



Control Number: 42948



Item Number: 10

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83<sup>rd</sup>  
Legislature, Regular Session, transferred the functions  
relating to the economic regulation of water and sewer  
utilities from the TCEQ to the PUC effective  
September 1, 2014.



**APPLICATION FOR SALE, TRANSFER,  
OR MERGER OF A RETAIL PUBLIC UTILITY**

RECEIVED  
2014 SEP 15 PM 12:27  
PUBLIC UTILITY COMMISSION  
FILING CLERK

**TABLE OF CONTENTS**

Application For Sale, Transfer Or Merger Of A Retail Public Utility .....	2
Information That Apply To The Transferor (Current Service Provider Or Seller) .....	2
Information That Apply To The Transferee Or Purchaser .....	3
Texas Comptroller Of Public Accounts .....	4
Information That Apply To More Than Two Parties Involved In This Transaction .....	5
Historical Balance Sheets .....	8
Historical Income Statement.....	9
Historical Expenses Statement.....	10
Projected Balance Sheets .....	11
Projected Income Statement .....	12
Projected Income Statement Concerning General/Administrative Expenses.....	13
Projected Sources And Uses Of Cash Statements .....	14
Information That Apply To The Physically Distinct System Being Transferred Or Acquired.....	15
Information That Apply To The Franchise Agreement Or Consent Letter From The City Or District. ....	15
Oath For Seller Or Former Service Provider .....	17
Oath For Purchaser Or Acquiring Entity .....	18
Notice To Current Customers, Neighboring Systems And Cities .....	19
Notice To Current Customers, Neighboring Systems, Landowner And Cities .....	21

**APPLICATION FOR SALE, TRANSFER,  
OR MERGER OF A RETAIL PUBLIC UTILITY**

\*RN#  \*CN#  \*If known (See instructions)

1. Proposed action of application (check all the boxes that apply):

Sale of ☐ All ☐ Portion of the ☐ Water system(s) under CCN No.:   
☒ Acquisition ☐ Sewer system(s) under CCN No.:   
Lease/Rental ☐

Transfer of ☒ All ☐ Portion of the ☒ Certificated water service area – CCN No.:   
Certificated sewer service area – CCN No.:

If only a portion of a system or certificated service area is affected by this transaction, please specify the areas or subdivision involved:

**Bayer Utility - Old Town Spring**

and to:

Obtain a CCN for the transferee (purchaser) – indicate if purchaser will take the seller's CCN

Amend the transferee's CCN No.:

Merge or consolidate public utilities

Cancel CCN of the transferor (seller)

2. Proposed effective date of this transaction:

(Must be at least 120 days after proper notice is provided)

**QUESTIONS 3 THROUGH 5 APPLY TO THE TRANSFEROR  
(CURRENT SERVICE PROVIDER OR SELLER)**

3. For the current CCN holder or service provider please indicate:

A. Name:

(Individual, Corporation or Other Legal Entity)

who is a(n):of ☐ Individual ☒ Corporation ☐ WSC ☐ HOA or POA ☐ Other

B. Utility Name (if different than above):

Address:  Telephone: (AC)

C. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name:

Address:

Fax:

Title:

Telephone: (AC)

Email:

4. About the last rate increase for the system or facilities being transferred: None  
A. What was the effective date of the last rate increase?

B. Was notice of this increase provided to the Texas Commission on Environmental Quality or it predecessors?

☐ No ☐ Yes- Application/Docket Number:  Date

5. Please provide a list of all customers affected by this transaction who have deposits held by the transferor or seller utility, if any, and include the following information (attach additional sheets if necessary):

Name and Address of Utility Customer	Date of Deposit	Amount of Deposit	Amount of Unpaid Interest on Deposit
None			
None			

☞ Within 30 days of the actual transaction date, and prior to the transfer of the certificate by the TCEQ, the seller must provide proof to the Commission that these customer deposits were returned to the customers or transferred to the purchasing utility. Proof should include a sworn affidavit.

