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Public Utility Commission of Texas

Memorandum

TO: Central Records

FROM: Juan Guajardo, Legal Division
David Lopez, Rate Regulation Division

DATE: January 15, 2025

RE: Docket No. 56979 – Application of Corix Utilities (Texas) Inc. for a Name Change, Minor Tariff Change, and Amendment to Certificates

CC: Evan Johnson, Spencer Fane LLP

In accordance with ordering paragraph 5 of the Notice of Approval filed in Docket No. 56979 on December 17, 2024, please find attached a clean copy of the water and sewer tariffs for Certificate of Convenience and Necessity (CCN) numbers 13227 and 21081 for Corix Utilities. This copy is provided to be stamped *Approved* and placed in the Commission's tariff book. Staff filed a memorandum with the tariffs on December 27, 2024, however the filed tariff was out of date. The attached tariffs supersede the current water and sewer tariffs for CCN number 13227 and 21081, which may be removed from the tariff book.

All parties to Docket No. 56979 have been copied on this memo.



WATER UTILITY TARIFF
Docket Number 56979

Utilities, Inc. of Texas dba Corix Utilities (Texas) Inc.
(Utility Name)

Suite 100, 1812 Centre Creek Drive
(Business Address)

Austin, Texas 78754
(City, State, Zip Code)

(512) 306-4000
(Area Code/Telephone)

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

13227

This tariff is effective in the following counties:

Bastrop, Blanco, Burnet, Colorado, Lampasas, Llano, Matagorda, Mills, Mitchell, San Saba, Washington

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

Alleyton, Lometa, Westbrook

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

Note: Corix also provides sewer service under CCN No. 21081 for Alleyton (Colorado), Camp Swift (Bastrop), Lometa (Lampasas), McKinney Roughs (Bastrop), Matagorda Dunes (Matagorda), Ridge Harbor (Burnet), and Windmill Ranch (Bastrop).

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Corix Utilities (Texas) Inc.
LIST OF SUBDIVISIONS AND SYSTEMS

System Name	PWS ID No.	County	Rate page
Bonanza Beach	0270018	Burnet	2
Buena Vista	0270008	Burnet	3
Lake Buchanan	1500037	Burnet	2
Lometa	1410002	Lampasas	2
Paradise Point	1500008	Llano	2
Quail Creek	0270078	Burnet	2
Ridge Harbor	0270081	Burnet	2
Sandy Harbor	1500008	Llano	2
Smithwick Mills	0270045	Burnet	2
Spicewood Beach	0270011	Burnet	2
Tow Village	1500011	Llano	2
Alleyton	0450087	Colorado	2
Matagorda Dunes	1610052	Matagorda	2
Northeast Washington County	2390043	Washington	2
Summit Springs	0270148	Burnet/Blanco	2
Trinity Oaks Preserve	0160041	Blanco	2
Mitchell County Utilities	1680004	Mitchell	2
Gun & Rod Estates	2390021	Washington	2
Double Eagle Ranch	0110065	Bastrop	2

Corix Water Rate Region

Bonanza Beach, Lake Buchanan, Lometa, Paradise Point, Quail Creek, Ridge Harbor, Sandy Harbor, Smithwick Mills, Spicewood Beach, Summit Springs, Tow Village Water Systems, Trinity Oaks Preserve, Alleyton, Matagorda Dunes, Northeast Washington County, Double Eagle Ranch, Mitchell County (Formerly Mitchell County Utility) and Gun & Rod Estates (Formerly David W. and Glenda Stegent aka Gun & Rod Estates)

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Residential/Non-residential (applicable to all systems except Gun & Rod Estates)

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8"	\$78.54 per connection	\$8.32 per 1,000 gallons up to 5,000 gallons
3/4"	\$117.81 per connection	\$11.64 per 1,000 gallons, 5,001 to 15,000 gallons
1"	\$196.35 per connection	\$16.63 per 1,000 gallons, greater than 15,000 gallons
1 1/2"	\$392.70 per connection	
2"	\$628.31 per connection	
3"	\$1,178.09 per connection	

Residential/Non-residential (applicable to Gun & Rod Estates only)

