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**SOAH DOCKET NO. 473-24-13127
PUC DOCKET NO. 54617**

APPLICATION OF TEXAS WATER	§	BEFORE THE STATE OFFICE
UTILITIES, L.P. AND SOUTHERN	§	
HORIZONS DEVELOPMENT, INC.	§	
FOR SALE, TRANSFER, OR MERGER	§	OF
OF FACILITIES AND CERTIFICATE	§	
RIGHTS IN LIBERTY AND	§	
MONTGOMERY COUNTIES	§	ADMINISTRATIVE HEARINGS

DIRECT TESTIMONY

OF

BRIAN D. BAHR

ON BEHALF OF

TEXAS WATER UTILITIES, L.P.

APRIL 18, 2024

**DIRECT TESTIMONY OF
BRIAN D. BAHR**

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ATTACHMENTS

Attachment BDB-1	Resume of Brian D. Bahr
Attachment BDB-2	STM Application and Supplements
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Attachment BDB-3	Texas Water Utilities’ Proof of Notice
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Attachment BDB-6	Texas Water Utilities 2022 Annual Report (Confidential)
Attachment BDB-7	Docket No. 50944, Unanimous Stipulation and Settlement Agreement

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DIRECT TESTIMONY OF
BRIAN D. BAHR

1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Brian D. Bahr. My business address is 1620 Grand Avenue Parkway,
4 Suite 140, Pflugerville, Texas 78660.

5 Q. FOR WHOM DO YOU WORK AND IN WHAT CAPACITY?

6 A. I am the Director of Rates and Regulatory Affairs for Texas Water Utilities, L.P. (Texas
7 Water Utilities or TWU).

8 Q. BRIEFLY DESCRIBE YOUR PRESENT EMPLOYMENT.

9 A. I am responsible for overseeing the regulatory activities of Texas Water Utilities. My
10 duties vis-à-vis regulatory affairs include provision of strategic direction, oversight of
11 filings, and management of performance.

12 Q. BRIEFLY DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL
13 BACKGROUND.

14 A. I hold a Bachelor of Science Degree in Accounting from the University of Brigham
15 Young and a Master of Business Administration Degree with a concentration in finance
16 from the University of La Verne. I also earned a postgraduate Certificate of Public

1 Management from Willamette University and, in addition to attending many industry
 2 trainings and conferences, have completed over 45 credit hours of water and
 3 wastewater operations and management courses from California State University,
 4 Sacramento.

5 I have been employed in my current position since 2016, prior to which I was a
 6 Senior Utility Analyst for the Oregon Public Utility Commission. I began my career
 7 as an auditor at PricewaterhouseCoopers in the financial services sector. I hold Level II
 8 Operator certifications from the California State Water Resources Control Board for
 9 both Water Distribution and Water Treatment, and I am a member of the National
 10 Association of Water Companies (participating on both its Regulatory & Legislative
 11 Committee as well as its Affordability Project Group) and the Texas Association of
 12 Water Companies (participating on its Public Utility Commission of Texas
 13 Committee). Additionally, I previously served on the National Association of
 14 Regulatory Utility Commissioners (NARUC) Accounting & Finance Committee.

15 For additional details regarding my witness qualifications, please reference my
 16 resume, provided with this testimony as Attachment BDB-1.

17 **Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE PUBLIC**
 18 **UTILITY COMMISSION OF TEXAS (COMMISSION)?**

19 A. Yes, I have previously provided testimony before this Commission in Docket
 20 Nos. 47736, 50944, 54201, and 55585.¹ Additionally, I have drafted, overseen, or

¹ *Application of SWWC Utilities, Inc. dba Water Services, Inc. for Authority to Change Rates*, Docket No. 47736, Order (Oct. 16, 2019); *Application of Monarch Utilities I.L.P. for Authority to Change Rates*, Docket No. 50944, Order (Feb. 23, 2022); *Application of Texas Water Utilities, L.P. for System Improvement Charges*, Docket No. 54201, Order (Sept. 28, 2023); *Application of Texas Water Utilities, L.P. to Amend its System Improvement Charges*, Docket No. 55585, Order (Mar. 21, 2024).

1 otherwise participated in numerous other filings with this Commission on behalf of
2 Texas Water Utilities and its affiliates.

3 **II. PURPOSE OF DIRECT TESTIMONY**

4 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

5 A. I am testifying on behalf of Texas Water Utilities.

6 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**
7 **PROCEEDING?**

8 A. The purpose of my direct testimony in this proceeding is to support the application of
9 Texas Water Utilities and Southern Horizons Development, Inc. (Southern Horizons)
10 for sale, transfer, or merger of facilities and certificate rights in Liberty and
11 Montgomery County. Specifically, I provide an overview of the proposed transaction,
12 public notice, and fair market valuation (FMV) request. I also discuss TWU's request
13 for post-acquisition rates and TWU's fulfilment of required criteria for approval of the
14 transaction, including why the transaction is in the public interest.

15 **Q. WAS THIS TESTIMONY PREPARED BY YOU OR UNDER YOUR**
16 **SUPERVISION?**

17 A. Yes, it was.

18 **Q. INsofar AS THIS TESTIMONY IS FACTUAL IN NATURE, DO YOU**
19 **BELIEVE IT TO BE CORRECT?**

20 A. Yes, I do.

1 **Q. INsofar as this testimony is in the nature of opinion or**
2 **JUDGMENT, DOES IT REPRESENT YOUR BEST JUDGMENT?**

3 A. Yes, it does.

4 **Q. ARE YOU SPONSORING ANY ATTACHMENTS?**

5 A. Yes, I am sponsoring the attachments listed in the table of contents.

6 **Q. WERE THOSE ATTACHMENTS PREPARED BY YOU OR UNDER YOUR**
7 **SUPERVISION?**

8 A. Yes.

9 **III. OVERVIEW OF THE APPLICATION**

10 **Q. PLEASE DESCRIBE APPLICATION AT ISSUE IN THIS PROCEEDING.**

11 A. Texas Water Utilities and Southern Horizons are requesting approval of the following:

- 12 • the sale and transfer of all the facilities and 527 acres of the service area held by
13 Southern Horizons under water Certificate of Convenience and Necessity (CCN)
14 number 12863;
- 15 • the decertification of the remaining 98.7 acres held by Southern Horizons under
16 water CCN number 12863;
- 17 • the amendment of Texas Water Utilities' CCN number 12983 to include all the
18 facilities and 527 acres of the service area previously held by Southern Horizons
19 under water CCN number 12863;
- 20 • the amendment of Texas Water Utilities' CCN number 12983 to include 102.5 acres
21 of currently uncertificated area; and
- 22 • the cancellation of water CCN number 12863.

1 If the application is approved, the total area that will be added to Texas Water Utilities'
 2 water CCN is 629.5 acres (the requested area). A copy of the application, including all
 3 supplements, is provided as Attachment BDB-2. Confidential portions of the
 4 application and supplements are provided as Attachment BDB-2a.

5 **Q. WHY IS TEXAS WATER UTILITIES REQUESTING TO DECERTIFY A**
 6 **PORTION OF THE AREA CURRENTLY CERTIFICATED TO SOUTHERN**
 7 **HORIZONS?**

8 A. At the time the STM application was filed, Docket No. 52445 had been pending before
 9 the Commission for 18 months. The applicant in Docket No. 52445 was requesting to
 10 decertify 88 acres held by Southern Horizons under CCN number 12863 and to obtain
 11 a CCN to serve those 88 acres.² The 98.7 acres Texas Water Utilities is requesting to
 12 decertify is comprised of the 88 acres that have already been decertified via Docket
 13 No. 52445 and 10.7 additional acres, the decertification of which is needed to align the
 14 CCN boundaries with the property boundaries of the area served by Southern
 15 Horizons..

16 **Q. WHAT FACILITES WILL BE TRANSFERRED TO TEXAS WATER**
 17 **UTILILTIES?**

18 A. The Southern Crossing Water System Phase 2, public water system (PWS)
 19 identification number 1460158, and the Southern Oaks Water System Phase 2, PWS
 20 identification number 1460150, will be transferred to Texas Water Utilities.

² *Application of HydroTex, LLC for a Certificate of Convenience and Necessity and for Decertification of a Portion of Southern Horizons Development, Inc.'s Certificate of Convenience and Necessity in Liberty County, Docket No. 52445, Notice of Approval at Finding of Fact No. 7 (Mar. 22, 2204).*

1 **Q. WHAT ELSE IS REQUESTED IN THE APPLICATION?**

2 A. Texas Water Utilities has used the fair market valuation process set forth in Texas
3 Water Code (TWC) § 13.305 and 16 Texas Administrative Code (TAC) § 24.238 and
4 is requesting that the Commission establish the ratemaking rate base for the PWSes
5 that will be transferred.³ Also, pursuant to TWC 13.3011, Texas Water Utilities is
6 requesting to charge the customers served by the facilities to be transferred initial rates
7 that are equal to the rates currently in effect for the vast majority of Texas Water
8 Utilities' customers.⁴

9 **IV. NOTICE AND EFFECTIVE DATE**

10 **Q. PLEASE IDENTIFY THE PERSONS TO WHOM NOTICE WAS PROVIDED**
11 **IN THIS PROCEEDING.**

12 A. A copy of Texas Water Utilities' proof of notice is provided as Attachment BDB-3.
13 Notice was provided via U.S. mail to the following persons:

- 14 • All current customers within the requested area;
- 15 • Aqua Texas Inc. (CCN No. 13203);
- 16 • C&R Water Supply Inc. (CCN No. 13098);
- 17 • City of Cleveland (CCN No. 13217);
- 18 • City of Splendora (CCN No. 11727);
- 19 • Crystal Springs Water Company, Inc. (CCN No. 11373);
- 20 • East Montgomery County Improvement District;
- 21 • Northwoods Water Supply Corporation (WSC) (CCN No. 12879);

³ Attachment BDB-2 at 19.

⁴ Attachment BDB-2 at 20.

- 1 • Quadvest LP (CCN No. 11612);
- 2 • San Jacinto River Authority;
- 3 • South Cleveland WSC (CCN No. 12566);
- 4 • T&W Water Service Company (CCN No. 12892);
- 5 • The County Judges of Liberty County and Montgomery County; and
- 6 • Lonestar Groundwater Conservation District.

7 **Q. ACCORDING TO THE MOST CURRENT TAX APPRAISAL ROLLS OF THE**
8 **APPLICABLE CENTRAL APPRAISAL DISTRICTS, ARE THERE ANY**
9 **TRACTS OF LAND OF 25 ACRES OR MORE THAT ARE WHOLLY OR**
10 **PARTIALLY LOCATED IN THE REQUESTED AREA?**

11 A. No, there are no tracts of land that are 25 acres or more that are wholly or partially
12 located in the requested area.

13 **Q. WAS NOTICE PUBLISHED IN A NEWSPAPER OF GENERAL**
14 **CIRCULATION?**

15 A. Yes. Because the requested area includes uncertificated area, notice was published in
16 the *Houston Business Journal*, a newspaper of general circulation in Liberty,
17 Montgomery, and Harris Counties, on April 21, 2023, and April 28, 2023.⁵

⁵ Attachment BDB-3 at 9-14.

1 **Q. DID THE NOTICES THAT WERE MAILED AND PUBLISHED INCLUDE**
2 **INFORMATION ABOUT THE INITIAL RATES TEXAS WATER UTILITIES**
3 **IS REQUESTING?**

4 A. Yes, both notices included the following language:

5 The proposed transaction may change the current customers'
6 rates and services to the current approved rates and services
7 of Texas Water Utilities, LP, which are higher than the
8 current rate for a 5/8" meter for Southern Horizons
9 Development, Inc. To view a copy of the current approved
10 Notice Form Updated: March 31, 2022 tariff, go to:
11 <https://www.swwc.com/texas/tariff/> (Applicable water rates
12 on tariff page 9) or email TXCustomerCare@swwc.com or
13 call 866-654-7992 to request a copy.⁶

14 At the time notice was mailed and published, the Commission had yet to adopt a rule
15 implementing TWC § 13.3011, and the statute does not address if or how a request for
16 initial rates must be noticed. The above notice language was provided by Commission
17 Staff in the notices attached to Commission Staff's Recommendation on
18 Administrative Completeness and Proposed Notice filed on April 5, 2023.

19 **Q. HAS NOTICE BEEN FOUND SUFFICIENT?**

20 A. Yes. In Order No. 9 filed on June 22, 2023, the Commission administrative law judge
21 found notice sufficient.⁷

22 **Q. WAS THE APPLICATION FILED AT LEAST 120 DAYS BEFORE THE**
23 **EFFECTIVE DATE OF THE PROPOSED TRANSACTION?**

24 A. Under 16 TAC § 24.239(b), an application must be filed with the Commission *and*
25 *notice must be provided* at least 120 days before the effective date of the proposed

⁶ Attachment BDB-3 at 5, 8.

⁷ Order No. 9 Finding Notice Sufficient and Adopting Procedural Schedule (Jun. 22, 2023).

1 transaction. Texas Water Utilities and Southern Horizons agreed to an effective date
 2 for the proposed transaction that was no earlier than the 121st day after notice was
 3 completed. The application was filed on February 2, 2023, and notice was completed
 4 on April 28, 2023. The 120th day after April 28, 2023, is August 28, 2023. Therefore,
 5 the application was filed timely at least 120 days before the effective date of the
 6 proposed transaction.

7 **V. FAIR MARKET VALUE (FMV)**

8 **Q. DID TEXAS WATER UTILITIES FILE A NOTICE OF INTENT TO USE**
 9 **FMV?**

10 A. Yes. A copy of the notice of intent that was filed in Project No. 49859⁸ is provided as
 11 Attachment BDB-4. The notice was filed before February 2, 2023, which was the date
 12 the application was filed in this proceeding.

13 **Q. DID THE COMMISSION'S EXECUTIVE DIRECTOR SELECT**
 14 **THREE UTILITY VALUATION EXPERTS (UVE) TO PERFORM**
 15 **APPRAISALS OF SOUTHERN HORIZONS?**

16 A. Yes, the Commission's Executive Director appointed Bret Fenner, Anthony Festa, and
 17 Arthur L. Schwartz.⁹ A copy of the letter making the appointments is provided as
 18 Attachment BDB-5.

⁸ *Notice of Intent to Determine Fair Market Value*, Project No. 49859, Monarch Utilities I L.P.'s Notice of Intent to Determine Fair Market Value for Southern Horizons Development, Inc. (Sept. 6, 2022).

⁹ Project No. 49859, Letter – Notice of Intent to Determine Fair Market Value –September 22, 2022 (Sept. 26, 2022).

