

**WATER UTILITY TARIFF
FOR
City of Kilgore Only**

Southern Utilities Company
(Utility Name)

218 North Broadway Avenue
(Business Address)

Tyler, Texas 75702-5710
(City, State, Zip Code)

(903) 593-2588
(Area Code/Telephone)

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

10762

This tariff is effective in the following counties:

Rusk

This tariff is effective in the following cities or unincorporated towns:

Kilgore

This tariff is effective for customer connections in the following subdivisions and public water system located within the City of Kilgore:

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 | 13 |

APPENDIX A - DROUGHT CONTINGENCY PLAN

APPENDIX B - Contract/Application for Utility Service

APPENDIX C - Description of Facility Requesting Potable Water Service

APPENDIX D - Agreement for Temporary, Non-Potable Construction Water Service

APPENDIX E-- Application for Exemption from Service Deposit

APPENDIX F-- Service Inspection Certification

APPENDIX G - Backflow Prevention Assembly Test and Maintenance Report

APPENDIX H - Bank Draft Authorization Form

APPENDIX I -- Miscellaneous Forms

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

| <u>Meter Size</u> | <u>Monthly Minimum Rate</u> | <u>Gallage Charge</u> |
|-------------------|-----------------------------------|--|
| 5/8" x 3/4" | <u>\$25.62</u> (INCLUDING 0 GAL.) | <u>\$2.00</u> per 1,000 gallons for first 6,000 gallons |
| 1" | <u>\$64.05</u> | <u>\$2.50</u> per 1,000 gallons from 6,001 to 12,000 gallons |
| 1½" | <u>\$128.10</u> | <u>\$3.50</u> per 1,000 gallons from 12,001 and up |
| 2" | <u>\$204.96</u> | |
| 3" C | <u>\$409.92</u> | |
| 3" T | <u>\$448.35</u> | |
| 4" C | <u>\$640.50</u> | |
| 4" T | <u>\$768.60</u> | |
| 6" C | <u>\$1,281.00</u> | |
| 6" T | <u>\$1,601.25</u> | |

REGULATORY ASSESSMENT..... 1.0%
A REGULATORY ASSESSMENT, EQUAL TO ONE PERCENT OF THE CHARGE FOR RETAIL WATER SERVICE ONLY, SHALL BE COLLECTED FROM EACH RETAIL CUSTOMER

RATE CASE EXPENSE RIDER: \$0.61 per month per connection for 2 years or until recovery of \$191.74 from Kilgore customer connections.

CONSERVATION SURCHARGE TAX LIABILITY RIDER: a monthly rider of \$ 2.73 per customer per month per connection for 36 months or until the total amount of \$2,240,468.00 is collected from all Southern customers.

FORM OF PAYMENT: The utility will accept the following forms of payment:
Cash X, Check X, Money Order X, Bank Draft X
Other (specify) Electronic Payment (See Section 2.06 Billing)

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.

UNAFFILIATED THIRD PARTIES WHO ACCEPT AND PROCESS CASH, CREDIT CARD, OR ELECTRONIC PAYMENTS FOR UTILITY BILLS MAY REQUIRE PAYMENT OF AN ADDITIONAL CONVENIENCE CHARGE FOR THIS SERVICE.

SECTION 1.0 -- RATE SCHEDULE

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$1,050.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" x 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 A SUBDIVISION IS A UNIQUE COST. UNIQUE COSTS WILL BE DETERMINED ON A CASE-BY-CASE BASIS.

TAP FEE (Larger meter)ACTUAL COST

THIS TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" x 3/4" METERS. UNIQUE COSTS, SUCH AS ROAD BORES, WILL BE CHARGED IN ADDITION TO THIS TAP FEE AT THEIR ACTUAL COST OF INSTALLATION.

RECONNECTION FEE

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

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

b) Customer's request.....\$30.00

OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF

SERVICE INITIATION FEE.....\$50.00

THE SERVICE INITIATION FEE WILL BE CHARGED FOR INITIATING AN ACCOUNT AT A SERVICE LOCATION

LATE CHARGE.....\$5.00

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

INSUFFICIENT PAYMENT CHARGE.....\$25.00

INSUFFICIENT PAYMENT CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COSTS.

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

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

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

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

METER RELOCATION FEEActual cost to relocate that meter

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING METER

METER CONVERSION FEE Actual cost to convert that meter

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS CHANGE OF SIZE OF AN EXISTING METER OR CHANGE IS REQUIRED BY MATERIAL CHANGE IN CUSTOMER'S SERVICE DEMAND

SECTION 1.0 -- RATE SCHEDULE

Section 1.02 - Miscellaneous Fees (Continued)

SEASONAL RECONNECTION FEE:

BASE RATE FOR METER SIZE TIMES NUMBER OF MONTHS OFF THE SYSTEM NOT TO EXCEED SIX MONTHS WHEN CUSTOMERS LEAVE AND RETURN WITHIN A TWELVE-MONTH PERIOD.

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND SECTION 3.20 UTILITY SPECIFIC EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

INCREASES IN INSPECTION FEES AND WATER TESTING COSTS IMPOSED BY STATE OR FEDERAL LAW MAY BE PASSED THROUGH AS AN ADJUSTMENT TO THE MONTHLY BASE RATE CHARGE UNDER THE TERMS AND CONDITIONS OF 16 TAC § 24.25(B)(2)(G) AFTER NOTICE TO CUSTOMERS AND UPON WRITTEN APPROVAL BY THE PUC.

TEMPORARY WATER RATE:

Unless otherwise superseded by PUC order or rule, if the Utility is ordered by a court or governmental body of competent jurisdiction to reduce its pumpage, production or water sales, the Utility shall be authorized to increase its approved gallonage charge according to the formula:

$$TGC = \frac{cgc + (pr)(cgc)(r)}{(1.0-r)}$$

Where:

- TGC = temporary gallonage charge
- cgc = current gallonage charge
- r = water use reduction expressed as a decimal fraction (the pumping restriction)
- pr = percentage of revenues to be recovered expressed as a decimal fraction. For this tariff pr shall equal 0.5.

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

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

Changes in fees imposed by any 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:

- AG = $G + B/(1-L)$, where
- AG = adjusted gallonage charge, rounded to the nearest one cent;
- G = approved gallonage charge (per 1,000 gallons);
- B = change in purchased water/district gallonage charge (per 1,000 gallons);
- L = system average line loss for preceding 12 months not to exceed 0.15