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8"	\$62.99 per connection	\$2.69 per 1,000 gallons up to 5,000 gallons
3/4"	\$94.48 per connection	\$3.76 per 1,000 gallons, 5,001 – 15,000 gallons
1"	\$157.47 per connection	\$5.37 per 1,000 gallons over 15,000 gallons
1 1/2"	\$314.94 per connection	
2"	\$503.91 per connection	
3"	\$944.83 per connection	

Schools (applicable to all systems except Mitchell County)

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8"	\$78.54 per connection	\$10.79 per 1,000 gallons for all usage
3/4"	\$117.81 per connection	
1"	\$196.35 per connection	
1 1/2"	\$392.70 per connection	
2"	\$628.31 per connection	
3"	\$1,178.09 per connection	

Schools (applicable to Mitchell County only)

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
2"	\$150.00 per connection	\$2.10 per 1,000 gallons

Wholesale

<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
\$1,884.94 per connection	\$10.79 per 1,000 gallons for all usage

Corix Water Rate Region

Bonanza Beach, Lake Buchanan, Lometa, Paradise Point, Quail Creek, Ridge Harbor, Sandy Harbor, Smithwick Mills, Spicewood Beach, Summit Springs, Tow Village Water Systems, Trinity Oaks Preserve, Alleyton, Matagorda Dunes, Northeast Washington County, Double Eagle Ranch, Mitchell County (Formerly Mitchell County Utility) and Gun & Rod Estates (Formerly David W. and Glenda Stegent aka Gun & Rod Estates)

SECTION 1.0 -- RATE SCHEDULE (Continued)

RV Parks

<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
\$78.54/LUE*	\$10.79 per 1,000 gallons for all usage

*An LUE for RV Parks will be 1 RV space.

Purchased Water Pass-Through Rates (Docket No. 50557)

The following rates are a pass-through of costs imposed by non-affiliated third-party water suppliers and are applicable to customers in the following water systems: Lake Buchanan, Lometa, Paradise Point, Ridge Harbor, Sandy Harbor, Smithwick Mills.

<u>Pass-Through Gallage Charge</u>
\$1.61 per 1,000 gallons for all usage

The following rates are a pass-through of costs imposed by non-affiliated third-party water suppliers and are applicable to customers in the following water systems: Mitchell County.

<u>Pass-Through Gallage Charge</u>
\$0.60 per 1,000 gallons for all usage

Surcharge for Rate Case Expense (Docket No. 50557)

To be collected through a monthly surcharge of \$2.55 per meter equivalent. The monthly surcharge will be collected for 36 months from the effective date of the rates approved by the Commission in Docket No. 50557 or until the full \$809,981.36 for rate-case expenses related to Docket No. 50557 is collected, whichever occurs first. The charge is applicable to customers of all systems except Gun & Rod Estates.

FORM OF PAYMENT: The utility will accept the following form(s) of payment:

Cash X , Check X , Money Order X , Credit Card X , Other Electronic funds 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.

Corix Water Rate Region

Bonanza Beach, Lake Buchanan, Lometa, Paradise Point, Quail Creek, Ridge Harbor, Sandy Harbor, Smithwick Mills, Spicewood Beach, Summit Springs, Tow Village Water Systems, Trinity Oaks Preserve, Alleyton, Matagorda Dunes, Northeast Washington County, Double Eagle Ranch, Mitchell County (Formerly Mitchell County Utility) and Gun & Rod Estates (Formerly David W. and Glenda Stegent aka Gun & Rod Estates)

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.01 – Rates (Continued)

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

Section 1.02 - Miscellaneous Fees

TAP FEE\$800.00
 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 FEEActual 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.

RECONNECTION FEE.....\$25.00
 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

Corix Water Rate Region

Bonanza Beach, Lake Buchanan, Lometa, Paradise Point, Quail Creek, Ridge Harbor, Sandy Harbor, Smithwick Mills, Spicewood Beach, Summit Springs, Tow Village Water Systems, Trinity Oaks Preserve, Alleyton, Matagorda Dunes, Northeast Washington County, Double Eagle Ranch, Mitchell County (Formerly Mitchell County Utility) and Gun & Rod Estates (Formerly David W. and Glenda Stegent aka Gun & Rod Estates)

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 - Miscellaneous Fees (Continued)

TRANSFER FEE\$20.00

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% 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 PAYMENT CHARGE\$30.00

RETURNED PAYMENT 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.

