. On January 20, 2023, Commission Staff filed its Recommendation on Final Disposition, recommending approval of the application with potential adjustments made to the temporary water utility rates proposed by Mr. Williams.
12. On February 10, 2023, Commission Staff filed a Clarification Regarding Final Recommendation.
13. On March 2, 2023, Mr. Williams filed proof of re-issued notice to inform ratepayers of the revised temporary water utility rates.

² *Joint Petition for an Order Appointing a Temporary Manager for Villa Utilities, Reed Estates Water System, and Villa Utilities*, Docket No. 53891, Final Order (Sept. 2, 2022).

Notice

14. On September 15, 2022, Mr. Williams filed proof of notice of the proposed rate change to all customers of Villa Utilities.
15. In Order No. 2 filed on October 7, 2022, the ALJ found the notice sufficient.

Evidentiary Record

16. On March 8, 2023, Mr. Williams and Staff filed a joint motion to admit evidence.
17. In Order No. ___, filed on ____, 2023, the ALJ admitted the following evidence into the record of this proceeding: (a) Mr. Williams' Application and all attachments filed on September 15, 2022; (b) Commission Staff's Recommendation on Sufficiency of Notice filed on October 6, 2022; (c) Mr. Williams' response to Staff's First Informal Request for Information filed on November 9, 2022; (d) Mr. Williams' Response to Staff's Second Informal Request for Information filed on November 18, 2022; (e) Mr. William's Supplemental Response to Staff's Requests for Information filed on December 28, 2022; (f) Commission Staff's Recommendation on Final Disposition and all attachments filed on January 20, 2023; (g) Commission Staff's Clarification Regarding its Final Recommendation on Request for Extension filed on February 10, 2023; and (h) Mr. Williams' re-issued notice filed on March 2, 2023.

Reasonableness of Temporary Rates

18. The applicant requests a minimum monthly flat rate for water services as follows:

Meter Size	Monthly Flat Rate (Zero Gallons Included)
5/8" or 3/4"	\$116.14
1"	\$182.34
1.5"	\$253.18
2"	\$409.97

Meter Size	Monthly Metered Rate (Zero Gallons Included)
5/8" or 3/4"	\$95.27
1"	\$149.57
1.5"	\$207.69
2"	\$336.30

Further, the applicant requests a gallonage charge of \$4 per 1,000 gallons for the metered rate. The requested rates are in addition to the temporary manager's fee of \$15.00 per month per connection that was approved in Docket No. 53891.

19. Staff recommended a minimum monthly metered rate for water service as follows:

Meter Size	Monthly Flat Rate (Zero Gallons Included)
5/8" or 3/4"	\$96.68
1"	\$241.70
1.5"	\$483.39
2"	\$773.43

Staff recommended a gallonage charge of \$4 per 1,000 gallons, with no gallons included for Villa Utilities. Vista Utilities and Reed Estates will not have a gallonage charge included. The gallonage charges may be evaluated again if meters are installed at Vista Utilities and Reed Estates water systems. The recommended rates are in addition to the temporary manager's fee of \$15.00 per month per connection that was approved in Docket No. 53891.

20. Significant repairs to and replacement of water system components are necessary to allow Mr. Williams to provide continuous and adequate water service for customers within the water service area of the three public water systems and CCN No. 12079.

21. The rates recommended by Staff are reasonable for Mr. Williams to provide continuous and adequate water service for the customers within the water service area of the three public water systems and CCN No. 12079.
22. The temporary rates and temporary manager's fee will remain in effect until the Commission orders otherwise.
23. The temporary rates will remain in effect even in the event that a new temporary manager or receiver is appointed.

