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TARIFF CONTROL NO. 55428

APPLICATION OF CONCHO RURAL	§	PUBLIC UTILITY COMMISSION
WATER CORPORATION FOR	§	
JANUARY 2023-JUNE 2023 TRUE-UP	§	OF TEXAS
REPORT AND PASS-THROUGH	§	
GALLONAGE CHARGE FOR GROUP 2	§	
CUSTOMERS	§	

COMMISSION STAFF'S FINAL RECOMMENDATION

On September 1, 2023, Concho Rural Water Corporation (Concho Rural), Certificate of Convenience and Necessity (CCN) No. 11361, filed an application to implement a pass-through gallonage charge (PTGC) for its Group 2 customers under 16 Texas Administrative Code (TAC) § 24.25(b)(2) regarding the January 2023-June 2023 true-up report filed in compliance with its approved PTGC adjustment provision in its Water Utility Tariff, approved in the final order of Docket No. 49892.¹

On March 20, 2024, the administrative law judge (ALJ) filed Order No. 9, requiring Staff (Staff) of the Public Utility Commission of Texas (Commission) to request a hearing or file its final recommendation by April 3, 2024. Therefore, this pleading is timely filed.

I. FINAL RECOMMENDATION

Staff has reviewed Concho Rural's application and supplements, and as detailed in the attached memorandum of Vonetta Jackson, Rate Regulation Division, recommends that the requested change to Concho Rural's true-up calculations and pass-through rate be approved.

II. CONCLUSION

For the reasons stated above, Staff respectfully recommends that Concho Rural's application be approved.

¹ *Application of Concho Rural Water Corporation for Authority to Change Rates*, Docket No. 49892, Order (Nov. 16, 2021).

Dated: April 3, 2024

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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/s/ Dylan King
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DOCKET NO. 55428

CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on April 3, 2024, in accordance with the Second Order Suspending Rules, issued in Project No. 50664.

/s/ Dylan King
Dylan King

Public Utility Commission of Texas

Memorandum

TO: Dylan King, Attorney
Legal Division

FROM: Vonetta Jackson, Regulatory Accountant
Rate Regulation Division

DATE: April 3, 2024

RE: **Tariff Control No. 55428** — *Application of Concho Rural Water Corporation January 2023 – June 2023 True-Up Report and Pass-Through Gallonage Charge for Group 2 Customers*

On September 1, 2023, Concho Rural Water Corporation (Concho Rural) filed an application to implement a pass-through rate change under 16 Texas Administrative Code (TAC) § 24.25 (b)(2) for its 2022 true-up report and pass-through gallonage charge change. As allowed by the administrative law judge (ALJ) in Docket No. 52663, Concho Rural supplemented the application with additional information on October 23, 2023, November 16, 2023, and December 14, 2023.¹

Concho Rural is providing service under Certificate of Convenience and Necessity (CCN) No. 11361, and the application included a copy of the tariff pages for CCN No. 11361 which contains the rates that will change if the application is approved. A copy of the notice provided to customers was also filed with the initial application, and it was also in the revision filed on November 16, 2023.

Concho Rural requested a pass-through change from \$3.50 to \$3.34 per thousand gallons for the Group 2 customers. The application was supported by documentation from Upper Colorado River Authority (UCRA) and Concho Rural, which documents the fees charged to it and amounts collected from customers. The Group 2 customers tariff equation includes specific line loss figure of 3.5%, which was supported by documentation for the line loss at the time the pass-through rate was approved in Docket No. 49892.² Therefore, I recommend that ALJ not require twelve months of documentation of line loss for this filing.

¹ *Compliance Docket for Docket No. 49892 (Application of Concho Rural Water Corporation for Authority to Change Rates)*, Docket No. 52663, Order No. 13, Granting Good Cause Exception (May 25, 2023).

² *Application of Concho Rural Water Corporation for Authority to Change Rates*, Docket No. 49892, Order at Finding Fact 39 (Nov. 18, 2021)

I have reviewed the calculations and assumptions used to determine the requested pass-through rate. Based upon my review of the underlying calculations and assumptions used to perform the true-up, along with responses to requests for information, I determined that Concho Rural's combined pass-through rate is \$3.34, as amended in its supplements to the application. As requested by Staff in previous true-ups, Concho Rural separated the combined pass-through rate in its tariff to show a pass-through rate of \$3.50 along with a true-up fee of (\$0.16), which equals \$3.34.