Corix Water Rate Region

Bonanza Beach, Lake Buchanan, Lometa, Paradise Point, Quail Creek, Ridge Harbor, Sandy Harbor, Smithwick Mills, Spicewood Beach, Summit Springs, Tow Village Water Systems, Trinity Oaks Preserve, Alleyton, Matagorda Dunes, Northeast Washington County, Double Eagle Ranch, Mitchell County (Formerly Mitchell County Utility) and Gun & Rod Estates (Formerly David W. and Glenda Stegent aka Gun & Rod Estates)

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 - Miscellaneous Fees (Continued)

EQUIPMENT DAMAGE FEE:

IF CORIX'S FACILITIES OR EQUIPMENT HAVE BEEN DAMAGED DUE TO TAMPERING, NEGLIGENCE, OR UNAUTHORIZED USE OF CORIX'S EQUIPMENT, RIGHT-OF-WAY, OR METER SHUT-OFF VALVE, OR DUE TO OTHER ACTS FOR WHICH CORIX INCURS LOSSES OR DAMAGES SHOWN TO BE CAUSED BY THE CUSTOMER, THE CUSTOMER SHALL BE LIABLE FOR THE ACTUAL COSTS FOR ALL LABOR, MATERIAL, AND EQUIPMENT USE FEES NECESSARY FOR REPAIR, REPLACEMENT, OR OTHER CORRECTIVE ACTIONS TAKEN BY CORIX. CORIX SHALL PROVIDE AN ITEMIZED BILL OF SUCH CHARGES TO THE CUSTOMER. EXCEPT IN CASES OF METER TAMPERING OR SERVICE DIVERSION, CORIX MAY NOT DISCONNECT SERVICE, OR REFUSE RECONNECTION, OF A CUSTOMER REFUSING TO PAY DAMAGE CHARGES.

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE

CHANGES IN FEES IMPOSED BY NON-AFFILIATED THIRD PARTY WATER SUPPLIER OR UNDERGROUND WATER DISTRICT HAVING JURISDICTION OVER THE UTILITY SHALL BE PASSED THROUGH AS AN ADJUSTMENT TO THE WATER GALLONAGE CHARGE ACCORDING TO THE FOLLOWING FORMULA:

$PW = (G / B) / (1 - L)$, where

PW = purchased water gallonage charge (per 1,000 gallons/0, rounded to the nearest one cent

G = total approved cost of purchased water for all participating water systems

B = total test year consumption for each water system having purchased water (per 1,000 gallons)

L = system average line loss for preceding 12 months not to exceed 0.15

The pass-through provision may be adjusted once per year and is subject to true-up under 16 TAC § 24.25(b)(2)(D). To adjust a pass-through provision, the utility must comply with all notice and other requirements in 16 TAC § 24.25.

Hill Country Water Rate Region

Buena Vista

Formerly, Don M. Bryan dba Buena Vista Water System

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Residential/Non-residential

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8"	<u>\$74.63</u>	\$7.17 per 1,000 gallons up to 5,000 gallons
3/4"	<u>\$111.94</u>	\$9.69 per 1,000 gallons, 5,001 to 15,000 gallons
1"	<u>\$186.57</u>	\$16.48 per 1,000 gallons, greater than 15,000 gallons
1½"	<u>\$373.14</u>	
2"	<u>\$597.03</u>	
3"	<u>\$1,119.43</u>	

FORM OF PAYMENT: The utility will accept the following form(s) of payment:

Cash X, Check X, Money Order X, Credit Card X, Other Electronic funds 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.

REGULATORY ASSESSMENT 1.0%

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$800.00

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.

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

TRANSFER FEE \$20.00

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

Hill Country Water Rate Region

Buena Vista

Formerly, Don M. Bryan dba Buena Vista Water System

SECTION 1.0 -- RATE SCHEDULE (Continued)

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\$30.00
 RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

Section 1.02 - Miscellaneous Fees (Continued)

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.