1 **Q. DID THE APPLICATION FILED IN THIS PROCEEDING INCLUDE COPIES**
2 **OF THE APPRAISAL REPORT COMPLETED BY EACH UVE?**

3 A. Yes, the application included a copy of the appraisal reports completed by Mr. Fenner,
4 Mr. Festa, and Mr. Schwertz.¹⁰

5 **Q. DID THE APPLICATION FILED IN THIS PROCEEDING INCLUDE THE**
6 **PURCHASE PRICE AGREED TO BY TEXAS WATER UTILITIES AND**
7 **SOUTHERN HORIZONS?**

8 A. Yes, the agreed upon purchase price was included confidentially in the application.¹¹

9 **Q. HOW DID YOU CALCULATE THE FMV FOR SOUTHERN HORIZONS**
10 **THAT WAS INCLUDED IN THE APPLICATION?**

11 A. As required by TWC § 13.305(f) and 16 TAC § 24.238(b)(3), the FMV was calculated
12 by taking the average of the three appraisal reports completed by the UVEs.¹²

13 **Q. WHAT WAS THE RATEMAKING RATE BASE FOR SOUTHERN**
14 **HORIZONS THAT WAS INCLUDED IN THE APPLICATION?**

15 A. As required by TWC § 13.305(g) and (h)(3) and 16 TAC § 24.238(b)(3)–(4), the
16 ratemaking rate base included in the application was the purchase price.

¹⁰ Attachment BDB-2 at 144–556.

¹¹ Attachment BDB-2a at 2.

¹² *Id.*

1 **Q. WERE THE KNOWN TRANSACTION AND CLOSING COSTS INCURRED**
 2 **BY TEXAS WATER UTILITIES TO BE REQUESTED FOR REVIEW AND**
 3 **RECOVERY IN TEXAS WATER UTILITIES' RATE BASE IN A FUTURE**
 4 **RATE CASE INCLUDED IN THE APPLICATION?**

5 A. Yes, the amount of UVE fees TWU seeks to recover in rate base in a future general rate
 6 case,¹³ and the supporting invoices, were included in the application.¹⁴

7 **VI. INITIAL RATES**

8 **Q. WHAT ARE THE INITIAL RATES TEXAS WATER UTILITIES IS**
 9 **REQUESTING TO CHARGE THE CUSTOMERS TO BE ACQUIRED FROM**
 10 **SOUTHERN HORIZONS?**

11 A. Texas Water Utilities is requesting the following initial rates:

Minimum Monthly Charge	
5/8" Meter	\$48.37
Gallage Rates (per 1,000 gallons)	
0 – 2, 000 gallons	\$6.48
2,001 – 10,000 gallons	\$7.98
10,001 – 20,000 gallons	\$9.05
20,001 gallons or more	\$9.64

¹³ Attachment BDB-2a at 2–3.

¹⁴ Attachment BDB-2a at 553–54.

1 **Q. IS TEXAS WATER UTILITIES REQUESTING TO CHARGE ANY**
2 **PASS-THROUGH RATES TO THE CUSTOMERS TO BE ACQUIRED FROM**
3 **SOUTHERN HORIZONS?**

4 A. No. Although the tariff for water CCN number 12983 included a pass-through rate that
5 was applicable to the majority of Texas Water Utilities' customers at the time this STM
6 application was filed, this pass-through charge is not included in Texas Water Utilities'
7 request for initial rates.

8 **Q. WERE THE INITIAL RATES REQUESTED BY TEXAS WATER UTILITIES**
9 **SHOWN IN A TEXAS WATER UTILITIES' TARIFF FILED WITH THE**
10 **COMMISSION FOR ANOTHER WATER SYSTEM OWNED BY TEXAS**
11 **WATER UTILITIES?**

12 A. Yes. The requested initial rates were shown in the tariff for water CCN number 12983
13 that was approved by the Commission in Docket No. 52201¹⁵ and were in force for the
14 vast majority of the systems served by Texas Water Utilities at the time the application
15 was filed on February 2, 2023. This tariff was provided as Attachment 4 to the
16 application.

¹⁵ *Application of Utilities Investment Company, Inc. and UIC 13 LLC and Monarch Utilities I.L.P. for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris, Liberty, and Chambers Counties, Docket No. 52201, Stamped Approved Tariff (Sept. 6, 2022).*

1 **Q. HOW MUCH ADDITIONAL REVENUE WILL TEXAS WATER UTILITIES**
 2 **RECEIVE ANNUALLY IF THE REQUESTED INITIAL RATES ARE**
 3 **APPROVED?**

4 A. Using a current customer count of 461, the table below shows the additional revenue
 5 that would be generated if every Southern Horizons customer used 2,000, 3,000, or
 6 5,000 gallons per month.

2,000 gallons	3,000 gallons	5,000 gallons
\$339,277.56	\$383,422.92	\$471,713.64

7 **Q. IF THE INITIAL RATES ARE APPROVED, WILL TEXAS WATER**
 8 **UTILITIES BE IN A POSITION OF OVER-EARNING?**

9 A. No. Texas Water Utilities Annual Report for 2022 is provided as Confidential
 10 Attachment BDB- 6. As shown in the report on Schedule 150 – Earnings Calculations,
 11 Texas Water Utilities’ rate base at the end of the calendar year was [REDACTED], and
 12 its overall return authorized in its last general rate case was [REDACTED], or [REDACTED].
 13 As shown on Schedule 150 – Earnings Calculations, TWU’s return was [REDACTED].
 14 otherwise expressed as [REDACTED]. TWU’s actual return represents a deficit of [REDACTED]
 15 relative to its authorized return. Clearly, adding the revenues and expenses from
 16 Southern Horizons customers to the calculations of TWU’s return would not result in
 17 TWU earning greater than its authorized return.

18 **Q. WHEN WERE THE REQUESTED INITIAL RATES APPROVED BY THE**
 19 **COMMISSION?**

20 A. The requested initial rates were approved by the Commission as part of a settlement in
 21 Docket No. 50944. A copy of the Unanimous Stipulation and Settlement Agreement

1 is provided as Attachment BDB-7. The application in that case was based on a test
2 year ending December 31, 2019,¹⁶ and the parties agreed to a total annual revenue
3 requirement of \$34,950,000 for water and sewer.¹⁷ The approved rates were
4 consolidated rates and were applicable to all of Texas Water Utilities' systems;
5 however, by agreement of the parties, 16 systems were put on phased-in rate
6 schedules.¹⁸ Until these 16 systems reach the final phase of their respective rates
7 schedules, Texas Water Utilities is not charging rates that are designed to collect the
8 full revenue requirement approved in Docket No. 50944.

9 **Q. PLEASE DESCRIBE TEXAS WATER UTILITIES' BUSINESS OPERATIONS.**

10 A. Texas Water Utilities' mission is to provide life-sustaining water service to our
11 customers, empowering the communities we serve. Our values include safety,
12 environmental stewardship, customer care, employee engagement, integrity, and
13 community partnership. Through TWU's inclusion in a larger corporate structure,
14 Texas Water Utilities customers benefit from having additional resources and access to
15 capital available to TWU. Texas Water Utilities itself is the second largest investor
16 owned water and wastewater utility in Texas, has been serving customers here for many
17 years, and is well known to both the Commission and the TCEQ. Our water and
18 wastewater operators are licensed by TCEQ and are responsible for over 140 PWSes
19 located in 34 counties. Our employees are dedicated to safely providing high-quality
20 water and wastewater service in an environmentally compliant manner.

¹⁶ Docket No. 50944, Order at Finding of Fact No. 8.

¹⁷ Attachment BDB-7 at 3.

¹⁸ Attachment BDB-7 at 8–11, 16–17, and 19–32.

1 **Q. PLEASE DESCRIBE TEXAS WATER UTILITIES' WATER SERVICE**
2 **MODEL AND APPROACH TO REGULATORY COMPLIANCE.**

3 A. Two agencies regulate the safety of water and wastewater service—the federal
4 Environmental Protection Agency (EPA) and the TCEQ. For the most part, the EPA
5 has delegated much of its regulatory authority to the states, including Texas, under the
6 terms of the Safe Drinking Water Act and the Clean Water Act. As a result of these
7 delegations, the TCEQ serves as the primary regulatory authority for the safety of water
8 and wastewater service in Texas. In other words, the TCEQ is responsible for enforcing
9 both federal and state drinking water and wastewater standards in Texas, and TWU
10 must comply with all of these standards. TWU routinely performs internal reviews of
11 its systems to identify, prioritize, and resolve deficiencies, if any.

12 **Q. PLEASE DESCRIBE TEXAS WATER UTILITIES' APPROACH TO**
13 **CUSTOMER SERVICE.**

14 A. TWU invests in people and systems and uses a centralized customer care department
15 that prioritizes high-quality customer service. As an example of TWU's excellent
16 customer service, only two formal customer complaints have been filed against TWU
17 in the past three years, one of which was withdrawn,¹⁹ and one that is currently
18 pending.²⁰ Out of the 165 informal complaints filed at the Commission in calendar
19 year 2023 against TWU, 93% were resolved in TWU's favor, and the majority were
20 related to summer or winter outages. TWU also offers bill assistance programs,

¹⁹ See *Complaint of Terry Scruggs Against Texas Water Utilities, L.P.*, Docket No. 53523; opened April 26, 2022.

²⁰ See *Complaint of Preston and Sandra Coldewey Against Texas Water Utilities, L.P.*, Docket No. 56490; opened April 11, 2024.

1 including Elderly Rates and Water Assist, as well as encouraging customers to take
2 advantage of the federally funded Low Income Household Water Assistance Program.

3 **Q. HOW DO TEXAS WATER UTILITIES' COSTS FOR ITS 2019 TEST YEAR**
4 **COMPARE TO ITS COSTS TODAY?**

5 A. As shown in its 2022 annual report of operations on schedule 400 – Income Statement,
6 TWU's total annual Utility Operating Expenses were [REDACTED], which is [REDACTED]
7 [REDACTED] than TWU's 2019 Utility Operating Expenses of [REDACTED], as shown in
8 TWU's 2019 annual report of operations.

9 **Q. ARE THE RATES APPROVED IN DOCKET NO. 50944 AND REQUESTED AS**
10 **INITIAL RATES IN THIS CASE JUST AND REASONABLE?**

11 A. Yes. The requested initial rates are designed to permit Texas Water Utilities to recover
12 the revenue requirement agreed to by the parties and approved by the Commission in
13 Docket No. 50944. This revenue requirement is based on the reasonable and necessary
14 costs Texas Water Utilities incurred in calendar year 2019 to provide service to its
15 customers and is reflective of the business operations, water service model, approach
16 to regulatory compliance, and approach to customer service described above. Once the
17 proposed transaction is approved, the Southern Horizons customers will receive the
18 same services provided to TWU's other customers.

19 **VII. STM AND CCN AMENDMENT CRITERIA**

20 **Q. IS THERE A NEED FOR ADDITIONAL SERVICE IN THE REQUESTED**
21 **AREA?**

22 A. If approved, the transaction will transfer almost all of the area currently certificated to
23 Southern Horizons to Texas Water Utilities. The transaction is not proposed because

1 there is a need for additional service; however, Texas Water Utilities is willing and able
2 to provide service to any new applicants within the requested area.

3 **Q. WHAT IS THE EFFECT OF APPROVING THE TRANSACTION ON**
4 **SOUTHERN HORIZONS, TEXAS WATER UTILITIES, THE LANDOWNERS**
5 **IN THE AREA, AND ANY RETAIL PUBLIC UTILITY OF THE SAME KIND**
6 **ALREADY SERVING THE AREA WITHIN TWO MILES OF THE**
7 **BOUNDARY OF THE REQUESTED AREA?**

8 A. If the transaction is approved, Texas Water Utilities will hold the water CCN for the
9 requested area and will be obligated to provide continuous and adequate service to
10 existing and new customers. Therefore, all landowners in the currently certificated area
11 that will be transferred to Texas Water Utilities will continue to have access to a water
12 service provider, and landowners in the 102.5 acres of uncertificated area will have
13 access to a water service provider with an obligation to serve them.

14 There will also be no effect on any retail public utility servicing the proximate
15 area. All retail public utilities that provide water utility service and have corporate
16 boundaries or certificated service located within two miles of the outer boundary of the
17 requested area received notice of the transaction. None of these retail public utilities
18 filed comments on the application or a motion to intervene.

19 **Q. DOES TEXAS WATER UTILITIES HAVE THE ABILITY TO PROVIDE**
20 **ADEQUATE SERVICE?**

21 A. Yes. As described previously, Texas Water Utilities is one of the largest investor
22 owned water and wastewater utilities in Texas and is well established in the State as a
23 provider of high-quality water and wastewater service in an environmentally compliant

1 manner. TWU has adequate access to capital, a leadership team with substantial
2 experience managing all aspects of utility operations, and dedicated water and
3 wastewater operators.

4 **Q. WHAT IS THE FEASIBILITY OF OBTAINING SERVICE FROM AN**
5 **ADJACENT RETAIL PUBLIC UTILITY?**

6 A. Southern Horizons' existing facilities have the capacity needed to serve current
7 customers. Obtaining service from an adjacent retail public that does not have access
8 to Southern Horizons' facilities would either require the construction of unnecessary,
9 duplicate facilities or the installation of an interconnect between Southern Horizons
10 and the PWS of the adjacent retail public utility. Both of these options would require
11 capital expenditures, which would likely be recovered through rates, and would take a
12 year or more to execute. Further, none of the retail public utilities with service area in
13 close proximity to the requested area expressed any interest in this proceeding at all,
14 let alone on the grounds that they believe it is feasible for them to provide service.
15 Consequently, it is not feasible to obtain service from an adjacent retail public utility.

16 **Q. WILL TEXAS WATER UTILITIES BE REQUIRED TO CONSTRUCT A**
17 **PHYSICALLY SEPARATE WATER SYSTEM TO SERVE THE REQUESTED**
18 **AREA?**

19 A. No. Texas Water Utilities will not be required to construct a physically separate water
20 system and will serve the requested area with the two PWSes acquired from Southern
21 Horizons.

1 **Q. IS TEXAS WATER UTILITIES ABLE TO DEMONSTRATE THE FINANCIAL**
2 **ABILITY TO PROVIDE THE NECESSARY CAPITAL INVESTMENT TO**
3 **ENSURE THE PROVISION OF CONTINUOUS AND ADEQUATE SERVICE**
4 **TO EVERY CUSTOMER WITHIN THE REQUESTED AREA?**

5 A. There is no capital investment needed to ensure the provision of continuous and
6 adequate service to the requested area because no investment is needed to bring
7 Southern Horizons' PWSes into compliance with TCEQ minimum standards.
8 Attachment 8 to the application did include initial estimates of capital improvements
9 Texas Water Utilities intends to make post-acquisition as part of a prudent capital plan
10 to facilitate the long-term health of the system. However, neither of these projected
11 improvements are needed or required in the near term to ensure that TWU can provide
12 continuous and adequate service to the CCN area it will acquire from Southern
13 Horizons. They are proposed projects to improve system reliability identified during
14 due diligence for this acquisition and based on preliminary cost and timing estimates
15 that are subject to change once Texas Water Utilities is able to perform a more thorough
16 evaluation of the systems after acquisition.

