

## NOTICE OF PROPOSED RATE CHANGE

MONARCH UTILITIES I, LP

12983 & 20899

CCNs

has submitted a rate change application to the Texas Commission on Environmental Quality (Commission) and the following municipalities: City of Blue Mound, City of Flower Mound, etc. The proposed rates listed on the next page will apply to service received after the effective date provided below. . **Water only customers will only be charged the noticed water rates. Sewer only customers will only be charged the noticed sewer rates. Customers receiving water and sewer service will be charged both sets of rates.** If the Commission or city receives protests to the proposed increase from 10 percent of the ratepayers or from any affected municipality before the 91st day after the proposed effective date, a public hearing will be scheduled to determine if the proposed rates are reasonable. Protests should be mailed to:

**Texas Commission on Environmental Quality  
Water Supply Division  
Utilities & Districts Section, MC 153  
P. O. Box 13087  
Austin, Texas 78711-3087**

If you live within the city limits of one of the municipalities listed above, protests should be mailed to the City Secretary at the appropriate address listed below:

### Cities within Monarch CCN

City of Blue Mound  
301 Blue Mound Road  
Fort Worth, Texas 76131

City of Flower Mound  
2121 Cross Timbers Road  
Flower Mound, Texas 75028

City of Granbury  
116 W. Bridge  
Granbury, Texas 76048

City of Kyle  
300 West Center  
Kyle, Texas 78640

City of Southmayd  
4525 Elementary  
Southmayd, Texas 76268-0088

City of Aurora  
303 Derting  
Rhome, Texas 76078

Unless protests are received from 10 percent of the ratepayers or the Commission or city staff requests a hearing, no hearing will be held and rates will be effective as proposed. Please read the following information carefully:

**Notice of proposed water/sewer rate change (cont'd)**

**Subdivisions or Systems Affected by Rate Change**

<b>SYSTEM NAME</b>	<b>PWS NUMBER</b>
Acton (Royal Oaks)	1110055
Arrowhead Shores	1110025
Aurora Vista	2490051
Beachwood Estates	1070069
Benbrook Hills	2200313
Blue Mound	2200313
Blue Water Cove	2200005
Briarwood Harbor	1070220
Callender Lake	2340007
Camelot Forest	1610058
Carolynn Estates & Pinnacle Club	1070106
Cedar Valley	2040045
Cherokee Shores	1070206
Chesswood	1870088
Coldspring Terrace	2040031
Comanche Cove	1110060
Comanche Harbor	1110022
Countrywood	1870138
Crowley One Acre	1260011
Crystal Springs	1700331
Decker Hills	1700386
Denton Creek Estates	0610015
Falcon Crest Addition	1260076
Garden Acres	1870160
Governor's Point	2040008
Granbury Acres	1110109
Green Acres	1840120
Habor Point	2280035
Hideway Bay Estates	1110002
Highsaw Water	1070124
Holiday Shores	0200029
Holiday Villages of Fork	2500058
Holiday Villages of Livingston	2040067
Hulon Lakes	1700014
Indian Hills Harbor	1580063
Ivanhoe Land of Lakes	2290010
Lake Medina Shores	0100037
Lakeway Harbor	2120064
Lollipop Landing	1070039
Longhorn Valley	1870152
Markum Ranch Estates	2200281
Metroplex Homesteads	1260074
Montego Bay Estates	1110044
Nolan River Estates	1260099
Oak Trail Shores	1110004
Oak Wood	1700454