The application meets the requirements of 16 TAC §24.25(b)(2). I recommend that the ALJ approve the application as supplemented by Concho Rural and that Concho Rural be provided with a copy of the attached tariff.



WATER UTILITY TARIFF

Tariff Control No. 55428

Concho Rural Water Corporation
(Utility Name)

8174 US Hwy 87 North
(Business Address)

San Angelo, Texas 76901
(City, State, Zip Code)

(325) 658-2961
(Area Code/Telephone)

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

11361

This tariff is effective in the following counties:

Tom Green

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

None

This tariff is effective in the following subdivisions or public water 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	2
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APPENDIX A -- DROUGHT CONTINGENCY PLAN

APPENDIX B -- APPLICATION FOR SERVICE

Concho Rural Water Corporation
This tariff is effective in the following Subdivisions or Systems:

System/Subdivision Name	PWS ID Number
Alexander Ranches, Allard Est., Arden Road, Ballard, Big Sky, Buffalo Heights, Coopers, Copper Mtn., Evergreen Acres, Frontier Acres, Garden Waters, Grape Creek, Grape Creek Gardens, Garden Waters, Hughes Subdivision, Indian Creek, K and A Development, Lake Concho, Lake Gardens 1&2, Lakewood, Moon Ln., Mountain View, Northwood, Oak Ln., Paradise Valley, Pulliam, Rolling Acres, Sun Ln., Sutter Subdivision, Windmill West Subdivision	2260008
Cactus Lane, Fruitland Farm Ct., Goodland Loop, HK2 Development, North Concho, Northview, Northwood Estates	2260020
Caprock Ranches, Door Key Ranches, Door Key Road, Hiddenview, Highway 584, Line Road, Pecan Creek, Stone Key Estates, Stonewall Reserve, Walling Pecan	2260057
Water Valley	2260060
Dear Valley Estates, Iron Spoke Estates	2260067
The Oaks, Oak Mtn. Estates, Oaks North, Ridge Ln., River Ranch, Stonewall Oaks Subdivision, Stonewall Valley	2260093

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 – Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	<u>\$31.75</u>	<u>\$1.85</u> per 1000 gallons up to 4,000 gallons
1"	<u>\$79.38</u>	<u>\$2.87</u> per 1000 gallons, 4,001 to 9,000 gallons
1 1/2"	<u>\$159.75</u>	<u>\$3.51</u> per 1000 gallons, 9,001 to 15,000 gallons
2"	<u>\$254.00</u>	<u>\$4.51</u> per 1000 gallons, 15,001 to 25,000 gallons
3"	<u>\$476.25</u>	<u>\$5.00</u> per 1000 gallons, greater than 25,000 gallons
4"	<u>\$793.75</u>	
6"	<u>\$1,587.50</u>	
8"	<u>\$2,540.00</u>	
10"	<u>\$3,615.25</u>	
12"	<u>\$6,826.25</u>	

Group 1 Pass-Through Fee.....\$2.00 per 1,000 gallons

This pass-through rate is applicable to the following subdivisions: River Ranch, Oak Mountain Estates, Ridge Lane, Stonewall Valley, Hidden View, Pecan Creek, Stonewall Reserve, Line Rd., Hwy 584, Door Key Rd. and Door Key Ranches, Caprock Ranches, Stone Key Estates, and Walling Pecan.

(Tariff Control No. 54176, effective November 1, 2022)

Group 2 Pass-Through Fee.....\$3.50 per 1,000 gallons

This pass-through rate is applicable to the following subdivisions: Arden Rd., Buffalo Heights, and K and A Development.

(Tariff Control No. 53376)

Group 2 True-Up Fee.....(-\$0.16) per 1,000 gallons

This true-up rate is applicable to the following subdivisions: Arden Rd., Buffalo Heights, and K and A Development.

(Tariff Control No. 53376)

Group 2 Fixed Pass-Through Fee.....\$12.02 per meter equivalent

This monthly fee is applicable to the following subdivisions: Arden Rd., Buffalo Heights, and K and A Development for unrecovered purchased water costs separate and apart from those being collected in the Group 2 pass-through and true up fees above. The fee will be in effect for six months starting with meters read on July 21, 2023 or until a total of \$38,073 is recovered, whichever occurs first.

(Tariff Control No. 53376)

Group 2 Surcharge.....\$15.74 per meter equivalent

This monthly surcharge is applicable to the Arden Rd., Buffalo Heights, and K and A Development subdivision for water purchased from July 2019 through June 2021 prior to the approval of the Group 2 pass-through rate. The surcharge will be in effect for 36 months or until a total of \$262,368 is recovered, whichever occurs first.

