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Received - 2023-02-03 12:18:33 PM

Control Number - 54565

ItemNumber - 5

DOCKET NO. 54565

APPLICATION OF CSWR-TEXAS UTILITY OPERATING COMPANY, LLC FOR AUTHORITY TO CHANGE RATES	§ § § §	BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS
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**APPLICATION OF CSWR-TEXAS UTILITY OPERATING COMPANY, LLC TO
CHANGE RATES**

CSWR-Texas Utility Operating Company, LLC (“CSWR-Texas” or the “Company”) submits this Statement of Intent to Change Rates (“Application”) pursuant to Chapter 13 of the Texas Water Code (“TWC”). In support of this filing, the Company shows as follows:

I. INTRODUCTION

This case represents the culmination of a years’ long effort by CSWR-Texas, started in 2019, to establish itself as a new entrant water and wastewater utility in Texas willing to invest in and rehabilitate smaller, distressed systems to make available higher quality water and wastewater service to Texans. CSWR-Texas filed its first acquisition requests with the Public Utility Commission of Texas (“Commission” or “PUCT”) in late 2019 and acquired its first systems in Texas in December 2020 when it acquired JRM Water LLC,¹ North Victoria Utilities, Inc.,² and Copano Heights Water Company.³ Since then, CSWR-Texas has continued to work with Commission Staff and the Texas Commission on Environmental Quality (“TCEQ”) to identify systems across the state that require rehabilitation and transition to long-term ownership. In total,

¹ *Application of JRM Water LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Victoria County*, Docket No. 50251, Notice of Approval (Mar. 12, 2021).

² *Application of North Victoria Utilities, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Victoria County*, Docket No. 50276, Notice of Approval (Mar. 11, 2021).

³ *Application of Copano Heights Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County*, Docket No. 50311, Notice of Approval (Mar. 17, 2021).

as of the date of this filing, the Company has submitted 54 sale, transfer, merger (“STMs”) proceedings to acquire a total of 90 drinking water systems and 16 wastewater systems across 32 counties in east, central, north and west Texas. Sixty-two of those drinking water systems and 12 of the wastewater systems are included in this statement of intent filing.⁴ Combined, the Company presently serves approximately 7,000 water connections and 2,700 wastewater connections in Texas, which qualifies CSWR-Texas as a Class B utility. Recognizing that multiple people are served behind every connection, CSWR-Texas estimates that it provides service to approximately 20,000 Texans through these connections.

Importantly, among the over 100 individual water or wastewater systems it has sought to acquire since 2019,⁵ almost every system was in a distressed condition at the time the Company filed its STM application, typically because of a lack of recent or ongoing investment and/or a lack of consistent and adequate operations and maintenance practices. Attached as **Exhibit A** is a photo album demonstrating some of the most severe compliance concerns CSWR-Texas identified upon acquiring the system. A video of the condition of certain systems at the time they were acquired is also available [at this link](#).⁶ Further, the systems CSWR-Texas typically acquires are typically located in rural, smaller communities that often struggle to attract long-term investment or experienced operators and managers to properly rehabilitate and modernize the systems and then operate and maintain the systems as needed. At the time it filed the STMs to acquire these systems, CSWR-Texas committed to perform a comprehensive evaluation of the facilities upon taking

⁴ Currently, 24 of these STMs are still pending at the Commission as of the date of this filing, and the systems that are the subject of those proceedings are not included in this application.

⁵ CSWR-Texas conducted preliminary engineering reports on each of the systems it acquired. These reports were included with each of the STM applications CSWR-Texas has filed. Each of these reports and the Commission orders approving each acquisition and transfer of ownership are included in the schedule workpapers attached to this Application.

⁶ The video can be found online at the following address: <https://f.io/zftkNmNb>

ownership, identify compliance-related concerns and potential solutions, invest the necessary capital to put each system on a path to compliance with applicable state and federal water and wastewater regulations, and establish and modernize operations and maintenance practices to ensure reliable access to quality water and wastewater going forward. Each acquisition was approved by the PUCT contingent upon CSWR-Texas' commitment to make these necessary improvements.⁷

As evidence of those commitments, the Company has invested over \$24 million in Texas water and wastewater systems since 2019. These investments included:

- acquiring 62 water and 12 wastewater systems, including resolution of existing title and ownership, addressing existing regulatory or enforcement issues, and performing comprehensive assessments of each system to determine compliance issues and improvement needs;
- repairing or replacing ground storage and hydropneumatic storage tanks at sites with deteriorating drinking water storage equipment;
- installing additional ground storage tanks, hydropneumatic storage tanks, and booster pumps at facilities that failed to meet minimum capacity requirements set forth by TCEQ;
- where appropriate, replacing dangerous gaseous chlorine disinfection systems with safer liquid chlorine disinfection systems, and completing general repairs and reconfiguration of many systems;
- replacing damaged piping, installing new or repairing old fencing where it failed to meet minimum fencing requirements;
- repairing damaged power and control systems, and

⁷ See, e.g., *Application of CSWR-Texas Utility Operating Company, LLC and Aransas Bay Utilities Co., LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County*, Docket No. 53326, Notice of Approval at Finding of Fact ("FoF") Nos. 33-37 (Dec. 16, 2022) (finding approval is reasonable based on CSWR-Texas's commitment to make certain improvements to the system upon closing in order to return the system to compliance with applicable regulations); see also Docket No. 53326, Staff Recommendation on Approval of Sale (Jul 12, 2022) .

- installing remote monitoring equipment, which helps the Company identify and address issues in real time to prevent service interruptions to customers.

These improvements were made in direct response to orders issued from or investigations conducted by the PUCT or TCEQ or to otherwise comply with standard service quality requirements under the TWC and the rules of the PUCT and the TCEQ. As noted before, to help demonstrate the gravity of these concerns and to emphasize the urgency with which CSWR-Texas has addressed these concerns, the Company has included a collection of photographs (Exhibit A) and a video that depict the condition of the facilities at the time CSWR-Texas acquired them. In addition, the Company has included in its filed workpapers relevant orders and documentation of enforcement actions initiated by the TCEQ.

Thus, the Company has established a solid track record of stepping in when needed, updating operations, rectifying compliance issues, resolving enforcement actions, and working with Commission Staff to address these challenges expeditiously in order to ensure safe, adequate and continuous water and wastewater service to its customers, regardless of the challenges posed by any particular system. Importantly, these investments in water or wastewater systems are also direct investments in the rural areas and communities where these facilities and customers are located and which have historically lacked sufficient private investment or capable operators to ensure safe and reliable utility service.

However, due to the significant recent costs necessary to rehabilitate these systems, it is now critical that the Company obtain timely and adequate rate relief that reflects the current costs to provide safe and reliable water and wastewater service to these customers. This filing captures the necessary increases in investment and operations expense associated with those efforts. Further, labor costs have increased dramatically since the pandemic due to labor shortages and a lack of qualified licensed operators, which has been further exacerbated by increasing competition

among utilities for a limited supply of operators. In addition, inflationary pressures during the last year have resulted in higher testing fees, chemical costs, and other regulatory compliance costs. Also, the capital improvements CSWR-Texas has made throughout its systems typically require more power, chemicals and maintenance than the non-compliant legacy facilities CSWR-Texas acquired, which increases operations and maintenance (“O&M”) costs.

Finally, at the time it acquired each of these systems, CSWR-Texas adopted the existing rates for each of the systems. Many of those systems had not updated their rates to reflect the current cost to provide safe and reliable service in many years. For instance, at the time CSWR-Texas acquired it in 2022, the Big Woods Springs Company had not updated its rates since 1990.⁸ Rates at this system—as well as most other acquired systems—were already far below what was necessary to capture the actual cost to operate and maintain the system once CSWR-Texas acquired it. Accordingly, even without accounting for the additional capital investment that has been provided by the Company to rehabilitate its systems, almost every system would have required a significant rate increase, regardless, just to reflect current operating costs.

For these reasons, CSWR-Texas requests that the Commission approve a total annual revenue requirement for its water operations of approximately \$7.4 million, which represents an increase of approximately \$3.6 million over annualized test-year revenues collected under current rates. In addition, CSWR-Texas requests that the Commission approve a total annual revenue requirement for its wastewater operations of approximately \$2.3 million, which represents an annual increase of approximately \$1.2 million over annualized test-year revenues collected under current rates. The proposed increase is necessary for CSWR-Texas to recover its cost to operate

⁸ See, e.g., *Application of the Estate of Patetreen Petty McCoy d/b/a Big Wood Springs Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Wood County*, Docket No. 51222 (Feb. 16, 2022).

and maintain its facilities as required by the TWC and applicable regulations and to have a reasonable opportunity to earn a reasonable return on its used and useful capital investments. It is, therefore, critical at this time that the Company obtain timely and adequate rate relief.

II. AUTHORIZED REPRESENTATIVES

The telephone number and address of CSWR-Texas's authorized business representatives are as follows:

Evan D. Johnson
Kate Norman
C. Glenn Adkins
Coffin Renner LLP
1011 W. 31st Street
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St. Louis, Missouri 63131
(314) 380-8595
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dave.woodsmall@cswrgroup.com

CSWR-Texas requests that all information and documents filed in this proceeding be served on its above-listed representative at the listed physical or email addresses.

III. JURISDICTION

The Commission has exclusive original jurisdiction over this Application pursuant to TWC §§ 13.041, 13.042, 13.305, and 13.1871 and 16 Texas Administrative Code ("TAC") § 24.27. As defined by TWC § 13.002(4-b) and 16 TAC § 24.3(16), CSWR-Texas is a Class B water and wastewater utility. CSWR-Texas has prepared this Application in accordance with the Class B utility rate filing requirements included in the TWC and this Commission's rules, as well as the Class B rate filing package instructions and schedules published on the Commission's website.

IV. PARTIES AFFECTED

This Application affects all retail water and wastewater utility customers within the service territory of water Certificate of Convenience and Necessity No. 13290 and wastewater Certificate of Convenience and Necessity No. 21120 subject to this Commission's jurisdiction, with the exception of customers of systems that were acquired after the conclusion of the test year that are not included in this Application. CSWR-Texas also provides retail water and wastewater service customers located within the corporate boundaries of the Cities of Red Oak, Granbury, Rockport, and Lubbock ("Cities"), which are the only cities in which CSWR-Texas provides service that have retained their original jurisdiction over retail water and wastewater rates pursuant to TWC § 13.042. A separate statement of intent to change rates for customers under the original jurisdiction of each of the Cities was filed with each of the Cities concurrently with this filing.

