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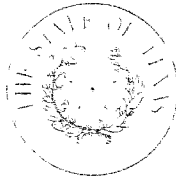


Item Number: 1

Addendum StartPage: 0



Bryan W. Shaw, Ph.D., P.E., *Chairman*  
Toby Baker, *Commissioner*  
Zak Covar, *Commissioner*  
Richard A. Hyde, P.E., *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

May 15, 2014

2864  
RECEIVED  
14 SEP -4 AM 11:59  
PUBLIC UTILITY COMMISSION  
FILING CLERK

Mr. Jesse Wood, President  
Farmers Transport Inc. dba Enchanted Harbor Utility  
2301 Nancy Lou  
El Campo, Texas 77437

Re: Water Rate/Tariff Change Application for Farmers Transport Inc. dba Enchanted Harbor Utility in Calhoun County, Certificate of Convenience and Necessity No. 12683; Application No. 37728-R

CN: 600684773; RN: 101249225

Dear Mr. Wood:

On September 18, 2013, the Texas Commission on Environmental Quality (TCEQ) received your application for a Water Rate Rate/tariff change for the above referenced utility. Your application has been assigned Docket No. 2014-0631-UCR. Any further communication should refer to this docket number.

The TCEQ has received 27 protests from a total of 92 customers, which is more than ten percent (10%) of your affected customers. This matter has been referred to the State Office of Administrative Hearings for scheduling. Once the hearing is scheduled, you will receive a notice of hearing explaining when and where the hearing will be held.

In order to review this rate change request, the staff of the TCEQ may need additional information regarding your utility's cost of providing service. You may be receiving Staff Requests for Information (RFI's) within a few weeks. We would appreciate your cooperation in providing the information requested.

If you have questions about this process or what material you should bring with you to the hearing, please contact the staff shown below.


Ms. Mary Damron at 512/239-4667, [mary.damron@tceq.texas.gov](mailto:mary.damron@tceq.texas.gov)  
Ms. Heidi Graham at 512/239-0844, [heidi.graham@tceq.texas.gov](mailto:heidi.graham@tceq.texas.gov)  
Mr. Ahmad Tavakoly at 512/239-4714, [ahmad.tavakoly@tceq.texas.gov](mailto:ahmad.tavakoly@tceq.texas.gov)

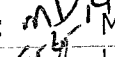


# TCEQ Interoffice Memorandum

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TO: Business Support Section

THRU: Tammy Benter, Manager  
Utilities and Districts Section  
Water Supply Division

 Lisa Fuentes, Team Leader  
Utilities Financial Review Team  
Water Supply Division

FROM:  Mary Damron  
 Heidi Graham  
 Ahmad Tavakoly  
Utilities Financial Review Team  
Water Supply Division

Date: May 7, 2014

SUBJECT: Docket No. 2014-0631-UCR; Protest of the application for a Water Rate Rate/Tariff Change of ENCHANTED HARBOR UTILITY, Certificate of Convenience and Necessity (CCN) No. 12683, in Calhoun County; Application No. 37728-R

CN: 600684773; RN: 101249225

We hereby transfer the official file for the above referenced application to the Chief Clerk's Office. Please refer the application to the State Office of Administrative Hearings (SOAH) and request that a hearing be scheduled.

The rate change application was received on September 18, 2013. The effective date of the rate increase was January 1, 2014, and the deadline for customer protests is April 1, 2014. We have received 27 complaints from a total of 92 customers, which exceeds the minimum requirement of 10%.

Staff estimates 10 people to attend this hearing. Attached is a mailing list for the application.

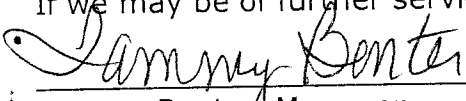
The staff assigned to this case are:

Technical - Heidi Graham, Ahmad Tavakoly

Financial - Mary Damron

Legal -

If we may be of further service regarding this matter, please call.

  
Tammy Benter, Manager

TB/MD/KA/mmg

Mailing List for ENCHANTED HARBOR UTILITY  
Docket No. 2014-0631-UCR  
(Application No. 37728-R)

Mr. Jesse Wood, President  
Farmers Transport Inc. dba Enchanted Harbor Utility  
2301 Nancy Lou  
El Campo, Texas 77437

## Mary Damron

---

**From:** Jesse Wood <jwood@jwnet.net>  
**Sent:** Monday, December 23, 2013 2:28 PM  
**To:** Mary Damron  
**Subject:** Rate Increase App. No. 37728-R  
**Attachments:** TCEQ Rate Increase Accepted pre-protest.jpg

We recently received our rate increase number but there was no mention of the "surcharge" we applied for in the application. Are we to assume that the surcharge was also "accepted for filing" etc. I attached the letter that was sent to us.

We also noticed that I am listed as Vice President of Enchanted Harbor, this is incorrect. I have signed this email with the proper credentials, please update your records if necessary.

Thanks,

Jesse Wood, President  
Farmers Transport Inc.  
d.b.a. Enchanted Harbor Utility

Jesse Wood, Manager  
Enchanted Harbor Utility

Bryan W. Shaw, Ph.D., *Chairman*  
Toby Baker, *Commissioner*  
Zak Covar, *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

December 16, 2013

Mr. Jesse Wood, Vice President  
Enchanted Harbor Utility  
2301 Nancy Lou  
El Campo, Texas 77437

Re: Water Rate/Tariff Change Application for Farmers Transport Inc. dba  
Enchanted Harbor Utility in Calhoun County, Certificate of Convenience and  
Necessity No. 12683; Application No. 37728-R

CN: 600684773; RN: 101249225

Dear Mr. Wood:

Thank you for your response received on 11/1/2013, regarding the above referenced application. Your application has been accepted for filing and assigned Application No. 37728-R. Please refer to this number in future correspondence.

**Your new rates may go into effect on January 1, 2014.** Your new effective date must be at least 60 days following the date your completed applications were mailed to us and correct notice is mailed or delivered to the customers. The effective date of the new rates must be the first day of the billing period, and the new rates may not apply to service provided before the effective date of the new rates.

The application will be scheduled for a hearing if:

- the Texas Commission on Environmental Quality (TCEQ) receives complaints from at least 10% of the ratepayers within 90 days of the effective date of the rate increase, or
- TCEQ staff protests the application on its own motion.

You will be notified if a hearing is scheduled. If, during the course of a hearing, rates are set which are different from the rates charged by the Utility, you may be required to refund or credit future bills. The refund or credit will include all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered, plus interest, as determined by the TCEQ.

Mr. Jesse Wood, Vice President  
Page 2  
December 16, 2013

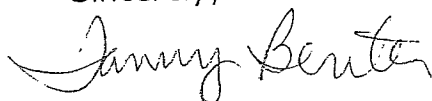
If TCEQ does not receive the required number of complaints within 90 days of the effective date, and the staff does not require a hearing, you will receive another letter or notification from TCEQ so informing you, along with your approved tariff.

Please contact the staff listed below if you have any questions. Include MC-153 in the address if you contact TCEQ by correspondence.

Ms. Mary Damron at (512)239-4667 or by e-mail at [mary.damron@tceq.texas.gov](mailto:mary.damron@tceq.texas.gov).

Mr. Kamal Adhikariat (512)239-0680 or by e-mail at [kamal.adhikari@tceq.texas.gov](mailto:kamal.adhikari@tceq.texas.gov).

Sincerely,



Tammy Benter, Manager  
Utilities and Districts Section  
Water Supply Division  
Texas Commission on Environmental Quality

TB/MD/mmg



ENCHANTED HARBOR UTILITLY  
2301 Nancy Lou  
El Campo, Tx 77437  
979-637-0054 water@jwnet.net

October 30, 2013

**RECEIVED**  
NOV 01 2013

UTILITIES & DISTRICTS  
SECTION

Dear Water Customer,

Enclosed is a re-notice of a proposed rate/tarriif change for Enchanted Harbor Utility as requested by the Texas Commission on Environmental Quality.

The changes to this notice are as follows:

1. An inserted line to include tap fee unique cost, large meters, and relocation fees that was not on the form
2. A returned check charge maximum of \$20
3. An inserted line to include the Surcharge that was described in the letter, but had no place on the form

Jesse Wood

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NOV 01 2013

**NOTICE OF PROPOSED RATE CHANGE**

Farmers Transort Inc. DBA Enchanted Harbor Utility

Company Name

12683

CCN Number

**UTILITIES & DISTRICTS  
SECTION**

has submitted a rate change application to the Texas Commission on Environmental Quality (Commission). The proposed rates listed on the next page will apply to service received after the effective date provided below. If the Commission 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**

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

**Enchanted Harbor Utility**

Subdivisions or Systems Affected by Rate Change

2301 Nancy Lou st.

Company Address

El Campo

City

Texas

State

77437

Zip

979-637-0054

Telephone

\$53,621

Annual Revenue Increase

10-30-2013

Date Customer Notice Mailed

10/01/2001

Date of Last Rate Change

Last day of month

Date Meters Typically Read

**EFFECTIVE DATE OF PROPOSED INCREASE:** January 1, 2014

**BILLING COMPARISON**

**Water**

Existing	10,000 gallons:	\$ <u>48.50</u>	/mo	Existing	30,000 gallons:	\$ <u>78.50</u>	/mo
Proposed	10,000 gallons:	\$ <u>95.57</u>	/mo	Proposed	30,000 gallons:	\$ <u>125.57</u>	/mo

**Sewer**

Existing	10,000 gallons:	\$ <u>n/a</u>	/mo	Proposed	10,000 gallons:	\$ _____	/mo
----------	-----------------	---------------	-----	----------	-----------------	----------	-----

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

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.