17 **Q. WHAT IS THE EFFECT ON THE FINANCIAL STABILITY OF TEXAS**
18 **WATER UTILITIES, INCLUDING, IF APPLICABLE, THE ADEQUACY OF**
19 **THE DEBT-EQUITY RATIO OF TEXAS WATER UTILITIES IF THE**
20 **TRANSACTION IS APPROVED?**

21 A. The financial stability of Texas Water Utilities will not be materially affected by this
22 transaction, as it is small relative to the overall size of Texas Water Utilities and Texas
23 Water Utilities has adequate access to capital to fund its operational and growth
24 activities.

1 **Q. SHOULD THE COMMISSION REQUIRE TEXAS WATER UTILITIES TO**
2 **PROVIDE FINANCIAL ASSURANCE?**

3 A. No, the Commission should not require Texas Water Utilities to provide financial
4 assurance because we have demonstrated adequate financial capability for providing
5 continuous and adequate service to the requested area as required by TWC § 13.301(c).

6 **Q. WHAT IMPACT DOES THIS TRANSACTION HAVE ON THE**
7 **ENVIRONMENTAL INTEGRITY OF THE REQUESTED AREA?**

8 A. There will be no impact to the environmental integrity of the land that is currently
9 certificated to Southern Horizons and will be transferred to Texas Water Utilities
10 because this area will continue to be served using existing facilities, and therefore, no
11 additional construction is required. There will also be no impact on the environmental
12 integrity of the uncertificated area to be added to the CCN, which will also be served
13 under the Southern Horizons' PWSes to be transferred.

14 **Q. WHAT IS THE EFFECT, IF ANY, ON THE LAND TO BE INCLUDED IN THE**
15 **CERTIFICATED AREA?**

16 A. As indicated in the response to the previous question, there will be no physical effect
17 on the land in the requested area. All but 98.7 acres of the area that was at one time
18 certificated to Southern Horizons will remain certificated. The 10.7 that was not
19 already decertified in Docket No. 52445 does not include any current customers. In
20 addition, the 102.5 acres of uncertificated area is already served by the existing PWSes
21 and is requested as a "clean up" to the current CCN boundary to align the CCN
22 boundary with the property lines and area actually served.

1 **Q. IS THERE A PROBABLE IMPROVEMENT OF SERVICE OR LOWERING**
2 **OF COST TO CONSUMERS IN THE REQUESTED AREA RESULTING**
3 **FROM APPROVING THE TRANSACTION?**

4 A. If approved, the transaction will result in an improvement of service to customers in
5 the requested area. As described earlier in my testimony, Texas Water Utilities is the
6 second largest investor-owned water and wastewater utility in Texas and has access to
7 substantial resources to the benefit of customers. Examples of these include a dedicated
8 customer call center, access to capital through capital markets, an engineering team,
9 and the ability to draw on resources of affiliates in times of natural disasters.

10 In addition to a probable improvement of service, TWU is able to offer less
11 variability in rates. While Southern Horizons has had limited rate increases in its recent
12 history, a need for substantial capital improvements could increase costs drastically on
13 a per-customer basis. Consolidating rates with TWU allows Southern Horizons
14 customers to be part of a larger customer base and mitigate the effects of large, single
15 capital expenditures.

16 **Q. DOES TEXAS WATER UTILITIES HAVE A HISTORY OF**
17 **NONCOMPLIANCE WITH THE REQUIREMENTS OF THE COMMISSION,**
18 **THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (TCEQ), OR**
19 **THE DEPARTMENT OF STATE HEALTH SERVICES?**

20 A. No, Texas Water Utilities does not have a history of noncompliance with the
21 regulations or standards adopted by all applicable regulatory agencies.

1 **Q. HAS TEXAS WATER UTILITIES FAILED TO COMPLY WITH ANY**
2 **COMMISSION OR TCEQ ORDER?**

3 A. No. Protecting our product is the top priority for Texas Water Utilities, critical to our
4 success, and vital to our customers' health. Texas Water Utilities takes regulatory
5 compliance very seriously and has not failed to comply with any Commission or TCEQ
6 order.

7 **Q. DOES TEXAS WATER UTILITIES HAVE A HISTORY OF CONTINUING**
8 **MISMANAGEMENT OR MISUSE OF REVENUES AS A UTILITY SERVICE**
9 **PROVIDER?**

10 A. No, Texas Water Utilities does not have a history of continuing mismanagement or
11 misuse of revenues as a utility service provider. To the contrary, the Commission has
12 found it appropriate on more than one occasion to appoint Texas Water Utilities as the
13 temporary manager of a non-functioning utility.²¹

14 **VIII. PUBLIC INTEREST**

15 **Q. IS THE TRANSACTION BETWEEN TEXAS WATER UTILITIES AND**
16 **SOUTHERN HORIZONS, INCLUDING THE REQUEST FOR INITIAL**
17 **RATES, IN THE PUBLIC INTEREST?**

18 A. Yes. Based on the factors in TWC § 13.301(e), including a weighing of the factors in
19 TWC § 13.246(c), the transaction is in the public interest.

²¹ *Petition to Appoint a Temporary Manager for Northern Hills Development Company, Inc.*, Docket No. 54597, Order Appointing a Temporary Manger (Feb. 16, 2023); *Petition to Appoint a Temporary Manager for I. and T Waterworks, LLC*, Docket No. 54272, Order (Nov. 30, 2022)

1 **Q. IS AMENDING TEXAS WATER UTILITIES' WATER CCN NECESSARY**
2 **FOR THE SERVICE, ACCOMMODATION, CONVENIENCE, OR SAFETY**
3 **OF THE PUBLIC?**

4 A. Yes. Given the desire of the current owner of Southern Horizons to sell the utility and
5 retire from water utility operation, and Texas Water Utilities' desire to acquire said
6 system, amending Texas Water Utilities' CCN is necessary to facilitate its service to
7 the Southern Horizons customers to be transferred.

8 **Q. SHOULD THE COMMISSION DECERTIFY THE 10.7 ACRES TEXAS**
9 **WATER UTILITIES HAS REQUESTED TO BE DECERTIFIED FROM**
10 **SOUTHERN HORIZONS' EXISTING CCN?**

11 A. Yes. As described earlier, this area doesn't have any current customers and merely
12 reflects a clean-up of the CCN boundaries and should be approved by the Commission.

13 **Q. SHOULD THE COMMISSION AMEND TEXAS WATER UTILITIES' CCN**
14 **TO INCLUDE THE 102.5 ACRES OF UNCERTIFICATED AREA WATER**
15 **UTILITIES HAS REQUESTED?**

16 A. Yes. As described earlier, this request was made in order to align the CCN boundary
17 with the property lines and area to be served; it should be approved by the Commission.

18 **IX. CONCLUSION**

19 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

20 A. Yes, it does.

BRIAN D. BAHR

Director, Rates & Regulatory Affairs

Nexus Water Group

bbahr@swwc.com • 1620 Grand Avenue Parkway, Suite 140, Pflugerville, TX 78660 • (512) 219-2261

SUMMARY

Senior Regulatory professional with 13+ years of experience in the utility industry and a background in accounting and finance. Comprehensive understanding of ratemaking, rate design, and rate implementation. Demonstrated expertise in regulatory compliance, equity and asset acquisitions, utility management, and strategic planning. Experienced witness providing oral and written testimony before legislative bodies, state agencies, and municipal bodies.

EXPERIENCE

NEXUS WATER GROUP | AUSTIN, TEXAS

July 2016 - Present

Director, Rates & Regulatory Affairs

- Oversee regulatory department, responsible for all reports, filings, and interactions with state regulatory commissions in six states (AL, FL, OK, OR, SC, TX)
- Provide oral and written subject-specific expert testimony before legislative committees, state regulatory commissions, and administrative law judges
- Draft, review, and coordinate discovery requests and responses in regulatory proceedings
- Conduct independent research and provide recommendations relating to potential acquisition targets as well as ongoing operations

PUBLIC UTILITY COMMISSION OF OREGON | SALEM, OREGON

March 2011 – June 2016

Senior Utility Analyst

- Performed analysis and provided written and oral testimony supporting recommendations
- Conducted workshops and settlement conferences between commission staff, customer advocacy groups, utility companies, and the public
- Analyzed applications and made recommendations concerning affiliated interest transactions, property transfers, and tariff updates
- Performed subject specific and operational audits
- Reviewed utility company annual reports
- Represented Public Utility Commission of Oregon on the National Association of Regulatory Utility Commissioners Staff Subcommittee on Accounting and Finance

PRICEWATERHOUSECOOPERS, LLP | NEW YORK, NEW YORK

October 2007 – November 2009

Assurance Associate – Financial Services Sector

- Specialized in alternative investments (private equity, derivatives, REITs, etc.)
- Audit clients included JP Morgan Partners, Citigroup, and AIG as well as various hedge funds and investment management companies
- Prepared and reviewed financial statements including footnote disclosures and audit opinions; trained, assigned, and reviewed audit work of new associates; tested and documented testing of all components of financial statements; researched accounting pronouncements and regulations; prepared engagement timelines and expense budgets

EDUCATION & ASSOCIATIONS

Master of Business Administration, Finance
UNIVERSITY OF LA VERNE – LA VERNE, CALIFORNIA
December 2018

Thesis: *A Comprehensive Review of SouthWest Water Company's Strategic Management*

Certificate of Public Management
WILLAMETTE UNIVERSITY – SALEM, OREGON
May 2013

Bachelor of Science, Accounting
BRIGHAM YOUNG UNIVERSITY – PROVO, UTAH
December 2009

Associations:

- Member of National Association of Water Companies (NAWC) Regulatory & Legislative Committee and Affordability Project Group (Nov 2020 – Present)
- Board Member & National Audit Committee Member, Green Dot Public Schools Southeast Texas (Oct 2022 – Present)

CERTIFICATIONS & TRAININGS

- Water Treatment Operator T2 Certification – State of California
- Water Distribution Operator D2 Certification – State of California
- Western Utility Rate School – National Association of Regulatory Commissioners
- Water/Wastewater Utility Management & Operations coursework – California State University, Sacramento
- Witness Training – Communications Counsel, Inc.
- Advanced Regulatory Training in Financial Planning, Strategies, and Accounting Issues for Water and Wastewater Utilities – New Mexico State University
- Advanced Regulatory Studies Program (ratemaking, accounting & economics) – Michigan State University Institute of Public Utilities

SPONSORED EXPERT TESTIMONY

Date	Docket No.	Docket Name	State	On Behalf Of	Testimony	Topics
10/2/2023	55585	APPLICATION OF TEXAS WATER UTILITIES, L.P. TO AMEND ITS SYSTEM IMPROVEMENT CHARGES	TX	Texas Water Utilities, L.P.	Direct Testimony of Brian D. Bahr	system improvement charges
9/14/2023	54316	JOINT APPLICATION OF SW MERGER ACQUISITION CORP., CORIX INFRASTRUCTURE (US) INC., MONARCH UTILITIES I L.P., CORIX UTILITIES (TEXAS) INC. SWWC UTILITIES, INC., AND MIDWAY WATER UTILITIES, INC. FOR APPROVAL OF MERGER TRANSACTION UNDER TEXAS WATER CODE § 13.302	TX	SW Merger Acquisition Corp., Texas Water Utilities, L.P., SWWC Utilities, Inc., and Midway Water Utilities, Inc.	Rebuttal Testimony of Brian D. Bahr	customer protection commitments
7/14/2023	W-354 Sub 412	APPLICATION BY CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA, ALONG WITH CORIX INFRASTRUCTURE (US) INC. AND SW MERGER ACQUISITION CORP., FOR APPROVAL OF A BUSINESS COMBINATION TRANSACTION	NC	Joint Applicants	Joint Rebuttal Testimony of Dante M. DeStefano, Brian D. Bahr, and Donald H. Denton III on behalf of Joint Applicants	customer protection commitments
3/30/2023	A-2022-3036745	APPLICATION OF COMMUNITY UTILITIES OF PENNSYLVANIA INC., FOR CERTIFICATES OF PUBLIC CONVENIENCE UNDER SECTIONS 1102(A)(3) AND 1103 OF THE PUBLIC UTILITY CODE AND ALL OTHER APPROVALS NECESSARY UNDER THE PUBLIC UTILITY CODE FOR APPROVAL OF A MERGER OF EQUALS TRANSACTION	PA	Community Utilities of Pennsylvania Inc.	Prepared Rebuttal Testimony of Brian D. Bahr	access to capital