EQUIPMENT DAMAGE FEE:
 IF CORIX'S FACILITIES OR EQUIPMENT HAVE BEEN DAMAGED DUE TO TAMPERING, NEGLIGENCE, OR UNAUTHORIZED USE OF CORIX'S EQUIPMENT, RIGHT-OF-WAY, OR METER SHUT-OFF VALVE, OR DUE TO OTHER ACTS FOR WHICH CORIX INCURS LOSSES OR DAMAGES SHOWN TO BE CAUSED BY THE CUSTOMER, THE CUSTOMER SHALL BE LIABLE FOR THE ACTUAL COSTS FOR ALL LABOR, MATERIAL, AND EQUIPMENT USE FEES NECESSARY FOR REPAIR, REPLACEMENT, OR OTHER CORRECTIVE ACTIONS TAKEN BY CORIX. CORIX SHALL PROVIDE AN ITEMIZED BILL OF SUCH CHARGES TO THE CUSTOMER. EXCEPT IN CASES OF METER TAMPERING OR SERVICE DIVERSION, CORIX MAY NOT DISCONNECT SERVICE, OR REFUSE RECONNECTION, OF A CUSTOMER REFUSING TO PAY DAMAGE CHARGES.

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE
 CHANGES IN FEES IMPOSED BY NON-AFFILIATED THIRD PARTY WATER SUPPLIER OR UNDERGROUND WATER DISTRICT HAVING JURISDICTION OVER THE UTILITY SHALL BE PASSED THROUGH AS AN ADJUSTMENT TO THE WATER GALLONAGE CHARGE ACCORDING TO THE FOLLOWING FORMULA:

PW = (G / B) / (1 - L), where
PW = purchased water gallonage charge (per 1,000 gallons/0, rounded to the nearest one cent
G = total approved cost of purchased water for all participating water systems
B = total test year consumption for each water system having purchased water (per 1,000 gallons)
L = system average line loss for preceding 12 months not to exceed 0.15

The pass-through provision may be adjusted once per year and is subject to true-up under 16 TAC § 24.25(b)(2)(D). To adjust a pass-through provision, the utility must comply with all notice and other requirements in 16 TAC § 24.25.

SECTION 2.0 – SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission of Texas (PUC or Commission), Chapter 24, Water Utility Regulation, 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 residential customer who has paid 18 consecutive billings without being delinquent.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected (Continued)

(B) Tap or Reconnect Fees

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

Fees in addition to the regular tap fee may be charged if listed specifically in Section 1 to cover unique costs not normally incurred as permitted by 16 TAC § 24.163(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 2.04 - Utility Response to Applications for Service

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

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will not be allowed to use the utility's cutoff valve on the utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers may be required to 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, 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 2.07 - Back Flow Prevention Devices

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

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

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.07 - Back Flow Prevention Devices (Continued)

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

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

Section 2.08 - Access to Customer's Premises

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

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

Section 2.09 - 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.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.09 - Meter Requirements, Readings, and Testing (Continued)

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

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

Section 2.10 - Billing

(A) Regular Billing

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

(B) Late Fees

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

(C) Information on Bill

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

(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 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.11- Payments

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

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

Section 2.12 - Service Disconnection

(A) With Notice

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

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

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

(B) Without Notice

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

Section 2.13 - Reconnection of Service

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

Service will be reconnected within 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 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.14 - Service Interruptions

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

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the 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 the TCEQ complaint process for quality of service issues, and the PUC complaint process for billing issues. Pending resolution of a complaint, either 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 PUC.

Section 2.17 - Specific Utility Service Rules and Regulations

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

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

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

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

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

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

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

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

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

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

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

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

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

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)**Section 2.17 - Specific Utility Service Rules and Regulations (Continued)**

The Utility adopts the Uniform Plumbing Code pursuant to TCEQ Rule 30 TAC § 290.46(i). The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the TCEQ, the Uniform Plumbing Code and with the service rules and regulations of the Utility. The customer will bring out his service line to his property line at the point on the customer's property mutually acceptable to the customer and the Utility subject to such requirements as may exist by PUC rule. No water service smaller than 5/8" will be connected. No pipe or pipe fitting which contains more than 8.0% lead can be used for the installation or repair of plumbing at any connection, which provides water for human use. No solder or flux, which contains more than 0.2% lead, can be used at any connection that provides water for human use.