**Si desea informacion en Espanol, puede llamar al 512-239-0200**

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**UTILITIES & DISTRICTS  
SECTION**

**NOTICE OF PROPOSED RATE CHANGE -WATER (Cont.)**

**Page 2**

<b>CURRENT RATES</b>		<b>PORPOSED RATES</b>	
Monthly base rate including <u>2000</u> gallons		Monthly base rate including <u>3000</u> gallons	
Meter Size:		Meter Size:	
<b>RESIDENTIAL</b>		<b>RESIDENTIAL</b>	
5/8" or 3/4"	\$ <b>36.50</b>	5/8" or 3/4"	\$ <b>85.07</b>
1"	\$	1"	\$
1 1/2"	\$	1 1/2"	\$
2"	\$	2"	\$
3"	\$	3"	\$
Other:	\$	Other: <b>Surcharge</b>	\$ <b>47.73</b>
<b>Total Surcharge of \$455,000 at \$4,390.85 per month for 20 years at 10%</b>			
<b>GALLONAGE CHARGE:</b>		<b>GALLONAGE CHARGE:</b>	
\$ <b>1.50</b> for each additional 1000 gallons over the minimum		\$ <b>1.50</b> for each additional 1000 gallons over the minimum	

<b>MISCELLANEOUS FEES</b>		<b>MISCELLANEOUS FEES</b>	
Tap Fee	\$ <b>200</b>	Tap Fee	\$ <b>500</b>
Tap unique cost, large/relocate meter Actual Cost		Tap unique cost, large/relocate meter Actual Cost	
Reconnect fee: Non-payment		Reconnect fee: Non-payment	
(Maximum - \$25.00)	\$ <b>25</b>	(Maximum - \$25.00)	\$ <b>25</b>
Customer's Request	\$ <b>100</b>	Customer's Request	\$ <b>500</b>
Transfer Fee	\$ <b>10</b>	Transfer Fee	\$ <b>10</b>
Late Charge	\$ <b>5</b>	Late charge: (Indicate either \$5.00 or 10%)	\$ <b>5</b>
Returned Check Charge	\$ <b>20</b>	Returned Check Charge	\$ <b>20</b>
Deposit	\$ <b>50</b>	Deposit (Maximum \$50.00)	\$ <b>50</b>
Meter test fee	\$ <b>25</b>	Meter test fee	\$ <b>25.00</b>

Regulatory Assessment of 1% is added to base rate and gallonage charges

ENCHANTED HARBOR / SUNILANDINGS  
2301 Nancy Lou St  
El Campo, Texas 77437  
979-637-0010 / jwood@jwnet.net

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NOV 01 2013

UTILITIES & DISTRICTS  
SECTION

October 30, 2013

TCEQ Rate Review

Re: Rate Change App. Explanation of included engineering documentation.

Dear Ms. Benter:

The recently declined South Port Alto Mud engineers of record were G&W Engineers, Inc. I have included the engineered stamped "Itemized Summary of Costs for Proposed South Port A lot M.U.D. which contains their bid or the Water System Upgrades. This document was submitted on February 2011 and was still in effect the date the MUD was refused in Austin a few months back on March 2013. I took their numbers and changed a few bids that I had gotten and managed to reduce the engineers projected cost by \$126,000. The largest cost savings came in the form of Item 21 on my list "Labor to install 4" taps". G&W had a bid of \$1200 each and I calculate that I can get this done for \$500. This is a savings of \$700 for each of the 96 connections or \$67,000. I chose not to include the entire lengthy set of engineered paperwork but only the page that referenced the Itemized Summary of Cost and the official seal of the engineer.

In most cases my spreadsheet clearly states the name of the bidding company (i.e. INFINITY meters), the retailer (i.e. USA Bluebook), the engineer (i.e. G&W), or simply the words BID for the work I will do myself with or without the help of local plumbers, electricians, etc.

I have a file with copies of all the actual bids from these various companies that I plan on bringing to the expected protest hearing for public viewing. Our plans are to bring multiple copies of all this documentation to the hearing to be distributed to all the interested parties in hopes of providing full transparency.

Jesse Wood, Manager



Enchanted Harbor Utility

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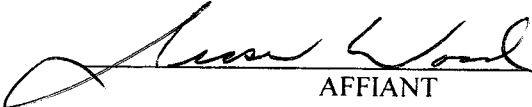
UTILITIES & DISTRICTS  
SECTION

STATE OF TEXAS

COUNTY OF CALHOUN

I, JESSE WOOD being duly sworn, file this **NOTICE OF PROPOSED RATE CHANGE** as PRESIDENT OF FARMERS TRANSPORT INC., DBA ENCHANTED HARBOR (indicate relationship to Utility, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and authorized to file and verify such NOTICE; and that all statements made and matters set forth herein are true and correct.

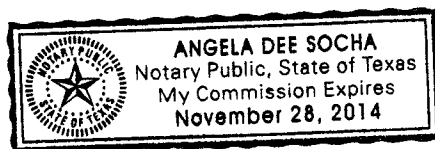
I further represent that a copy of the attached NOTICE was provided by MAIL (mail or hand delivery) to each customer or other affected party on or about October 30, 20 13

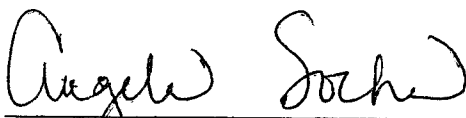

  
AFFIANT  
(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN TO BEFORE ME,  
this the 30 day of October, 20 13, to certify  
which witness my hand and seal of office.

SEAL



  
NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS  
  
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 11-28-14

# ITEMIZED SUMMARY OF COSTS FOR PROPOSED SOUTH PORT ALTO M.U.D.

PURCHASE CCN 12525 and 12683 and assets

\$ 186,000.00

## WASTEWATER SYSTEM UPGRADES

Expand exist 25,000 GPD WWTP to 50,000 GPD	1	LS	\$ 225,000.00	\$ 225,000.00
Upgrade existing Lift Station	1	LS	\$ 30,000.00	\$ 30,000.00
New Lift Stations	2	EA	\$ 50,000.00	\$ 100,000.00
Forcemain	500	LF	\$ 20.00	\$ 10,000.00
Sewer Mains	7000	LF	\$ 40.00	\$ 280,000.00
Manholes	15	EA	\$ 3,000.00	\$ 45,000.00
Cleanouts	3	EA	\$ 1,000.00	\$ 3,000.00
Sewer Service Connections	97	EA	\$ 1,250.00	\$ 121,250.00
4" gravity service lines	5000	LF	\$ 20.00	\$ 100,000.00
decommission septic tanks	96	EA	\$ 600.00	\$ 57,600.00
Pavement Repair	800	LF	\$ 10.00	\$ 8,000.00
SWPP	1	LS	\$ 5,000.00	\$ 5,000.00
				<u>\$ 984,850.00</u>

## WATER SYSTEM UPGRADES

New 20,000 gal GST and relocate exist.	1	LS	\$ 50,000.00	\$ 50,000.00
Add 100 gpm pumping capacity	1	LS	\$ 20,000.00	\$ 20,000.00
Add 1000 gal PT	1	LS	\$ 12,000.00	\$ 12,000.00
New Fencing and Site Improvements	1	LS	\$ 20,000.00	\$ 20,000.00
6" waterline	9500	LF	\$ 30.00	\$ 285,000.00
4" waterline	500	LF	\$ 26.00	\$ 13,000.00
Mainline Fittings	10	EA	\$ 550.00	\$ 5,500.00
FH Assembly	9	EA	\$ 3,000.00	\$ 27,000.00
6" Valve & Box	22	EA	\$ 800.00	\$ 17,600.00
4" Valve & Box	1	EA	\$ 500.00	\$ 500.00
2" Flush Valve	1	EA	\$ 1,000.00	\$ 1,000.00
service connections	96	EA	\$ 1,200.00	\$ 115,200.00
connections to main	5	EA	\$ 1,200.00	\$ 6,000.00
pavement repair	800	LF	\$ 10.00	\$ 8,000.00
				<u>\$ 580,800.00</u>