**Notice of proposed water/sewer rate change (cont'd)**

<b>SYSTEM NAME</b>	<b>PWS NUMBER</b>
Phillips Acres	1870146
Pine Harbor	1580023
Pine Trail Shores	2120035
Pinwah Pines	1870130
Plum Creek	1050028
Ponderosa Addition	0610175
Rancho Brazos	1110036
Raywood	1460041
Ridgecrest -Grayson County	0910035
Ridgecrest Estates - Johnson	1260035
River Oaks Ranch	1050099
Rocky Point Estates "A"	0910038
Serenity Woods/Pine Loch	1700483
Shepherd Hill Estates	2040061
Sherwood Shores	0910040
Silver Saddle	2200299
Southern Acres	1260094
Spanish Park Estates	1840026
Stonecrest Estates	0610059
Sundance	1260025
Tanglewood	0910052
Tex-Rides Fifth	1260037
Tower Terrace	0360069
Triple H Estates	1260116
Twin Creeks Addition	1260038
West Meadows	1260063
West Park Village	1260077
Western Hill Harbor	1110005
Western Lake Estates	1840014
Westside	2200091
Westview - Grayson County	0910048
Westview - Parker County	1840105
Westwood Beach	1070085
Wynnwood Haven	0610037

2700 Pecan St. West Pflugerville Texas  
 Company Address City State

78660  
 Zip

The company has applied for a 1-800 rate case number. It will be listed on monthly bill.

\$8,190,838 or 48% - combined utility-wide  
 \$6,182,032 or 42% - water utility-wide  
 \$2,008,807 or 91% - sewer utility-wide  
 \_\_\_\_\_  
 Annual Revenue Increase

on or before July 5, 2007

\_\_\_\_\_ Date Customer Notice Mailed

July 5, 2003

\_\_\_\_\_ Cycle billing throughout month

\_\_\_\_\_ Date of Last Rate Change

\_\_\_\_\_ Date Meters Typically Read

**Notice of proposed water/sewer rate change (cont'd)**

**EFFECTIVE DATE OF PROPOSED INCREASE: September 4, 2007**

**BILLING COMPARISON:**

**COMPARISON OF CURRENT AND PROPOSED BILLS AT 10,000 AND 30,000 GALLONS**

**WATER**

Meter Size in Inches	Charges at 10,000 Gallons		Charges at 30,000 Gallons	
	Existing	Proposed	Existing	Proposed
5/8 - 3/4"	\$69.45	\$97.07	\$145.45	\$260.47
*5/8 - 3/4"	\$63.00	\$97.07	\$146.00	\$260.47
1"	\$116.63	\$163.63	\$192.63	\$280.63
1 1/2"	\$195.25	\$274.55	\$271.25	\$379.95
2"	\$289.60	\$407.66	\$365.60	\$513.06
2" *	\$373.50	\$407.66	\$456.50	\$513.06
3"	\$509.75	\$718.25	\$585.75	\$823.65
4"	\$824.25	\$1,161.95	\$900.25	\$1,267.35
6"	\$1,610.50	\$2,271.20	\$1,686.50	\$2,376.60

**SEWER**

Meter Size in Inches	Charges at 10,000 Gallons			
	Existing	Proposed		
		1st Year	2nd Year	3rd Year
<u>Residential</u>				
5/8 - 3/4"	\$37.50	\$49.59	\$61.30	\$ 73.78
*5/8 - 3/4"	\$21.50	\$49.59	\$61.30	\$ 73.78
1"	\$93.75	\$123.98	\$61.30	\$ 184.45
1 1/2"	\$187.50	\$247.95	\$61.30	\$ 368.90
2"	\$300.00	\$396.72	\$61.30	\$ 590.24
2" *	\$295.00	\$396.72	\$61.30	\$ 590.24
3"	\$562.50	\$743.85	\$61.30	\$ 1,106.70
4"	\$937.50	\$1,239.75	\$61.30	\$ 1,844.50
6"	\$1,875.00	\$2,479.50	\$61.30	\$ 3,689.00
<u>Commercial</u>				
5/8 - 3/4"	\$82.50	\$110.89	\$137.99	\$164.98
*5/8 - 3/4"	\$41.50	\$110.89	\$137.99	\$164.98
1"	\$138.75	\$185.28	\$230.53	\$275.65
1 1/2"	\$232.50	\$309.25	\$384.75	\$460.10
2"	\$345.00	\$458.02	\$569.82	\$681.44
2"*	\$315.00	\$458.02	\$569.82	\$681.44
3"	\$607.50	\$805.15	\$1,001.65	\$1,197.90
4"	\$982.50	\$1,301.05	\$1,618.55	\$1,935.70
6"	\$1,920.00	\$2,540.80	\$3,160.80	\$3,780.20

\* Pinnacle Club Only.