☞ **QUESTIONS 6 THROUGH 16 REFER TO  
THE TRANSFeree OR PURCHASER**

6. For the person or entity acquiring the facilities and/or CCN:

Applicant: Quadvest, L.P.  
(Individual, Corporation, or Other Legal Entity)

Utility Name: Quadvest, L.P.  
(If different than above)

Utility Address: Po Box 409, Tomball Texas 77377

Fax:  Email: jeff@quadvest.com Telephone (AC): 281-356-5347

CCN Numbers held prior to the filing of this application: 11612, 20952

7. Check the appropriate box and provide information regarding the legal status of the transferee applicant:

Individual

Home or Property Owners Association

Partnership; attach copy of partnership agreement

Corporation; provide charter number as recorded with the Office of the Secretary of State for Texas:

Non-profit, member-owned, member-controlled Cooperative Corporation (Article 1434(a) Water Supply or Sewer Service Corporation); provide charter number:

Municipally-owned utility

District (MUD, SUD, WCID, etc.)

County

✓ Other (please explain): L.P.

8. If the applicant is an *Individual* or sole proprietorship, provide the following information. If not, skip to the next question.

Name:	NA	Email	
Address			
Telephone (AC):		Fax (AC):	

9. If the applicant is other than an *Individual* provide the following information regarding the officers or partners of the legal entity applying for the transfer. You must complete either question 8 or question 9, whichever applies to the transferee applicant. ATTACHMENT 'A'

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

- Attach additional sheet(s) if necessary -

- ☛ **Important:** • If the applicant is a for-profit corporation, please provide a copy of the corporation's "Certification of Account Status" from the State Comptroller Office. This "Certification of Account Status" can be obtained from:

**Texas Comptroller of Public Accounts**

P. O. Box 13528, Capitol Station  
Austin, Texas 78711  
1-800-252-5555

- If the applicant is an Article 1434a water supply or sewer service corporation or other non-profit corporation, please provide a copy of the Articles of Incorporation and By-Laws.

10. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name:	Jeff Goebel	Title:	Business Development
Address:	Po Box 409, Tomball TX 77377	Telephone (AC):	281-305-1112
Fax #		Email	jeff@quadvest.com
Relationship to the applicant:	Business Development		

**IF THERE ARE MORE THAN TWO PARTIES INVOLVED IN THIS TRANSACTION, PLEASE ATTACH SHEETS PROVIDING THE INFORMATION REQUIRED IN QUESTION 6 THROUGH QUESTION 10 FOR EACH PARTY**

11. Please respond to each of the following questions. Attach additional sheets if necessary.

- A. Describe the experience and qualifications of the applicant to provide adequate utility service to the requested area

Quadvest has been in the IOU industry for over 30 years. Quadvest serves multiple subdivisions near this service area

- B. Has the applicant acquiring the CCN or facilities or an affiliated interest of the applicant been under enforcement action by the TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG) or the Environmental Protection Agency (EPA) in the past for noncompliance with rules, orders or State Statutes? ☐ Yes ☒ No

If yes, please attach copies of any correspondence with these regulatory agencies concerning these enforcement actions and describe any actions and efforts to comply with those requirements. Attach additional sheets if needed.

--

- C. Describe the source and availability of funds required to make the planned or required improvements, if any, to meet minimum requirements of the TCEQ and ensure continuous and adequate service.

Co Bank

- D. Describe the anticipated impact of this transaction on the quality of utility service and explain any anticipated changes in the quality of service.