(Docket No. 49892)

Rate-Case Expense Surcharge.....\$1.46 per connection
 To be collected per month, calculated as follows: $\$150,000 \div 2,869 \text{ connections} \div 36 \text{ months} = \1.46 .
 CRWC may collect the surcharge for 36 consecutive months or until the full \$150,000 has been recovered,
 whichever occurs first.
 (Docket No. 49892)

SECTION 1.0 -- RATE SCHEDULE (continued)

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

Cash X, Check X, Money Order X, Online through conchoruralwater.com X, Bank Draft X, Other-
 Wire Transfer for Government Agencies X

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

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

Section 1.02 – Miscellaneous Fees

TAP FEE.....\$1,250.00
 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 CONVERSION FEE.....Actual Conversion Cost, Not to Exceed Tap Fee
 THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS A CHANGE IN METER SIZE

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.

LATE CHARGE.....Greater of \$5 or 10% of outstanding bill
 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.

SECTION 1.0 -- RATE SCHEDULE (continued)

RETURNED CHECK CHARGE.....\$20.00
 RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

RECONNECTION FEE

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

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

SEASONAL OR TEMPORARY DISCONNECT RECONNECTION FEE:

BASE RATE METER SIZE TIMES NUMBER OF MONTHS OFF THE SYSTEM WHEN LEAVE AND RETURN WITHIN A TWELVE-MONTH PERIOD, NOT TO EXCEED SIX MONTHS OR LESS THAN TWO 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.....Greater of \$5 or 10% of outstanding bill
 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:

INCREASES 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 PUC.

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 1.0 -- RATE SCHEDULE (continued)

PURCHASE WATER PASS THROUGH CLAUSE:

Changes in costs imposed by any non-affiliated third party provider of purchased water or a groundwater conservation district having jurisdiction over the utility, will be passed through as an additional gallonage charge according to the formulas below.

Group 1

$$R1 = G / (1-L) + TU$$

$$\$2.38 = (2.87 * 0.80) / (1-0.035)$$

Where:

R1 = the new pass-through rate per 1,000 gallons

G = the pass-through entity's new rate per 1,000 gallons times N

N = the amount of purchased water expressed as a percent of all water produced
(currently 80%)

L = historical annual line loss

TU = True up rate calculated annually and approved by PUC

*The Group 1 pass-through is subject to true-up every 12 months. To implement or modify the pass through provision, the utility must comply with all notice and other requirements in 16 TAC § 24.25(b)(2).

Group 2

$$R2 = (RWL + TRL)$$

$$\$3.34 = \$1.17 + \$2.33 + (-\$0.16) \text{ or } R2 = RWL + TRL$$

Where:

R2 = the new pass-through rate per 1,000 gallons for Group 2

RWL = raw water rate adjusted for loss or $RW/(1-L)$

RW = raw water rate or $TP\$/TPK$

TP\$ = take or pay contract \$ amount six months

TPK = take or pay contract per 1,000 gallons six months

TRL = contract treatment rate adjusted for loss or $TR/(1-L)$

TR = contract treatment rate per 1,000 gallons

L = Historical line loss of 3.5%

FV = forecasted billed volumes by 1,000 gallons for the upcoming six months

Where:

UOR = under/over recovery or APP-PWC

APP = $INV + TPO\$$

INV = six months of corresponding amounts paid to contract holder

TPO\$ = (total gallons billed per invoices to Rural Concho by

UCRA – TPK) * RW

PWC = 6 months of purchase water costs collected from Group 2 customers

TPC = take or pay credit or $(RW - RWL) * TPK$

FV = forecasted billed volumes by 1,000 gallons for the upcoming six months

SECTION 1.0 -- RATE SCHEDULE (continued)

*Rural Concho must hold the TPO\$ amounts collected but not yet billed in an account and apply them to the annual "Fiscal Year end Reconciliation of Water Usage over Take or Pay" from UCRA. Rural Concho must also account for these amounts in the 6-month true-up for which the UCRA reconciliation bill is included.

**The Group 2 pass-through is subject to true-up every 6 months. To implement or modify the pass through provision, the utility must comply with all notice and other requirements in 16 TAC § 24.25(b)(2).