This application is filed pursuant to Texas Water Code §13.145(c) and proposes to consolidate more than one system under a single tariff. Pursuant to Texas Water Code §13.183(c) and 30 Tex. Admin. Code 291.34(c)(1)(G), this application proposes a phased increase in sewer rates. The water increase would be implemented in one step and the sewer increase would be phased in over three years. Each phase would go into effect on the anniversary of the "Effective Date of Proposed Increase" printed above.

The proposed rates would apply to all service rendered after the effective date and would be reflected on the bill you receive approximately 30 to 45 days after the effective date.

**Notice of proposed water/sewer rate change (cont'd)**

In the event that the application is set for hearing, the specific rates requested by the utility may be decreased or increased by order of the Commission. If the Commission orders a lower rate to be set, the utility may be ordered to refund or credit against future bills all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest. You may inspect a copy of the rate change application at your utility's office or at the Commission's office at Park 35 - Building F, 12015 Park 35 Circle, Suite 3101, Austin, Texas, west side of IH-35, south of Yager Lane. Additional information about the application can be obtained by contacting the Utilities and Districts Section at 512/239-4691. Information about how you can participate in the rate setting process can be obtained by contacting the Public Interest Counsel at 512/239-6363.

CURRENT WATER RATES

Meter Size:	
5/8 - 3/4"	\$31.45
*5/8 - 3/4"	\$21.50
3/4"	\$47.18
1"	\$78.63
1 1/2"	\$157.25
2"	\$251.60
2" *	\$332.00
3"	\$471.75
4"	\$786.25
6"	\$1,572.50
(Pinnacle Club Only*)	
Gallonage Charge:	
\$3.80 For each additional 1000 gallons over the minimum	
\$4.15 For each additional 1000 gallons over the minimum (Pinnacle Club Only)	

CURRENT SEWER RATES

Meter Size:	
5/8 - 3/4"	\$37.50
5/8" *	\$21.50
3/4"	\$56.25
1"	\$93.75
1 1/2"	\$187.50
2"	\$300.00
2" *	\$295.00
3"	\$562.50
4"	\$937.50
6"	\$1,875.00
(Pinnacle Club Only*)	
Gallonage Charge:	
\$4.50 For each additional 1000 gallons over the minimum (Commercial Only)	
\$2.00 For each additional 1000 gallons over the minimum. Volumen charges are determined based on average consumption for winter period which includes the following months - December, January and February (Pinnacle Club Only)	

**Notice of proposed water/sewer rate change (cont'd)**

**EXISTING NON-SERVICE FEES AND CHARGES**

		<b>WATER</b>	
TAP FEE			\$300.00/\$400(Pinnacle)
LARGE METER TAP FEE			Actual Cost
RECONNECTION FEE			
a) Non payment of bill			\$25.00
b) Customer's request			\$45.00/\$0 (Pinnacle)
TRANSFER FEE			\$45.00/\$15 (Pinnacle)
LATE CHARGE			\$5.00/\$2 or 5% (Pinnacle)
RETURNED CHECK CHARGE			\$25.00/\$15 (Pinnacle)
CUSTOMER DEPOSIT RESIDENTIAL			\$50.00
COMMERCIAL /NON-RESIDENTIAL DEPOSIT			1/6th est. annual bill
METER TEST FEE			\$25.00
SEASONAL RECONNECTION FEE		Base rate for meter size times number of months off the system not to exceed six months when leave and return within a twelve month period	
METER RELOCATION FEE		Actual cost to relocate that meter	
METER CONVERSION FEE		Actual cost to convert that meter	
TEMPORARY WATER RATE:		Unless otherwise superseded by TCEQ 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 = $cgc + \frac{pr}{1.0-r}(cgc)(r)$ 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 prr shall equal 0.5.	