Quadvest plans to upgrade the water facility and distribution lines that have been in place for many many years

- E. How will the transaction serve the public interest?

improve water service

12. Please describe the nature of the proposed transaction:

Sale of assets to Quadvest

13. If the transferee applicant is an Investor Owned Utility (IOU) and will be under the rate jurisdiction of the TCEQ, please provide the following information. Water supply or sewer service corporations and political subdivisions of the state should mark this section N/A:

- A.
- Total Purchase Price: 75,000
  - Total Original Cost (as recorded on books of seller or merging entity): Not Known
  - Accumulated Depreciation as of the proposed effective date of the transaction: Not Known
  - Contributions in Aid of Construction:
    - Specific surcharges approved by TCEQ: Not Known
    - Revenues from explicit customer agreements: Not Known
    - Developer Contributions (please explain):

None

- Other Contributions (please explain):

None

Total Contributions in Aid of Construction None

- Net Book Value: Not Known

☞ If the Original Cost or any of the above items has been established in a rate case proceeding by the PUC, the TWC or the TCEQ, please provide the Application/Docket Number and date:

Application/Docket Number: Not Known

Date:

☞ If the applicant is not under the rate jurisdiction of the TCEQ, only the purchase price and information related to Contributions in Aid of Construction is required.

- B. Please provide any other information concerning the nature of the transaction you believe should be given consideration if not explained elsewhere in the application.  
[attach additional sheet(s) if necessary]:

The applicant plans to replace the aged distributions lines, over time, and construct a new water distribution facility.

- C. Complete the following proposed entries listed below as shown in books of purchasing (or surviving) company. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations.

Utility Plant in Service:	Not Known
Plant Acquisition Adjustment:	Not Known
Extraordinary Loss on Purchase:	Not Known
Accumulated Depreciation of Plant:	Not Known
Cash:	Not Known
Notes Payable:	Not Known
Mortgage Payable:	Not Known
Others (please list):	Not Known

As the purchaser, I understand that it is **my responsibility** in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service.

Purchaser's Initials:  Date:

14. Please indicate the proposed effect of this transaction on the rates to be charged to the affected customers:

- ☒ All the customers will be charged the same rates as they were charged before the transaction.  
☐ Some All customers will be charged different rates than they were charged before the transaction.

If rates are changing, please explain:

Applicant is an IOU and intends to file with the Commission or municipal regulatory authority an application to change rates of some/all of its customers as a result of this transaction. If so, please explain:

Other. Please explain:

15. List all neighboring water and /or sewer utilities, cities, and political subdivisions providing the same service within two (2) miles of area affected by this proposed transaction. This information should be available from the water utility database (WUD) or Applicant's licensed water operator.

Consumers Water, Inverness Forest ID, Southern Montgomery County MUD, Spring Creek Trails, Texas American Water, Aqua Texas, Harris County WCID 92, Northgate Crossing MUD 2, Montgomery County MUD 94, Harris County MUD 249, City of Houston, Harris County, HGCSO,



16. Financial, Managerial and Technical information for the acquiring entity.

**HISTORICAL BALANCE SHEETS**

NOT AVAILABLE

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
<b>CURRENT ASSETS</b>						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
<b>Total</b>						
<b>FIXED ASSETS</b>						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
<b>Total</b>						
<b>TOTAL ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
<b>TOTAL</b>						
<b>LONGTERM LIABILITIES</b>						
Notes Payable, Long-term						
Other						
<b>TOTAL LIABILITIES</b>						
<b>OWNER'S EQUITY</b>						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
<b>TOTAL OWNER'S EQUITY</b>						
<b>TOTAL LIABILITIES AND EQUITY</b>						
<b>WORKING CAPITAL</b>						
<b>CURRENT RATIO</b>						
<b>DEBT TO EQUITY RATIO EQUITY TO TOTAL ASSETS</b>						

# HISTORICAL INCOME STATEMENT

Not Available

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
<b>METER NUMBER</b>						
Existing Number of Taps						
New Taps Per Year						
<b>Total Meters at Year End</b>						
<b>METER REVENUE</b>						
Fees Per Meter						
Cost Per Meter						
<b>Operating Revenue Per Meter</b>						
<b>GROSS WATER REVENUE</b>						
Fees						
Other						
<b>Gross Income</b>						
<b>OPERATING EXPENSES</b>						
General & Administrative						
Interest						
Other						
<b>NET INCOME</b>						