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

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

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

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

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

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

It is agreed and understood that any and all meters, water lines, and other equipment furnished by the Utility (excepting the customer's individual service lines from the point of connection to customer's structures on customer's premises) are and shall remain the sole property of the Utility, and nothing contained herein or in a contract/application for service shall be construed to reflect a sale or transfer of any such meters, lines, or equipment to any customer. All tap and extension charges shall be for the privilege of connecting to said water lines and for installation, not purchase, of said meters and lines.

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

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

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

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

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

SECTION 3.0 -- EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

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

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

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

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

Within its certified area, the utility will pay the cost of the first 200 feet of any 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.

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

SECTION 3.0 -- EXTENSION POLICY (Continued)**Section 3.02 - Costs Utilities and Service Applicants Shall Bear (Continued)**

Exceptions may be granted by the PUC if:

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

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

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers. 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.

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 agreed upon costs of any additional facilities required to maintain compliance with the TCEQ minimum design criteria for water production, treatment, pumping, storage and transmission.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.03 - Contributions in Aid of Construction (Continued)

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

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

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

Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy of this tariff shall be subject to appeal as provided in this tariff, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall be informed of the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located.

Section 3.05 - Applying for Service

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

SECTION 3.0 -- EXTENSION POLICY (Continued)**Section 3.05 - Applying for Service (Continued)**

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

APPENDIX B -- SAMPLE SERVICE AGREEMENT

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

- I. **PURPOSE.** CORIX UTILITIES (TEXAS) INC is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF WATER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the water system will not re-establish service unless it has a signed copy of this agreement.

- II. **RESTRICTIONS.** The following unacceptable practices are prohibited by State regulations.
 - A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
 - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
 - C. No connection which allows water to be returned to the public drinking water supply is permitted.
 - D. No pipe or pipe fitting which contains more than 0.25% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
 - E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

- III. **SERVICE AGREEMENT.** The following are the terms of the service agreement between the NAME OF WATER SYSTEM (the Water System) and NAME OF CUSTOMER (the Customer).
 - A. The Water System will maintain a copy of this agreement as long as the Customer and/or the premises is connected to the Water System.
 - B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Water System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Water System's normal business hours.
 - C. The Water System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic reinspection.
 - D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.
 - E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Water System. Copies of all testing and maintenance records shall be provided to the Water System.

- IV. **ENFORCEMENT.** If the Customer fails to comply with the terms of the Service Agreement, the Water System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

CUSTOMER'S SIGNATURE:

DATE:



**SEWER UTILITY TARIFF
Docket Number 56979**

Utilities, Inc. of Texas dba Corix Utilities (Texas) Inc.
(Utility Name)

Suite 100, 1812 Centre Creek Drive
(Business Address)

Austin, Texas 78754
(City, State, Zip Code)

(512) 306-4000
(Area Code/Telephone)

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

21081

This tariff is effective in the following counties:

Bastrop, Burnet, Colorado, Lampasas, Matagorda, Hays

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

Alleyton, Lometa

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.....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	3
SECTION 3.0 -- EXTENSION POLICY.....	8
 APPENDIX A -- SAMPLE SERVICE AGREEMENT	

Utilities, Inc. of Texas dba Corix Utilities (Texas) Inc.
LIST OF SUBDIVISIONS AND SYSTEMS

System Name	WQ Permit No.	County
Lometa	WQ0011982-001	Lampasas
Ridge Harbor	WQ0014022-001	Burnet
Alleyton	WQ0013740-001	Colorado
Camp Swift	WQ0013548-001	Bastrop
Matagorda Dunes	WQ0014404-001	Matagorda
McKinney Roughs	WQ0013977-001	Bastrop
Windmill Ranch	WQ0014303-001	Bastrop
HEB Nutty Brown	WQ0015289-001	Hays