To implement the Temporary Water Rate, the utility must comply with all notice and other requirements of 30 T.A.C. 291.21(l).

**LINE EXTENSION AND CONSTRUCTION CHARGES:**

Per Tariff 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 30 T.A.C. 291.21(k)(2) after notice to customers and upon written approval by the TCEQ.

**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:

$$AG = G + \frac{B}{1-L}, \text{ where}$$

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);

**Notice of proposed water/sewer rate change (cont'd)**

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

**SEWER**

TAP FEE (Gravity Sewer)	\$550.00
TAP FEE (Pressure Sewer)	\$1250.00/\$2100 (Pinnacle)
RECONNECTION FEE	
a) Non payment of bill	\$25.00
b) Customer's request	\$45.00/\$0 (Pinnacle)
TRANSFER FEE	\$45.00/\$15 (Pinnacle)
LATE CHARGE	\$5.00/\$2 or 5%(Pinnacle)
RETURNED CHECK CHARGE	\$25.00/\$15 (Pinnacle)
CUSTOMER DEPOSIT RESIDENTIAL	\$50.00
COMMERCIAL AND NON-RESIDENTIAL DEPOSIT	1/6th est. annual bill
SERVICE RELOCATION FEE	Actual cost to relocate that connection
SEASONAL RECONNECTION FEE	Base rate times number of months off the system not to exceed six months when leave and return within a twelve month period.

**LINE EXTENSION AND CONSTRUCTION CHARGES:**

Per Sewer Tariff 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 30 T.A.C. 291.21(k)(2) after notice to customers and upon written approval by the TCEQ.

**PROPOSED SERVICE RATES**

WATER

TO ALL CUSTOMERS

<u>Meter</u>	<u>Monthly Rate</u>	<u>Gallon Charge (per 1,000 Gals)</u>	
5/8 - 3/4"	\$44.37	First 20,000 Gal.	\$5.27
		All Remaining	\$5.80
1"	\$110.93	First 28,000 Gal.	\$5.27
		All Remaining	\$5.80
1 1/2"	\$221.85	First 71,000 Gal.	\$5.27
		All Remaining	\$5.80
2"	\$354.96	First 100,000 Gal.	\$5.27
		All Remaining	\$5.80
3"	\$665.55	First 100,000 Gal.	\$5.27
		All Remaining	\$5.80
4"	\$1,109.25	First 100,000 Gal.	\$5.27
		All Remaining	\$5.80
6"	\$2,218.50	First 100,000 Gal.	\$5.27
		All Remaining	\$5.80

State Gross Receipts Assessment 1% of monthly service bill.

SEWER

RESIDENTIAL

<u>Meter</u>	<u>Year 1</u>		<u>Year 2</u>		<u>Year 3</u>	
	<u>Monthly Rate</u>	<u>Gal. Charge (1,000 Gals)</u>	<u>Monthly Rate</u>	<u>Gal. Charge (1,000 Gals)</u>	<u>Monthly Rate</u>	<u>Gal. Charge (1,000 Gals)</u>
5/8 - 3/4"	\$49.59	\$0.00	\$61.69	\$0.00	\$73.78	\$0.00
1"	\$123.98	\$0.00	\$154.23	\$0.00	\$184.45	\$0.00
1 1/2"	\$247.95	\$0.00	\$308.45	\$0.00	\$368.90	\$0.00
2"	\$396.72	\$0.00	\$493.52	\$0.00	\$590.24	\$0.00
3"	\$743.85	\$0.00	\$925.35	\$0.00	\$1,106.70	\$0.00
4"	\$1,239.75	\$0.00	\$1,542.25	\$0.00	\$1,844.50	\$0.00
6"	\$2,479.50	\$0.00	\$3,084.50	\$0.00	\$3,689.00	\$0.00

State Gross Receipts Assessment 1% of monthly service bill.