Date	Docket No.	Docket Name	State	On Behalf Of	Testimony	Topics
11/23/2022	2022-00396	APPLICATION OF WATER SERVICE CORPORATION OF KENTUCKY ALONG WITH CORIX INFRASTRUCTURE (US) INC AND SW MERGER ACQUISITION CORP. FOR APPROVAL OF TRANSFER OF CONTROL	KY	SW Merger Acquisition Corp.	Direct Testimony of Brian D. Bahr	organizational restructuring, merger, customer protection commitments
11/23/2022	W-354 Sub 412	APPLICATION BY CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA, ALONG WITH CORIX INFRASTRUCTURE (US) INC. AND SW MERGER ACQUISITION CORP., FOR APPROVAL OF A BUSINESS COMBINATION TRANSACTION	NC	Joint Applicants	Direct Testimony of Brian D. Bahr	organizational restructuring, merger, customer protection commitments
11/22/2022	22-11030	JOINT APPLICATION OF GREAT BASIN WATER CO., CORIX INFRASTRUCTURE (US) INC., AND SW MERGER ACQUISITION CORP. FOR APPROVAL OF A PROPOSED TRANSACTION UNDER NEVADA REVISED STATUTES SECTION 704-329	NV	SW Merger Acquisition Corp.	Prepared Direct Testimony of Brian D. Bahr	organizational restructuring, merger, customer protection commitments
11/18/2022	54201	APPLICATION OF TEXAS WATER UTILITIES, L.P. FOR SYSTEM IMPROVEMENT CHARGES	TX	Texas Water Utilities, L.P.	Direct Testimony of Brian D. Bahr	System improvement charge
11/9/2022	A-22-11-010	JOINT APPLICATION OF CORIX INFRASTRUCTURE INC., CORIX INFRASTRUCTURE (US) INC., IIF SUBWAY INVESTMENT LP, SW MERGER ACQUISITION CORP., SOUTHWEST WATER COMPANY, AND SUBURBAN WATER SYSTEMS (U339W) FOR APPROVAL OF A BUSINESS COMBINATION TRANSACTION.	CA	Joint Applicants	Prepared Direct Testimony of Brian D. Bahr	organizational restructuring, merger, customer protection commitments
11/9/2022	22-0670	PRAIRIE PATH WATER COMPANY, CORIX INFRASTRUCTURE (US) INC., CORIX REGULATED UTILITIES (US) INC. and SW Merger Acquisition Corp. APPLICATION PURSUANT TO SECTION 7-204 OF THE ACT	IL	Prairie Path Water Company	Direct Testimony of Brian D. Bahr	organizational restructuring, merger, customer protection commitments
11/9/2022	WM22110690	VERIFIED JOINT PETITION OF MONTAGUE WATER COMPANY, INC., MONTAGUE SEWER COMPANY, CORIX INFRASTRUCTURE (US) INC., AND SW MERGER ACQUISITION CORP. FOR APPROVAL OF A CHANGE OF CONTROL OF MONTAGUE WATER COMPANY, INC. AND MONTAGUE SEWER COMPANY, INC.	NJ	SW Merger Acquisition Corp.	Direct Testimony of Brian D. Bahr	organizational restructuring, merger, customer protection commitments
11/9/2022	A-2022-3036745	APPLICATION OF COMMUNITY UTILITIES OF PENNSYLVANIA INC. FOR CERTIFICATES OF PUBLIC CONVENIENCE UNDER SECTIONS 1102(A)(3) AND 1103 OF THE PUBLIC UTILITY CODE AND ALL OTHER APPROVALS NECESSARY UNDER THE PUBLIC UTILITY CODE FOR APPROVAL OF A MERGER OF EQUALS TRANSACTION	PA	Community Utilities of Pennsylvania Inc.	Prepared Direct Testimony of Brian D. Bahr	organizational restructuring, merger, customer protection commitments
11/9/2022	A-2022-3036744	APPLICATION OF COMMUNITY UTILITIES OF PENNSYLVANIA INC. FOR CERTIFICATES OF PUBLIC CONVENIENCE UNDER SECTIONS 1102(A)(3) AND 1103 OF THE PUBLIC UTILITY CODE AND ALL OTHER APPROVALS NECESSARY UNDER THE PUBLIC UTILITY CODE FOR APPROVAL OF A MERGER OF EQUALS TRANSACTION	PA	Community Utilities of Pennsylvania Inc.	Prepared Direct Testimony of Brian D. Bahr	organizational restructuring, merger, customer protection commitments

Date	Docket No.	Docket Name	State	On Behalf Of	Testimony	Topics
11/9/2022	22-00114	PETITION OF TENNESSEE WATER SERVICE, INC. AND CORIX INFRASTRUCTURE (US) INC., FOR APPROVAL OF AUTHORITY TO TRANSFER CONTROL PURSUANT TO TENN. CODE ANN § 65-4-113	TN	SW Merger Acquisition Corp.	Direct Testimony of Brian D. Bahr	organizational restructuring, merger, customer protection commitments
11/9/2022	54316	JOINT APPLICATION OF SW MERGER ACQUISITION CORP., CORIX INFRASTRUCTURE (US) INC., MONARCH UTILITIES I L.P., CORIX UTILITIES (TEXAS) INC. SWWC UTILITIES, INC., AND MIDWAY WATER UTILITIES, INC. FOR APPROVAL OF MERGER TRANSACTION UNDER TEXAS WATER CODE § 13.302	TX	SouthWest Water Company	Direct Testimony of Brian D. Bahr	organizational restructuring, merger, customer protection commitments
7/16/2021	50944	APPLICATION OF MONARCH UTILITIES I L.P. FOR AUTHORITY TO CHANGE RATES	TX	Monarch Utilities I L.P.	Supplemental Direct Testimony of Brian D. Bahr in Support of Unanimous Stipulation and Settlement Agreement	revenue requirement, rate base, purchased water cost adjustment mechanism
11/19/2020	50944	APPLICATION OF MONARCH UTILITIES I L.P. FOR AUTHORITY TO CHANGE RATES	TX	Monarch Utilities I L.P.	Rebuttal Testimony of Brian D. Bahr	rate base, cost of service
9/30/2020	UW 182	OREGON WATER UTILITIES - CLINE BUTTE, INC., Request for a General Rate Revision	OR	Oregon Water Utilities - Cline Butte, Inc.	Direct Testimony of Brian D. Bahr	revenue requirement, shared services, rate base, cost of capital, rate spread design, power cost adjustment mechanism
9/30/2020	UW 183	OREGON WATER UTILITIES - MOUNTAIN LAKES, INC., Request for a General Rate Revision	OR	Oregon Water Utilities - Mountain Lakes, Inc.	Direct Testimony of Brian D. Bahr	revenue requirement, shared services, rate base, cost of capital, rate spread design, power cost adjustment mechanism
7/15/2020	50944	APPLICATION OF MONARCH UTILITIES I L.P. FOR AUTHORITY TO CHANGE RATES	TX	Monarch Utilities I L.P.	Direct Testimony of Brian D. Bahr	cost of service, rate base, system improvement charge, acquisitions and transfers, purchased water pass-through
11/10/2017	47736	APPLICATION OF SWWC UTILITIES, INC. DBA WATER SERVICES, INC. FOR AUTHORITY TO CHANGE RATES	TX	SWWC Utilities, Inc. DBA Water Services, Inc.	Direct Testimony of Brian D. Bahr	labor costs, shared services
5/16/2017	A 17.01.001	SUBURBAN WATER SYSTEMS (U339W) GENERAL RATE CASE APPLICATION	CA	Suburban Water Systems	Rebuttal Testimony of Brian Bahr	memorandum account (bank card fees), new positions
1/6/2017	A 17.01.001	SUBURBAN WATER SYSTEMS (U339W) GENERAL RATE CASE APPLICATION	CA	Suburban Water Systems	Testimony of Brian Bahr	memorandum account (bank card fees), new positions
1/22/2016	UM 1623	PORTLAND GENERAL ELECTRIC COMPANY Application for Deferral Accounting of Excess Pension Costs and Carrying Costs on Cash Contributions	OR	Public Utility Commission of Oregon Staff	Staff's Opening Testimony and Exhibits of Brian Bahr	pension costs
10/16/2015	UG 288	AVISTA CORPORATION, dba AVISTA UTILITIES, Request for a General Rate Revision	OR	Public Utility Commission of Oregon Staff	Staff's Opening Testimony and Exhibits of Brian Bahr	benefits, compensation, property taxes, pensions
8/14/2015	UE 294	PORTLAND GENERAL ELECTRIC COMPANY, Request for a General Rate Revision	OR	Public Utility Commission of Oregon Staff	Staff's Testimony and Exhibits in Support of the Partial Stipulation	pensions, benefits

Date	Docket No.	Docket Name	State	On Behalf Of	Testimony	Topics
7/31/2015	UG 287	CASCADE NATURAL GAS CORPORATION. Request for a General Rate Revision	OR	Public Utility Commission of Oregon Staff	Staff's Opening Testimony and Exhibits of Brian Bahr	pensions, benefits, administrative & general expenses, property taxes, utility plant
4/10/2015	UM 1712	PACIFICORP, dba PACIFIC POWER, Application for Approval of Deer Creek Mine Transaction	OR	Public Utility Commission of Oregon Staff	Staff's Objections and Responsive Testimony of Brian Bahr	amortization and interest on reg asset.
3/19/2015	UM 1712	PACIFICORP, dba PACIFIC POWER, Application for Approval of Deer Creek Mine Transaction	OR	Public Utility Commission of Oregon Staff	Staff's Cross-Answering Testimony of Brian Bahr	regulatory asset, pension costs, benefits
3/5/2015	UM 1712	PACIFICORP, dba PACIFIC POWER, Application for Approval of Deer Creek Mine Transaction	OR	Public Utility Commission of Oregon Staff	Staff's Opening Testimony and Exhibits of Brian Bahr	regulatory asset, pension costs, benefits
10/17/2014	UM 1633	PUBLIC UTILITY COMMISSION OF OREGON Investigation into Treatment of Pension Costs in Utility Rates	OR	Public Utility Commission of Oregon Staff	Staff's Rebuttal Testimony of Brian Bahr	pension costs, FAS 87
9/25/2014	UM 1633	PUBLIC UTILITY COMMISSION OF OREGON Investigation into Treatment of Pension Costs in Utility Rates	OR	Public Utility Commission of Oregon Staff	Staff's Opening Testimony and Exhibit of Brian Bahr	pension costs, FAS 87
6/11/2014	UE 283	PORTLAND GENERAL ELECTRIC COMPANY, Request for a General Rate Revision	OR	Public Utility Commission of Oregon Staff	Staff's Opening Testimony and Exhibit of Brian Bahr	benefits, pension costs, AFUDC, affiliate interests
5/29/2014	UM 1635	NORTHWEST NATURAL GAS COMPANY, dba NW NATURAL Mechanism for Recovery of Environmental Remediation Costs	OR	Public Utility Commission of Oregon Staff	Staff's Joint Rebuttal Testimony of Judy Johnson and Brian Bahr	environmental remediation insurance proceeds
5/2/2014	UM 1635	NORTHWEST NATURAL GAS COMPANY, dba NW NATURAL Mechanism for Recovery of Environmental Remediation Costs	OR	Public Utility Commission of Oregon Staff	Staff's Response Testimony of Judy Johnson and Brian Bahr	environmental remediation insurance proceeds
3/12/2014	UM 1633	PUBLIC UTILITY COMMISSION OF OREGON Investigation into Treatment of Pension Costs in Utility Rates	OR	Public Utility Commission of Oregon Staff	Staff's Cross-Answering Testimony and Exhibits of Brian Bahr	pension costs, FAS 87
12/19/2013	UM 1633	PUBLIC UTILITY COMMISSION OF OREGON Investigation into Treatment of Pension Costs in Utility Rates	OR	Public Utility Commission of Oregon Staff	Staff's Reply Testimony and Exhibits of Brian Bahr	pension costs, FAS 87
9/23/2013	UE 262	PORTLAND GENERAL ELECTRIC COMPANY, Request for a General Rate Revision	OR	Public Utility Commission of Oregon Staff	PG&E's, STAFF's, CUB's and ICNU's Third Partial Stipulation and Testimony in support	pension costs, FAS 87
8/6/2013	UE 262	PORTLAND GENERAL ELECTRIC COMPANY, Request for a General Rate Revision	OR	Public Utility Commission of Oregon Staff	Staff's Rebuttal Testimony and Exhibit of Brian Bahr	pension costs, FAS 87
6/14/2013	UE 262	PORTLAND GENERAL ELECTRIC COMPANY, Request for a General Rate Revision	OR	Public Utility Commission of Oregon Staff	Staff's Opening Testimony and Exhibits of Brian Bahr	pension costs, FAS 87
7/20/2012	UG 221	NORTHWEST NATURAL GAS COMPANY, dba NW NATURAL Request for a General Rate Revision	OR	Public Utility Commission of Oregon Staff	Staff's Rebuttal Testimony and Exhibits of Brian Bahr	compensation, benefits, administrative & general expenses
5/3/2012	UG 221	NORTHWEST NATURAL GAS COMPANY, dba NW NATURAL Request for a General Rate Revision	OR	Public Utility Commission of Oregon Staff	Staff's Opening Testimony and Exhibits of Brian Bahr	compensation, benefits, administrative & general expenses
12/7/2011	UE 233	IDAHO POWER COMPANY, Request for a General Rate Revision	OR	Public Utility Commission of Oregon Staff	Staff's Opening Testimony and Exhibits of Brian Bahr	administrative & general expenses

Date	Docket No.	Docket Name	State	On Behalf Of	Testimony	Topics
8/16/2011	UE 227	PACIFICORP. dba PACIFIC POWER ORDER, 2012 Transition Adjustment Mechanism	OR	Public Utility Commission of Oregon Staff	Staff's Redacted Rebuttal Testimony of Brian Bahr	administrative & general expenses
6/27/2011	UE 227	PACIFICORP. dba PACIFIC POWER ORDER, 2012 Transition Adjustment Mechanism	OR	Public Utility Commission of Oregon Staff	Staff's Reply Testimony of Brian Bahr	administrative & general expenses

**Attachment BDB-2a is
CONFIDENTIAL and being filed
under seal.**



Application for Sale, Transfer, or Merger of a Retail Public Utility

Pursuant to Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.239

Sale, Transfer, or Merger (STM) Application Instructions

- I. **COMPLETE:** In order for the Commission to find the application sufficient for filing, the Applicant should:
 - i. Provide an answer to every question and submit any required attachment applicable to the STM request (i.e., agreements or contracts).
 - ii. Use attachments or additional pages to answer questions as necessary. If you use attachments or additional pages, reference their inclusion in the form.
 - iii. Provide all mapping information as detailed in Part G: Mapping & Affidavits.

- II. **FILE:** Seven (7) copies of the completed application with numbered attachments. One copy should be filed with no permanent binding, staples, tabs, or separators; and 7 copies of the portable electronic storage medium containing the digital mapping data.
 - i. **SEND TO:** Public Utility Commission of Texas, Attention: Filing Clerk, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 (**NOTE: Electronic documents may be sent in advance of the paper copy, however they will not be processed and added to the Commission's on-line Interchange until the paper copy is received and file-stamped in Central Records.**)

- III. The application will be assigned a docket number, and an administrative law judge (ALJ) will issue an order requiring Commission Staff to file a recommendation on whether the application is sufficient. The ALJ will issue an order after Staff's recommendation has been filed:
 - i. **DEFICIENT (Administratively Incomplete):** Applicants will be ordered to provide information to cure the deficiencies by a certain date, usually 30 days from ALJ's order. ***Application is not accepted for filing.***
 - ii. **SUFFICIENT (Administratively Complete):** Applicants will be ordered by the ALJ to give appropriate notice of the application using the notice prepared by Commission Staff. ***Application is accepted for filing.***

- IV. Once the Applicants issue notice, a copy of the actual notice sent and an affidavit attesting to notice should be filed in the docket assigned to the application. Recipients of notice may request a hearing on the merits.

HEARING ON THE MERITS: An affected party may request a hearing within 30 days of notice. In this event, the application may be referred to the State Office of Administrative Hearings (SOAH) to complete this request.