V. OVERVIEW OF RATE FILING PACKAGE

In support of the proposed rates, the Company has included with this Application, the following:

- | | |
|-------------------|----------------------------------|
| • SOI Exhibit A | Photographs of Acquired Systems |
| • SOI Exhibit B | Proposed Tariffs |
| • SOI Exhibit C | Billing Comparison |
| • SOI Exhibit D | Notice and Affidavit of Notice |
| • SOI Exhibit E | Cost of Service Schedules |
| • SOI Exhibit F | Schedule Workpapers |
| • SOI Exhibit F-1 | Confidential Schedule Workpapers |
| • SOI Exhibit G | Proposed Protective Order |
| • SOI Exhibit H | Statement of Confidentiality |

Although direct testimony is not required for a Class B water utility Statement of Intent filing, the Company will separately provide direct testimony that supports its requested relief.

A. Test Year

The Application is based on costs incurred during an historical test year ending December 31, 2022, adjusted for known and measurable changes.

B. Customers Affected

The requested rates will be applicable to all water and wastewater customers in the Company's service areas affected by this filing, which includes approximately 7,000 water connections and 2,700 wastewater connections in Texas.

C. Revenue Requirement

For the 12-month period ending December 31, 2022, updated for known and measurable changes, the Company's overall combined revenue requirement for water and sewer, annualized over 12 months, totaled approximately \$9.7 million, as adjusted. The test-year annualized revenues were approximately \$3.9 million for water service and \$1.1 million for wastewater service.⁹ Under proposed rates, CSWR-Texas' water service revenue requirement would increase by approximately \$3.6 million and its wastewater revenue requirement would increase by approximately \$1.2 million.

D. Proposed Tariffs

The proposed rates are captured in the tariffs included as **Exhibit B**. Importantly, CSWR-Texas has proposed to consolidate all of its water systems under a single water rate tariff and all of its sewer systems under a single wastewater rate tariff, which would reduce CSWR-Texas' tariff

⁹ Certain systems included in this filing were acquired during the middle of the test year and, accordingly, did not have 12 months of revenues under CSWR-Texas ownership. CSWR-Texas calculated test year revenues for purposes of this filing by annualizing test-year costs over a 12-month period to more accurately capture revenues that would have been collected based on a full year of test year data.

book from over 40 separate tariffs to two. In addition, the Company's proposed tariffs reflect consolidated miscellaneous fees, terms of service, and other tariff provisions across all affected water and wastewater systems for consistency and ease of administration.

E. Bill Impacts

Exhibit C to this Application includes a billing comparison of existing and proposed water rates for use of 5,000 and 10,000 gallons of water per month and a comparison of existing and proposed wastewater rates for use of 5,000 gallons per month for customers in each region. Bill impact information was also contained in customer notices, which are included as **Exhibit D**.

F. Cost of Service Schedules and Supporting Documentation

The Company has endeavored to follow the Commission's instructions and template for Class B water and wastewater utilities rate filings. **Exhibit E** to this petition is a copy of the separate consolidated schedules for all water systems and all wastewater systems, which are based on the form schedules provided as part of the Commission's Class B rate filing template. **Exhibit F** to this petition includes schedule workpapers that support the calculation included in Exhibit E. **Exhibit F-1** contains confidential workpapers, including a native excel file that contains a complete set of rate schedules for all water systems on a consolidated basis, a complete set of rate schedules for all wastewater systems on a consolidated basis, and a complete set of rate schedules for each individual standalone water and each individual standalone wastewater system on a non-consolidated basis. The non-consolidated schedules are intended to demonstrate proposed rates if consolidation is not approved and assist parties in analyzing the consolidation request.

Exhibit F and Exhibit F-1 also contain additional documentation and support required by the Commission's instructions and template for Class B water and wastewater utility rate filings.

G. Effective Date

The Company's proposed effective date of the requested rate changes is March 10, 2023, which is 35 days after the filing of this Application and the issuance of notice pursuant to TWC § 13.1871 and 16 TAC § 24.27(d).

H. Calculation of Rate Base for Acquired Systems

This application addresses the acquisition of six water or wastewater utilities that were executed pursuant to the Fair Market Value ("FMV") statute promulgated by the Texas Legislature in 2019 and implemented by this Commission under 16 TAC § 24.238. Pursuant to this statute and rule and 16 TAC § 24.41(c)(2)(A), the "ratemaking rate base" for the systems associated with these six water and wastewater utilities has already been determined by the Commission and is not subject to review as part of this proceeding. In addition, the Company has included transaction and closing costs associated with these acquisitions, which is the first base rate proceeding conducted after the transactions were concluded.

For systems that were acquired outside the FMV statute and rules, the Company seeks to include in rate base the original cost of plant, minus accumulated depreciation based on the records provided by the former owners to CSWR-Texas, as well as acquisition-related costs. For systems that lacked reliable records to accurately calculate rate base, CSWR-Texas is requesting a positive acquisition adjustment up to the amount of the purchase price for that system pursuant to 16 TAC § 24.41(d). The proposed acquisition adjustments are supported by the direct testimonies of Brent Thies and Chris Ekrut.

I. Prudence Determination

The Company requests a prudence determination for all plant placed in service through December 31, 2022, as well as post-test year adjustments to rate base, pursuant to TWC § 13.185

and 16 TAC § 24.41. The information contained in the Application and accompanying testimony demonstrates the prudence and reasonableness of this capital investment.

J. Regulatory Asset

To the extent the Commission determines that any costs requested for recovery through this proceeding should instead be recovered from customers through a separate regulatory asset, the Company requests authority to establish such regulatory asset and to recover such costs consistent with this Commission's rules.

K. Witness List

The Company is presenting the direct testimony of the following witnesses in support of its Application:

- Josiah Cox, President of CSWR-Texas, describes CSWR-Texas' operations and history in Texas. Mr. Cox also generally describes CSWR-Texas' request for an increase in rates and why that increase is necessary. Mr. Cox also introduces each of the CSWR-Texas witnesses in this case.
- Todd Thomas, Senior Vice President of CSWR, LLC, explains the process CSWR uses to identify and engage qualified third-party contractors to provide day-to-day O&M functions to CSWR-Texas, and why using third parties to perform these functions is in the best interests of both CSWR-Texas and its customers; identifies and describes the O&M contractors CSWR-Texas currently engages to provide safe and adequate service at a reasonable cost; and explains the process CSWR uses to engage qualified third-party contractors to provide customer service for CSWR-Texas and why using third parties is in the best interests of its customers.
- Jacob Freeman, Director of Engineering of CSWR, LLC, describes in detail the systems owned and operated by CSWR-Texas, the challenges confronted by CSWR-Texas upon taking ownership of these systems, and the steps it is taking to resolve those concerns pursuant to applicable state and federal regulations.
- Brent Thies, Vice President & Corporate Controller for CSWR, LLC sponsors the books and records of CSWR-Texas that support the requested revenue increases. He also addresses certain costs included in the schedules used to calculate proposed rates.
- Mike Duncan, Vice President of CSWR, LLC, supports the Company's request for systemwide water and wastewater consolidation.

- Chris Ekrut, Partner and Chief Financial Officer for NewGen Strategies & Solutions, LLC, supports the calculation of the revenue requirement, including pro forma revenues and operating expenses, amortization expenses, taxes other than income taxes, cost allocations, and rate base. He also calculates and supports the proposed rates and rate design, and he supports systemwide consolidation.
- Dane Watson, supports the calculation of depreciation rates based on his 2022 depreciation study.
- Dylan D'Ascendis, ScottMadden, Inc., supports the appropriate capital structure and corresponding cost rates the Company should be given the opportunity to earn on its jurisdictional rate base.

Testimony and testimony exhibits will be filed separately. An affidavit attesting to the accuracy of the Application is included in the Schedule Workpapers.

VI. CONSOLIDATION OF SYSTEMS AND TARIFFS

As part of this application, the Company is requesting to consolidate under a single statewide water tariff and under a single statewide wastewater tariff the water and wastewater systems affected by this statement of intent.¹⁰ As of the date of this filing, this Application includes 62 water systems and 12 wastewater systems.

Pursuant to Tex. Water Code § 13.145 and 16 TAC § 24.25(k), consolidation is appropriate because the subject water and wastewater systems are substantially similar in terms of facilities, quality of service, and cost of service and because the proposed water rates promote water conservation for single-family residences and landscape irrigation. Company witnesses Mike Duncan explains how the systems are substantially similar in terms of facilities and quality of service. Company witness Chris Ekrut demonstrates why consolidation is reasonable based on the cost of service to serve each system and how the proposed water rates promote water conservation compared to operating the systems on a non-consolidated basis.

¹⁰ CSWR-Texas will continue to maintain separate tariffs for systems that are not included in this application.

Consolidation is also reasonable and in the public interest because it constitutes sound ratemaking policy, consistent with the Legislature’s policy goals of encouraging private investment in smaller community-based water and wastewater systems. Many of the systems acquired by CSWR-Texas have less than 100 customers—sometimes far less—but they still require significant and costly improvements to ensure safe water service and regulatory compliance. For instance, the Walnut Bend system, which was acquired by CSWR-Texas in 2021, serves less than 20 customers but could require over \$100,000 in improvements to comply with applicable regulations.¹¹ The cost of those new facilities spread over a small customer base could result in those customers paying significantly higher rates for facilities that produce essentially the exact same quality of water service as other CSWR-Texas customers receive at lower rates. Consolidation allows CSWR-Texas to continue to make necessary improvements in rural, community-based systems with a small customer base by spreading the impact of those investments over all water customers.¹²

Finally, consolidation allows CSWR-Texas to achieve economies of scale by sharing operating resources and costs over a broader customer base. Combining tariffs also provides for administrative efficiencies and reduced regulatory costs and rate case expenses. For instance, at the time that CSWR-Texas entered the state in 2019, there were over 600 individual investor-owned water and wastewater systems in Texas. This proceeding alone would result in the consolidation of over 100 of those systems, thus significantly reducing the regulatory burden on

¹¹ *Application of Walnut Bend Water Supply and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer or Merger of Facilities and Certificate Rights in Angelina County*, Docket No. 51940, Application (Mar. 25, 2021).