TEMPORARY WATER RATE:

Unless otherwise superseded by PUC order or rule, if the utility is ordered by a court or governmental body of competent jurisdiction to reduce its pumpage or water sales, the utility may increase the water rates according to the following formula:

$$TGC = AGC / (1 - R)$$

Where:

TGC = Temporary Gallonage Charge per Tier

AGC = Approved Gallonage Charge per Tier

R = water use reduction percentage specified in CRWCs approved Drought Contingency Plan

TGC formula will be applied as follows:

Stage 1: Applied to tiers 3 through 5

Stage 2: Applied to tiers 2 through 5

Stage 3: Applied to tiers 2 though 5

To implement or modify the Temporary Water Rate, the utility must comply with all notice and other requirements in 16 TAC § 24.25(j).

SECTION 2.0 -- SERVICE RULES AND POLICIES

Section 2.01 - Rules

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

Section 2.02 - Application for Water Service

All applications for service will be made on the Utility's standard application or contract form (attached in the Appendix to this tariff) and will be signed by the applicant. 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 2.03 - 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 - Fees and Charges & Easements Required Before Service Can Be Connected

(A) Customer Deposits

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

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

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

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

SECTION 2.0 -- SERVICE RULES AND POLICIES (continued)

(B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

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

(C) Easement Requirement

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

Section 2.05 - 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 2.06 - Customer Responsibility

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

SECTION 2.0 -- SERVICE RULES AND POLICIES (continued)

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 2.07 - 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, Section 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 2.08 - Back Flow Prevention Devices

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

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

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

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

SECTION 2.0 -- SERVICE RULES AND POLICIES (continued)

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

Section 2.09 - Access to Customer's Premises

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

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

Section 2.10 - 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.

SECTION 2.0 -- SERVICE RULES AND POLICIES (continued)

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 2.11 – Billing(A) Regular Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

(B) Late Fees

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

(C) Information on Bill

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

(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 2.12 - 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

SECTION 2.0 -- SERVICE RULES AND POLICIES (continued)

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 2.13 - Service Disconnection

(A) With Notice

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

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

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

(B) Without Notice

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

Section 2.14 - Reconnection of Service

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

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

Section 2.15 - Service Interruptions

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

SECTION 2.0 -- SERVICE RULES AND POLICIES (continued)

Section 2.16 - Quality of Service

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

Section 2.17 - 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.

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 2.18 - Customer Liability

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

SECTION 3.0 -- EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

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

The utility is not required to extend service to any applicant outside of its certified service area and will only do so under terms and conditions mutually agreeable to the utility and the applicant, in compliance with PUC rules and policies, and upon extension of the utility's certified service area boundaries by the PUC.

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

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 3.02 - Costs Utilities and Service Applicants Shall Bear

Within its certified area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision.

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

Residential customers will be charged the equivalent of the costs of extending service to their property from the nearest 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 3.0 -- EXTENSION POLICY (continued)

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

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

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

The utility will bear the full cost of any over-sizing of 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.

Section 3.03 - Contributions in Aid of Construction

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

SECTION 3.0 -- EXTENSION POLICY (continued)

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

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC § 24.163(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by 16 TAC § 24.163(d)(4), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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

- Under a contract and only in accordance with the terms of the contract; or
- if service is not being provided to a lot or lots within two years after installation of facilities necessary to provide service to the lots has been completed and if the standby fees are included on the utilities approved tariff after a rate change application has been filed. The fees cannot be billed to the developer or collected until the standby fees have been approved by the commission or executive director.

for purposes of this section, a manufactured housing rental community can only be charged standby fees under a contract or if the utility installs the facilities necessary to provide individually metered service to each of the rental lots or spaces in the community.

Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy of this tariff shall be subject to appeal as provided in this tariff, 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.

SECTION 3.0 -- EXTENSION POLICY (continued)

Service application forms will be available at the utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the utility. If no agreement on location can be made, the applicant may refer the matter to the PUC for resolution.

Section 3.06 - Qualified Service Applicant

A "qualified service applicant" is an applicant who has: (1) met all of the utility's requirements for service contained in this tariff, PUC rules and/or PUC order, (2) has made payment or made arrangement for payment of tap fees, (3) has provided all easements and rights-of-way required to provide service to the requested location, (4) delivered an executed customer service inspection certificate to the utility, if applicable, and (5) has executed a customer service application for each location to which service is being requested.

The utility shall serve each qualified service applicant within its certified service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by PUC rules once the applicant has met all conditions precedent to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The PUC service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by PUC rules.

Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, the utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property.

APPENDIX A – DROUGHT CONTINGENCY PLAN
(Utility Must Attach TCEQ-Approved Plan)

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