- V. **TRANSACTION TO PROCEED:** at any time following the provision of notice, or prior to 120 days from the last date that proper notice was given, Commission Staff will file a recommendation for the transaction to proceed as proposed or recommend that the STM be referred to SOAH for further investigation. The Applicants will be required to file an update in the docket to the ALJ every 30 days following the approval of the transaction. The transaction must be completed within six (6) months from the ALJ's order (Note: The Applicants may request an extension to the 6 month provision for good cause).

- VI. **FILE:** Seven (7) copies of completed transaction documents and documentation addressing the transfer or disposition of any outstanding deposits. After receiving all required documents from the Applicants, the application will be granted a procedural schedule for final processing. The Applicants are requested to consent in writing to the proposed maps and certificates, or tariff if applicable.

- VII. **FINAL ORDER:** The ALJ will issue a final order issuing or amending the applicable CCNs.

FAQ:

Who can use this form?

Any retail public utility that provides water or wastewater service in Texas.

Who is required to use this form?

A retail public utility that is an investor owned utility (IOU) or a water supply corporation (WSC) prior to any STM of a water or sewer system, or utility, or prior to the transfer of a portion of a certificated service area.

Terms

Transferor: Seller

Transferee: Purchaser

CCN: Certificate of Convenience and Necessity

STM: Sale, Transfer, or Merger

IOU: Investor Owned Utility

Application Summary

Transferor: Southern Horizons Development, Inc.*(selling entity)*CCN No.s: 12863
 Sale
 Transfer
 Merger
 Consolidation
 Lease/Rental
Transferee: Texas Water Utilities, L.P.*(acquiring entity)*CCN No.s: 12983
 Water
 Sewer
 All CCN
 Portion CCN
 Facilities transfer
County(ies): Liberty & Montgomery

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Please mark the items included in this filing

<input checked="" type="checkbox"/>	Contract, Lease, Purchase, or Sale Agreement	Part A: Question 1	Attachment 2
<input checked="" type="checkbox"/>	Tariff including Rate Schedule	Part B: Question 4	Attachments 3 and 4
<input type="checkbox"/>	List of Customer Deposits	Part B: Question 5	
<input checked="" type="checkbox"/>	Partnership Agreement	Part C: Question 7	Attachment 5
<input type="checkbox"/>	Articles of Incorporation and By-Laws (WSC)	Part C: Question 7	
<input checked="" type="checkbox"/>	Certificate of Account Status	Part C: Question 7	Attachment 6
<input checked="" type="checkbox"/>	Financial Audit	Part C: Question 10	Attachment 7
<input type="checkbox"/>	Application Attachment A & B	Part C: Question 10	
<input checked="" type="checkbox"/>	Disclosure of Affiliated Interests	Part C: Question 10	Attachment 9
<input checked="" type="checkbox"/>	Capital Improvement Plan	Part C: Question 10	Attachment 8
<input checked="" type="checkbox"/>	List of Assets to be Transferred	Part D: 11.B	Attachment 13
<input type="checkbox"/>	Developer Contribution Contracts or Agreements	Part D: 11.D	Attachment 13
<input checked="" type="checkbox"/>	Enforcement Action Correspondence	Part E: Question 18 (Part D: Q12)	Attachment 10
<input checked="" type="checkbox"/>	TCEQ Compliance Correspondence	Part F: Question 22	Attachment 11
<input type="checkbox"/>	TCEQ Engineering Approvals	Part F: Question 24	
<input type="checkbox"/>	Purchased Water Supply or Treatment Agreement	Part F: Question 26	
<input checked="" type="checkbox"/>	Detailed (large scale) Map	Part G: Question 29	Attachment 12
<input checked="" type="checkbox"/>	General Location (small scale) Map	Part G: Question 29	Attachment 12
<input type="checkbox"/>	Digital Mapping Data	Part G: Question 29	
<input checked="" type="checkbox"/>	Signed & Notarized Oath	Page 13-14	

Part A: General Information

1. Describe the proposed transaction, including the effect on all CCNs involved, and provide details on the existing or expected land use in the area affected by the proposed transaction. Attach all supporting documentation, such as a contract, a lease, or proposed purchase agreements:

Please see Attachments 1 and 2.

2. The proposed transaction will require (check all applicable):

For **Transferee** (Purchaser) CCN:

For **Transferor** (Seller) CCN:

- Obtaining a NEW CCN for Purchaser
 Transfer all CCN into Purchaser's CCN (Merger)
 Transfer Portion of CCN into Purchaser's CCN
 Transfer all CCN to Purchaser and retain Seller CCN
 Uncertificated area added to Purchaser's CCN

- Cancellation of Seller's CCN
 Transfer of a Portion of Seller's CCN to Purchaser
 Only Transfer of Facilities, No CCN or Customers
 Only Transfer of Customers, No CCN or Facilities
 Only Transfer CCN Area, No Customers or Facilities

Part B: Transferor Information

Questions 3 through 5 apply only to the *transferor* (current service provider or seller)

3. A. Name: Southern Horizons Development, Inc.
(individual, corporation, or other legal entity)
 Individual Corporation WSC Other: _____

B. Mailing Address: P.O. Box 1076 Splendora, TX 77372

Phone: (281) 540-1047 Email: steve@sullivanfuller.com

- C. Contact Person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title.

Name: Steve Sullivan Title: President

Mailing Address: 195 S. Mossy Brake Rd, Karnack, TX 75661

Phone: (832) 250-1797 Email: steve@sullivanfuller.com

4. If the utility to be transferred is an Investor Owned Utility (IOU), for the most recent rate change, attach a copy of the current tariff and complete A through B:

A. Effective date for most recent rates: October 24, 2020

- B. Was notice of this increase provided to the Public Utility Commission of Texas (Commission) or a predecessor regulatory authority?

No Yes Application or Docket Number: 51017

If the transferor is a Water Supply or Sewer Service Corporation, provide a copy of the current tariff.

5. For the customers that will be transferred following the approval of the proposed transaction, check all that apply:

- There are no customers that will be transferred
- # of customers without deposits held by the transferor 472
- # of customers with deposits held by the transferor* _____

*Attach a list of all customers affected by the proposed transaction that have deposits held, and include a customer indicator (name or account number), date of each deposit, amount of each deposit, and any unpaid interest on each deposit.

Part C: Transferee Information

Questions 6 through 10 apply only to the *transferee* (purchaser or proposed service provider)

6. A. Name: Texas Water Utilities, L.P.

- (individual, corporation, or other legal entity)
- Individual Corporation WSC Other: Limited Partnership

B. Mailing Address: 12535 Reed Road, Sugar Land, TX 77478

Phone: (830) 207-5800 Email: swwc.com

C. Contact Person. Provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title.

Name: Brian Bahr Title: Director, Rates & Regulatory

Address: 1620 Grand Ave Pkwy, Ste 140, Pflugerville, TX 78660

Phone: (512) 219-2261 Email: bbahr@swwc.com

D. If the transferee is someone other than a municipality, is the transferee current on the Regulatory Assessment Fees (RAF) with the Texas Commission on Environmental Quality (TCEQ)?

- No Yes N/A

E. If the transferee is an IOU, is the transferee current on the Annual Report filings with the Commission?

- No Yes N/A

7. The legal status of the transferee is:

- Individual or sole proprietorship
- Partnership or limited partnership (*attach* Partnership agreement) **See Att. 5**
- Corporation
Charter number (as recorded with the Texas Secretary of State): _____
- Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under TWC Chapter 67]
Charter number (as recorded with the Texas Secretary of State): _____
 Articles of Incorporation and By-Laws established (*attach*)
- Municipally-owned utility
- District (MUD, SUD, WCID, FWSD, etc.)

- County
- Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)
- Other (please explain): _____

8. If the transferee operates under any d/b/a, provide the name below:

Name: n/a

9. If the transferee's legal status is anything other than an individual, provide the following information regarding the officers, members, or partners of the legal entity applying for the transfer:

Name: Jeffrey L. McIntyre

Position: President Ownership % (if applicable): 0.00%

Address: 12535 Reed Road, Sugar Land, TX 77478

Phone: (830) 207-5800 Email: swwc.com

Name: Alison Zimlich

Position: Treasurer/CFO Ownership % (if applicable): 0.00%

Address: 12535 Reed Road, Sugar Land, TX 77478

Phone: (830) 207-5800 Email: swwc.com

Name: Mark Wang

Position: Secretary Ownership % (if applicable): 0.00%

Address: 12535 Reed Road, Sugar Land, TX 77478

Phone: (830) 207-5800 Email: swwc.com

Name: Joseph Park

Position: Assistant Secretary Ownership % (if applicable): 0.00%

Address: 12535 Reed Road, Sugar Land, TX 77478

Phone: (830) 207-5800 Email: swwc.com

10. **Financial Information**

The transferee Applicant must provide accounting information typically included within a balance sheet, income statement, and statement of cash flows. If the Applicant is an existing retail public utility, this must include historical financial information and projected financial information. However, projected financial information is only required if the Applicant proposes new service connections and new investment in plant, or if requested by Staff. If the Applicant is a new market entrant and does not have its own historical balance sheet, income statement, and statement of cash flows information, then the Applicant should establish a five-year projection taking the historical information of the transferor Applicant into consideration when establishing the projections.

Historical Financial Information may be shown by providing any combination of the following that includes necessary information found in a balance sheet, income statement, and statement of cash flows:

1. Completed Appendix A;
2. Documentation that includes all of the information required in Appendix A in a concise format; or
- ③ Audited financial statements issued within 18 months of the application filing date. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

Projected Financial Information may be shown by providing any of the following:

1. Completed Appendix B;
2. Documentation that includes all of the information required in Appendix B in a concise format;
- ③ A detailed budget or capital improvement plan, which indicates sources and uses of funds required, including improvements to the system being transferred; or
4. A recent budget and capital improvements plan that includes information needed for analysis of the operations test (16 Tex. Admin. Code § 24.11(c)(3)) for the system being transferred and any operations combined with the system. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

Part D: Proposed Transaction Details

11. A. Proposed Purchase Price: \$ _____ Please see Att. 1 and Att. 2

If the transferee Applicant is an investor owned utility (IOU) provide answers to B through D.

B. Transferee has a copy of an inventory list of assets to be transferred (*attach*):

No Yes N/A

Total Original Cost of Plant in Service: \$ _____ Please see Att. 13

Accumulated Depreciation: \$ _____

Net Book Value: \$ _____

C. **Customer contributions in aid of construction (CIAC):** Have the customers been billed for any surcharges approved by the Commission or TCEQ to fund any assets currently used and useful in providing utility service? Identify which assets were funded, or are being funded, by surcharges on the list of assets.

No Yes

Total Customer CIAC: \$ _____

Accumulated Amortization: \$ _____

D. **Developer CIAC:** Did the transferor receive any developer contributions to pay for the assets proposed to be transferred in this application? If so, identify which assets were funded by developer contributions on the list of assets and provide any applicable developer agreements.

No Yes

Total developer CIAC: \$ _____

Accumulated Amortization: \$ _____

12. A. Are any improvements or construction required to meet the minimum requirements of the TCEQ or Commission and to ensure continuous and adequate service to the requested area to be transferred plus any area currently certificated to the transferee Applicant? Attach supporting documentation and any necessary TCEQ approvals, if applicable.

No Yes

B. If yes, describe the source and availability of funds and provide an estimated timeline for the construction of any planned or required improvements:

N/A

13. Provide any other information concerning the nature of the transaction you believe should be given consideration:

N/A

14. Complete the following proposed entries (listed below) as shown in the books of the Transferee (purchaser) after the acquisition. Debits (positive numbers) should equal credits (negative numbers) so that all line items added together equal zero. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations:

Utility Plant in Service:	\$		Please see Att. 1 and Att. 13
Accumulated Depreciation of Plant:	\$		
Cash:	\$		
Notes Payable:	\$		
Mortgage Payable:	\$		
(Proposed) Acquisition Adjustment*:	\$		
Other (NARUC account name & No.):			* Acquisition Adjustments will be subject to review under 16 TAC § 24.41(d) and (e)
Other (NARUC account name & No.):			

15. A. Explain any proposed billing change (NOTE: If the acquiring entity is an IOU, the IOU may not change the rates charged to the customers through this STM application. Rates can only be changed through the approval of a rate change application.)

Consistent with TWC 13.3011, TWU proposes to charge customers transferred from SHDI the rates in TWU's approved tariffs. Please see Attachment 1.

B. If transferee is an IOU, state whether or not the transferee intends to file with the Commission, or an applicable municipal regulatory authority, an application to change rates for some or all of its customers as a result of the transaction within the next twelve months. If so, provide details below:

TWU anticipates filings a request for a System Improvement Charge and true-ups for purchased water pass-throughs, but does not anticipate filing a general rate case within the next 12 months. TWU's anticipated filings are not a result of the transaction proposed in this application.

Part E: CCN Obtain or Amend Criteria Considerations

16. Describe, in detail, the anticipated impact or changes in the quality of retail public utility service in the requested area as a result of the proposed transaction:

There are no anticipated negative impacts or changes in the quality of service in the requested area as a result of the proposed transaction; TWU will provide operations and customer service that meet or exceed the established standards of the Commission and the TCEQ.

17. Describe the transferee's experience and qualifications in providing continuous and adequate service. This should include, but is not limited to: other CCN numbers, water and wastewater systems details, and any corresponding compliance history for all operations.

TWU has the necessary financial, managerial, and technical resources to continue providing quality services to the systems and customers to be transferred. TWU, through its predecessors and affiliates, has been successfully operating in Texas for over 50 years and is well known to this Commission. Besides TWU, a Class A utility, TWU's affiliates providing utility service in Texas include SWWC Utilities, Inc. and Midway Water Utilities, Inc. In addition to licensed operators, TWU's management and operations staff includes engineers, environmental health and safety managers, financials managers, and experienced customer service agents.

18. Has the transferee been under an enforcement action by the Commission, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG), or the Environmental Protection Agency (EPA) in the past five (5) years for non-compliance with rules, orders, or state statutes? Attach copies of any correspondence with the applicable regulatory agency(ies)

No Yes Please see Att. 10

19. Explain how the environmental integrity or the land will be impacted or disrupted as a result of the proposed transaction:

There is no anticipated adverse impact or disruption to the environmental integrity of the land as a result of the proposed transaction.

20. How will the proposed transaction serve the public interest?

Service to the customers will be improved by having an owner with substantial experience successfully operating water and wastewater utilities in Texas. TWU owns and operates systems nearby and intends to operate the system to be transferred out of its regional service center. Customer service will be provided by TWU's centralized Texas business center. In general, TWU will provide high-quality operations and customer service that meet or exceed PUC and TCEQ standards.