Requirement for Monthly Documentation

24. In its January 20, 2023 filing, Staff recommended that Mr. Williams be required to provide documentation monthly until the temporary manager's term is completed. Staff recommended the documentation include: (a) a summary of monthly revenues and expenses with a detailed list of actual costs for operating the system, including, but not limited to, manager's fees (if any), repairs, chlorine, billing, operator costs, electricity, laboratory fees, sampling costs, billing and postage fees, and legal fees; (b) copies of invoices and receipts to support the actual cost of service; (c) the actual number of connections and actual number of customers at the beginning and end of the month; and (d) a signed statement that copies of monthly reports have been provided to TCEQ.

Tariff

25. On January 20, 2023, Staff filed a proposed tariff as an attachment to its recommendation on final disposition.
26. On March 8, 2023, the parties filed a revised proposed tariff to reflect the rates recommended following re-issued notice to customers, as an attachment to the parties' joint motion to admit evidence and proposed order.

Informal Disposition

27. At least 15 days have passed since the completion of notice provided in this docket.
28. No person filed a protest or motion to intervene.
29. Mr. Williams and Staff are the only parties to this proceeding.
30. No party requested a hearing, and no hearing is needed.

31. Staff recommended approval of the application.
32. The decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law:

1. The Commission has authority over this proceeding under TWC §§ 13.041 and 13.046.
2. Villa Utilities, Reed Estates, and Vista Utilities are public water systems operated by Mr. Williams and, therefore, are water utilities as defined under TWC § 13.002(23) and 16 TAC § 24.3(39).
3. Public notice of the application was provided as required by TWC § 13.046 and 16 TAC § 24.363(b).
4. The application was processed in accordance with the requirements of the Administrative Procedure Act,³ the TWC, and Commission rules.
5. The temporary rates approved in this case are, as required under 16 TAC § 24.363(a), calculated to enable Mr. Williams to recover the reasonable costs incurred in making service available to the customers within the service area of the three public water systems and CCN number 12079 and bringing public water system numbers 0360026, 1010945, and 1011183 into compliance with Commission and TCEQ rules.
6. The temporary rates approved in this case are reasonable and consistent with TWC § 13.046.
7. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission approves the temporary rate provisions contained in the tariff attached to the parties' joint motion to admit evidence and joint proposed order filed on March 8, 2023.

³ Tex. Gov't Code §§ 2001.001-.903.

The temporary rates approved by this Order are subject to reconciliation, and the Commission may revise the temporary rates following its reconciliation review.

2. For the reconciliation review, revenues received through the temporary rates will be compared to the actual expenses incurred by the utility. The temporary manager must file invoices, cancelled checks, or other documentation to support all actual expenses. The temporary manager must categorize all actual expenses into two categories: a) operating expenses; or b) repair, replacement, or improvement expenses.
3. For as long as Mr. Williams is the Temporary Manager of Villa Estates, Vista Estates, and Reed Estates, he must provide monthly documentation, by the last day of the month following the operational month in question: (a) a summary of monthly revenues and expenses with a detailed list of actual costs incurred to operate the system, such as repairs, chlorine, customer billing, operator costs, electricity, laboratory fees, and sampling costs; (b) copies of invoices and receipts to support the actual cost of service; (c) the actual number of connections at the beginning and at the end of the month, and (d) a signed statement that copies of the monthly report will be provided to the TCEQ at the same time it is provided to the Commission.
4. Mr. Williams may file for an additional or revised temporary rate for the nonfunctioning utility at a later date.
5. Within ten days of the date of this Order, Staff must provide a clean copy of the tariff approved by this Order to central records to be marked *Approved* and filed in the Commission's tariff books.
6. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted herein.

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Keith Rogas
Division Director

John Harrison
Managing Attorney

/s/ *Margaux Fox*
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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 8, 2023 in accordance with the Second Order Suspending Rules, filed in Project No. 50664.