¹² For instance, absent consolidation, a household using 10,000 gallons a month in the Walnut Bend service area would have a monthly bill of \$674.49 for water service alone. Similarly, for a wastewater customer in the Laguna service area, absent consolidation, a household would have a monthly bill of approximately \$568.59 for wastewater service alone.

this Commission and the TCEQ to regulate each of those systems individually. Regulating such a large number of water and wastewater systems already absorb an outsized proportion of the Commission's resources; in fact, regulating a single small water system can absorb more Commission resources than regulating a larger, more sophisticated utility because these systems often have continual compliance issues requiring constant oversight or have been outright abandoned by the former owners and turned over to be operated by the state.¹³ Resolving these concerns would allow for more efficient regulation and resource management by all regulatory agencies. Accordingly, consolidation is reasonable and should be approved.

VII. REQUEST TO ESTABLISH BASELINES FOR SYSTEM IMPROVEMENT CHARGE

Pursuant to 16 TAC § 24.76, CSWR-Texas may elect to establish prior to its next comprehensive rate case a system improvement charge to ensure timely recovery of its additional incremental investments. 16 TAC § 24.76 requires that CSWR-Texas use amounts approved in its most recent comprehensive rate proceeding to calculate this charge. Because this is CSWR-Texas' first rate proceeding, it requests to establish appropriate cost-of-service baselines to use to calculate and establish a system improvement charge in the future.

VIII. RATE CASE EXPENSES

Pursuant to the TWC and 16 TAC § 24.44, CSWR-Texas seeks recovery of all reasonable rate case expenses incurred by the Company. CSWR-Texas reserves the right to supplement its Application with additional rate case expenses incurred as part of this proceeding, as well as evidence supporting those expenses. CSWR-Texas also reserves the right to request that all rate case expense issues be severed from this proceeding and considered in a separate docket if

¹³ See, e.g., Commission Staff's Application for an Order Appointing a Temporary Manager to Aero Valley Water Service, Docket No. 49811, Application (Jul. 31, 2019).

severance would serve the interest of efficiency and avoid the need to estimate and update rate case expenses before the expenses are finalized.

CSWR-Texas proposes to recover its approved rate case expenses through a surcharge implemented over a 24-month period. The recovery of rate case expenses is supported by invoices and the affidavit of Evan D. Johnson, which are included in the schedule workpapers attached to this Application and will be supplemented as necessary throughout this proceeding.

IX. NOTICE

Pursuant to 16 TAC § 24.27(d), CSWR-Texas is providing notice of this Application to all affected customers; the Cities, which are the only municipalities with original jurisdiction affected; and the Office of Public Utility Counsel (“OPUC”). Notice will be mailed or emailed separately to each affected customer, the Cities and OPUC. CSWR-Texas is providing customer notice on the Commission-approved form, which includes instructions on how a customer may file a protest. A copy of the proposed notice is attached as Exhibit D. CSWR-Texas has included an affidavit attesting to the notice provided in Exhibit D.

X. MOTION FOR PROTECTIVE ORDER

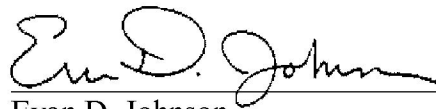
CSWR-Texas has designated certain documents included in this Application as either Confidential Protected Material or Highly Sensitive Protected Material under the terms of the proposed protective order and anticipates it being necessary for CSWR-Texas or other parties to submit additional documents containing protected materials during discovery in this case. The Company requests approval of the proposed protective order included as **Exhibit G** of the Application. The proposed protective order is the standard form used by the Commission in prior water rate proceedings. The Company has attached as **Exhibit H** a statement of confidentiality pursuant to Section 4 of the Commission’s standard form protective order to address protected materials included in this Application.

XI. PRAYER

CSWR-Texas requests that the Commission and all municipalities exercising original jurisdiction over the Company's filing (1) approve the proposed tariffs and rate schedules, effective for bills rendered on and after March 10, 2023; (2) approve the Company's proposed notice and protective order; (3) approve the prudence of capital investment included in this filing; (4) approve consolidation of all affected systems and rates into a single water rate tariff and a single wastewater rate tariff; (5) establish appropriate cost-of-service baselines necessary to calculate and establish a system improvement charge in a future proceeding; (6) approve recovery of reasonable and necessary rate case expenses; and (7) grant the Company such further relief to which it has shown itself justly entitled.

Respectfully submitted,

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Dave Woodsmall
Associate General Counsel
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(314) 763-4743 (fax)
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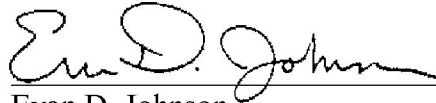
kate.norman@crtxlaw.com

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**ATTORNEYS FOR CSWR-TEXAS
UTILITY OPERATING COMPANY,
LLC**

CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of February 2023, a true and correct copy of the foregoing document was served on the Office of Public Utility Counsel in accordance with 16 Tex. Admin. Code § 22.74.



Evan D. Johnson



CSWR-TEXAS

Utility Operating Company

A CSWR Managed Utility

SAFE WATER, HEALTHY COMMUNITIES

February 2023

Examples of Issues with Acquired Systems

NPDES ID: TX0133116

Plant Type: Extended Aeration

Customers: 164 connections

Design Flow: 25,000 GPD

Issues at Acquisition:

- Actual flow appears to be roughly ~50,000 GPD. This facility is undersized for the customer demand.
- Aeration system components and tank reaching the end of useful life
- Gaseous chlorine disinfection (unsafe/hazardous) and inadequate chlorine contact time
- The steel package plant has several structural concerns, and is in a pond restricting operational access
- Due to inadequate capacity and poor condition facility will be replace. Permit is currently pending with TCEQ





Abraxas – Water

PWS ID: TX1840034

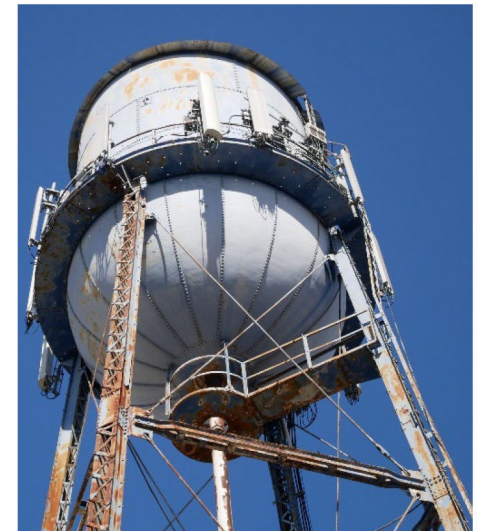
Plant Type: Groundwater

Customers: 209 connections

Average Daily Consumption: 32,000 GPD

Issues at Acquisition:

- Elevated Storage Tank shows signs of exterior deterioration due to age and lack of maintenance
- Historical issues with regards to radionuclides limit violations since 2012
- Improper chemical storage tankage and deteriorating chemical shed (unsafe/hazardous)
- Exposed electrical wiring on groundwater well (electrical hazard)





The Woodlands - Water

PWS ID: TX1050139

Plant Type: Groundwater

Customers: 67 connections

Issues at Acquisition:

- Lack of system security; several sections of the fence collapsed.
- Facility has excessive amounts of debris/trash near and around the groundwater system
- Hydropneumatic tank shows severe signs of deterioration due to age and lack of maintenance
- Well house roof had failed and instead of implementing repairs a tarp was tied to the structure. This provides inadequate protection for water supply and treatment equipment, potentially compromising treatment and shortening equipment useful life.





Laguna Tres - Water

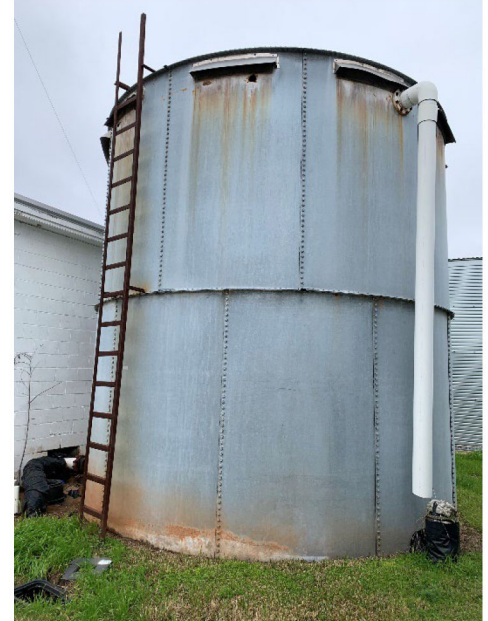
PWS ID: TX1110019

Plant Type: Groundwater

Customers: 225 connections

Issues at Acquisition:

- Four wells are in need of reworking due to age and lack of maintenance by previous ownership
- Ground storage tank in need of replacement due to age and lack of maintenance by previous ownership
- Hydropneumatic tank failed catastrophically (end exploded) and will require replacement
- System does not meet booster pump capacity requirements and will require additional pumps
- Some fencing is in need of repair
- System does not meet backup power requirements.