# HISTORICAL EXPENSES STATEMENT

Not Available

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
<b>Total</b>						
<b>% Increase Per Year</b>						
<b>OPERATIONAL EXPENSES</b>						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
<b>Total</b>						
<b>% Increase Per Year</b>						
<b>ASSUMPTIONS</b>						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

# PROJECTED BALANCE SHEETS

Attachment 'B'

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>CURRENT ASSETS</b>						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
<b>Total</b>						
<b>FIXED ASSETS</b>						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
<b>Total</b>						
<b>TOTAL ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
<b>Total</b>						
<b>LONGTERM LIABILITIES</b>						
Notes Payable, Long-term						
Other						
<b>TOTAL LIABILITIES</b>						
<b>OWNER'S EQUITY</b>						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
<b>TOTAL OWNER'S EQUITY</b>						
<b>TOTAL LIABILITIES AND EQUITY</b>						
<b>WORKING CAPITAL</b>						
<b>CURRENT RATIO</b>						
<b>DEBT TO EQUITY RATIO</b>						
<b>EQUITY TO TOTAL ASSETS</b>						

# PROJECTED INCOME STATEMENT

Attachment 'B'

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>METER NUMBER</b>						
Existing Number of Taps						
New Taps Per Year						
<b>Total Meters at Year End</b>						
<b>METER REVENUE</b>						
Fees Per Meter						
Cost Per Meter						
<b>Operating Revenue Per Meter</b>						
<b>GROSS WATER REVENUE</b>						
Fees						
Other						
<b>Gross Income</b>						
<b>OPERATING EXPENSES</b>						
General & Administrative						
Interest						
Other						
<b>NET INCOME</b>						

# PROJECTED INCOME STATEMENT Attachment B

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
<b>Total</b>						
<b>% Increase Per Year</b>						
<b>OPERATIONAL EXPENSES</b>						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
<b>Total</b>						
<b>% Increase Per Year</b>						
<b>ASSUMPTIONS</b>						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

# PROJECTED SOURCES AND USES OF CASH STATEMENTS A Hadmont E

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>SOURCES OF CASH</b>						
Net Income						
Depreciation (If Funded)						
Loan Proceeds						
Other						
<b>Total Sources</b>						
<b>USES OF CASH</b>						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
<b>Total Uses</b>						
<b>NET CASH FLOW</b>						
<b>DEBT SERVICE COVERAGE</b>						
Cash Available for Debt						
<b>SERVICE (CADS)</b>						
Net Income (Loss)						
Depreciation, or Reserve Interest						
<b>Total</b>						
<b>REQUIRED DEBT SERVICE (RDS)</b>						
Principle Plus Interest						
<b>DEBT SERVICE COVERAGE RATIO</b>						
CADS Divided by RDS						

**PLEASE ANSWER QUESTIONS 17 THROUGH 22 ON A DIFFERENT SHEET  
FOR EACH PHYSICALLY DISTINCT SYSTEM BEING  
TRANSFERRED OR ACQUIRED**

17. A. For Water Systems. TCEQ Public Water System Identification Number: 

1	0	1	0	2	1	2
---	---	---	---	---	---	---

Date of last inspection:

Attachment 'C'

B. For Wastewater Systems:

-TCEQ Discharge Permit Number: W Q 

--	--	--	--	--

 - 

--	--	--

-Name of Permittee:

-Date of application to transfer Discharge Permit submitted:

-Date of application to transfer Discharge Permit approved by TCEQ:

18. A. Are any improvements required to meet TCEQ standards? ☐ Yes ☒ No. If yes, please explain:

Not at this time, the applicant is however planning on constructing a new water treatment facility and start the upgrade of existing distribution lines.