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

Residential (applicable to all systems except Lometa)

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Volumetric Charge</u>
All meter sizes	\$60.40 per connection	\$7.16 per 1,000 gallons*

Non-residential (applicable to all systems except Lometa)

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Volumetric Charge</u>
All meter sizes	\$60.40 per LUE	\$7.16 per 1,000 gallons**

Residential (Lometa Only)

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Volumetric Charge</u>
All meter sizes	\$50.70 per connection	\$7.16 per 1,000 gallons***

Non-residential (Lometa Only)

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Volumetric Charge</u>
All meter sizes	\$50.70 per LUE	\$7.16 per 1,000 gallons**

Residential (applicable to all systems except Lometa)

Mult-unit Residential	\$60.40 per Dwelling Unit	\$7.16 per 1,000 gallons**
Large User	\$60.40 per LUE	\$7.16 per 1,000 gallons**
Bastrop ISD	\$60.40 per LUE	\$7.16 per 1,000 gallons**
Lost Pines Hyatt Resort	\$60.40 per LUE	\$7.16 per 1,000 gallons**
RV Parks	\$60.40 per LUE	\$7.16 per 1,000 gallons**
Matagorda Dunes Nature Park	\$60.40 per LUE	\$7.16 per 1,000 gallons**
McKinney Roughs Nature Park	\$60.40 per LUE	\$7.16 per 1,000 gallons**

*Volume charges are determined based on average consumption for winter period which includes the following months: December, January, and February. If a Residential customer does not have a complete history of water usage during the preceding December, January, and February, the customer's monthly sewer bill shall be calculated based upon: (1) the customer's current monthly water usage; or (2) on the basis of 5,000 gallons water usage per month, whichever is less. Gallonage charges are established to be at 2,000 usage each month if customer is not a water customer of Corix and no measured water one is available.

**Corix will bill volume on actual wastewater flow, measured on a basis acceptable to Corix, at the expense of the customer. In the absence of acceptable actual sewage volume measurements, Corix will calculate retail wastewater flow based on 100 percent of the customer's current monthly water usage.

SECTION 1.0 -- RATE SCHEDULE (Continued)

*** Volume charges are determined based on average consumption for winter period which includes the following months: December, January, and February. If a Residential customer does not have a complete history of water usage during the preceding December, January, and February, the customer's monthly sewer bill shall be calculated based upon: (1) the customer's current monthly water usage; or (2) on the basis of 5,000 gallons water usage per month, whichever is less. Gallonage charges are established to be at 5,000 usage each month if customer is not a water customer of Corix and no measured water one is available.

****LUEs for calculation and payment of Monthly Charges will be determined on the basis of 200 gallons per day as measured from the average of the three highest monthly usages for the prior twelve (12) month period, adjusted by Corix in its discretion for meter anomalies, to be established each year during the April billing cycle.

***** Bastrop ISD will be billed monthly based upon 90 LUEs.
Matagorda Dunes Nature Park will be billed monthly based upon 70 LUEs.
McKinney Roughs Nature Park will be billed monthly based upon 15 LUEs.

*****An LUE for RV Parks will be 1 RV space.

Surcharge for Discharges exceeding wastewater quality requisite level:

Customer shall pay a surcharge for discharges into the Corix system that exceed the requisite levels. Initially the unit charge for BOD shall be set at \$0.49 per pound and the unit charge for TSS shall be \$0.1049 per pound.

Surcharge for Rate Case Expense (Docket No. 50557)

To be collected through a monthly surcharge of \$2.55 per meter equivalent. The monthly surcharge will be collected for 36 months from the effective date of the rates approved by the Commission in Docket No. 50557 or until the full \$809,981.36 for rate-case expenses related to Docket No. 50557 is collected, whichever occurs first.

Surcharge for Rate Case Expense (Docket No. 53815)

To be collected through a monthly surcharge of \$1.95 per meter equivalent. The monthly surcharge will be collected for 36 months or until the full \$638,447.32 for rate-case expenses related to Docket No. 53815 is collected, whichever occurs first.