## OTHER COSTS

Engineering	14.5	%	\$ 1,565,850.00	\$ 227,019.25
Land acquisition for LS's	0.4	AC	\$ 130,700.00	\$ 52,280.00
Discharge Permit Application	1	LS	\$ 10,500.00	\$ 10,500.00
Legal Fees				<u>\$ 15,000.00</u>

ESTIMATED TOTAL INFRASTRUCTURE IMPROVEMENT COSTS: \$ 2,055,449.25  
CONTINGENCY -10%: \$ 2,260,994.18

## ANNUAL OPERATION AND MAINTENANCE COSTS

Part-time Water and Wastewater Operator	12	MO	\$ 1,500.00	\$ 18,000.00
Supplies (Chemicals, parts, etc.)	12	MO	\$ 500.00	\$ 6,000.00
Maintenance/Repairs	12	MO	\$ 1,000.00	\$ 12,000.00
Electricity	12	MO	\$ 600.00	\$ 7,200.00
Office Supplies/Postage/phone, etc.	12	MO	\$ 200.00	\$ 2,400.00
Testing and Lab fees	12	MO	\$ 250.00	\$ 3,000.00
Mowing and grounds maintenance	12	MO	\$ 100.00	\$ 1,200.00
Insurance	1	LS	\$ 2,000.00	\$ 2,000.00
Accounting	12	MO	\$ 1,000.00	\$ 12,000.00
Annual Fees	1	LS	\$ 1,800.00	\$ 1,800.00
				<u>\$ 65,400.00</u>

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EXHIBIT 13

UTILITIES & DISTRICTS  
SECTION

district water connections in addition to the existing 96. The calculation of these existing and future service connections are detailed in the Land Use Table (Exhibit 14). Without the formation of the Municipal Utility District and the construction of public sewer collection services, any tracts less than 0.5 acres will not be permitted to be developed using on-site sewer systems.

7. Provide an itemized summary of costs which includes (but not limited to): utilities, clearing and erosion control, water and wastewater plant, lift station and/or force main(s), off-site water lines and connections, construction contingencies, legal, financial agent and engineering fees, interest costs, operating expenses, creation costs, OSSF decommissioning costs and land costs.

See Exhibit 13

8. Provide a map detailing principal drainage ditches and structures (existing and proposed) and indicating the general drainage patterns within the proposed district. Provide a discussion and cost estimate as to planned improvements for the proposed district.

The MUD will not be assuming the responsibilities for storm drainage within the district. Calhoun County Precinct No. 4 currently maintains the storm drainage system within the area of the proposed district and will continue to do so after the formation of the district.

9. Provide a detailed land use table which describes the development type (single family residence, commercial, multi-family); the assessed value for each type, the equivalent single family connections for each type; the acreage for each type. Note: table shall include undeveloped lots, roads, easements, trails, reserves, WWTP site, etc.

See Exhibit 14

10. Provide a certificate by the county's central appraisal district which indicates the existing certified taxable assessed value of the property within the boundaries of the proposed district.

See Exhibit 15

11. Provide an estimated assessed valuation for the potential build-out of the proposed district.

As stated above, there are approximately 20 potential future single family residences that may be developed within the district boundaries. If we assume an average value of \$150,000 for these improvements, this would equate to an additional \$3,000,000 valuation, for a total of \$17.9 million dollars assessed valuation for the potential build-out in today's dollars.

12. Provide a revised debt service tax calculation(s) without grow/loan issuance scenarios

See Exhibit 16

13. Provide a table summarizing the overlapping taxing entities (including the proposed district).

TAXING ENTITY	2010 Tax Rate
Farm to Market & Lateral Road	\$ 0.0000
Calhoun County	\$ 0.4900
Calhoun Port Authority	\$ 0.0039
Calhoun ISD	\$ 1.1331
South Port Alto M.U.D.	\$1.07 - \$0.51 - varies with grant/loan issuance scenarios - Ref to Exhibit 16

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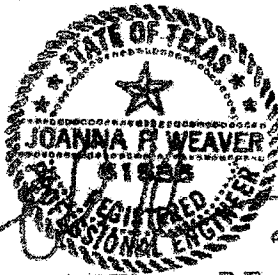
UTILITIES & DISTRICTS  
SECTION

Attached Exhibits

1. proposed district boundary map
2. proposed district boundary metes and bounds description
3. metes and bounds computation sheet
4. photograph depicting existing Sunilandings sewer MH lid raised above the BFE
5. Revised preliminary land use map
6. Marshall Johnson Subdivision plat (Vol Z, Page 105 CCPR)
7. Arnold Koop Subdivision plat (Vol Z, Page 144 CCPR)
8. Enchanted Harbor Section II (Vol Z, Page 439 CCPR)
9. Sunilandings Phase I (Vol Z, Page 527 CCPR)
10. Enchanted Harbor Section I (Volume Z, Page 437-438 CCPR)
11. Sunilandings Phase II (Volume Z, Page 536)
12. Map of existing and potential future development within the proposed district boundaries
13. Itemized Summary of Costs
14. Land Use Table within the proposed district boundaries
15. Certificate by Calhoun County Chief Appraiser of the existing certified taxable assessed valuation of the property within the boundaries of the proposed district
16. Debt Service schedule
17. Letter of Intent between the proposed South Port Alto MUD and Jesse Wood, current owner of CCN 12525 and CCN 12683
18. Letter from existing CCN provider indicating inability to provide service.

Please feel free to contact me at [jweaver@gwengineers.com](mailto:jweaver@gwengineers.com) or 361-552-4509 if you need additional clarification on any of these topics.

Respectfully submitted,



Joanna P. "Jody" Weaver, P.E.  
Texas Serial No. 61535  
Sr. Project Engineer  
G&W Engineers, Inc.

cc: T. Norman-Peterson, W. Roberts, file 5516.001

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UTILITIES & DISTRICTS  
SECTION





## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

October 18, 2013

Mr. Jesse Wood, Vice President  
Enchanted Harbor Utility  
2301 Nancy Lou  
El Campo, Texas 77437

### **NOTICE OF DEFICIENCY**

Re: Water Rate/Tariff Change Application for Farmers Transport Inc. dba  
Enchanted Harbor Utility in Calhoun County, Certificate of Convenience and  
Necessity No. 12683; Application No. 37728-R

CN: 600684773; RN: 101249225

Dear Mr. Wood:

Your rate application received on September 19, 2013, has been assigned Application No. 37728-R, but has not been accepted for filing. Please refer to this number in future correspondence.

Based on an administrative review of your application, it appears the notice to customers contains deficiencies. To continue processing the application, you must complete and revise the following portions of the notice:

1. The following current miscellaneous fees were omitted on your notice to customers:
  - a. Tap Fee (Unique costs)... Actual Cost
  - b. Tap Fee (large meter).... Actual Cost
  - c. Meter Relocation Fee.... Actual Relocation Cost, Not to Exceed Tap Fee
2. The return check charge is \$20.00 per TCEQ approved tariff and not \$25.00 as shown on your notice.
3. If you intend to apply for a capital improvement surcharge, your proposed surcharge should be included with your notice to customers under your proposed rate column. Please include the total dollar amount, the amount being charged per month and the time period of the surcharge.

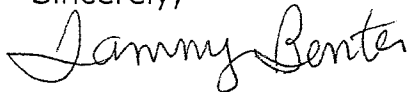
Also, please submit either a letter from an engineer or other documentation that supports your estimated total dollar amount of the surcharge.

**The effective date of your rate change is hereby suspended until the deficiencies are corrected and your customers are re-noticed.** Your new effective date must be at least 60 days following the date the completed application is mailed to us, and correct notice is mailed or delivered to the customers. It must also be the first day of a billing period. If you have collected the new proposed rates, you are required to refund the excess amount collected.

An original and three (3) copies of the customer notice, notarized affidavit, and other documents referenced above must be submitted to our office by **November 8, 2013**. If these items are not received by this date, the application will be returned for failure to prosecute.

If you have any further questions, please call Ms. Mary Damron at (512)239-4667, by email at [mary.damron@tceq.texas.gov](mailto:mary.damron@tceq.texas.gov), by fax at (512) 239-6145. If you contact our office by correspondence, please include MC-153 in the address.

Sincerely,



Tammy Benter, Manager  
Utilities & Districts Section  
Water Supply Division  
Texas Commission on Environmental Quality

TB/MD/mmg

AFFIDAVIT

STATE OF TEXAS

COUNTY OF ~~CALHOUN~~ WHARTON

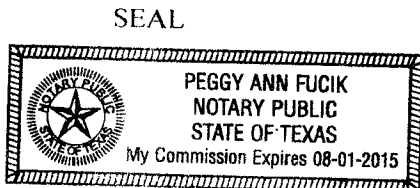
I, JESSE WOOD being duly sworn, file this **NOTICE OF PROPOSED RATE CHANGE** as PRESIDENT OF FARMERS TRANSPORT INC., DBA ENCHANTED HARBOR (indicate relationship to Utility, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and authorized to file and verify such NOTICE; and that all statements made and matters set forth herein are true and correct.