B. Is there a moratorium on new connections? ☐ Yes ☒ No. If yes, please explain:

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ standards (attach additional sheets if necessary):

Description of the Required Improvement	Schedule to Complete	Estimated Cost
Water Treatment Plant	11/2013	350,000
Upgrade existing distribution lines	2014 - 2016	400,000

19. Does the system being transferred operate within the city limits of a municipality or within district boundaries? ☐ Yes ☒ No

If yes, indicate the number of customers within the city limits or district boundaries:

Water  Sewer

**Attach copy of franchise agreement or consent letter from the city or district.**

20. Do you currently purchase water or sewer treatment capacity from another source? ☐ Yes ☒ No  
 Water          Sewer          Purchased on a          Regular          Seasonal          Emergency Basis

• Source:  % of total supply:



21. List the number of existing connections to be effected by this transaction.

Water				Sewer	
	-Non Metered	1	-2"meter	-Residential Connection	
338	-5/8" or 3/4" meter		-3" meter	-Commercial Connection	
6	-1" meter		-4" meter	-Industrial Connection	
3	-1 1/2" meter		-Other	-Other	
Total Water Connections:			348	Total Sewer Connections	

20. Has the system reached 85% of its capacity based on TCEQ's minimum requirements? ☐ Yes ☒ No  
If yes, please explain what steps are being taken to address the capacity issues:

23. List the name, class, and license number of the operator(s) that will be responsible for the system:

Name	Class	License#
Quadvest, L.P.		

24. Attach the following maps with each copy of the application: **ATTACHMENT 'D'**
- One small scale map clearly showing affected service area with enough detail to accurately locate the area if the application is for the transfer of all or a portion of a CCN.
  - One large scale map showing the proposed service area boundaries being sold, transferred, or merged and, if available, the existing and proposed facilities. Color coding should be used to differentiate existing from proposed facilities. Facilities and service area boundaries should be shown with such exactness that they can be located on the ground. If transferring area not currently in a CCN or a portion of an existing CCN area please attach the following hard copy maps with each copy of the application:
    - A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
    - A map showing only the proposed area by:
      - metes and bounds survey certified by a licensed state or registered professional land surveyor; or
      - projectable digital data with metadata (proposed areas should be in a single record and clearly labeled, data disk should be included); or
      - following verifiable natural and man-made landmarks, or
      - a copy of recorded plat map with metes and bounds.
    - A written description of the proposed service area.

# OATH FOR SELLER OR FORMER SERVICE PROVIDER

STATE OF Texas

COUNTY OF Harris

I, Donald W Bayer, being duly sworn, file this application for sale, lease, rental or merger or consolidation as Owner (*indicate relationship to applicant*) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant; that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that I have provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Section 13.301(j) and copies of any outstanding Orders of the Commission or Attorney General and have also complied with the notice requirements in Section 13.301(k) of the Water Code.

Donald W. Bayer

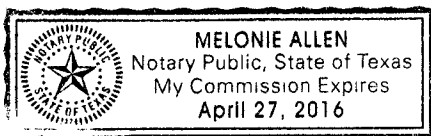
AFFIANT

(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,  
day 1 of FEB., 20 13.

SEAL



Melonie Allen

NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS

Melonie Allen

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES April 27, 2016

One copy of this page must be submitted for each utility involved in this transaction.

## OATH FOR PURCHASER OR ACQUIRING ENTITY

STATE OF Texas

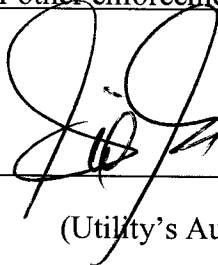
COUNTY OF Harris

I, Simon Sequeira, being duly sworn, file this application for

sale, lease, rental or merger or consolidation as President

**(indicate relationship to applicant)** that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I am also authorized and do agree to be bound by and comply with any outstanding orders of the Commission or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.