**Notice of proposed water/sewer rate change (cont'd)**

**SMALL COMMERCIAL**

Meter	Year 1		Year 2		Year 3	
	Monthly Rate	Gal. Charge (1,000 Gals)	Monthly Rate	Gal. Charge (1,000 Gals)	Monthly Rate	Gal. Charge (1,000 Gals)
5/8 - 3/4"	\$49.59	\$0.00	\$61.69	\$0.00	\$73.78	\$0.00
1"	\$123.98	\$0.00	\$154.23	\$0.00	\$184.45	\$0.00
1 1/2"	\$247.95	\$0.00	\$308.45	\$0.00	\$368.90	\$0.00
2"	\$396.72	\$0.00	\$493.52	\$0.00	\$590.24	\$0.00
3"	\$743.85	\$0.00	\$925.35	\$0.00	\$1,106.70	\$0.00
4"	\$1,239.75	\$0.00	\$1,542.25	\$0.00	\$1,844.50	\$0.00
6"	\$2,479.50	\$0.00	\$3,084.50	\$0.00	\$3,689.00	\$0.00

State Gross Receipts Assessment 1% of monthly service bill.

**COMMERCIAL**

Meter	Year 1		Year 2		Year 3	
	Monthly Rate	Gal. Charge (1,000 Gals)	Monthly Rate	Gal. Charge (1,000 Gals)	Monthly Rate	Gal. Charge (1,000 Gals)
5/8 - 3/4"	\$49.59	\$6.13	\$61.69	\$7.63	\$73.78	\$9.12
1"	\$123.98	\$6.13	\$154.23	\$7.63	\$184.45	\$9.12
1 1/2"	\$247.95	\$6.13	\$308.45	\$7.63	\$368.90	\$9.12
2"	\$396.72	\$6.13	\$493.52	\$7.63	\$590.24	\$9.12
3"	\$743.85	\$6.13	\$925.35	\$7.63	\$1,106.70	\$9.12
4"	\$1,239.75	\$6.13	\$1,542.25	\$7.63	\$1,844.50	\$9.12
6"	\$2,479.50	\$6.13	\$3,084.50	\$7.63	\$3,689.00	\$9.12

State Gross Receipts Assessment 1% of monthly service bill.

**NON-SERVICE FEES AND CHARGES-TO ALL CUSTOMERS  
WATER**

TAP FEE	\$365.00
RECONNECTION FEE- Customer's request	\$45.00 (Pinnacle)
TRANSFER FEE	\$45.00 (Pinnacle)
LATE CHARGE	\$5.00 (Pinnacle)
RETURNED CHECK CHARGE	\$25.00 (Pinnacle)

No changes to any other existing non-service fees and charges are proposed in the water tariff.

**SEWER**

TAP FEE (Gravity Sewer)	\$700.00
TAP FEE (Pressure Sewer)	\$2200.00
RECONNECTION FEE- Customer's request	\$45.00 (Pinnacle)
TRANSFER FEE	\$45.00 (Pinnacle)
LATE CHARGE	\$5.00 (Pinnacle)
RETURNED CHECK CHARGE	\$25.00 (Pinnacle)
CUSTOMER DEPOSIT RESIDENTIAL	\$50.00 (Pinnacle)
COMMERCIAL/NON-RESIDENTIAL DEPOSIT -1/6th est. annual bill (Pinnacle)	

No changes to any other existing non-service fees and charges are proposed in the sewer tariff.

**TARIFF RULES**

No material changes to current service rules, extension policies or drought management plans are being proposed in the existing water or sewer tariffs. Only changes are non-substantive changes to update the systems served and names/addresses.