I further represent that a copy of the attached NOTICE was provided by MAIL (mail or hand delivery) to each customer or other affected party on or about SEPT 12, 20 13

Jesse Wood  
AFFIANT  
(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN TO BEFORE ME,  
this the 13th day of SEPTEMBER, 20 13, to certify  
which witness my hand and seal of office.



Peggy Ann Fucik  
NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS  
PEGGY ANN FUCIK  
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 08-01-2015

## APPLICATION FOR A RATE/TARIFF CHANGE

### SECTION IA - GENERAL INFORMATION

Applicant FARMERS TRANSPORT INC.  
(Individual, Corporation, or Other Legal Entity)

Utility Name: ENCHANTED HARBOR UTILITY  
(If different than above)

Legal form of Application:

☐ Individual ☐ Partnership ☒ Sub Chapter-S Corporation

☐ Corporation Provide Charter Number \_\_\_\_\_

☐ Other Please Explain:

Utility Address: LOT 30, MARSHAL JOHNSON SOUTH PORT ALTO TEXAS 77979  
Street Address or Location City State Zip Code

County(ies) where services are provided: CALHOUN

CCN Number(s): 12683

Contact Person: JESSE WOOD Telephone Number: 979-637-0010

Position: V.P. Fax Number: \_\_\_\_\_

Address: 2301 NANCY LOU EL CAMPO TEXAS 77437  
Street Address or Location City State Zip Code

If the applicant is a corporation, please provide a copy of the corporation's "Certificate of Account Status" (regarding the payment of franchise taxes) from the State Comptroller's Office. This "Certificate of Account Status" can be obtained from the website at: **\*\* SEE ATTACHMENT #1 \*\***

Comptroller of Public Accounts, Office Management <sup>1</sup>  
P. O. Box 13528  
Austin, Texas 78711  
1-800-252-5555

1. <https://ourcpa.cpa.state.tx.us/coa/Index.html>

## SECTION IB - MISCELLANEOUS INFORMATION

- A. How often and on what dates are water meters typically read? END OF EACH MONTH
- B. When are bills typically sent out? FIRST OF EACH MONTH
- C. Do you serve customers within the corporate limits of a municipality? If No, Go to D. \_\_\_\_ Yes X No  
If yes, which municipalities? \_\_\_\_\_

Have you filed a request to change rates with the municipality?        Yes        No  
If no, please explain: \_\_\_\_\_

--

- D. Are you currently collecting the Regulatory Assessment Fee from your customers?   X   Yes    No

If yes, are you current in your payment of the Regulatory Assessment Fee to the Texas Commission on Environmental Quality or the predecessor agency, Texas Water Commission, for assessments payable beginning January 1, 1992? ☒ Yes ☐ No

- E. Water Utilities: Please indicate the Public Water System Identification numbers for each of your systems:

System Name	TCEQ PWS ID #	County	Rate Increase Applicable?
ENCHANTED HARBOR UTILITY	0290050	CALHOUN	YES

For each of the systems, please provide a copy of the most recent public water system annual inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies.

- F. Sewer Utilities: Please indicate the discharge permit number for each Wastewater Treatment Plant you operate:

Wastewater Treatment Plant Name	TCEQ Discharge Permit Number	County	Rate Increase Applicable?
N/A			

For each of the plants, please provide a copy of the most recent inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies.

**A SURCHARGE OF \$47.73 IS ALSO REQUESTED FOR THE CAPITAL IMPROVEMENTS  
IN INVESTIGATION:1086553 TRACK#504815 \*PLEASE SEE ATTACHMENT# 2\***

## SECTION II: OPERATIONAL INFORMATION – WATER

**Manager** (or owner if services are routinely provided to the utility)

Name \_\_\_\_\_ Relationship to Owner: \_\_\_\_\_

Short job description:

Approximate number of hours per week this person works for the company:

Salary: \_\_\_\_\_ Hourly \_\_\_\_\_ Weekly \_\_\_\_\_ Monthly \_\_\_\_\_ Annual \_\_\_\_\_

### Employees

Name \_\_\_\_\_ Relationship to Owner: \_\_\_\_\_

Short job description:

Approximate number of hours per week this person works for the company:

Salary: \_\_\_\_\_ Hourly \_\_\_\_\_ Weekly \_\_\_\_\_ Monthly \_\_\_\_\_ Annual \_\_\_\_\_

Name \_\_\_\_\_ Relationship to Owner: \_\_\_\_\_

Short job description:

Approximate number of hours per week this person works for the company:

Salary: \_\_\_\_\_ Hourly \_\_\_\_\_ Weekly \_\_\_\_\_ Monthly \_\_\_\_\_ Annual \_\_\_\_\_

**Contract Services** (attach additional sheets if necessary)

Name **FARMERS TRANSPORT INC.** Relationship to Owner: **OWNER**

Short job description:

**MONITOR SYSTEM, TAKE SAMPLES, MAINTAIN FACILITIES, DO REPAIRS, READ METERS, BILLING, ACCOUNTING  
A/P, AR, CUSTOMER SERVICE, TCEQ REPORTINGS, MANAGE SYSTEM**

Approximate number of hours per week this person works for the company: **30**

Amount paid for services: **\$1,625** Hourly \_\_\_\_\_ Weekly \_\_\_\_\_ Monthly **X** Annual \_\_\_\_\_

**Please provide the names and classification of the utility's certified operators:**

Certified Operator's Name/ Classification	Certified Operator's Name/Classification
<b>JESSE WOOD/D</b>	
<b>BRAD RYAN/C</b>	

-Attach additional sheet(s) if necessary-

### SECTION III. PLANT & EQUIPMENT INFORMATION – WATER

#### A. CUSTOMER CONTRIBUTIONS

If any of the items included in your plant and equipment were 100% financed with customer contributions, assessments, surcharges, extension fees, etc., you may not include depreciation or return on those items in your cost of service. However, if those customer contributions did not cover the entire cost of the asset, you may include the amount that the utility paid for. Please list below all items that were funded either all or in part by customer contributions and indicate amount that the customers contributed for each item.

**Table III. A.**

Item [A]	Date of installation [B]	Total Cost [C]	Amount of Customer Contribution [D]	Difference [E]= [C] - [D]
N/A				①
				①
				①
				①
				①

- Attach additional sheet(s) if necessary –

- ① If any amount in this column is greater than zero, enter that item in the appropriate category in **Table III. B**

## B. ORIGINAL COST & DEPRECIATION SCHEDULE – WATER

Please provide the following inventory of the water utility plant being used to provide water service at the end of the test year. You will be responsible for supporting this information with invoices or other documentation. Round your figures to the nearest dollar. **Amounts should be computed as of the end of the "test year."**

**Table III. B.**

[A] Item	[B] Date Of Installation	[C] Service Life (yrs) * **	[D] Original Cost when installed \$	Years in Service			[E] = [D]/[C] Annual (\$)	[F] Accumulated (\$)	[G] = [D]-[F] Net Book Value (\$)
				YR ①	Mos ②②	Days ③③③			
Land		n/a							
Wells		50							
<b>Well Pumps:</b>									
5 hp or less	11/02/01	5	606	11	1	29	0	606	0
Greater than 5 hp		10							
<b>Booster Pumps:</b>									
5 hp or less		5							
Greater than 5 hp		10							
Chlorinators		10							
<b>Structures:</b>									
Wood		15							
Masonry		30							
Storage Tanks	5/10/00	50	22,276	12	7	21	446	5,633	16,643
Pressure Tanks	11/15/00	50	2,983	12	1	16	60	728	2,255
Distribution System (mains and lines)		50							
Meters and Service (taps not covered by fees)	11/02/01	20	1,760	11	1	29	88	982	778
Office Equipment		10							
Vehicles		5							
Shop Tools		15							
Heavy Equipment		10							
Fencing	11/02/01	20	1,200	11	1	29	60	670	530
<b>Other: (Please list)</b>									
Total			28,825				654 ①	8,619 ②	20,206 ③

\* TCEQ Suggested Service Life \*\* Other Service Life

① Enter this number in Table VI. A., Line [O], Column ① ② If [F] is greater than [D], enter the total for [D] ③ Enter this number in Table IV. E., Line [A]  
- Attach additional sheet(s) if necessary -



If any of the Items listed in the Depreciation Schedule were contributed by a developer, please list those items and the associated cost below.

Item	Date of installation or Contribution	Total Cost	Amount of Developer Contribution	Net Book Value (from Table III.B.)
N/A				
Total				(1)

## SECTION IV - LONG TERM DEBT & EQUITY INFORMATION – WATER

How much equity or total capital does the company have in the utility? 0  
Enter also in **Table IV, D.**, Box (3) below

What rate of return (profit) on investment in plant (equity) is expected? 0 %  
Enter also in **Table IV. D., Box (4)** below

- an average equity return established by the staff each year and included with the Annual Report Instructions **OR**
- an interest rate that you think is fair that is less than the rate established by the staff **OR**
- to use the **Rate of Return Worksheet** which is attached to the **Instructions**.