System Improvements



Coleto – Water System Improvements

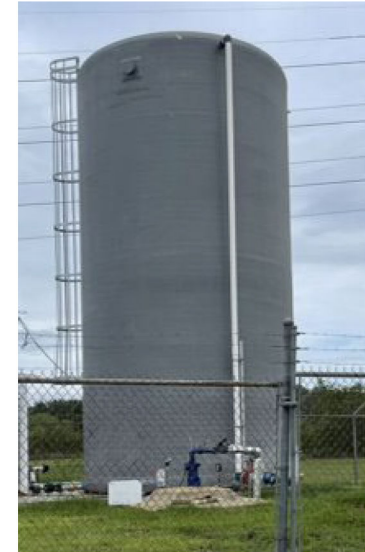
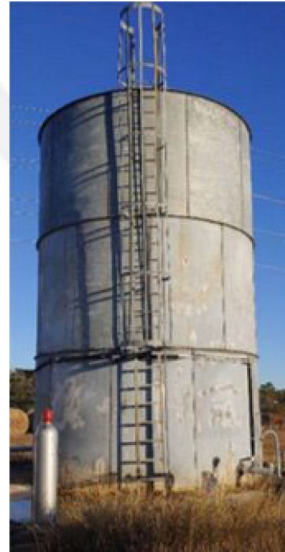
PWS ID: TX2350036

Plant Type: Groundwater

Customers: 177 connections

Issues at Acquisition:

- Both ground and hydropneumatic storage tanks were in poor condition with serious corrosion and leaks, hydropneumatic tank also lacked access hatch making interior inspection impossible.
- Both tanks have been replaced restoring system stability and eliminating repeated need for boil water advisories
 - 15 advisories from Dec 2020-July 2022
 - No notices since improvements completed





North Victoria – Water System Improvements

SOI Exhibit A
Page 9 of 13

PWS ID: TX2350049

Plant Type: Groundwater

Customers: 75 connections

Issues at Acquisition:

- Well in need of rehabilitation work.
 - Cleaned well, replaced lower pump, replaced pump and motor
- Decommissioned ground storage tank was left on site out of service (already replaced with new tank by previous owner).
 - Tank properly decommissioned and removed
- Four small leaking hydropneumatic tanks needed replacement
 - Replaced with one new hydropneumatic tank (bottom photo)





Tall Pines – Water System Improvements

PWS ID: TX1010220

Plant Type: Groundwater

Customers: 73 connections

Issues at Acquisition:

- 3 Wells were in need of rehabilitation work.
 - Well rehabs completed
- Ground storage tank had numerous leaks as well as missing safety and monitoring equipment.
 - Tank replaced
- Hydropneumatic tank leaking, uncertified, missing compressor and monitoring equipment
 - Tank replaced





Settlers Crossing – Water System Improvements

SOI Exhibit A
Page 11 of 13

PWS ID: TX0080058

Plant Type: Groundwater

Customers: 34 connections

Issues at Acquisition:

- Disinfection system was in poor condition.
 - Disinfection system replaced including new sample ports
- Hydropneumatic tank leaking, uncertified, missing compressor and monitoring equipment
 - Tank replaced





Meadowview Estates 1 – Water System Improvements

SOI Exhibit A
Page 12 of 13

PWS ID: TX0080059

Plant Type: Groundwater

Customers: 51 connections

Issues at Acquisition:

- Disinfection system was in poor condition.
 - Disinfection system replaced including new sample ports
- Hydropneumatic tank had many areas with significant rust and corrosion.
 - Tank replaced





Hillside Estates 1 – Water System Improvements

SOI Exhibit A
Page 13 of 13

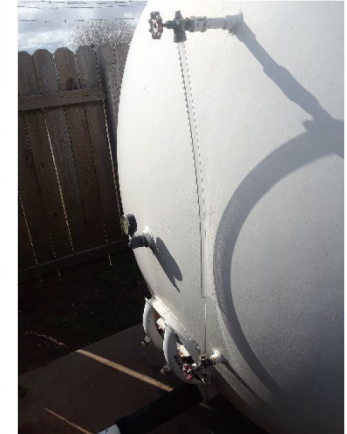
PWS ID: TX0080059

Plant Type: Groundwater

Customers: 24 connections

Issues at Acquisition:

- Disinfection system was in poor condition.
 - Disinfection system replaced including new sample ports
- Hydropneumatic tank had many areas with significant rust and corrosion.
 - Tank replaced





WATER UTILITY TARIFF

Docket Number: 54565

CSWR – Texas Utility Operating Company, LLC
(Utility Name)

1630 Des Peres Rd. Suite 140
(Business Address)

St. Louis, MO 63131
(City, State, Zip Code)

(314) 380-8595
(Area Code/Telephone)

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

13290

This tariff is effective in the following counties:

Angelina, Aransas, Austin, Burleson, Burnet, Calhoun, Camp, Denton, Ellis, Erath, Gillespie, Guadalupe, Harris, Hays, Hidalgo, Hood, Jackson, Kerr, Limestone, Llano, Lubbock, McCulloch, Montague, Montgomery, Navarro, Orange, Palo Pinto, Parker, Polk, Robertson, Sabine, San Augustine, Victoria, Wilson, and Wood

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

City of Red Oak

Rates for customers in the Red Oak Community Water Service subdivision (PWS #0700056) who are located within the City of Red Oak are not included in this tariff and should be obtained from the City of Red Oak.

City of Granbury

Rates for customers in the Laguna Tres subdivision (PWS #1110019) and Laguna Vista subdivision (PWS #1110095) who are located within the City of Granbury are not included in this tariff and should be obtained from the City of Granbury.

City of Lubbock

Rates for customers in the Franklin Water Systems 1 subdivision (PWS #1520224) and Franklin Water Systems 3 subdivision (PWS #1520080) who are located within the City of Lubbock are not included in this tariff and should be obtained from the City of Lubbock.

City of Rockport

Rates for customers in the Copano Cove subdivision (PWS #0040003), the Copano Heights subdivision (PWS #0040017), the Copano Ridge subdivision (PWS #0040029) and the Aransas Bay subdivision (PWS #0040018) who are not included in this tariff and should be obtained from the City of Rockport.

This tariff is effective in the following subdivisions or public water systems:

Docket No. 54565

See List

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE.....2
SECTION 2.0 -- SERVICE RULES AND REGULATIONS.....10
SECTION 3.0 -- EXTENSION POLICY.....21

APPENDIX A -- DROUGHT CONTINGENCY PLAN
APPENDIX B -- SERVICE AGREEMENT

LIST OF SUBDIVISIONS AND SYSTEMS

SUBDIVISION	PWS	COUNTY	PAGE No.
Aero Valley Water Service	0610243	Denton	2
Amberwood	1011920	Harris	2
Aransas Bay	0040018	Aransas	2
Arrowhead Water System	2470025	Wilson	2
Big Wood Springs Subdivision	2500019	Wood	2
Bois D'Arc	0040018	Aransas	2
Chaparral Water System	0860010	Gillespie	2
Coletto Water Company	2350036	Victoria	2
Copano Cove Subdivision	0040003	Aransas	2
Copano Heights Unit 1 & 2 Water System	0040017	Aransas	2
Copano Ridge Subdivision	0040029	Aransas	2
Council Creek Village	0270014	Burnet	2
Country Squire	1810060	Orange	2
Crystal Land Water System	1330153	Kerr	2
El Pinon	2030013	San Augustine	2
Emerald Forest	0700058	Ellis	2
Flag Creek Ranch	1500112	Llano	2
Forest Oak Unit 1 and 2	0940085	Guadalupe	2
Franklin Water Systems 1	1520224	Lubbock	2
Franklin Water Systems 3	1520080	Lubbock	2
Goose Island State Park	0040018	Aransas	2
Grande Casa Ranchitos	0700063	Ellis	2
Hickory Hill Water	2470018	Victoria	2
Hillside Estates Water System	0080049	Austin	2
Hilltop Home Addition	1840034	Parker	2
Hilltop Estates	1840034	Parker	2
Homestead @ Turtle Creek	1330153	Kerr	2
Indian Cove	0040018	Aransas	2
La Playa	2030015	San Augustine	2

Laguna Tres	1110019	Hood	2
Laguna Vista	1110095	Hood	2
Lake Limestone Coves	1980020	Limestone & Robertson	2
Lakeview Ranchettes Estates	0700057	Ellis	2
Live Oak Hills	1540012	McCulloch	2
Longford Subdivision	1810015	Orange	2
Meadowview Estates	0080051	Austin	2
Meadowview Estates II	0080059	Austin	2
Neptune Harbor	0040018	Aransas	2
North Victoria Utilities	2350049	Victoria	2
Oak Hill Ranch Estates, Oak Hill Ranchettes	0940085	Guadalupe	2
Oak Hollow Estates, Oak Hollow Park	2470019	Wilson	2
Palmetto Park Estates	0040018	Aransas	2
Pelican Isle Water System	1750036	Navarro	2
Quiet Village II Subdivision, Quiet Village II	1080221	Hidalgo	2
Red Oak	0700056	Ellis	2
Settlers Crossing Water System	0080058	Austin	2
Settlers Crossing Water System 2	0080060	Austin	2
Settlers Estates Sec II	0080056	Austin	2
Settlers Meadows Water System	0080055	Austin	2
Shady Oaks Subdivision	2350036	Victoria	2
Shady Oaks Water Company	2470017	Wilson	2
Spanish Grant	0700064	Ellis	2
South Council Creek 1	0270079	Burnet	2
South Council Creek 2	0270080	Burnet	2
South Silver Creek I, II, III	0270041	Burnet	2
Tall Pines Utility	1010220	Harris	2
Texas Landing Utilities Deerwood	1700798	Montgomery	2
Texas Landing Utilities Goode City	1700744	Montgomery	2
Texas Landing Utilities	1870151	Polk	2
Thousand Oaks	0720054	Erath	2

Timberlane Water	2020054	Sabine	2
Treetops Phase 1	1840134	Parker	2
Tri County Point Water System 2	1200027	Jackson	2
Tri County Point Water System 3	1200028	Jackson	2
Tri County Point Water System 4	1200029	Jackson	2
Vista Verde	1700694	Montgomery	2
Walnut Bend Water Supply	0030037	Angelina	2
WaterCo	1690028	Montague	2
The Woodlands Water System	1050139	Hays	2
Woodland Harbor	0320014	Camp	2
Woodlands West	0260043	Burleson	2

CSWR – Texas Utility Operating Company, LLC

Water Tariff Page No. 2

(applicable to all water service areas as reflected on list of subdivisions and systems)

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	<u>\$54.03</u> (Includes 0 gallons)	<u>\$5.54</u> per 1000 gallons thereafter
1"	<u>\$90.23</u> (Includes 0 gallons)	
1 ½"	<u>\$179.92</u> (Includes 0 gallons)	
2"	<u>\$287.98</u> (Includes 0 gallons)	
3"	<u>\$540.30</u> (Includes 0 gallons)	
4"	<u>\$900.68</u> (Includes 0 gallons)	
6"	<u>\$1,800.82</u> (Includes 0 gallons)	
8"	<u>\$2,881.42</u> (Includes 0 gallons)	
Unmetered	<u>\$87.27</u> (Includes all usage)	

Surcharge for Rate Case Expense (Docket No. 54565)

To be collected through a monthly surcharge of \$_____ per meter equivalent. The monthly surcharge will be collected for 24 months from the effective date of the rates approved by the Commission in Docket No. 54565 or until the full \$_____ for rate-case expenses related to Docket No. 54565 is collected, whichever occurs first. The charge is applicable to customers of all systems.