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, Credit Card X, Other (specify) Bank Draft

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

REGULATORY ASSESSMENT1.0%

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

Section 1.02 – Miscellaneous Fees

TAP FEE (Gravity Sewer) for 5/8 x 3/4-inch water meter.....\$800.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION.

TAP FEE (Large Meter).....Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR TAP 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.....\$20.00

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.

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees (Continued)

RETURNED CHECK CHARGE\$30.00
 RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:
 WHEN AUTHORIZED IN WRITING BY THE 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)]

GRINDER PUMP INSPECTION FEE\$25.00
 THIS FEE WILL BE CHARGED IF A CUSTOMER REQUESTS CORIX TO INSPECT THEIR GRINDER PUMP. THIS
 FEE DOES NOT IMPLY THAT ANY REPAIRS OR MAINTENANCE WILL BE COMPLETED BY CORIX. ALL
 REPAIRS, MAINTENANCE, AND REPLACEMENT OF GRINDER PUMP ARE THE RESPONSIBILITY OF THE
 CUSTOMER.

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.

EQUIPMENT DAMAGE FEE.....Actual Cost
 IF CORIX'S FACILITIES OR EQUIPMENT HAVE BEEN DAMAGED DUE TO TAMPERING, NEGLIGENCE, OR
 UNAUTHORIZED USE OF CORIX'S EQUIPMENT, RIGHT-OF-WAY, OR METER SHUT-OFF VALVE, OR DUE
 TO OTHER ACTS FOR WHICH CORIX INCURS LOSSES OR DAMAGES, THE CUSTOMER SHALL BE LIABLE
 FOR THE ACTUAL COSTS FOR ALL LABOR, MATERIAL, AND EQUIPMENT NECESSARY FOR REPAIR,
 REPLACEMENT, OR OTHER CORRECTIVE ACTIONS BY CORIX.

SECTION 2.0 - SERVICE RULES AND POLICIES

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

Section 2.01 - Application for Sewer Service

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

Section 2.02 – Refusal of Service

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

Section 2.03 – Fees and Charges and Easements Required Before Service Can Be Connected

(A) Customer Deposits

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

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the Utility or another water or sewer utility that 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 commission or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property (ies) is located.

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

(C) Easement Requirement

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

Section 2.04 - Utility Response to Applications for Service

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

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

Section 2.05 - Customer Responsibility

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

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

Section 2.06 Access to Customer's Premises

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

Section 2.10 - Billing

(A) Regular Billing

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

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

(B) Late Fees

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

(C) Information on Bill

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

(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 2.0 - SERVICE RULES AND POLICIES (Continued)

Section 2.12 - Service Disconnection

(A) With Notice

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered. The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

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

(B) Without Notice

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

Section 2.13 - Reconnection of Service

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

Service will be reconnected within 24 hours after the past due bill, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are corrected.

Section 2.14 - Service Interruptions

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

Section 2.15 - Quality of Service

The Utility will plan, furnish, and maintain and operate production, treatment, storage, transmission, and collection facilities of sufficient size and capacity to provide continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge effluent of the quality required by its discharge permit issued by the TCEQ. Unless otherwise authorized by the TCEQ, the Utility will maintain facilities as described in the TCEQ Rules.

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

Section 2.16 - Customer Complaints and Disputes

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

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

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

Section 2.17 - Customer Liability

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

SECTION 3.0 - EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

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

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

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

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

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

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

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

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

Exceptions may be granted by the PUC if

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

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

SECTION 3.0 - EXTENSION POLICY (Continued)

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers.

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

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

Section 3.03 - Contributions in Aid of Construction

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

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

SECTION 3.0 - EXTENSION POLICY (Continued)

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

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

Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy of this tariff shall be subject to appeal as provided in this tariff, commission rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall be informed of the right to appeal such costs to the commission or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located.

Section 3.05 - Applying for Service

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

SECTION 3.0 - EXTENSION POLICY (Continued)

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

Section 3.06 - Qualified Service Applicant

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

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

Section 3.07 - Developer Requirements

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

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

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

Customer's Signature

Date