21. List all neighboring water or sewer utilities, cities, districts (including ground water conservation districts), counties, or other political subdivisions (including river authorities) providing the same service within two (2) miles from the outer boundary of the requested area affected by the proposed transaction:

City of Splendora (CCN No. 11727), South Cleveland WSC (CCN No. 12566), T & W Water Service Company (CCN No. 12892), City of Cleveland (CCN No. 13217), C & R Water Supply, Inc. (CCN No. 13098), Quadvest LP (CCN No. 11612), Aqua Texas (CCN No. 13203), Crystal Springs Water Company Inc. (CCN No. 11373), and Northwoods WSC (CCN No. 12879).

Part F: TCEQ Public Water System or Sewer (Wastewater) Information

Complete Part F for EACH Public Water or Sewer system to be transferred subject to approval of the transaction. Attach a separate sheet with this information if you need more space for additional systems being transferred.

22. A. For Public Water System (PWS):

TCEQ PWS Identification Number: 1460158 (7 digit ID)

Name of PWS: Southern Crossing Water

Date of last TCEQ compliance inspection: August 12, 2022 (attach TCEQ letter)
Please see Att. 11

Subdivisions served: Southern Crossing Development

B. For Sewer service:

TCEQ Water Quality (WQ) Discharge Permit Number: WQ - (8 digit ID)

Name of Wastewater Facility: _____

Name of Permittee: _____

Date of last TCEQ compliance inspection: _____ (attach TCEQ letter)

Subdivisions served: _____

Date of application to transfer permit *submitted* to TCEQ: _____

23. List the number of *existing* connections, by meter/connection type, to be affected by the proposed transaction:

Water			Sewer		
	Non-metered		2"		Residential
428	5/8" or 3/4"		3"		Commercial
	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:			428	Total Sewer Connections:	

24. A. Are any improvements required to meet TCEQ or Commission standards?

No Yes

B. Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters):

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:

C. Is there a moratorium on new connections?

No Yes:

25. Does the system being transferred operate within the corporate boundaries of a municipality?

No Yes: _____ (name of municipality)

If yes, indicate the number of customers within the municipal boundary.

Water: _____ Sewer: _____

26. A. Does the system being transferred purchase water or sewer treatment capacity from another source?
 No Yes: If yes, attach a copy of purchase agreement or contract.

Capacity is purchased from: _____
 Water: _____
 Sewer: _____

B. Is the PWS required to purchase water to meet capacity requirements or drinking water standards?
 No Yes

C. What is the amount of water supply or sewer treatment purchased, per the agreement or contract? What is the percent of overall demand supplied by purchased water or sewer treatment (if any)?

	Amount in Gallons	Percent of demand
Water:		0.00%
Sewer:		0.00%

D. Will the purchase agreement or contract be transferred to the Transferee?
 No Yes: N/A

27. Does the PWS or sewer treatment plant have adequate capacity to meet the current and projected demands in the requested area?
 No Yes:

28. List the name, class, and TCEQ license number of the operator that will be responsible for the operations of the water or sewer utility service:

Name (as it appears on license)	Class	License No.	Water or Sewer
Dalton McNeil	B	WG0019092	Ground Water
Ellery Studivant	C	WG0006068	Ground Water
Adrian L. Rodriguez	C	WD0017159	Water Distribution
Chase Ferris	D	WO0045992	Water

Part G: Mapping & Affidavits

ALL applications require mapping information to be filed in conjunction with the STM application.
Read question 29 A and B to determine what information is required for your application.

29. A. For applications requesting to transfer an entire CCN, without a CCN boundary adjustment, provide the following mapping information with each of the seven (7) copies of the application:

1. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The following guidance should be adhered to:
 - i. If the application requests to transfer certificated service areas for both water and sewer, separate maps must be provided for each.
 - ii. A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document.

Part F: TCEQ Public Water System or Sewer (Wastewater) Information

Complete Part F for EACH Public Water or Sewer system to be transferred subject to approval of the transaction. Attach a separate sheet with this information if you need more space for additional systems being transferred.

22. A. For Public Water System (PWS):

TCEQ PWS Identification Number: 1460150 (7 digit ID)

Name of PWS: Southern Oaks

Date of last TCEQ compliance inspection: August 12, 2022 (attach TCEQ letter)
Please see Att. 11

Subdivisions served: Southern Oaks

B. For Sewer service:

TCEQ Water Quality (WQ) Discharge Permit Number: WQ - (8 digit ID)

Name of Wastewater Facility: _____

Name of Permittee: _____

Date of last TCEQ compliance inspection: _____ (attach TCEQ letter)

Subdivisions served: _____

Date of application to transfer permit *submitted* to TCEQ: _____

23. List the number of *existing* connections, by meter/connection type, to be affected by the proposed transaction:

Water			Sewer		
	Non-metered	2"		Residential	
44	5/8" or 3/4"	3"		Commercial	
	1"	4"		Industrial	
	1 1/2"	Other		Other	
Total Water Connections:			44	Total Sewer Connections:	

24. A. Are any improvements required to meet TCEQ or Commission standards?

No Yes

B. Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters):

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:

C. Is there a moratorium on new connections?

No Yes:

25. Does the system being transferred operate within the corporate boundaries of a municipality?

No Yes: _____ (name of municipality)

If yes, indicate the number of customers within the municipal boundary.

Water: _____ Sewer: _____

26. A. Does the system being transferred purchase water or sewer treatment capacity from another source?

No Yes: If yes, attach a copy of purchase agreement or contract.

Capacity is purchased from: _____

Water: _____

Sewer: _____

B. Is the PWS required to purchase water to meet capacity requirements or drinking water standards?

No Yes

C. What is the amount of water supply or sewer treatment purchased, per the agreement or contract? What is the percent of overall demand supplied by purchased water or sewer treatment (if any)?

	Amount in Gallons	Percent of demand
Water:		0.00%
Sewer:		0.00%

D. Will the purchase agreement or contract be transferred to the Transferee?

No Yes: N/A

27. Does the PWS or sewer treatment plant have adequate capacity to meet the current and projected demands in the requested area?

No Yes:

28. List the name, class, and TCEQ license number of the operator that will be responsible for the operations of the water or sewer utility service:

Name (as it appears on license)	Class	License No.	Water or Sewer
Dalton McNeil	B	WG0019092	Ground Water
Ellery Studivant	C	WG0006068	Ground Water
Adrian L. Rodriguez	C	WD0017159	Water Distribution
Chase Ferris	D	WO0045992	Water

Part G: Mapping & Affidavits

ALL applications require mapping information to be filed in conjunction with the STM application.

Read question 29 A and B to determine what information is required for your application.

29. A. For applications requesting to transfer an entire CCN, without a CCN boundary adjustment, provide the following mapping information with each of the seven (7) copies of the application:

1. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The following guidance should be adhered to:
 - i. If the application requests to transfer certificated service areas for both water and sewer, separate maps must be provided for each.
 - ii. A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document.

- iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
2. A detailed (large scale) map identifying the requested area in reference to verifiable man-made and natural landmarks such as roads, rivers, and railroads. The Applicant should adhere to the following guidance:
- i. The map must be clearly labeled and the outer boundary of the requested area should be marked in reference to the verifiable man-made or natural landmarks. These verifiable man-made or natural landmarks must be labeled and marked on the map as well.
 - ii. If the application requests an amendment for both water and sewer certificated service area, separate maps need to be provided for each.
 - iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
 - iv. The outer boundary of the requested area should not be covered by any labels, roads, city limits or extraterritorial jurisdiction (ETJ) boundaries.

- B.** For applications that are requesting to include area not currently within a CCN, or for applications that require a CCN amendment (any change in a CCN boundary), such as the transfer of only a portion of a certificated service area, provide the following mapping information with each of the seven (7) copies of the application:
1. A general location (small scale) map identifying the requested area with enough detail to locate the requested area in reference to the nearest county boundary, city, or town. Please refer to the mapping guidance in part A 1 (above).
 2. A detailed (large scale) map identifying the requested area with enough detail to accurately locate the requested area in reference to verifiable man-made or natural landmarks such as roads, rivers, or railroads. Please refer to the mapping guidance in part A 2 (above).
 3. One of the following identifying the requested area:
 - i. A metes and bounds survey sealed or embossed by either a licensed state land surveyor or a registered professional land surveyor. Please refer to the mapping guidance in part A 2 (above);
 - ii. A recorded plat. If the plat does not provide sufficient detail, Staff may request additional mapping information. Please refer to the mapping guidance in part A 2 (above); or
 - iii. Digital mapping data in a shapefile (SHP) format georeferenced in either NAD 83 Texas State Plane Coordinate System (US Feet) or in NAD 83 Texas Statewide Mapping System (Meters). The digital mapping data shall include a single, continuous polygon record. The following guidance should be adhered to:
 - a. The digital mapping data must correspond to the same requested area as shown on the general location and detailed maps. The requested area must be clearly labeled as either the water or sewer requested area.
 - b. A shapefile should include six files (.dbf, .shp, .shx, .sbx, .sbn, and the projection (.prj) file).
 - c. The digital mapping data shall be filed on a data disk (CD or USB drive), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

Part H: Notice Information

The following information will be used to generate the proposed notice for the application.

DO NOT provide notice of the application until it is found sufficient and the Applicants are ordered to provide notice.

30. Complete the following using verifiable man-made or natural landmarks such as roads, rivers, or railroads to describe the requested area (to be stated in the notice documents). Measurements should be approximated from the outermost boundary of the requested area:

The total acreage of the requested area is approximately: 884.00

Number of customer connections in the requested area: 452

Affected subdivision : Southern Oaks, Southern Crossing

The closest city or town: Cleveland

Approximate mileage to closest city or town center: 0.15

Direction to closest city or town: North

The requested area is generally bounded on the North by: County Road 377

on the East by: FM 101 Rd

on the South by: County Road 373

on the West by: US Highway 59

31. A copy of the proposed map will be available at: 1620 Grand Ave Pkwy, Ste 140, Pflugerville, TX 78665

32. What effect will the proposed transaction have on an average bill to be charged to the affected customers? Take into consideration the average consumption of the requested area, as well as any other factors that would increase or decrease a customer's monthly bill.

- All of the customers will be charged the same rates they were charged before the transaction.
- All of the customers will be charged different rates than they were charged before the transaction.
- higher monthly bill lower monthly bill
- Some customers will be charged different rates than they were charged before
(i.e. inside city limit customers)
- higher monthly bill lower monthly bill

Oath for Transferor (Transferring Entity)

STATE OF Texas

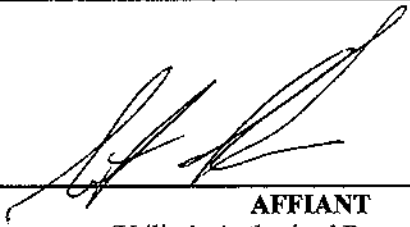
COUNTY OF Harrison

I, Steve Sullivan being duly sworn, file this application for sale, transfer, merger, consolidation, acquisition, lease, or rental, as President, SHDI

(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that I have been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.

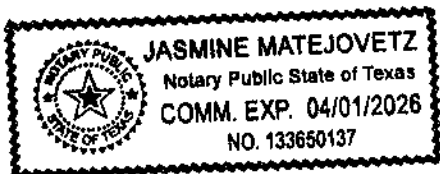


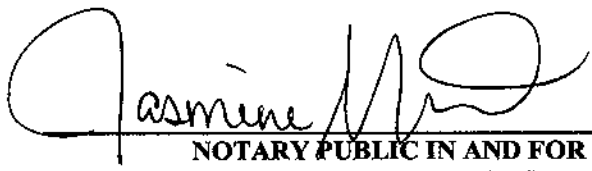
AFFIANT
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Texas
this day the 1 of Feb, 2023

SEAL





NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS
Jasmine Matejovetz

PRINT OR TYPE NAME OF NOTARY

My commission expires: 4/1/24

Oath for Transferee (Acquiring Entity)

STATE OF Texas

COUNTY OF Fort Bend

I, Jeffery L. McIntyre being duly sworn, file this application for sale, transfer, merger, consolidation, acquisition, lease, or rental, as President
(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

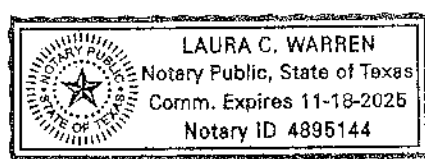
I further state that I have been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.

[Signature]
AFFIANT
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Texas
this day the 15th of February, 2023

SEAL



[Signature]
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS
Laura C. Warren
PRINT OR TYPE NAME OF NOTARY

My commission expires: 11-18-2025

ATTACHMENTS LIST

- **Attachment 1 - Transaction Summary (Q1 & Q14) (CONFIDENTIAL)**
- **Attachment 2 - Asset Purchase Agreement (Q1) (CONFIDENTIAL)**
- **Attachment 3 - Current Tariffs of Transferor (Q4)**
- **Attachment 4 - Current Tariffs of Transferee (Q4)**
- **Attachment 5 - Transferee Partnership Agreement (Q7)**
- **Attachment 6 - Transferee Certificate of Account Status (Q7)**
- **Attachment 7 - Transferee Financial Statements (Q10) (CONFIDENTIAL)**
- **Attachment 8 - Transferee Capital Improvement Plan (Q10) (CONFIDENTIAL)**
- **Attachment 9 - Disclosure of Transferee Affiliated Interests (Q10) (CONFIDENTIAL)**
- **Attachment 10 - Summary of Transferee Enforcement Action Status (Q18)**
- **Attachment 11 - Transferor TCEQ Compliance Inspection (Q22A)**
- **Attachment 12 - Large and Small Scale Maps (Q29)**
- **Attachment 13 - Fair Market Value Reports (Q11) (CONFIDENTIAL)**
- **Attachment 14 - Fair Market Value Invoices (Q11) (CONFIDENTIAL)**

Attachment 1 – Transaction Summary (REDACTED) (Q1 & Q14)

***unredacted attachment to be provided separately under
confidential seal***

Southern Horizons Development, Inc. (“SHDI”) is a retail public utility providing water utility services to customers in Liberty and Montgomery Counties under Certificate of Convenience and Necessity (“CCN”) No. 12863. Texas Water Utilities, L.P. (“TWU”) is an investor-owned, Class-A utility providing water and wastewater utility service to customers in multiple counties under water CCN No. 12983 and wastewater CCN No. 20899. TWU, through its predecessors and affiliates, has successfully operated in the State of Texas for over 50 years and is well known to the Public Utility Commission of Texas (“Commission”).

With this application, TWU is requesting approval from the Commission to consummate the transaction proposed by the Asset Purchase Agreement (“APA”) included with the Application as Confidential Attachment 2. The proposed transaction will result in the transfer of all certificated service area, utility assets, and customers from SHDI to TWU. SHDI’s CCN No. 12863 will be cancelled upon approval from the Commission.