CSWR – Texas Utility Operating Company, LLC

Water Tariff Page No. 2a

(applicable to all water service areas as reflected on list of subdivisions and systems)

SECTION 1.0 - RATE SCHEDULE (CONTINUED)

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

Cash ☒ Check ☒ Money Order ☒ Credit Card ☒ Other (specify)

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

REGULATORY ASSESSMENT 1.0%

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

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 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED

TAP FEE (Unique costs) Actual Cost

FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS. ON THIS TARIFF.

TAP FEE (Large meter) Actual Cost

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

METER RELOCATION FEE Actual Cost to Relocate Meter, Not to Exceed Tap Fee

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

METER TEST FEE \$25.00

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

RECONNECTION FEE

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

a) Nonpayment of bill (Maximum \$25.00) \$25.00

b) Customer's request that service be disconnected \$25.00

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

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

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

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

CSWR – Texas Utility Operating Company, LLC

Water Tariff Page No. 2b

(applicable to all water service areas as reflected on list of subdivisions and systems)

SECTION 1.0 - RATE SCHEDULE (CONTINUED)

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

Section 1.03 – Purchased Water and Sewer Adjustment Clause

For Utilities subject to changes imposed by any non-affiliated provider of purchased water or sewer or a groundwater conservation district having jurisdiction over the Utility, these increases (decreases) shall be passed through as an adjustment to the gallonage charge according to the following formulae or at the following rates:

Copano Cove, Copano Ridge, Copano Heights Unit 1 & 2

The following fee is a purchased wholesale treated water fee charged by the City of Rockport, adjusted for water loss. The pass-through charge is \$7.41 per 1,000 gallons.

The following formula is used to calculate these charges:

$$R = G / (1-L)$$

Where:

R = the proposed pass-through rate;

G = the new gallonage charge (per 1,000 gallons) by source supplier;

L = the actual line loss for the preceding 12 months, not to exceed 0.15

CSWR – Texas Utility Operating Company, LLC

Water Tariff Page No. 2c

(applicable to all water service areas as reflected on list of subdivisions and systems)

SECTION 1.0 - RATE SCHEDULE (CONTINUED)

Franklin Water Systems 1 and 3

The following fee is a purchased wholesale treated water fee charged by the City of Lubbock.
The pass-through charge is \$0.57 per 1,000 gallons.

The following formula is used to calculate these charges:

$$R = (E/P) / (1-L)$$

Where:

R = the proposed pass-through rate;

E = the total purchased water expense for the preceding 12 months;

P = the total produced and purchased volumes for the system for the preceding 12 months;

L = the actual line loss for the preceding 12 months, not to exceed 0.15

Hilltop Home Addition and Hilltop Estates (Formerly Abraxas), Laguna Tres, Laguna Vista and Treetops Phase I

The following fee is a groundwater production fee charged by the Upper Trinity Groundwater Conservation District. The pass-through charge is \$0.25 per 1,000 gallons.

The following formula is used to calculate these charges:

$$R = G / (1-L)$$

Where:

R = the proposed pass-through rate;

G = the new gallonage charge (per 1,000 gallons) by source supplier;

L = the actual line loss for the preceding 12 months, not to exceed 0.15

CSWR – Texas Utility Operating Company, LLC

Water Tariff Page No. 2d

(applicable to all water service areas as reflected on list of subdivisions and systems)

SECTION 1.0 - RATE SCHEDULE (CONTINUED)

Laguna Vista and Laguna Tres

The following fee is a fee charged for an emergency water connection with Laguna Ocho M&I.

The pass-through charge is \$1.90 per 1,000 gallons..

The following formula is used to calculate these charges:

$$R = (E/P) / (1-L)$$

Where:

R = the proposed pass-through rate;

E = the total purchased water expense for the preceding 12 months;

P = the total produced and purchased volumes for the system for the preceding 12 months;

L = the actual line loss for the preceding 12 months, not to exceed 0.15

Lakeview Ranchettes, Emerald Forest, Grande Casa and Spanish Grant (formerly Carroll Water)

The following fee is a pass-through charge for purchased water by the Prairielands Groundwater Conservation District (PGCD). The pass-through charge \$0.24 per 1,000 gallons.

The following formula is used to calculate these charges:

$$R = G / (1-L)$$

Where:

R = the proposed pass-through rate;

G = the new gallonage charge (per 1,000 gallons) by source supplier;

L = the actual line loss for the preceding 12 months, not to exceed 0.15

CSWR – Texas Utility Operating Company, LLC

Water Tariff Page No. 2e

(applicable to all water service areas as reflected on list of subdivisions and systems)

SECTION 1.0 - RATE SCHEDULE (CONTINUED)

Lakeview Ranchettes, Emerald Forest, Grande Casa and Spanish Grant (formerly Carroll Water)

The following fee is a pass-through charge for emergency purchased treated wholesale water by Buena Vista-Bethel Special Utility District. The pass-through charge is \$2.34 per 1,000 gallons.

The following formula is used to calculate these charges:

$$R = (E/P) / (1-L)$$

Where:

R = the proposed pass-through rate;

E = the total purchased water expense for the preceding 12 months;

P = the total produced and purchased volumes for the system for the preceding 12 months;

L = the actual line loss for the preceding 12 months, not to exceed 0.15

Oak Hills Ranch Estates, Oak Hill Ranchettes

The following fee is a pass-through charge for groundwater production fees charged by the Guadalupe County Groundwater Conservation District. The pass-through charge is \$0.12 per 1,000 gallons.

The following formula is used to calculate these charges:

$$R = G / (1-L)$$

Where:

R = the proposed pass-through rate;

G = the new gallonage charge (per 1,000 gallons) by source supplier;

L = the actual line loss for the preceding 12 months, not to exceed 0.15

CSWR – Texas Utility Operating Company, LLC

Water Tariff Page No. 2f

(applicable to all water service areas as reflected on list of subdivisions and systems)

SECTION 1.0 - RATE SCHEDULE (CONTINUED)

Quiet Village II Subdivision, Quiet Village II

The following fee is a purchased water fee charged by the North Alamo Water Supply Company.
The fee is \$1.56 per 1,000 gallons.

The following formula is used to calculate these charges:

$$R = (G * (1+A)) / (1-L)$$

Where:

R = the proposed pass-through rate;

G = the new gallonage charge (per 1,000 gallons) by source supplier;

A = the regulatory assessment fee charged to supplier by the TCEQ/PUC;

L = the actual line loss for the preceding 12 months, not to exceed 0.15

Tall Pines

The following fee is a groundwater production fee charged by North Harris County Regional Water Authority. The fee is \$5.41 (per 1,000 gallons) (***Tariff Control No. 52699***). T

The following formula is used to calculate these charges::

$$R = G / (1 - L)$$

Where:

R = the proposed pass-through rate;

G = the new gallonage charge (per 1,000 gallons) by source supplier;

L = the actual line loss for the preceding 12 months, not to exceed 0.15

CSWR – Texas Utility Operating Company, LLC

Water Tariff Page No. 2g

(applicable to all water service areas as reflected on list of subdivisions and systems)

SECTION 1.0 - RATE SCHEDULE (CONTINUED)

Woodland Harbor

The following fee is for emergency purchased wholesale treated water charged by the Bi-County Water Supply Corporation. The pass-through charge is \$6.00 per 1,000 gallons.

The following formula is used to calculate these charges:

$$R = (E/P) / (1-L)$$

Where:

R = the proposed pass-through rate;

E = the total purchased water expense for the preceding 12 months;

P = the total produced and purchased volumes for the system for the preceding 12 months;

L = the actual line loss for the preceding 12 months, not to exceed 0.15

Waterco

The following fee is a pass-through charge for groundwater production fees charged by the Upper Trinity Groundwater Conservation District. The pass-through charge is \$1.51 per connection per month.

The following formula is used to calculate these charges:

$$R = (G / (1-L)) * (C)$$

Where:

R = the proposed pass-through rate;

G = the new gallonage charge (per 1,000 gallons) by source supplier;

L = the actual line loss for the preceding 12 months, not to exceed 0.15

C = Average per connection consumption stated in 1,000 gallons, assumed to be 6,000 gallons

(applicable to all water service areas as reflected on list of subdivisions and systems)

SECTION 2.0 - SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission of Texas (PUC 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 2.01 - Application for Water Service

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

Section 2.02 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the PUC Rules. In the event 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 and 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 PUC Rules.

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

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

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

SECTION 2.0 - 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 PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(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(a)(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, meter and utility cut-off valve and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the utility will provide the applicant with a written explanation of the construction required and an expected date of service.

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

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will not be allowed to use the utility's cutoff valve on the utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers must install and maintain a cutoff valve on their side of the meter.

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

Section 2.06 - Customer Service Inspections

Applicants for new service connections or facilities which have undergone extensive plumbing modifications are required to furnish the utility a completed customer service inspection certificate. The inspection certificate shall certify that the establishment is in compliance with the Texas Commission on Environmental Quality (TCEQ) Rules and Regulations for Public Water Systems, 30 TAC § 290.46(j). The utility is not required to perform these inspections for the applicant/customer but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

Section 2.07 - Back Flow Prevention Devices

No water connection shall be allowed to any residence or establishment where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination by either an approved air gap, backflow prevention assembly, or other approved device. The type of device or backflow prevention assembly required shall be determined by the specific potential hazard identified in 30 TAC § 290.47(f) Appendix F, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems.

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

At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in 30 TAC § 290.47(f) Appendix F, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems, then a backflow prevention assembly or device is not required. Outside hose bibs do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker.