Has the utility or utility owner filed bankruptcy within the last seven years? \_\_\_\_\_ Yes **X** No  
If YES, explain status of applicant at this time.

--

**D. NOTES PAYABLE - WATER**

**NOTES PAYABLE - WATER**  
List the following information concerning debt and equity of the utility and attach copies of notes payable:

**Round all percentages to two (2) decimal places.**

**Table IV. D.**

[A]  Name of Bank/Lender	[B]  Date of Issue	[C]  Date of Maturity	[D] Original Amount of Loan	[E] Outstanding or Unpaid Balance- End of Test Year	[F]  Interest Rate	[G]  Weighted Average [E] ÷ Ⓔ * [F]
Part 1 - Debt						
N/A			\$	\$	%	%
			\$	\$	%	%
			\$	\$	%	%
			\$	\$	%	%
			\$	\$	%	%
Total			\$ ①	\$ ②		% ⑥
Part 2 - Investment/Equity				\$ ③	% ④	% ⑦
Total Debt & Equity				\$ ⑤		
				Rate of Return		0 % ⑧

- ① Total amount of original loans
- ② Total amount of the outstanding balance on the loans
- ③ Equity in the utility - From **Section IV. A.**
- ④ Return on Equity - From **Section IV. B.**
- ⑤ Total of ②+ ③
- ⑥ Total weighted average of debt - To **Table V, Line [C]**
- ⑦ Weighted average of Investment/Equity ③÷ ⑤\*④
- ⑧ Sum of ⑥+ ⑦ - To **Table IV. E., Line [G]**

**E. INVESTED CAPITAL & RETURN – WATER**

**Table IV. E.**

Net Book Value - From <b>Table III. B., Box ③</b>	[A]	\$	<b>20,206</b>
Working cash allowance -Amount From <b>Table VI. A., Line [L] Column ③</b> , Box ⑦(÷⑧)	[B]	\$	
Materials and supplies	[C]	\$	
Subtotal - Sum of [A] thru [C]	[D]	\$	<b>20,206</b>
Developer Contributions - From <b>Table III. C., Box ①</b>	[E]	\$	
Total invested capital [D] - [E]	[F]	\$	<b>20,206</b>
Rate of return - From <b>Table IV. D., Box ⑧</b>	[G]		<b>0</b> %
<b>Return/Interest</b> - If [F] is greater than -0-, then enter [F] * [G]. If [F] is less than -0-, enter -0-. Enter this amount in <b>Table V., Line [A] and Table VI. A., Line [Q], Column ②</b>	[H]	\$	<b>0</b>

**SECTION V - INCOME TAX CALCULATION – WATER**

Use the following table to determine the amount of income tax that can be included in your revenue requirement.

**Table V.**

Return - From <b>Table IV. E., Line [H]</b>	[A]	\$	<b>0</b>
Interest Calculation			
Total Invested Capital - From <b>Table IV. E., Line [F]</b>	[B]	\$	
Weighted Cost of Debt Capital - Percentage From <b>Table IV. D., Box ⑥</b>	[C]		%
Interest [B]*[C]	[D]	\$	
Taxable Income [A] - [D]	[E]	\$	
Enter Income Tax from Tax Table ( <b>Appendix A</b> )	[F]	\$	<b>0</b> ①

① To **Table VI. A., Line [P], Column ②**

# SECTION VI - UTILITY INCOME & EXPENSE INFORMATION - WATER

## A REVENUE REQUIREMENT

Please provide the following information regarding the cost to the utility of providing water utility service over your selected twelve month "test year."

**Note 1** - Instead of using the percentages listed, you may take the Total Cost and multiply it by 67% to determine the fixed portion and 33% for the variable portion.

**TABLE VI. A.**

Test Year	01/01/2012	to	12/31/2012	Line	12 Month "test year" per books	Known and Measurable Changes	Revenue Requirement for next yr	% of (3) that is fixed (Note 1)	Fixed Expenses (Note 1)	Variable Expenses (Note 1)
					(1)	(2)	(3)=(1)+(2)	(4)	(5)=(3)*(4)/100	(6)=(3)-(5)
				[A]				50		
				[B]	19,500	32,500	52,000	90	46,800	5,200
				[C]	850	3,000	3,850	0		3,850
				[D]	399		399	0		399
				[E]	2197		2197	0		2197
				[F]	10,264		10,264	50	5,132	5,132
				[G]	9,273		9,273	50	4,637	4,636
				[H]	500		500	100	500	
				[I]	1,789		1,789	100	1,789	
				[J]		3,600	3,600	100	3,600	
				[K]				50		
				[L]	44,772	39,100	83,872 (7)		62,458	21,414
				[M]				50		
				[N]	597		597	100	597	
				[O]	654		654	100	654	
				[P]				100		
				[Q]				100		
				[R]	46,023		85,123		63,709	21,414
				[S]	0			100		
				[T]	46,023	39,100	85,123 (8)		63,709 (9)	21,414 (10)
				[U]				67		

A SURCHARGE OF \$47.73 IS ALSO REQUESTED FOR THE CAPITAL IMPROVEMENTS

IN INVESTIGATION:1086553 TRACK#504815 \*PLEASE SEE ATTACHMENT# 2\*

**B. KNOWN & MEASURABLE**

If you listed anything in **TABLE VI. A.** above as an increase/decrease expected in the next 12 months, please provide a short explanation by item why there will be a change and how you projected the cost. Changes in cost must be known and measurable and supported by invoices or other documentation.

SEE ATTACHMENT #3

-Attach additional sheet(s) or a separate listing for sewer service if necessary-

## SECTION VII - CUSTOMER INFORMATION - WATER

### NUMBER OF CUSTOMERS

How many customers (active connections) did you have at the beginning and at the end of the twelve month test year?

**TABLE VII**

Connection Type	Line	Beginning of period ①	End of period ②	Equivalency Factor ③	Meter Equivalents ④=②*③
<b>Non-Metered Connections:</b>					
Residential	[A]			1	
Commercial	[B]			1	
Standby	[C]			1	
<b>Metered Connections:</b>					
5/8" x 3/4"	[D]	93	92	1	92
3/4"	[E]			1.5	
1"	[F]			2.5	
1 1/2"	[G]			5	
2"	[H]			8	
3"	[I]			15	
Other:	[J]				
Total	[K]				92 ⑤

⑤ To Table IX. B., Line [B] AND Table X. A., Line [F]

## SECTION VIII - PRODUCTION & CONSUMPTION INFORMATION - WATER

Please provide the following information regarding water utility operations over your selected twelve month "test year".

**Table VIII**

Total number of gallons pumped (total master meter reading for the year)	[A]	<b>575,560</b>	gallons
Total number of gallons purchased from another source for sale to customers (if any)	[B]	<b>1,946,000</b>	gallons
Total number of gallons provided to customers $[C]=[A]+[B]$	[C]	<b>2,521,560</b>	gallons
Total number of gallons billed to your customers (total customer consumption)	[D]	<b>2,349,432</b>	gallons
System losses: $([C] - [D]) \times 100\% = [E]$	[E]	<b>172,128</b>	<b>7 %</b>
Source of Purchased water			

① To Table IX. A., Line [B] AND Table X. A., Line [B]

## SECTION IX - RATE DESIGN - WATER

### A. VARIABLE RATE CALCULATIONS

Table IX. A.

	Line		Instructions
Total Variable Costs	[A]	\$ 21,414	From Table VI. A., Line [T], Box ⑥ or Line [U], Box ⑥
Total # of Gallons Billed to Customers	[B]	2,349,432	From Table VIII, Line [B]
Total # of 1,000 Gallons billed	[C]	2,349	Divide Line [B] by 1,000
Variable Cost per 1,000 gallons	[D]	\$ 9.12	Divide Line [A] by Line [C] Transfer to Table IX. B., Lines [E] through [J], Box ⑥

### B. BASE RATE CALCULATIONS

Table IX. B.

	Line		# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost to be added to base rate	Total base rate per meter size
		①	②	③	④=②*③	⑤=①+④
Total fixed costs - From Table VI. A., Line [T], Box ⑥ or Line [U], Box ⑥	[A]	\$ 63,709				
Total meter equivalents at end of test year - From Table VII, Line [K], Box ⑥	[B]	92				
Base charge per meter equivalent or for each unmetered connection [A]-[B] and then divide by 12	[C]	\$ 57.71				
Base charge per meter size						
5/8" x 3/4" or unmetered	Multiply [C] by 1	[D]	3	9.12 ⑥	27.36	85.07
3/4"	Multiply [C] by 1.5	[E]		⑥		
1"	Multiply [C] by 2.5	[F]		⑥		
1 1/2"	Multiply [C] by 5.0	[G]		⑥		
2"	Multiply [C] by 8.0	[H]		⑥		
3"	Multiply [C] by 15.0	[I]		⑥		
Other:		[J]		⑥		

⑥ From Table IX. A., Line [D]

**A SURCHARGE OF \$47.73 IS ALSO REQUESTED FOR THE CAPITAL IMPROVEMENTS  
IN INVESTIGATION:1086553 TRACK#504815 \*PLEASE SEE ATTACHMENT# 2\***

## SECTION X - ALTERNATE METHOD OF RATE DESIGN - WATER

After you have performed the calculations in **SECTION IX**, you may find that the cost per 1,000 gallons is not what you think your customers will approve. If that is the case, then the following will allow you to calculate a rate structure that still recovers your revenue requirement, but with rates that you think may be more appropriate for your customers.