Per TWC 13.305(g), TWU is requesting that rate base of the assets to be acquired from SHDI be determined using the fair market valuation process, which specifies that rate base may be set at the lower of the purchase price and fair market value (“FMV”). TWU filed on September 6, 2022, in Docket No. 49859, its Notice of Intent to Determine Fair Market Value for the SHDI assets. The Commission selected Bret Fenner of B&D Environmental, Anthony Festa of Marshall & Stevens, Inc., and Arthur L. Schwertz of Valbridge Property Advisors. Each expert conducted valuation analyses using the cost approach, income approach, and market approach; their valuation reports are provided as Confidential Attachment 13 and summarized in the table below. Per the APA, the negotiated purchase price [REDACTED]

FMV Expert	FMV
Bret Fenner (B&D Environmental)	[REDACTED]
Anthony Festa (Marshall & Stevens)	[REDACTED]
Arthur L. Schwertz (Valbridge)	[REDACTED]
AVERAGE	[REDACTED]

Per 16 TAC § 24.238(k), fees paid to utility valuation experts may be included in transaction and closing costs and are subject to review during a subsequent general rate case for recovery. The amount of fees TWU incurred are summarized in the table below, the invoices for which are included as Confidential Attachment 14.

Amount*	Date	Vendor
[REDACTED]	1/20/2023	Valbridge
[REDACTED]	1/24/2023	B&D Environmental
[REDACTED]	1/26/2023	Marshall & Stevens
[REDACTED]	TOTAL	

*Includes amounts totaling the [REDACTED] engineering fee

Per 16 TAC § 24.238(k)(2)(A), the amount of utility valuation expert fees allowable for inclusion in rate base is limited to five percent of the FMV. Five percent of [REDACTED] is [REDACTED], which is [REDACTED]

than the actual amount of FMV expert fees of [REDACTED]; therefore, TWU is requesting only [REDACTED] be added to the purchase price to determine rate base of the acquired assets, as summarized below.

a	[REDACTED]	Average FMV
b	5%	% allowable fees
c=a*b	[REDACTED]	FMV fees allowed
d	[REDACTED]	Actual FMV fees
e	[REDACTED]	Purchase Price
f=d+e	[REDACTED]	Total Requested Rate Base

The proposed accounting entries to record this transaction would be as follows:

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Per TWC 13.3011, TWU also proposes to charge customers transferred from SHDI to TWU the rates that are in TWU's approved tariffs on the date the application is filed. TWU's most recently approved water tariffs as of the application filing date were approved in Docket No. 52201 and may be found as Attachment 4 of the Application. Below is a comparison of SHDI's current residential base rates to TWU's.

Rate Type	SHDI rate	TWU rate
5/8" base	\$32.20	\$48.37
Usage (0-2 kgal)	\$0.00	\$6.48
Usage (2-5 kgal)	\$3.18	\$7.98
Usage (5-10 kgal)	\$3.18	\$7.98
Usage (10-20 kgal)	\$3.18	\$9.05
Usage (>20 kgal)	\$3.18	\$9.64

Further details of the transaction are provided in the Application and its attachments.

Attachment 2 – Asset Purchase Agreement (Q1)

to be provided separately under confidential seal

Attachment 3 – Current Tariffs of Transferor (Q4)



Control Number: 51017



Item Number: 9

Addendum StartPage: 0

2020 SEP 03 AM 9:55
PUBLIC UTILITIES COMMISSION

Public Utility Commission of Texas

Memorandum

TO: Central Records

FROM: Kathryn Eiland, Rate Regulation Division
Daniel Moore, Legal Division

DATE: September 3, 2020

RE: **Docket No. 51017** — Application of Southern Horizons Development, Inc. for a Class D Rate Adjustment

CC: Ron Payne

In response to Ordering Paragraph 5 in the Notice of Approval issued on August 24, 2020, please find a clean copy of the water tariff for certificate of convenience and necessity (CCN) no. 12863 for Southern Horizons Development, Inc. This copy is provided to be stamped *Approved* and placed in the Commission's tariff book. The effective date for the attached tariff is October 24, 2020, and the attached tariff supersedes the water tariff for CCN no. 12863, which may be removed from the tariff book.

All parties to Docket No. 51017 have been copied on this memorandum.



WATER UTILITY TARIFF
Docket No. 51017

Southern Horizons Development, Inc.
(Utility Name)

15055 Fairfield Meadow Dr. #130-97
(Business Address)

Cypress, Texas 77433
(City, State, Zip Code)

(832)250-1797
(Area Code/Telephone)

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

12863

This tariff is effective in the following county:

Liberty, Montgomery

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

None.

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

Southern Oaks Subdivision: (PWS #1460150)
Southern Crossing Water System Phase 2: (PWS #1460158)

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	4
SECTION 3.0 -- EXTENSION POLICY	11
APPENDIX A -- DROUGHT CONTINGENCY PLAN	
APPENDIX B -- APPLICATION FOR SERVICE	

Southern Horizons Development, Inc.

Water Utility Tariff Page No. 2

(Utility Name)

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Rate</u>	<u>Gallonage Charge</u>
5/8" x 3/4"	<u>\$32.20</u> (Includes 2,000 gallons)	<u>\$3.18</u> per 1,000 gallons

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.

Section 1.02 - Miscellaneous Fees

TAP FEE \$550.00
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

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

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

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

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.

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

Docket No. 51017

Southern Horizons Development, Inc

Water Utility Tariff Page No. 3

(Utility Name)

SECTION 1.0 -- RATE SCHEDULE (CONT.)

RECONNECTION FEE

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

- a) Non-payment of bill (Maximum \$25.00) \$25.00
- b) Customer's request that service be disconnected..... \$15.00
or other reasons listed under Section 2.0 of this tariff.

TRANSFER FEE \$50.00

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

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

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

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

Southern Horizons Development, Inc.
(Utility Name)

Water Tariff Page No. 4

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 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 customer who has paid 18 consecutive billings without being delinquent.

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Southern Horizons Development, Inc.
(Utility Name)

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SECTION 2.0 - SERVICE RULES AND POLICIES (CONT.)

(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 2.05 - 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

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Southern Horizons Development, Inc.
(Utility Name)

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SECTION 2.0 - SERVICE RULES AND POLICIES (CONT.)

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

All non-residential customers requiring a greater than 1" meter or any customer with irrigation or fire fighting systems, must install back flow prevention devices which have been approved by the utility or its consulting engineers on each of their customer service lines.

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

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

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

Southern Horizons Development, Inc.
(Utility Name)

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SECTION 2.0 – SERVICE RULES AND POLICIES (CONT.)

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 2.09 – 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

Southern Horizons Development, Inc.
(Utility Name)

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SECTION 2.0 - SERVICE RULES AND POLICIES (CONT.)

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.

(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

Southern Horizons Development, Inc.

(Utility Name)

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SECTION 2.0 - SERVICE RULES AND POLICIES (CONT.)

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 2.14 - 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 TCEQ, the utility Commission, 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 either the TCEQ or PUC complaint process, depending on the nature of the complaint. Pending resolution of a complaint, the commission may require continuation or restoration of service.

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Southern Horizons Development, Inc.
(Utility Name)

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SECTION 2.0 - SERVICE RULES AND POLICIES (CONT.)

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

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

Section 2.17 - Customer Liability

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

Southern Horizons Development, Inc.
(Utility Name)

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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 TCEQ, the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution and pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.

Exceptions may be granted by the TCEQ if:

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

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

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

Docket No. 51017

Southern Horizons Development, Inc.
(Utility Name)

Water Tariff Page No.12

SECTION 3.0 - EXTENSION POLICY (CONT.)

providing the standard service and connection beyond 200 feet and throughout his property including the cost of all necessary transmission facilities.

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 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.

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Southern Horizons Development, Inc.

Water Tariff Page No.13

(Utility Name)

SECTION 3.0 - EXTENSION POLICY (CONT.)

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.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC § 24.163(c). 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(c)(4), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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

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

Section 3.04 - 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

Docket No. 51017

Southern Horizons Development, Inc.

(Utility Name)

Water Tariff Page No.14

SECTION 3.0 - EXTENSION POLICY (CONT.)

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 3.06 - 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.

Southern Horizons Development, Inc.
(Utility Name)

Water Tariff Page No.15

SECTION 3.0 - EXTENSION POLICY (CONT.)

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.

Docket No. 51017

APPENDIX A - DROUGHT CONTINGENCY PLAN

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

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

Attachment 4 – Current Tariffs of Transferee (Q4)



Control Number: 52201



Item Number: 54

STAMPED APPROVED
COPY

ENTERED BY CENTRAL
RECORDS



Filing Receipt

Received - 2022-09-06 09:47:02 AM
Control Number - 52201
ItemNumber - 53

Public Utility Commission of Texas

Memorandum

TO: Central Records

FROM: Kathryn Eiland, Regulatory Accountant, Rate Regulation Division
Anthony Kanalas, Attorney, Legal Division

DATE: September 6, 2022

RE: Docket No 52201–*Application of Utilities Investment Company, Inc. and UIC 13 LLC and Monarch Utilities L.P. for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris, Liberty, and Chambers Counties*

CC: Brian Bahr

As required by the Amended Notice of Approval filed in Docket No 52201 on August 26, 2022, please find attached a clean copy of the water tariff for Certificate of Convenience and Necessity (CCN) number 12983 and sewer tariff for CCN number 20899. These copies are provided to be stamped *Approved* and placed in the Commission's tariff book. The attached tariffs supersede the current water tariff for CCN number 12983 and sewer tariff for CCN number 20899, which may be removed from the tariff book.

All parties to Docket No 52201 have been copied on this memo.



WASTEWATER UTILITY TARIFF Docket Number: 52201

Monarch Utilities I L.P.
(Utility Name)

12535 Reed Rd.
(Business Address)

Sugar Land, TX 77478-2837
(City, State, Zip Code)

(866) 654-7992
(Area Code/Telephone)

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

20899

This tariff is effective in the following counties:

Chambers, Grayson, Harris, Henderson, Liberty, Medina, Montgomery, Polk, San Jacinto, Trinity, Wood

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

This tariff is only effective in the portions of the subdivisions or systems in the environs

This tariff is effective in the following subdivisions or systems:

See Attached List

TABLE OF CONTENTS

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

SECTION 1.0	--	RATE SCHEDULE	3
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SECTION 2.2	--	SPECIFIC UTILITY SERVICE RULES AND REGULATIONS	21
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COUNTY	UTILITY SYSTEM	TCEQ WQ No.	SUBDIVISIONS
Chambers	Tower Terrace	WQ 12478-001	Houston Raceway Park, Tower Terrace, West Chambers County Estates
Grayson	Tanglewood-on Texoma	collection only	Eagle Chase, Fairway Hollow, Greenway Bend, Highport, Sunrise Circle, Tanglewood Hills, Tanglewood Resort
Harris	Aldine Village	WQ 12382-001	Aldine Village
	Orchard Crossing WWTP	WQ 12863-001	Orchard Crossing
	Spring Cypress Shopping Center WWTP	WQ 14172-001	Spring Cypress Shopping Center
	Villas of Willowbrook	collection only	Villas of Willowbrook Homeowners
	LH Ranch WWTP-1, Ltd.	WQ 15830-001	Los Pinos Estates
Henderson	Beachwood Estates	WQ 11282-001	Beachwood Estates, Brentwood Estates, Deep Water Estates, Forest Shores, Greenwood Cove, Hidden Harbor, Indian Oaks, Oak Forest Estates, Pebble Beach, Seis Hombres, Three-Way View, Treasure Isle, Waterboard, Key Ranch Estates
	Cherokee Shores	WQ 13879-001	Cherokee Shores, Deep Water Bay, Deer Island, Diamond Oaks, Glenn Road, Grandview Terrace, Moon Waters, Nee Toni Jo, Robinson Tract/Country Estates, Spillview Estates II Taylor Tract, Timber Bay, Waterfront Shores, Wood Canyon Waters
	Pinnacle Club	WQ 11506-001	Pinnacle Club
Liberty	LH Ranch WWTP-1, Ltd.	WQ 15830-001	Los Pinos Estates
Medina	Holiday Villages of Medina Lake	WQ 14167-001	Holiday Villages of Medina
Montgomery	Decker Hills	WQ 12587-001	Champions Glen, Decker Hills, Hidden Lake Estates, Inverness Crossing
Polk	Beacon Bay Marina Wastewater Treatment Facility	WQ 13637-001	Beacon Bay Marina and RV Park, Beacon Bay Subdivision
San Jacinto	Blue Water Cove	WQ 14179-001	Blue Water Cove, Livingston Lakeside RV Park

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	Holiday Villages of Lake Livingston	WQ 14056-001	Holiday Villages of Livingston, Somerset Shores
Trinity	Harbor Point	WQ 13547-001	Harbor Point
Wood	Lake Fork Estates	WQ 14055-001	Holiday Villages of Fork

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Monarch Utilities I L P
(Utility Name)

Wastewater Tariff Page No. 4

SECTION 1.0 RATES

Section 1.01 - Rates**Monarch - RATES Effective 06-01-2021**

METER SIZE	MONTHLY MINIMUM RATE	GALLONAGE CHARGE
5/8"	\$68.52	\$2.39 per 1,000 gallons Purchased Wastewater Treatment Passthrough \$1.44 per 1,000 gallons
5/8"x3/4"	\$68.52	
3/4"	\$102.78	
1"	\$171.30	
1½"	\$342.60	
2"	\$548.16	
3"	\$1,027.80	
4"	\$1,713.00	
6"	\$3,426.00	
8"	\$5,481.60	
10"	\$7,879.80	
12"	\$14,731.80	

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Monarch Utilities I L.P.
(Utility Name)

Wastewater Tariff Page No 5

SECTION 1.0 RATES (Continued)

Monarch (Villas of Willowbrook) - RATES Effective 06-01-2021 (Phase 1 of 7)

METER SIZE	MONTHLY MINIMUM RATE	GALLONAGE CHARGE
5/8"	\$18.36	\$0.34 per 1,000 gallons Purchased Wastewater Treatment Passthrough \$1.44 per 1,000 gallons
5/8"x3/4"	\$18.36	
3/4"	\$27.54	
1"	\$45.90	
1 1/2"	\$91.80	
2"	\$146.88	
3"	\$275.40	
4"	\$459.00	
6"	\$918.00	
8"	\$1,468.80	
10"	\$2,111.40	
12"	\$3,947.40	

Monarch (Villas of Willowbrook) - RATES Effective 06-01-2022 (Phase 2 of 7)