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

Section 2.07 - Back Flow Prevention Devices (Continued)

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

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

Section 2.08 - Access to Customer's Premises

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

All customers or service applicants shall provide access to meters and utility cutoff valves at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply.

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

Section 2.09 - Meter Requirements, Readings, and Testing

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

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

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

Section 2.10 - Billing

(A) Regular Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance.

Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

(B) Late Fees

A late penalty of either \$5.00 or 10.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

(C) Information on Bill

Each bill will provide all information required by the PUC Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a 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)

Section 2.10 – Billing (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 non-payment of a delinquent account, service will be terminated as scheduled. Utility service crews shall not be allowed to collect payments on customer accounts in the field. Payment of an account by any means that has been dishonored and returned by the payor or payee's bank, shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid money order. If a customer has two returned payments within a twelve-month period, the customer shall be required to pay a deposit if one has not already been paid.

Section 2.12 - Service Disconnection

(A) With Notice

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

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

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

(B) Without Notice

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

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 POLICIES (Continued)

Section 2.14 - Service Interruptions

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

Section 2.15 - Quality of Service

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

Section 2.16 - Customer Complaints and Disputes

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

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

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 - 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 PUC Rules to be effective.

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.17 - Specific Utility Service Rules and Regulations (Continued)

business in conformance with all requirements of said rule.

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

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

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

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

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

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

Limitation on Product/Service Liability. Public water utilities are required to deliver water to the customer's side of the meter or service connection that meets the potability and pressure standards of the TCEQ. The Utility will not accept liability for any injury or damage to individuals or their property occurring on the customer's side of the meter when the water delivered meets these state standards. The Utility makes no representations or warranties (expressed or implied) that customer's appliances will not be damaged by disruptions of or fluctuations in water service whatever the cause. The Utility will not accept liability for injuries

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.17 - Specific Utility Service Rules and Regulations (Continued)

or damages to persons or property due to disruption of water service caused by: (1) acts of God, (2) acts of third parties not subject to the control of the Utility if the Utility has undertaken such preventive measures as are required by TCEQ rules, (3) electrical power failures in water systems not required by TCEQ rule to have auxiliary power supplies, or (4) termination of water service pursuant to the Utility's tariff and the PUC's rules. The Utility is not required by law and does not provide fire prevention or fire-fighting services. The Utility therefore does not accept liability for fire-related injuries or damages to persons or property caused or aggravated by the availability (or lack thereof) of water or water pressure (or lack thereof) during fire emergencies. The Utility will accept liability for any injury or damage to individuals or their property directly caused by defective utility plant (leaking water lines or meters) or the repairs to or construction of the Utility's facilities.

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

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

Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs before payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant, or existing customer, shall have the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the Utility's rates in that portion of the Utility's service area in which the applicant's or existing customer's property(ies) is located.

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

The Utility adopts the Uniform Plumbing Code pursuant to TCEQ Rule 30 TAC § 290.46(i). The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the TCEQ, the Uniform Plumbing Code and with the service rules and regulations of the Utility. The customer will bring out his service line to his property line at the point on the customer's property mutually acceptable to the customer and the Utility subject to such requirements as may exist by PUC

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.17 - Specific Utility Service Rules and Regulations (Continued)

rule. No water service smaller than 5/8" will be connected. No pipe or pipe fitting which contains more than 8.0% lead can be used for the installation or repair of plumbing at any connection, which provides water for human use. No solder or flux, which contains more than 0.2% lead, can be used at any connection that provides water for human use.

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

Utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the Utility, and the purpose of their entry.

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

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

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

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

It is agreed and understood that any and all meters, water lines, and other equipment furnished by the Utility (excepting the customer's individual service lines from the point of connection to customer's structures on customer's premises) are and shall remain the sole property of the

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.17 - Specific Utility Service Rules and Regulations (Continued)

Utility, and nothing contained herein or in a contract/application for service shall be construed to reflect a sale or transfer of any such meters, lines, or equipment to any customer. All tap and extension charges shall be for the privilege of connecting to said water lines and for installation, not purchase, of said meters and lines.

Applicants for service at new consuming facilities or facilities which have undergone extensive plumbing modifications are required to deliver to the Utility a certificate that their facilities have been inspected by a state-licensed inspector and that they are in compliance with all applicable plumbing codes and are free of potential hazards to public health and safety. Service may be denied until the certificate is received or any identified violations or hazards are remedied. The Utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer to locate and obtain the services of a licensed inspector in a timely manner. When potential sources of contamination are identified which, in the opinion of the inspector or the Utility, require the installation of a state-approved backflow prevention device, such backflow prevention device shall be installed on the customer's service line or other necessary plumbing facilities by an appropriately licensed plumber/backflow prevention device specialist at the customer's expense. The backflow prevention device shall be maintained by the customer at his expense and inspected annually by a licensed inspector. Copies of the annual inspection report must be provided to the Utility. Failure to comply with this requirement may constitute grounds for termination of water service with notice.

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

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

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

SECTION 3.0 - EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

Line Extension and Construction Charges: No Contribution in Aid of Construction may be required of any customer except as provided for in this approved extension policy.

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

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 2" in diameter for water distribution and pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.

Exceptions may be granted by the PUC if:

- a) 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;
- b) 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.

The utility shall bear the cost of any over-sizing of water distribution lines or wastewater collection lines necessary to serve other potential service applicants for customers in the immediate area.

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

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.

SECTION 3.0 – EXTENSION POLICY (Continued)

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

Section 3.02 - Costs Utilities Shall Bear

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.

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

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

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 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.

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.

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, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be 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 PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located.

Section 3.05 - Applying for Service

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

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. The tap request must be accompanied with 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. 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 PUC for resolution.

SECTION 3.0 - EXTENSION POLICY (Continued)

Section 3.06 - Qualified Service Applicant

A "qualified service applicant" is an applicant who has: (1) met all of the Utility's requirements for service contained in this tariff, PUC rules and/or PUC order, (2) has made payment or made arrangement for payment of tap fees, (3) has provided all necessary easements and rights-of-way necessary 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 certificated service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by PUC rules once the applicant has met all conditions precedent to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The PUC service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by PUC 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 -- DROUGHT CONTINGENCY PLAN
(TCEQ approved Drought Contingency Plan is attached.)



Texas Commission on Environmental Quality

Water Availability Division
MC-160, P.O. Box 13087 Austin, Texas 78711-3087
Telephone (512) 239-4600, FAX (512) 239-2214

Drought Contingency Plan for Investor-Owned Utility

This form is provided as a model of a drought contingency plan for an investor-owned utility. If you need assistance in completing this form or in developing your plan, please contact the Conservation Staff of the Resource Protection Team in the Water Availability Division at (512) 239-4600.

Drought Contingency Plans must be formally adopted by the governing body of the water provider and documentation of adoption must be submitted with the plan. For private investor-owned utilities, the drought contingency plan is to be incorporated into the utility's rate tariff.

Utility Name:	Click to add text
Address:	
Telephone Number:	() Fax: ()
CCN and/or PWS Numbers:	
Regional Water Planning Group:	
Form Completed by:	
Title:	
Person responsible for implementation:	Phone: ()

I, _____ (*print name*), being the responsible official for _____ (*utility name*), **request a minor tariff amendment to include the enclosed Drought Contingency Plan.**

(Signature)

(Date)

Section I Declaration of Policy, Purpose, and Intent

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

Section II Public Involvement

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

(Check at least one of the following)

Scheduling and providing public notice of a public meeting to accept input on the Plan.

The meeting took place at:

Date: _____ Time: _____ Location: _____

Mailed survey with summary of results (attach survey and results)

Bill insert inviting comment (attach bill insert)

Other method _____

Section III Public Education

The _____ (*utility name*) will periodically provide the public with information about the Plan, including information about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage.

Drought plan information will be provided by:
(check at least one of the following)

☐ *public meeting*

☐ *press releases*

☐ *utility bill inserts*

☐ *other _____*

Section IV Coordination with Regional Water Planning Groups

The service area of the _____ (*utility name*) is located within Regional Water Planning Group (RWPG) _____. _____ (*utility name*) has mailed a copy of this Plan to the RWPG.

Section V Notice Requirements

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

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

The utility must notify the TCEQ prior to implementing mandatory drought contingency water use restrictions through the online reporting form:

https://www.tceq.texas.gov/drinkingwater/homeland_security/security_pws

For questions regarding this requirement, contact the TCEQ Public Drinking Water Section Drought Team at 512-239-4691.

Section VI Violations

First violation - The customer will be notified by written notice of their specific violation.

Subsequent violations:

- a) After written notice, the utility may install a flow restricting device in the line to limit the amount of water which will pass through the meter in a 24-hour period. The utility may charge the customer for the actual cost of installing and removing the flow restricting device, not to exceed \$150.00.
- b) After written notice, the utility may discontinue service at the meter for a period of seven (7) days, or until the end of the calendar month, whichever is LESS. The reconnect fee of the utility will apply for restoration of service.

Section VII Exemptions or Variances

The utility may grant any customer an exemption or a variance from the drought contingency plan for good cause **upon written request**. The utility will treat all customers equally concerning exemptions and variances and shall not discriminate in granting exemptions and variances. No exemption or variance shall be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of a variance.

Section VIII Response Stages

Unless there is an immediate and extreme reduction in water production, or other absolute necessity to declare an emergency or severe condition, the utility will initially declare Stage 1 restrictions. If, after a reasonable period of time, demand is not reduced enough to alleviate outages, reduce the risk of outages, or comply with restrictions required by a court, government agency or other authority, Stage 2 may be implemented with Stage 3 to follow if necessary.

STAGE 1 - CUSTOMER AWARENESS

Stage 1 will begin:

Every April 1st, the utility will mail a public announcement to its customers. No notice to TCEQ required.

Stage 1 will end:

Every September 30th, the utility will mail a public announcement to its customers. No notice to TCEQ required.

Utility Measures:

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

Voluntary Water Use Restrictions:

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

STAGE 2 - VOLUNTARY WATER CONSERVATION:

Target: Achieve a ____ percent reduction in ____ (example: total water use, daily water demand, etc.)