/s/ *Margaux Fox*
Margaux Fox



WATER UTILITY TARIFF

Docket Number 54121

Norman Barnett dba Villa Utilities
(Utility Name)

P.O. Box 3104
(Business Address)

Baytown, Texas 77522
(City, State, Zip Code)

0
(Area Code/Telephone)

Temporary Manager Contact Information

Harrison Williams
(Temporary Manager Name)

P.O. Box 690521
(Business Address)

Houston, TX 77269
(City, State, Zip Code)

832-534-8545
(Area Code/Telephone)

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

12079

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

Chambers, Harris

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

None

This tariff is effective in the following subdivisions or systems:

Vista Utilities – PWS ID: 0360026, Reed Estates Water System – PWS ID: 1010945,
Villa Utilities – PWS ID: 1011183

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

APPENDIX B – APPLICATION FOR SERVICE

SECTION 1.0 -- RATE SCHEDULE

Temporary Rates (Effective August 26, 2022)

Villa Utilities – PWS ID: 1011183

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes <u>0</u> gallons all meters)	<u>Gallonage Charge</u>
5/8"	<u>\$96.68</u>	<u>\$4.00</u> per 1,000 gallons over
1"	<u>\$241.70</u>	
1½"	<u>\$483.39</u>	
2"	<u>\$773.43</u>	

Vista Utilities – PWS ID: 0360026, Reed Estates Water System – PWS ID: 1010945

<u>Meter Size</u>	<u>Flat Rate</u>
5/8"	<u>\$96.68</u>
1"	<u>\$241.70</u>
1½"	<u>\$483.39</u>
2"	<u>\$773.43</u>

Temporary Manager's Fee to be charged in addition to the "Monthly Minimum Charge" (Effective June 7, 2022)

Temporary Manager's Fee.....\$15.00 per connection per month

The temporary rates will remain in effect until the Commission orders otherwise.

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

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

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. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

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

SECTION 1.0 -- RATE SCHEDULE (CONTINUED)

Section 1.02 – Miscellaneous Fees

TAP FEE\$300.00

TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" METER PLUS UNIQUE COSTS AS PERMITTED BY PUCT RULE AT COST.

RECONNECTION FEE

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

a) Non-payment of bill (Maximum \$25.00)\$25.00

b) Customer's request\$35.00

or other reasons listed under Section 2.0 of this tariff

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\$2.00 or 5%

A ONE-TIME PENALTY MAY BE MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE\$25.00

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

METER TEST FEE (actual cost of testing the meter up to)\$25.00

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY.

SECTION 2.0 - SERVICE RULES AND REGULATIONS

Section 2.01 - Commission Rules

The utility will have the most current Public Utility Commission of Texas (PUCT or commission) rules relating to Water and Wastewater Utility regulations, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.02 - Application for and Provision of Water Service

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

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

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

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

Section 2.03 - Refusal of Service

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

Section 2.04 - Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant 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 PUCT Rules.

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

Section 2.04 - Fees and Charges & Easements Required Before Service Can Be Connected (Continued)

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

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

Section 2.05 - Meter Requirements, Readings, and Testing

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

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

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

Section 2.06 - Billing

(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.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

Section 2.06 - Billing (continued)

(B) Late Fees

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

(C) Information on Bill

Each bill will provide all information required by the PUCT 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.

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

Section 2.07 - Service Disconnection

(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 PUCT Rules.

B) Without Notice

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

Section 2.08 - Reconnection of Service

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

Service will be reconnected within 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 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

Section 2.09 - Service Interruptions

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

Prorated Bills

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

Section 2.10 - Quality of Service

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

Section 2.11 - Customer Complaints and Disputes

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

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

SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

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

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.

COSTS UTILITIES 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.

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.

SECTION 3.20—SPECIFIC EXTENSION POLICY

This section contains the utility's specific extension policy which complies with the requirements already stated under Section 2.0. It must be reviewed and approved by the Commission and in compliance with TCEQ Rules to be effective.

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

Developers will be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with 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.

APPENDIX A - DROUGHT CONTINGENCY PLAN

(This page incorporates by reference the utility's Drought Contingency Plan, as approved and periodically amended by the Texas Commission on Environmental Quality.)

APPENDIX B -- APPLICATION FOR SERVICE
(Utility Must Attach Blank Copy)