METER SIZE	MONTHLY MINIMUM RATE	GALLONAGE CHARGE
5/8"	\$26.72	\$0.68 per 1,000 gallons Purchased Wastewater Treatment Pass-through \$1.44 per 1,000 gallons
5/8"x3/4"	\$26.72	
3/4"	\$40.08	
1"	\$66.80	
1 1/2"	\$133.60	
2"	\$213.76	
3"	\$400.80	
4"	\$668.00	
6"	\$1,336.00	
8"	\$2,137.60	
10"	\$3,072.80	
12"	\$5,744.80	

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Monarch Utilities I L.P.
(Utility Name)

Wastewater Tariff Page No. 6

SECTION 10 RATES (Continued)

Monarch (Villas of Willowbrook) - RATES Effective 06-01-2023 (Phase 3 of 7)

METER SIZE	MONTHLY MINIMUM RATE	GALLONAGE CHARGE
5/8"	\$35.08	\$1.02 per 1,000 gallons Purchased Wastewater Treatment Pass-through \$1.44 per 1,000 gallons
5/8"x3/4"	\$35.08	
3/4"	\$52.62	
1"	\$87.70	
1½"	\$175.40	
2"	\$280.64	
3"	\$526.20	
4"	\$877.00	
6"	\$1,754.00	
8"	\$2,806.40	
10"	\$4,034.20	
12"	\$7,542.20	

Monarch (Villas of Willowbrook) - RATES Effective 06-01-2024 (Phase 4 of 7)

METER SIZE	MONTHLY MINIMUM RATE	GALLONAGE CHARGE
5/8"	\$43.44	\$1.37 per 1,000 gallons Purchased Wastewater Treatment Passthrough \$1.44 per 1,000 gallons
5/8"x3/4"	\$43.44	
3/4"	\$65.16	
1"	\$108.60	
1½"	\$217.20	
2"	\$347.52	
3"	\$651.60	
4"	\$1,086.00	
6"	\$2,172.00	
8"	\$3,475.20	
10"	\$4,995.60	
12"	\$9,339.60	

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Monarch Utilities I L P

Wastewater Tariff Page No 7

(Utility Name)

SECTION 1 0 RATES (Continued)

Monarch (Villas of Willowbrook) - RATES Effective 06-01-2025 (Phase 5 of 7)

METER SIZE	MONTHLY MINIMUM RATE	GALLONAGE CHARGE
5/8"	\$51.80	\$1.71 per 1,000 gallons Purchased Wastewater Treatment Passthrough \$1.44 per 1,000 gallons
5/8"x3/4"	\$51.80	
3/4"	\$77.70	
1"	\$129.50	
1½"	\$259.00	
2"	\$414.40	
3"	\$777.00	
4"	\$1,295.00	
6"	\$2,590.00	
8"	\$4,144.00	
10"	\$5,957.00	
12"	\$11,137.00	

Monarch (Villas of Willowbrook) - RATES Effective 06-01-2026 (Phase 6 of 7)

METER SIZE	MONTHLY MINIMUM RATE	GALLONAGE CHARGE
5/8"	\$60.16	\$2.05 per 1,000 gallons Purchased Wastewater Treatment Passthrough \$1.44 per 1,000 gallons
5/8"x3/4"	\$60.16	
3/4"	\$90.24	
1"	\$150.40	
1½"	\$300.80	
2"	\$481.28	
3"	\$902.40	
4"	\$1,504.00	
6"	\$3,008.00	
8"	\$4,812.80	
10"	\$6,918.40	
12"	\$12,934.40	

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Monarch Utilities I L P

Wastewater Tariff Page No 8

(Utility Name)

SECTION 1 0 RATES (Continued)

Monarch (Villas of Willowbrook) - RATES Effective 06-01-2027 (Phase 7 of 7)

METER SIZE	MONTHLY MINIMUM RATE	GALLONAGE CHARGE
5/8"	\$68.52	\$2.39 per 1,000 gallons Purchased Wastewater Treatment Passthrough \$1.44 per 1,000 gallons
5/8"x3/4"	\$68.52	
3/4"	\$102.78	
1"	\$171.30	
1½"	\$342.60	
2"	\$548.16	
3"	\$1,027.80	
4"	\$1,713.00	
6"	\$3,426.00	
8"	\$5,481.60	
10"	\$7,879.80	
12"	\$14,731.80	

Monarch (Beacon Bay Marina Wastewater Treatment Facility)

METER SIZE	MONTHLY MINIMUM RATE (Residential meters include 1,000 gallons)	GALLONAGE CHARGE
Residential 5/8" Meters with water Service	\$36.50	\$3.30 per 1,000 gallons
Wastewater Service Only	\$54.45	
Beacon Bay Marina	\$146.00	
West Livingston RV Park	\$18.50 per space, restroom	
Gas Station	\$212.00	

Residential wastewater service will be billed year round using that service connection's average winter water consumption during December, January and February. Single family residential service connections without a historic average will have an imputed average of 4,000 gallons until they have established an average. Multi-family residential service connections without a historic winter average will have an imputed average of 4,000 gallons per residential unit until they have established an average.

Non-residential service connections will be billed on actual monthly water consumption without the use of winter averaging.

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Monarch Utilities L.L.P.
(Utility Name)

Wastewater Tariff Page No. 9

SECTION 1.0 RATES (Continued)

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

Cash , Check , Money Order , MasterCard , Visa , Electronic Fund Transfer

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

REGULATORY ASSESSMENT 1.0%
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 IS THE UTILITY'S ACTUAL COST IN ACCORDANCE WITH COMMISSION RULES

ACCOUNT SET UP FEE \$25.00
FEE TO SET UP ACCOUNT FOR NEW CUSTOMER APPLYING FOR WASTEWATER SERVICE ONLY

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

- a) Non-payment of bill (Maximum \$25.00) \$25.00
- b) Customer's request \$50.00
or other reasons listed under section 2.0 of this tariff

TRANSFER FEE \$45.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE 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

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Monarch Utilities I L P.
(Utility Name)

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SECTION 1 0 RATES (Continued)

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)\$50 00

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

SERVICE RELOCATION FEE Actual cost to relocate that service connection
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING SERVICE CONNECTION

SEASONAL RECONNECTION FEE
BASE RATE TIMES NUMBER OF MONTHS OFF THE SYSTEM NOT TO EXCEED SIX MONTHS WHEN LEAVE AND RETURN WITHIN A 12-MONTH PERIOD

LINE EXTENSION AND CONSTRUCTION CHARGES
REFER TO SECTION 2 12 SPECIFIC UTILITY SERVICE RULES AND SECTION 3 02 UTILITY SPECIFIC EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE
INCREASE IN INSPECTION FEES AND WATER TESTING COSTS IMPOSED BY STATE OR FEDERAL LAW MAY BE PASSED THROUGH AS AN ADJUSTMENT TO THE MONTHLY BASE RATE CHARGE UNDER THE TERMS AND CONDITIONS OF 16 TAC §24 25(b)(2)(G) AFTER NOTICE TO CUSTOMERS AND UPON WRITTEN APPROVAL BY THE TCEQ

DAMAGE OR SERVICE DIVERSION FEE Actual Cost
ONE-TIME CHARGE, PER OCCURRENCE, FOR ALL LABOR, MATERIAL, EQUIPMENT, AND ALL OTHER ACTUAL COSTS NECESSARY TO REPAIR OR REPLACE ALL EQUIPMENT DAMAGED DUE TO NEGLIGENCE, METER TAMPERING OR BYPASSING, OR SERVICE DIVERSION

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DOCUMENT

Monarch Utilities, L.L.P.
(Utility Name)

Wastewater Tariff Page No 11

SECTION 1.0 RATES

FRANCHISE FEE PASS THROUGH CLAUSE.

Charges a municipality makes for use of streets and alleys pursuant to tax code §182.025 or other applicable state law not to exceed 2% or the actual amount charged by the municipality shall be passed through utility-wide as an adjustment to the wastewater gallonage charge according to the following formula:

$$AG = G + B$$

Where:

AG = adjusted gallonage charge, rounded to the nearest one cent;

G = approved gallonage charge (per 1,000 gallons) and

B = projected franchise fees payable (per 1,000 gallons)

WASTEWATER TREATMENT PASS-THROUGH CHARGE ADJUSTMENT:

CHANGES IN FEES IMPOSED BY ANY NON-AFFILIATED THIRD-PARTY WASTEWATER TREATMENT PROVIDER SHALL BE CHARGED THROUGH THE WASTEWATER PASS-THROUGH GALLONAGE CHARGE ADJUSTED ANNUALLY ACCORDING TO THE FOLLOWING TRUE-UP FORMULA INTENDED TO BALANCE REVENUE FROM THE CHARGE AGAINST ACTUAL PAYMENTS AND COLLECTIONS FROM THE PRIOR YEAR:

$$WTPC = ((TAC - BAC) + TUC) / TWWS$$

Where:

WTPC = Wastewater Treatment Pass-Through Charge per Month

TAC = Total Annual Costs for 12-month calendar year period

BAC = Baseline Annual Wastewater Treatment Costs from Most Recent Rate Application

TUC = True-up Costs either Over Collections or Under Collections from prior period WTPC

TWWS = Total Wastewater Sales for 12-month calendar year period

The WTPC must be trued up and adjusted annually

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

SURCHARGE FOR RATE-CASE EXPENSE (Docket No. 50944):

To be collected from all ratepayers subject to Commission Docket No. 50944. It will be collected through a monthly surcharge of \$0.65 per water connection and \$0.65 per wastewater connection. The monthly surcharge shall cease when \$525,000 has been recovered in total from both Monarch's water and wastewater customers. If the full amount of \$525,000 has not been recovered by June 1, 2023, bills rendered after June 1, 2023, shall continue to contain a surcharge not to exceed \$0.65 per water connection and \$0.65 per wastewater connection until the remaining balance per connection is collected.

PUBLIC UTILITY COMMISSION OF TEXAS
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Monarch Utilities LLP
Orchard Crossing
(Formerly Utilities Investment Company, Inc.)
(Utility Name)

Wastewater Tariff Page No. 12

SECTION 1.0 RATES

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	\$22.50 (Includes 0 gallons)	\$2.50 per 1000 gallons
1"	\$37.58	same for all meter sizes
1"	\$74.93	
2"	\$119.93	
3"	\$225.00	
4"	\$375.08	

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

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

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

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$400.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

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

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Monarch Utilities I L.P.
Orchard Crossing
(Formerly Utilities Investment Company, Inc.)
(Utility Name)

Wastewater Tariff Page No. 13

SECTION 1 0 RATES (Continued)

RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2 0 OF THIS TARIFF)

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

SEASONAL RECONNECT FEE Monthly base rate for meters size for each month of disconnection not to exceed six months

TRANSFER FEE \$25.00

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

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

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 \$20.00

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

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

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

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.

Docket No. 52201

PUBLIC UTILITY COMMISSION OF TEXAS
APPROVED

AUG 26 2022
DOCKET
52201

Monarch Utilities LLP
Spring-Cypress Shopping Center
(Formerly Utilities Investment Company, Inc.)
(Utility Name)

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SECTION 1.0 RATES (Continued)

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	\$22.50 (Includes 0 gallons)	\$3.75 per 1000 gallons
1"	\$37.58	same for all meter sizes
1"	\$74.93	
2"	\$119.93	
3"	\$225.00	
4"	\$375.08	

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

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

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

REGULATORY ASSESSMENT 1.0%

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$400.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Large meter) Actual Cost

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

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Spring-Cypress Shopping Center
(Formerly Utilities Investment Company, Inc.)
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SECTION 1.0 RATES (Continued)

RECONNECTION FEE

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

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

TRANSFER FEE..... \$25.00

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

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

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.....\$20.00

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

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

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

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

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(Formerly UIC 13, LLC)
(Utility Name)

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SECTION 2.0 SERVICE RULES AND REGULATIONS

Section 1.01 - Rates

Meter Size	Monthly Minimum Charge	Gallage Charge
5/8" or 3/4"	\$ 25.00 (Includes 0 gallons)	\$1.50 per 1,000 gallons
School	\$425.00	same for all meter sizes
Park	\$ 40.00	
Trailer Park	\$275.00	

Volume charges are determined based on average consumption for winter period which includes the following months: December, January, and February.

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.

Section 1.02 - Miscellaneous Fees

TAP FEE (Gravity Sewer) \$500.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

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

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

- a) Non payment of bill (Maximum \$25.00) \$25.00
- b) Customer's request that service be disconnected \$50.00

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

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

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SECTION 1.0 RATES (Continued)

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 AND NON-RESIDENTIAL DEPOSIT..... 1/6TH ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

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

LINE EXTENSION AND CONSTRUCTION CHARGES

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

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(Utility Name)

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SECTION 2 0 SERVICE RULES AND REGULATIONS

Section 2.01 - Public Utility Commission of Texas

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

Section 2.02 - Application for and Provision of Wastewater Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff) and will be signed by the applicant before wastewater service is provided by the utility. A separate application or contract will be made for each service at each separate location.

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

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

The customer will be responsible for furnishing and laying the necessary customer service pipe from the connection location to the place of use.

Section 2.03 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the 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 2.04 - Customer Deposits

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

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

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SECTION 2.0 SERVICE RULES AND REGULATIONS (Continued)

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

Section 2.05 - Meter Requirements, Readings, and Testing

It is not a requirement that the utility use meters to measure the quantity of sewage disposed of by individual customers. One connection is required for each residential, commercial or industrial facility in accordance with the PUC Rules.

Section 2.06 - Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of the bills for utility service will be at least twenty (20) 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. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next work day after the due date.

A late charge penalty of 10% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

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 billing a telephone number (or numbers) which may be reached by a local call by customers. At the utility's option, a toll-free telephone number or the equivalent may be provided.

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

Section 2.07 - Service Disconnection

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

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

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

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

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(Utility Name)

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SECTION 2.0 SERVICE RULES AND REGULATIONS (Continued)

Utility personnel must be available to collect payments and to reconnect service on the day of and the day after any disconnection of service unless service was disconnected at the customer's request or due to a hazardous condition.

Section 2.08 - Reconnection of Service

Service will be reconnected within 24 hours after the past due bill and any other outstanding charges are paid or correction of the conditions which caused service to be disconnected

Section 2.09 - Service Interruptions

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

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

Section 2.10 - Quality of Service

The utility will plan, furnish, and maintain and operate a treatment and collection facility of sufficient size and capacity to provide a continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge the effluent at the quality required by its discharge permit issued by the Commission. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the Texas Commission on Environmental Quality (TCEQ) Rules

Section 2.11 - Customer Complaints and Disputes

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

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SECTION 2.0 SERVICE RULES AND REGULATIONS (Continued)

Section 2.12 - Customer Liability

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.

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