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

Supply-Based Triggers: (check at least one and fill in the appropriate value)

Well level reaches ____ ft. mean sea level (m.s.l.)
Overnight recovery rate reaches ____ ft.
Reservoir elevation reaches ____ ft. (m.s.l.)
Stream flow reaches ____ cfs at USGS gage # ____
Wholesale supplier's Drought Stage 2 ____
Annual water use equals ____ % of well permit/Water Right/purchased water contract amount
Other ____

Demand- or Capacity-Based Triggers: (check at least one and fill in the appropriate value)

Drinking water treatment as % of capacity ____ %
Total daily demand as % of pumping capacity ____ %
Total daily demand as % of storage capacity ____ %
Pump hours per day ____ hrs.
Production or distribution limitations ____.
Other ____

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

Requirements for Termination:

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

Utility Measures:

Visually inspect lines and repair leaks on a daily basis. Monthly review of customer use records and follow-up on any that have unusually high usage.

Describe additional measures, if any, to be implemented directly by the utility to manage limited water supplies and/or reduce water demand. Examples include: reduced or discontinued flushing of water mains, activation and use of an alternative supply source(s); use of reclaimed water for non-potable purposes.

Alternative water source(s) for _____ (utility name) : _____.

(Examples: Other well, Inter-connection with other system, Temporary use of a non-municipal water supply, Purchased water, Use of reclaimed water for non-potable purposes, etc.).

Voluntary Water Use Restrictions:

1. Restricted Hours: Outside watering is allowed daily, but only during periods specifically described in the customer notice; between 10:00 p.m. and 5:00 a.m. for example; or
2. Restricted Days/Hours: Water customers are requested to voluntarily limit the irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems. Customers are requested to limit outdoor water use to **Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0.** Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at any time if it is by means of a hand-held hose, a faucet-filled bucket or watering can of five (5) gallons or less, or drip irrigation system; or
3. Other uses that wastewater such as water running down the gutter.

STAGE 3 - MANDATORY WATER USE RESTRICTIONS:

Target: Achieve a _____ percent reduction in _____ (*example: total water use, daily water demand, etc.*)

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

Supply-Based Triggers (*check at least one and fill in the appropriate value*)

Well level reaches _____ ft. (m.s.l.)

Overnight recovery rate reaches _____ ft.

Reservoir elevation reaches _____ ft. (m.s.l.)

Stream flow reaches _____ cfs at USGS gage # _____

Wholesale supplier's Drought Stage 3 _____

Annual water use equals _____ % of well permit/Water Right/purchased water contract amount.

Other _____

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

Drinking water treatment as % of capacity _____ %
Total daily demand as % of pumping capacity _____ %
Total daily demand as % of storage capacity _____ %
Pump hours per day _____ hrs.
Production or distribution limitations _____.
Other _____

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

Requirements for Termination:

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

Utility Measures:

Visually inspect lines and repair leaks on a regular basis. Flushing is prohibited except for dead end mains.

Describe additional measures, if any, to be implemented directly by the utility to manage limited water supplies and/or reduce water demand. Examples include activation and use of an alternative supply source(s); use of reclaimed water for non-potable purposes; offering low-flow fixtures and water restrictors.

Mandatory Water Use Restrictions:

The following water use restrictions shall apply to all customers.

1. Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems **shall be limited to Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0.** Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at any time if it is by means of a hand-held hose, a faucet-filled bucket or watering can of five (5) gallons or less, or drip irrigation system.
2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rinses. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public are contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.

3. Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or a Jacuzzi type pool are prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight.
4. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
5. Use of water from hydrants or flush valves shall be limited to maintaining public health, safety, and welfare.
6. Use of water for the irrigation of golf courses, parks, and green belt areas are prohibited except by hand-held hose and only on designated watering days between the hours 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight.
7. The following uses of water are defined as non-essential and are prohibited:
 - a. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
 - b. use of water to wash down buildings or structures for purposes other than immediate fire protection;
 - c. use of water for dust control;
 - d. flushing gutters or permitting water to run or accumulate in any gutter or street;
 - e. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
 - f. any waste of water.

STAGE 4 - CRITICAL WATER USE RESTRICTIONS:

Target: Achieve a ____ percent reduction in ____ (*example: total water use, daily water demand, etc.*)

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

Supply-Based Triggers: (*check at least one and fill in the appropriate value*)

Well level reaches ____ ft. (m.s.l.)
Overnight recovery rate reaches ____ ft.
Reservoir elevation reaches ____ ft. (m.s.l.)
Stream flow reaches ____ cfs at USGS gage # ____
Wholesale supplier's Drought Stage 4 ____
Annual water use equals ____ % of well permit/Water Right/purchased water contract amount
Supply contamination
Other ____

Demand- or Capacity-Based Triggers: (*check at least one and fill in the appropriate value*)

Drinking water treatment as % of capacity ____ %
Total daily demand as % of pumping capacity ____ %
Total daily demand as % of storage capacity ____ %
Pump hours per day ____ hrs
Production or distribution limitations

System outage
Other _____

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

Requirements for Termination:

Stage 4 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 4, Stage 3, or the applicable drought response stage based on the triggering criteria, becomes operative.

Operational Measures:

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

Describe additional measures, if any, to be implemented directly to manage limited water supplies and/or reduce water demand.

Mandatory Water Use Restrictions: (all outdoor use of water is prohibited)

1. Irrigation of landscaped areas is absolutely prohibited.
2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited.

SYSTEM OUTAGE or SUPPLY CONTAMINATION

Notify TCEQ Regional Office immediately.

APPENDIX B -- SAMPLE SERVICE AGREEMENT
From 30 TAC § 290.47(b), Appendix B
SERVICE AGREEMENT

- I. **PURPOSE.** CSWR-Texas Utility Operating Company, LLC 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 WATER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the water 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 0.25% 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 WATER SYSTEM (the Water System) and NAME OF CUSTOMER (the Customer).
- A. The Water System will maintain a copy of this agreement as long as the Customer and/or the premises is connected to the Water 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 Water 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 Water System's normal business hours.
 - C. The Water 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 Water System. Copies of all testing and maintenance records shall be provided to the Water System.
- IV. **ENFORCEMENT.** If the Customer fails to comply with the terms of the Service Agreement, the Water 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 Signature

Date



SEWER UTILITY TARIFF

Docket Number: 54565

CSWR-Texas Utility Operating Company, LLC
(Utility Name)

1630 Des Peres Rd Suite 140
(Business Address)

St. Louis, MO 63131
(City, State, Zip Code)

(314) 380-8595
(Area Code/Telephone)

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

21120

This tariff is effective in the following counties:

Aransas, Bexar, Hidalgo, Hood, Jackson, Lubbock, Navarro, Orange, Parker, and Polk

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

The City of San Antonio

Rates for customers in the Leon Springs Service subdivision (#WQ0013147001) who are located within the City of San Antonio are included in this tariff because the City of San Antonio has surrendered its original jurisdiction over water and wastewater rates.

The City of Granbury

Rates for customers in the Laguna Vista subdivision who are located within the City of Granbury are not included in this tariff and should be obtained from the City of Granbury.

The City of Rockport

Rates for customers in the Aransas Bay subdivision (WWTP #) who are located within the City of Rockport are not included in this tariff and should be obtained from the City of Rockport.

This tariff is effective in the following subdivisions and systems:

See List

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	3
SECTION 3.0 -- EXTENSION POLICY	8

APPENDIX A – APPLICATION FOR SERVICE

LIST OF SUBDIVISIONS AND SYSTEMS

SUBDIVISION	NPDES	COUNTY	PAGE
Aransas Bay	Collection Only	Aransas	2
Country Squire	WQ0011589001	Orange	2
Franklin Water	Collection Only	Lubbock	2
Hilltop Estates	WQ0015010001	Parker	2
Hilltop Home Addition	WQ0015010001	Parker	2
Laguna Vista	Non-Discharging	Hood	2
Leon Springs	WQ0014376001	Bexar	2
Longford Place	WQ0011155001	Orange	2
Mangum Estates Subdivision	WQ0013147001	Polk	2
Pelican Isle	WQ0013528001	Navarro	2
Quiet Village II	Collection Only	Hidalgo	2
Seagun Complex	Collection Only	Aransas	2
Shady Grove	Non-Discharging	Hood	2
Texas Landing Utilities	WQ0013147001	Polk	2
Tri-County Point POA	WQ0015399001	Jackson	2

CSWR-Texas Utility Operating Company, LLC

Sewer Tariff Page No. 2

(applicable to all sewer service areas as reflected on list of subdivisions and systems)

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size:</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$68.51</u>	<u>\$0.00</u> per gallon

Surcharge for Rate Case Expense (Docket No. 54565)

To be collected through a monthly surcharge of \$_____ per meter equivalent. The monthly surcharge will be collected for 24 months from the effective date of the rates approved by the Commission in Docket No. 54565 or until the full \$_____ for rate-case expenses related to Docket No. 54565 is collected, whichever occurs first. The charge is applicable to customers of all systems.

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

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

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

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 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

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

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

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

METER TEST FEE \$0.00
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

(applicable to all sewer service areas as reflected on list of subdivisions and systems)**SECTION 1.0 - RATE SCHEDULE (CONTINUED)****RECONNECTION FEE**

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

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

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.

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

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

RETURNED CHECK CHARGE..... \$25.00

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

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) \$50.00**COMMERCIAL & NON-RESIDENTIAL DEPOSIT 1/6TH OF ESTIMATED ANNUAL BILL****GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:**

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

(applicable to all sewer service areas as reflected on list of subdivisions and systems)

SECTION 1.0 – RATE SCHEDULE (CONTINUED)

Section 1.03 – Purchased Water and Sewer Adjustment Clause

For systems subject to changes imposed by any non-affiliated provider of purchased sewer service, these increases (decreases) shall be passed through as an adjustment to the gallonage charge according to the following formulae:

Quiet Village II

The following fee is a purchased wastewater treatment fee charged by the City of Donna (billed by the North Alamo Water Supply Company). The fee is \$5.28 per connection per month.

The adjustment to the utility's rate structure will be calculated as set for the below:

$$R = (E / C)$$

Where:

R = the proposed pass-through rate;

E = the total purchased sewer treatment expense for the preceding 12 months;

C = the most recent number of monthly connections multiplied by 12;

SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission of Texas (PUC or Commission) Rules, Chapter 24, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.01 - Application for 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 PUC Rules. In the event that the utility refuses to serve an applicant, the utility will inform the applicant in writing of the basis of its refusal. The utility is also required to inform the applicant 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 PUC Rules.