**Table X. A.**

	Line		
Cost per 1,000 gallons	[A]	\$	This is the rate that you think is appropriate Enter in <b>Table X. B., Column ③, Lines [B] through [H]</b>
Total # of 1,000 Gallons billed	[B]		From <b>Table IX. A., Line [C]</b>
Total Cost to be recovered through gallonage charge	[C]	\$	Multiply Line [A] times Line [B]
Total Revenue Requirement	[D]	\$	From <b>Table VI. A., Line [T] Box ⑤</b>
Total to be recovered through base rate	[E]	\$	Subtract Line [C] from Line [D]
Total number of meter equivalents	[F]		From <b>Table VII, Line [K], Box ⑤</b>
Base rate per meter equivalent	[G]	\$	Divide Line [E] by Line [F] & then divide by 12months Enter this in <b>Table X. B., Line [A] Column ①</b>

**Table X. B.**

	Line		# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost added to base	Total base bill per meter size
		①	②	③	④=②*③	⑤=①+④
Base charge per meter equivalent or for each unmetered connection From <b>Table X. A., Line [G]</b>	[A]	\$				
Base rate per meter size						
5/8" x 3/4" or unmetered	Multiply [A] ① by 1	[B]		⑥		
3/4"	Multiply [A] ① by 1.5	[C]		⑥		
1"	Multiply [A] ① by 2.5	[D]		⑥		
1 1/2"	Multiply [A] ① by 5.0	[E]		⑥		
2"	Multiply [A] ① by 8.0	[F]		⑥		
3"	Multiply [A] ① by 15.0	[G]		⑥		
Other:		[H]		⑥		

⑥ From **Table X. A., Line [A]**



ATTACHMENT #1

**TEXAS COMPTROLLER OF PUBLIC ACCOUNTS**

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

March 12, 2013

**CERTIFICATE OF ACCOUNT STATUS**THE STATE OF TEXAS  
COUNTY OF TRAVISI, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO  
HEREBY CERTIFY that according to the records of this office**FARMERS TRANSPORT, INC.**is, as of this date, in good standing with this office having no franchise  
tax reports or payments due at this time. This certificate is valid through  
the date that the next franchise tax report will be due May 15, 2013.This certificate does not make a representation as to the status of the  
entity's registration, if any, with the Texas Secretary of State.This certificate is valid for the purpose of conversion when the converted  
entity is subject to franchise tax as required by law. This certificate is  
not valid for any other filing with the Texas Secretary of State.GIVEN UNDER MY HAND AND  
SEAL OF OFFICE in the City of  
Austin, this 12th day of  
March 2013 A.D.

A handwritten signature in cursive script that reads "Susan Combs".

Susan Combs  
Texas ComptrollerTaxpayer number: 17422117808  
File number: 0058774000

Form 05-304 (Rev 12-07/17)

ATTACHMENT #2

EXPLANATION OF COMPLIANCE FOR VIOLATIONS

INVESTIGATION:1086553

TRACK #504820 - FAILED TO POST A LEGIBLE SIGN AT FACILITIES  
NEW SIGNS HAVE BEEN PLACED AT THE WATER PLANT

TRACK #504815 - FAILED TO MEET THE MAXIMUM NUMBER OF  
CONNECTIONS PER THE MINIMUM WATERLINE  
SIZE REQUIREMENTS OF TWO INCHES

THE ATTACHED ITEM DESCRIPTION PAGE LISTS THE COST TO  
UPGRADE TO FOUR INCH LINES, WITH METER AND TANK  
IMPROVEMENTS.

WE ARE CURRENTLY COMPLETING A RATE/TARIFF CHANGE TO  
PAY FOR NEEDED EXPENSE INCREASES ALONG WITH A SURCHARGE  
REQUEST TO FUND THESE IMPROVEMENTS.

WE HAVE HAD DISCUSSIONS WITH SEVERAL CUSTOMERS ABOUT  
INVESTING, ARE APPLYING AT TWO BANKS, AND ARE WORKING  
WITH A PRIVATE INDIVIDUAL FOR FUNDING. THE REQUESTED  
SURCHARGE IS THE ONLY METHOD OF REPAYMENT THE UTILITY  
CAN SHOW TO THESE PROSPECTIVE INVESTORS.

ENCHANTED HARBOR UTILITY HAS NO CREDIT AND FEW ASSETS  
THAT A BANK OR INVESTOR WILL ACCEPT. THEREFORE, FARMERS  
TRANSPORT INC, THE PARENT SUB CHAPTER S CORP., AND JESSE  
& DEBBIE WOOD WILL HAVE TO SIGN FOR ANY LOANS.

IF OUTSIDE FUNDING IS NOT FOUND, A MULTI-PHASE, AND A  
MULTI-YEAR INSTALLATION MAY NEED TO BE USED WITH A  
COMBINATION OF PERSONAL ASSETS AND COLLECTED SURCHARGES  
USED TO FUND THE PROJECT.

ONCE THE SURCHARGE IS APPROVED, WE SHOULD BE ABLE TO  
SOLIDIFY THE TYPE OF FUNDING AVAILABLE AND BEGIN  
CONTACTING ENGINEERS AND CONTRACTORS TO START THE  
PROJECT.

THE ENCLOSED AMORTIZATION SCHEDULE IS BASED ON THE FULL  
COST, A RATE OF RETURN WORK SHEET INTEREST RATE OF 10%  
AND ON A 20 YEAR NOTE.

MONTHLY NOTE PAYMENT: \$ 4,390.85  
CUSTOMER BASE: 92

MONTHLY SURCHARGE: \$ 47.73



documented in this notice. Should you choose to do so, you must notify the Corpus Christi Region Office within 10 days from the date of this letter. At that time, a Water Section Manager will schedule a violation review meeting to be conducted *within 21 days from the date of this letter*. However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the enclosed Summary of Investigation findings until an official decision is made regarding the status of any or all of the contested violations.

If you or members of your staff have any questions, please feel free to contact Mr. Ladner in the Corpus Christi Region Office at (361) 891-1000.

Sincerely,



Melanie Edwards, Water Section Work Leader  
Corpus Christi Region Office  
Texas Commission on Environmental Quality

ME/KL/mjd

Enclosure: Summary of Investigation findings

## Summary of Investigation Findings

ENCHANTED HARBOR UTILITY

CALHOUN COUNTY,

Additional ID(s): 0290050

Investigation #

1086553

Investigation Date: 04/19/2013

### OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF VIOLATION

Track No. 504815 Compliance Due Date To Be Determined  
30 TAC Chapter 290.44(c)

**Alleged Violation:**

Investigation 1086553

Comment Date 06/17/2013

Failed to meet the maximum number of connections per the minimum waterline size requirements of two inches

Specifically, the 2 inch line on Marshall Johnson Avenue serves 96 connections

The minimum waterline sizes are for domestic flows only and do not consider fire flows. Larger pipe sizes shall be used when the licensed professional engineer deems it necessary. It should be noted that the required sizes are based strictly on the number of customers to be served and not on the distances between connections or differences in elevation or the type of pipe. No new waterline under two inches in diameter will be allowed to be installed in a public water system distribution system. These minimum line sizes do not apply to individual customer service lines.

Maximum Number of Connections	Minimum Line Size (inches)
10	2
25	2.5
50	3
100	4
150	5
250	6
>250	8 and larger

**Recommended Corrective Action:** Your water system must be modified to meet this requirement to assure an adequate supply of water at all times. Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

The water system may request an exception to these requirements by writing to TCEQ, Water Supply Division, Public Drinking Water Section, Technical Review & Oversight, MC 155, P.O. Box 13087, Austin, TX 78711-3087, phone (512) 239-4798.

Please submit to this office a detailed compliance plan. A due date for submitting compliance documentation will be determined after you provide a compliance plan for this alleged violation.

Track No: 504820 Compliance Due Date: 07/25/2013  
30 TAC Chapter 290.46(f)

**Alleged Violation:**

Investigation 1086553

Comment Date: 06/17/2013

Failed to post a legible sign at each of its production, treatment, and storage facilities.

Specifically, the water plant did not have a water ownership sign posted.