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

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

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.

(applicable to all sewer service areas as reflected on list of subdivisions and systems)

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected (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 PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

Fees in addition to the regular tap fee may be charged if listed specifically in Section 1 to cover unique costs not normally incurred as permitted by 16 TAC § 24.163(b)(1)(C). For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

(C) Easement Requirement

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

Section 2.04 - Utility Response to Applications for Service

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

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

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will not be allowed to use the utility's cutoff valve on the utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers may be required to install and maintain a cutoff valve on their side of the meter.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.06 - Customer Service Inspections

Applicants for new service connections or facilities which have undergone extensive plumbing modifications are required to furnish the utility a completed customer service inspection certificate. The inspection certificate shall certify that the establishment is in compliance with the Texas Commission on Environmental Quality (TCEQ) Rules and Regulations for Public Water Systems, 30 TAC § 290.46(j). The Utility is not required to perform these inspections for the applicant/customer but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

Section 2.07 - Access to Customer's Premises

The utility will have the right of access to the customer's premises at all reasonable times for the purpose of installing, testing, inspecting or repairing sewer mains or other equipment used in connection with its provision of sewer service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations.

The customer shall allow the utility and its personnel access to the customer's property to conduct any sewer quality tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours and the utility personnel will attempt to notify the customer that they will be working on the customer's property. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

All customers or service applicants shall provide access to utility cutoff valves at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply.

Section 2.08 - Billing

(A) Regular Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance.

The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

(B) Late Fees

A late penalty of either \$5.00 or 10.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

(applicable to all sewer service areas as reflected on list of subdivisions and systems)

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.08 – Billing (Continued)

(C) Information on Bill

Each bill will provide all information required by the PUC Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a local or toll-free telephone number (or numbers) to which customers can direct questions about their utility service.

(D) Prorated Bills

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

Section 2.09- Payments

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

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

Section 2.10 - 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 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 PUC Rules.

B) Without Notice

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

(applicable to all sewer service areas as reflected on list of subdivisions and systems)

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.11 - Reconnection of Service

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

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

Section 2.12 - 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 2.13 - Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and collection facilities of sufficient size and capacity to provide a 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 PUC and TCEQ, the utility will maintain facilities as described in the TCEQ Rules and Regulations for Public Water Systems.

Section 2.14 - Customer Complaints and Disputes

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

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

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 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.15 - 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 PUC Rules to be effective.

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

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

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

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

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

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

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.15 - Specific Utility Service Rules and Regulations (Continued)

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

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

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

Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs before payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant, or existing customer, shall have the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the Utility's rates in that portion of the Utility's service area in which the applicant's or existing customer's property(ies) is located.

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

The Utility adopts the Uniform Plumbing Code pursuant to TCEQ Rule 30 TAC § 290.46(i). The piping and other equipment on the premises furnished by the customer will be maintained by the

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.15 - Specific Utility Service Rules and Regulations (Continued)

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

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

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

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

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

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

It is agreed and understood that any and all meters, water lines, and other equipment furnished by the Utility (excepting the customer's individual service lines from the point of connection to customer's structures on customer's premises) are and shall remain the sole property of the Utility,

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.15 - Specific Utility Service Rules and Regulations (Continued)

and nothing contained herein or in a contract/application for service shall be construed to reflect a sale or transfer of any such meters, lines, or equipment to any customer. All tap and extension charges shall be for the privilege of connecting to said water lines and for installation, not purchase, of said meters and lines.

Applicants for service at new consuming facilities or facilities which have undergone extensive plumbing modifications are required to deliver to the Utility a certificate that their facilities have been inspected by a state-licensed inspector and that they are in compliance with all applicable plumbing codes and are free of potential hazards to public health and safety. Service may be denied until the certificate is received or any identified violations or hazards are remedied. The Utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer to locate and obtain the services of a licensed inspector in a timely manner. When potential sources of contamination are identified which, in the opinion of the inspector or the Utility, require the installation of a state-approved backflow prevention device, such backflow prevention device shall be installed on the customer's service line or other necessary plumbing facilities by an appropriately licensed plumber/backflow prevention device specialist at the customer's expense. The backflow prevention device shall be maintained by the customer at his expense and inspected

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.15 - Specific Utility Service Rules and Regulations (Continued)

annually by a licensed inspector. Copies of the annual inspection report must be provided to the Utility.

Failure to comply with this requirement may constitute grounds for termination of water service with notice.

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

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

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

SECTION 3.0 -- EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

Line Extension and Construction Charges. No Contribution in Aid of Construction may be required of any customer except as provided for in this approved tariff.

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

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.

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 sewer main or distribution line necessary to extend service to an individual residential customer within a platted subdivision.

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

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

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 2" in diameter for water distribution and pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.

Exceptions may be granted by the 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.

SECTION 3.0 -- EXTENSION POLICY (Continued)

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

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

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

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

Section 3.03 - 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 TCEQ minimum design criteria for facilities used in the production, collection, transmission, pumping, or treatment of sewage or the 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 sewer treatment.

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.

SECTION 3.0 -- EXTENSION POLICY (Continued)

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, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services.

Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be 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 PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located.

Section 3.05 - Applying for Service

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

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request.

SECTION 3.0 -- EXTENSION POLICY (Continued)

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 PUC 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, PUC rules and/or PUC 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 PUC rules once the applicant has met all conditions precedent to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The PUC service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by PUC 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.** CSWR-TEXAS UTLITY OPERATING COMPANY, LLC_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 CSWR-TEXAS UTLITY OPERATING COMPANY, LLC_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 CSWR-TEXAS UTLITY OPERATING COMPANY, LLC_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

SOI Exhibit C

Billing Comparison (Water)

Utility/System	Existing Rates	Bill	Proposed Rates	Bill
Abraxas	Existing at 5,000 gallons	\$40.20	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$56.70	Proposed at 10,000 gallons	\$109.43
Aero Valley	Existing at 5,000 gallons	\$81.86	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$81.86	Proposed at 10,000 gallons	\$109.43
Amberwood	Existing at 5,000 gallons	\$53.89	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$63.14	Proposed at 10,000 gallons	\$109.43
Aransas Bay	Existing at 5,000 gallons	\$42.88	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$51.88	Proposed at 10,000 gallons	\$109.43
Big Wood Springs	Existing at 5,000 gallons	\$28.90	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$36.80	Proposed at 10,000 gallons	\$109.43
Carroll Water				
Emerald Forest, Grande Casa Ranchitos, Lakeview Ranchettes Estates and Spanish Grant	Existing at 5,000 gallons	\$42.91	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$56.36	Proposed at 10,000 gallons	\$109.43
Red Oak	Existing at 5,000 gallons	\$42.91	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$56.36	Proposed at 10,000 gallons	\$109.43
Chaparral	Existing at 5,000 gallons	\$22.00	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$32.00	Proposed at 10,000 gallons	\$109.43
Coletto	Existing at 5,000 gallons	\$43.00	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$58.00	Proposed at 10,000 gallons	\$109.43
Copano Cove	Existing at 5,000 gallons	\$41.25	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$63.45	Proposed at 10,000 gallons	\$109.43

Copano Heights Unit 1 & 2 Water System	Existing at 5,000 gallons	\$68.66	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$105.41	Proposed at 10,000 gallons	\$109.43
Council Creek Council Creek Village, South Council Creek 1, & South Council Creek	Existing at 5,000 gallons	\$92.00	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$122.00	Proposed at 10,000 gallons	\$109.43
Flag Creek Ranch	Existing at 5,000 gallons	\$41.04	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$59.44	Proposed at 10,000 gallons	\$109.43
Live Oak Hills	Existing at 5,000 gallons	\$54.41	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$72.81	Proposed at 10,000 gallons	\$109.43
Franklin County 1 & 3	Existing at 5,000 gallons	\$20.52	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$28.62	Proposed at 10,000 gallons	\$109.43
Fremont Water	Existing at 5,000 gallons	\$36.44	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$58.44	Proposed at 10,000 gallons	\$109.43
Lake Limestone	Existing at 5,000 gallons	\$31.75	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$43.00	Proposed at 10,000 gallons	\$109.43
Laguna Vista/Tres	Existing at 5,000 gallons	\$41.41	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$52.91	Proposed at 10,000 gallons	\$109.43
North Orange Water & Sewer LLC Country Squire Longford Place	Existing at 5,000 gallons	\$50.48	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$65.73	Proposed at 10,000 gallons	\$109.43
	Existing at 5,000 gallons	\$46.46	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$61.71	Proposed at 10,000 gallons	\$109.43

North Victoria	Existing at 5,000 gallons	\$56.33	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$70.73	Proposed at 10,000 gallons	\$109.43
Oak Hills Ranch	Existing at 5,000 gallons	\$22.84	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$30.44	Proposed at 10,000 gallons	\$109.43
Pelican Isle (THRC)	Existing at 5,000 gallons	\$43.00	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$73.00	Proposed at 10,000 gallons	\$109.43
QV Utilities	Existing at 5,000 gallons	\$15.91	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$25.51	Proposed at 10,000 gallons	\$109.43
Ranch Country ¹	Existing at 5,000 gallons	\$25.00	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$35.00	Proposed at 10,000 gallons	\$109.43
Rocket	Existing at 5,000 gallons	\$51.00	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$66.00	Proposed at 10,000 gallons	\$109.43
Shady Oaks Water Company				
Arrowhead Water System & Hickory Hill Water	Existing at 5,000 gallons	\$36.97	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$46.97	Proposed at 10,000 gallons	\$109.43
Oak Hollow Estate & Oak Hollow Parks	Existing at 5,000 gallons	\$43.00	Proposed at 5,000 gallons	\$81.73
	Existing at 10,000 gallons	\$56.50	Proposed at 10,000 gallons	\$109.43

¹ Includes Hillside Estates Water System, Meadowview Estates, Meadowview Estates II, Settlers Estates Sec II, Settlers Crossing Water System, Settlers Crossing Water System 2, and Settlers Meadows Water System