ITEM DESCRIPTION	QTY	UNIT PRICE	EXTENSION	BID OR ESTIMATE	DEPRECIATION YEARS
1 4" C-900 DR-18 PVCWATER MAIN	5900	\$ 3.00	\$ 17,700.00	BID	50
2 4" TAPS	100	\$ 30.00	\$ 3,000.00	USA BB	50
3 CURB STOPS	100	\$ 25.00	\$ 2,500.00	USA BB	50
4 METER CUTOFF VALVES	100	\$ 25.00	\$ 2,500.00	USA BB	20
5 METER BOXES	100	\$ 25.00	\$ 2,500.00	USA BB	50
6 3/4 LINE 30' AVERAGE	3000	\$ 0.50	\$ 1,500.00	G&W	50
7 4" MJ GATE VALVE	20	\$ 200.00	\$ 4,000.00	G&W	50
8 BLOW OFF ASSEMBLY	1	\$ 450.00	\$ 450.00	G&W	50
9 RADIO READ METERS	1	\$ 32,125.00	\$ 32,125.00	INFINITY	20
10 BILLING SOFTWARE	1	\$ 10,000.00	\$ 10,000.00	INFINITY	5
11 WEBSITE SETUP FEE	1	\$ 5,000.00	\$ 5,000.00	INFINITY	5
12 NEW 10HP WELL PUMP & CONTROLS	1	\$ 8,500.00	\$ 8,500.00	Crintendon	10
13 MOTOR CONTROL AND STORAGE BUILDING	1	\$ 25,000.00	\$ 25,000.00	EST	15
14 NEW 20,000 GAL GROUND STORAGE	1	\$ 19,040.00	\$ 19,040.00	DIAMOND	50
15 NEW 5,000 GAL PRESSURE STORAGE	1	\$ 18,551.00	\$ 18,551.00	USA BB	50
ASSETS			\$ 152,366.00		Annual Dep.
LABOR					
16 MOVE EXISTING GROUND STORAGE	1	\$ 1,500.00	\$ 1,500.00	EST	
17 BORING ENTIRE LENGH MJ AVE.	5900	\$ 16.00	\$ 94,400.00	SRG	
18 CROSSOVER BORING	50	\$ 600.00	\$ 30,000.00	SRG	
19 JW CONSULTING FEE & BACKHOE RENTAL	1	\$ 25,000.00	\$ 25,000.00	BID	
20 LABOR TO INSTALL 4" VALVES	23	\$ 500.00	\$ 11,500.00	BID	
21 LABOR TO INSTALL 4" TAPS	96	\$ 500.00	\$ 48,000.00	BID	
22 CONNECTIONS TO MAIN	5	\$ 1,200.00	\$ 6,000.00	G&W	
23 LEGAL FEES	1	\$ 10,000.00	\$ 10,000.00	G&W	
LABOR			\$ 226,400.00		
TOTAL COST			\$ 378,766.00		
24 TCEQ recommended contingency	10%	\$ 37,876.60		TCEQ	
25 ENGINEERING @ 10%	10%	\$ 37,876.60		G&W	
TOTAL			\$ 454,519.20		
G&W BID FOR MUD (WATER PORTION)			\$ 580,800.00		
SAVINGS			\$ (126,280.80)		28%

Vorton Financial Tools - Loan Calculations.

Based on a loan of \$455,000.00.  
At an interest rate of 10.00%, over a term of 20 year(s).  
With payments of \$4,390.85, made monthly.  
Total cost of the loan: \$1,053,803.64

Payment	Interest Paid	Principal	Balance	Interest to Date	Total to Date
01/14	\$3,791.67	\$599.18	\$454,400.82	\$3,791.67	\$4,390.85
02/14	\$3,786.67	\$604.18	\$453,796.64	\$7,578.34	\$8,781.70
03/14	\$3,781.64	\$609.21	\$453,187.43	\$11,359.98	\$13,172.55
04/14	\$3,776.56	\$614.29	\$452,573.15	\$15,136.54	\$17,563.39
05/14	\$3,771.44	\$619.41	\$451,953.74	\$18,907.98	\$21,954.24
06/14	\$3,766.28	\$624.57	\$451,329.17	\$22,674.26	\$26,345.09
07/14	\$3,761.08	\$629.77	\$450,699.40	\$26,435.34	\$30,735.94
08/14	\$3,755.83	\$635.02	\$450,064.38	\$30,191.17	\$35,126.79
09/14	\$3,750.54	\$640.31	\$449,424.07	\$33,941.71	\$39,517.64
10/14	\$3,745.20	\$645.65	\$448,778.42	\$37,686.91	\$43,908.48
11/14	\$3,739.82	\$651.03	\$448,127.39	\$41,426.73	\$48,299.33
12/14	\$3,734.39	\$656.45	\$447,470.94	\$45,161.12	\$52,690.18
01/15	\$3,728.92	\$661.92	\$446,809.02	\$48,890.05	\$57,081.03
02/15	\$3,723.41	\$667.44	\$446,141.58	\$52,613.45	\$61,471.88
03/15	\$3,717.85	\$673.00	\$445,468.57	\$56,331.30	\$65,862.73
04/15	\$3,712.24	\$678.61	\$444,789.96	\$60,043.54	\$70,253.58
05/15	\$3,706.58	\$684.27	\$444,105.70	\$63,750.12	\$74,644.42
06/15	\$3,700.88	\$689.97	\$443,415.73	\$67,451.00	\$79,035.27
07/15	\$3,695.13	\$695.72	\$442,720.01	\$71,146.13	\$83,426.12
08/15	\$3,689.33	\$701.52	\$442,018.50	\$74,835.47	\$87,816.97
09/15	\$3,683.49	\$707.36	\$441,311.14	\$78,518.96	\$92,207.82
10/15	\$3,677.59	\$713.26	\$440,597.88	\$82,196.55	\$96,598.67
11/15	\$3,671.65	\$719.20	\$439,878.68	\$85,868.20	\$100,989.52
12/15	\$3,665.66	\$725.19	\$439,153.49	\$89,533.85	\$105,380.36
01/16	\$3,659.61	\$731.24	\$438,422.25	\$93,193.47	\$109,771.21
02/16	\$3,653.52	\$737.33	\$437,684.92	\$96,846.98	\$114,162.06
03/16	\$3,647.37	\$743.47	\$436,941.45	\$100,494.36	\$118,552.91
04/16	\$3,641.18	\$749.67	\$436,191.78	\$104,135.54	\$122,943.76
05/16	\$3,634.93	\$755.92	\$435,435.86	\$107,770.47	\$127,334.61
06/16	\$3,628.63	\$762.22	\$434,673.65	\$111,399.10	\$131,725.45
07/16	\$3,622.28	\$768.57	\$433,905.08	\$115,021.38	\$136,116.30
08/16	\$3,615.88	\$774.97	\$433,130.11	\$118,637.26	\$140,507.15
09/16	\$3,609.42	\$781.43	\$432,348.67	\$122,246.67	\$144,898.00
10/16	\$3,602.91	\$787.94	\$431,560.73	\$125,849.58	\$149,288.85
11/16	\$3,596.34	\$794.51	\$430,766.22	\$129,445.92	\$153,679.70
12/16	\$3,589.72	\$801.13	\$429,965.09	\$133,035.64	\$158,070.55
01/17	\$3,583.04	\$807.81	\$429,157.29	\$136,618.68	\$162,461.39
02/17	\$3,576.31	\$814.54	\$428,342.75	\$140,194.99	\$166,852.24
03/17	\$3,569.52	\$821.33	\$427,521.42	\$143,764.51	\$171,243.09
04/17	\$3,562.68	\$828.17	\$426,693.25	\$147,327.19	\$175,633.94
05/17	\$3,555.78	\$835.07	\$425,858.18	\$150,882.97	\$180,024.79
06/17	\$3,548.82	\$842.03	\$425,016.15	\$154,431.79	\$184,415.64
07/17	\$3,541.80	\$849.05	\$424,167.10	\$157,973.59	\$188,806.48
08/17	\$3,534.73	\$856.12	\$423,310.98	\$161,508.31	\$193,197.33



ATTACHMENT #3

KNOWN & MEASURABLE CHANGES

CONTRACT LABOR FROM 19,500 TO 52,000

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THE TWO OFFICERS OF THE PARENT SUBCHAPTER S CORP., FARMERS TRANSPORT INC, HAVE BEEN MANAGING, MONITORING, TAKING SAMPLES, MAINTAINING FACILITIES, DOING ALL REPAIRS, READING METERS, BILLING, ACCOUNTING, A/P, A/R, CUSTOMER SERVICE, AND TCEQ REPORTING. WE ALSO USE OUR PRIVATE VEHICLES, BACKHOE, TOOLS AND COMPUTERS FOR ENCHANTED HARBOR AND HAVE A 120 MILE ROUND TRIP TO REACH THE UTILITY.

OVER THE LAST THREE YEARS THE PROPOSED SOUTH PORT ALTOM.U.D. HAS BEEN TRYING TO FORM AND PURCHASE ENCHANTED HARBOR UTILITY AND A RATE INCREASE HAS BEEN DELAYED. TO ALLOW ENCHANED HARBOR TO BE ABLE TO PAY ITS EXPENSES, FARMERS TRANSPORT INC. HAS DECREASED THE CONTRACT LABOR IT CHARGED FROM \$31,265 IN 2010 TO \$24,000 IN 2011 AND \$19,500 IN 2012. THE CURRENT RATE IS FAR BELOW WHAT IT COST FOR THE WORK TO BE DONE. AN ACCOUNTING FIRM AVERAGING ONLY 8 HOURS PER WEEK AT \$45/HR COST \$18,720 PER YEAR.

FARMERS TRANSPORT INC, IS INCREASING THE CONTRACT LABOR RATE FROM \$375 PER WEEK TO \$1000 PER WEEK. THIS WILL INCLUDE THE HIRING OF A PART TIME OPERATOR WITH A VEHICLE ALLOWANCE AND PART TIME HELPER FOR REPAIRS.

PURCHASED WATER FROM \$850 TO \$3,850

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SUNILANDINGS UTILITIES SOLD WATER AT A MINIMAL RATE IN 2012 TO HELP A FINANCIALLY STRUGGLING ENCHANTED HARBOR.

WATER PURCHASED FROM SUNILANDINGS IS \$47.33 PER MONTH FOR THE FIRST 3000 GALLONS AND \$1.75 PER 1000 GALLONS USED. USING CURRENT PURCHASED GALLONS, THIS WOULD BE 159,000 AVERAGE GALLONS PER MONTH AT \$1.75, OR \$278.25 PER MONTH.

\$ 47.33  
278.25

\$ 325.58 X 12 MONTHS = \$3,906.96

RATE CASE EXPENSE FROM \$0 TO \$3,600

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COST TO PREPARE RATE/TARIFF CHANGE FORMS WITH SUPPORTING DOCUMENTS AND REPORTS.

## NOTICE OF PROPOSED RATE CHANGE

Farmers Transport Inc. dba Enchanted Harbor Utility 12683

Company Name

CCN Number

has submitted a rate change application to the Texas Commission on Environmental Quality (Commission). The proposed rates listed on the next page will apply to service received after the effective date provided below. If the Commission 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**

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

### Enchanted Harbor Utility

#### Subdivisions or Systems Affected by Rate Change

2301 Nancy Lou St	El Campo Texas	77437	973-637-0054
Company Address	City	State	Zip Telephone

\$53,621

09/12/2013

Annual Revenue Increase

Date Customer Notice Mailed

10/01/2001

Last day of month

Date of Last Rate Change

Date Meters Typically Read

**EFFECTIVE DATE OF PROPOSED INCREASE:** January 1, 2014

### BILLING COMPARISON

#### Water

Existing	10,000 gallons:	\$ 48.50 /mo	Existing	30,000 gallons:	\$ 78.50 /mo
Proposed	10,000 gallons:	\$ 95.57 /mo	Proposed	30,000 gallons:	\$ 125.57 /mo

#### Sewer

Existing	10,000 gallons:	\$ NA /mo	Proposed	10,000 gallons:	\$ NA /mo
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The proposed rates will apply to all service rendered after the effective date and will be reflected on the bill you receive approximately 30 to 45 days after the effective date.

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.

**Si desea informacion en Espanol, puede llamar al 512-239-0200**

**NOTICE OF PROPOSED RATE CHANGE -WATER (Cont.)**

**Page 2**

<b>CURRENT RATES</b>		<b>PORPOSED RATES</b>	
Monthly base rate including <u>2000</u> gallons		Monthly base rate including <u>3000</u> gallons	
Meter Size:		Meter Size:	
<b>RESIDENTIAL</b>		<b>RESIDENTIAL</b>	
$\frac{5}{8}$ " or $\frac{3}{4}$ "	\$ <b>36.50</b>	$\frac{5}{8}$ " or $\frac{3}{4}$ "	\$ <b>85.07</b>
1"	\$	1"	\$
1½"	\$	1½"	\$
2"	\$	2"	\$
3"	\$	3"	\$
Other:	\$	Other:	\$
<b>GALLONAGE CHARGE:</b>		<b>GALLONAGE CHARGE:</b>	
\$ <b>1.50</b> for each additional 1000 gallons over the minimum		\$ <b>1.50</b> for each additional 1000 gallons over the minimum	

<b>MISCELLANEOUS FEES</b>		<b>MISCELLANEOUS FEES</b>	
Tap Fee	\$ <b>200</b>	Tap Fee	\$ <b>500</b>
Reconnect fee:		Reconnect fee:	
Non-payment		Non-payment	
(Maximum - \$25.00)	\$ <b>25</b>	(Maximum - \$25.00)	\$ <b>25</b>
Customer's Request	\$ <b>100</b>	Customer's Request	\$ <b>500</b>
Transfer Fee	\$ <b>10</b>	Transfer Fee	\$ <b>10</b>
Late Charge	\$ <b>5</b>	Late charge: ( <b>Indicate either \$5.00 or 10%</b> )	\$ <b>5</b>
Returned Check Charge	\$ <b>25</b>	Returned Check Charge	\$ <b>25</b>
Deposit	\$ <b>50</b>	Deposit (Maximum \$50.00)	\$ <b>50</b>
Meter test fee	\$ <b>25</b>	Meter test fee	\$ <b>25.00</b>

Regulatory Assessment of 1% is added to base rate and gallonage charges

\*\* THERE IS NO SEWER SERVICE AT ENCHANTED HARBOR UTILITY \*\*

NOTICE OF PROPOSED RATE CHANGE - SEWER (Cont.)				Page 3	
CURRENT RATES		PORPOSED RATES			
Monthly base rate including <u>NA</u> gallons		Monthly base rate including <u>NA</u> gallons			
Meter Size:		Meter Size:			
RESIDENTIAL		RESIDENTIAL			
$\frac{5}{8}$ " or $\frac{3}{4}$ "	\$	$\frac{5}{8}$ " or $\frac{3}{4}$ "	\$		
1"	\$	1"	\$		
1½"	\$	1½"	\$		
2"	\$	2"	\$		
3"	\$	3"	\$		
Other:	\$	Other:	\$		
GALLONAGE CHARGE:		GALLONAGE CHARGE:			
\$ <u>NA</u> for each additional 1000 gallons over the the minimum		\$ <u>NA</u> for each additional 1000 gallons over the the minimum			
Gallonge charges are determined based on average consumption for winter period which includes the following months:		Gallonge charges are determined based on average consumption for winter period which includes the following months:			
MISCELLANEOUS FEES		MISCELLANEOUS FEES			
Tap Fee	\$	Tap Fee	\$		
Reconnect fee:		Reconnect fee:			
Non-payment		Non-payment			
(Maximum - \$25.00)	\$	(Maximum - \$25.00)	\$		
Customer's Request	\$	Customer's Request	\$		
Transfer Fee	\$	Transfer Fee	\$		
Late Charge	\$	Late charge: (Indicate either \$5.00 or 10%)	\$		
Returned Check Charge	\$	Returned Check Charge	\$		
Deposit	\$	Deposit			
		(Maximum \$50.00)	\$		
Meter test fee	\$	Meter test fee	\$ 25.00		

Regulatory Assessment of 1% is added to base rate and gallonge charges

Enchanted Harbor Utility  
(Water Utility Name)

Water Tariff Page No. 2  
Revision Date: \_\_\_\_\_

## SECTION 1.0 –RATE SCHEDULE

### Section 1.01 – Rates

Monthly base rate including	3000	gallons
Meter Size: 5/8		
Residential		
5/8" or 3/4"	\$	85.07
1"	\$	
1 1/2"	\$	
2"	\$	
3"	\$	
Other:	\$	
Gallage Charge:		
	\$	1.50

for each additional 1000 gallons over the minimum.

### Regulatory Assessment Fee

A REGULATORY ASSESSMENT, EQUAL TO ONE PERCENT OF THE CHARGE FOR RETAIL WATER SERVICE ONLY, SHALL BE COLLECTED FROM EACH RETAIL CUSTOMER 1%

### Section 1.02 - Miscellaneous Fees

#### TAP FEE

\$ 500

TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" X 3/4" METER.

#### RECONNECTION FEE

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

a) Non payment of bill (Maximum \$25.00)	\$	<u>25</u>
b) Customer's request	\$	<u>500</u>
Or other reasons listed under Section 20CF of this tariff	\$	<u>          </u>

#### TRANSFER FEE

\$ 10

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

#### LATE CHARGE (Not more than \$5.00 or 10%)(Indicate one)

\$ 5.00

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

#### RETURNED CHECK CHARGE

\$ 25

#### CUSTOMER DEPOSIT (Maximum \$50)

\$ 50

#### 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

**RATES LISTED ARE EFFECTIVE ONLY IF THIS PAGE HAS TCEQ APPROVAL STAMP**