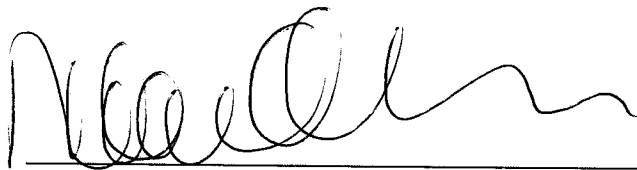
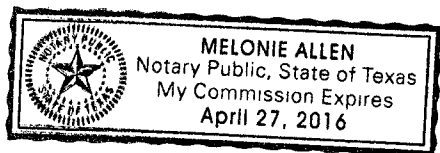
AFFIANT  
(Utility's Authorized Representative)

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

Applicant represents that all other parties to this transaction have been furnished copies of this completed application.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,  
day 1 of FEB, 20 13.

SEAL



NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS

Melonie Allen

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES April 27, 2016

One copy of this page must be submitted for each utility involved in this transaction.

FORM A

Application No. \_\_\_\_\_

**Notice to Current Customers, Neighboring Systems and Cities**

Bayer Water System 'S  
(Seller's or Transferor's Name)

NOTICE OF INTENT TO SELL FACILITIES AND TRANSFER CERTIFICATE OF CONVENIENCE AND  
NECESSITY (CCN) NO 12281 TO Quadvest, L.P.

(Purchaser's or Transferee's Name)

IN Harris COUNTY, TEXAS

To: \_\_\_\_\_ Date Notice Mailed \_\_\_\_\_, 20 \_\_\_\_  
(Name of Customer, Neighboring System or City)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
City State Zip

Sellers or Transferors' Name	Address	City/State/Zip Code
Bayer Water System	PO Box 127	Spring TX 77383

has submitted an application with the Texas Commission on Environmental Quality to sell facilities and transfer  
water or sewer (please select) CCN No. 12281 in Harris [County Name]

County to:

Purchasers or Transferee's Name	Address	City/State/Zip Code
Quadvest, L.P.	PO Box 409	Tomball Texas 77377

The sale is scheduled to take place as approved by the Executive Director (V.T.C.A., Water Code §13.301). The  
transaction and the transfer of the CCN include the following subdivision(s) and zip codes:

Bayer Water System (Old Town Spring), 77383

The area subject to this transaction is located approximately 20 miles North [direction] of  
downtown Houston, [City or Town] Texas, and is **generally** bounded on the north by  
Spring Creek ;on the east by Spring Creek  
;on the south by Lexington Woods Dr ;and on the west by 0.5 miles east of IH 45

The total area being requested includes approximately 1096 acres and serves 347 current customers.  
This transaction will have the following effect on the current customer's rates and services:

Rates will stay the same

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

- (1) state your name, mailing address and daytime telephone number;
- (2) state the applicant's name, application number or another recognizable reference to this application;
- (3) include the statement "I/we request a public hearing";
- (4) write a brief description of how you, the persons you represent, or the public interest would be adversely affected by the proposed transaction and transfer of the CCN; and
- (5) state your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The Executive Director will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no protests or requests for hearing are filed during the comment period, the Executive Director may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

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

**Se desea informacion on Espanol, puede llamar al 512-239-0200.**

---

Utility Representative

---

Utility Name

**Notice to Current Customers, Neighboring Systems, Landowner and Cities**

\_\_\_\_\_  
(Seller's or Transferor's Name) 'S NOTICE OF INTENT TO SELL FACILITIES TO

\_\_\_\_\_  
(Purchaser's or Transferee's Name) AND FOR \_\_\_\_\_  
Purchaser's or Transferee's Name)

TO OBTAIN OR AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) IN  
\_\_\_\_\_  
COUNTY, TEXAS

To: \_\_\_\_\_ Date Notice Mailed \_\_\_\_\_, 20 \_\_\_\_  
(Name of Customer, Neighboring System, Landowner or City)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
City State Zip

\_\_\_\_\_  
Sellers or Transferors' Name Address City/State/Zip Code

has submitted an application with the Texas Commission on Environmental Quality to sell water or sewer (please select) Facilities in \_\_\_\_\_ [County Name] County to:

\_\_\_\_\_  
Purchasers or Transferee's Name Address City/State/Zip Code

The transferee has also requested to obtain/amend a CCN in this application. The sale is scheduled to take place as approved by the Executive Director (V.T.C.A., Water Code §13.301). The transaction and the proposed service area include the following subdivision(s) and zip codes:

\_\_\_\_\_  
The area subject to this transaction is located approximately \_\_\_\_\_ miles \_\_\_\_\_ [direction] of downtown \_\_\_\_\_, [City or Town] Texas, and is **generally** bounded on the north by \_\_\_\_\_; on the east by \_\_\_\_\_; on the south by \_\_\_\_\_; and on the west by \_\_\_\_\_

The total area being requested includes approximately \_\_\_\_\_ acres and serves \_\_\_\_\_ current customers. This transaction will have the following effect on the current customer's rates and services:

\_\_\_\_\_

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

- (1) state your name, mailing address and daytime telephone number;
- (2) state the applicant's name, application number or another recognizable reference to this application;
- (3) include the statement "I/we request a public hearing";
- (4) write a brief description of how you, the persons you represent, or the public interest would be adversely affected by the proposed transaction and transfer of the CCN; and
- (5) state your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The Executive Director will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no protests or requests for hearing are filed during the comment period, the Executive Director may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

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

**Se desea informacion on Espanol, puede llamar al 512-239-0200.**

---

Utility Representative

---

Utility Name

## **Attachment 'A'**



# Quadvest, L.P. Ownership

---

Yvette Castro	14.28%	Secretary
Bartlett Sequeira	14.28%	Vice President
Gary Sequeira	14.29%	
Simon Sequeira	14.29%	President
Tamara Sequeira	14.29%	
Mandi Brown	14.28%	
Sharon Sequeira	14.29%	

**TEXAS COMPTROLLER OF PUBLIC ACCOUNTS**

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

January 31, 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**QUADVEST, L.P.**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 31st day of  
January 2013 A.D.

A handwritten signature in black ink that reads "Susan Combs".

Susan Combs  
Texas ComptrollerTaxpayer number: 17421243712  
File number: 0800539284

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

## **Attachment 'B'**

Bayer Water System

5 - Year Projection Financials					
2013	2014	2015	2016	2017	
Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL 5 YRS

PROFIT & LOSS

PROFIT & LOSS					
---------------	--	--	--	--	--

Beginning Cash	-	21,449	19,652	21,494	27,126	-
Water Revenue	108,576	201,408	213,493	226,303	239,881	989,661
Total Revenue	108,576	201,408	213,493	226,303	239,881	989,661

COGS - Contract Operations	87,943	96,016	101,777	107,884	114,357	507,977
COGS - Other	48,797	53,276	56,473	59,861	63,453	281,860
Other Operating / OH Expenses	5,429	10,070	10,675	11,315	11,994	49,483
Interest Expense	21,209	20,093	18,976	17,860	16,744	94,881
Total Expenses	163,377	179,455	187,901	196,920	206,548	934,201

Ending Cash	21,449	19,652	21,494	27,126	36,709	36,709
-------------	--------	--------	--------	--------	--------	--------

Water connections	348	369	391	414	439	439
-------------------	-----	-----	-----	-----	-----	-----

Depreciation	8,333	8,333	8,333	8,333	8,333	41,667
Net Income	(63,135)	13,620	17,259	21,049	25,000	13,793
NI %	-58.1%	6.8%	8.1%	9.3%	10.4%	1.4%

Other Cash Flow (No P&L)	76,250	(23,750)	(23,750)	(23,750)	(23,750)	(18,750)
--------------------------	--------	----------	----------	----------	----------	----------

BALANCE SHEET

BALANCE SHEET					
---------------	--	--	--	--	--

ASSETS

Cash	21,449	19,652	21,494	27,126	36,709	36,709
Land, Plant & Equipment	375,000	375,000	375,000	375,000	375,000	375,000
Acc Depreciation	(8,333)	(16,667)	(25,000)	(33,333)	(41,667)	(41,667)
Total Assets	388,115	377,985	371,494	368,793	370,043	370,043

LIABILITIES

Notes Payable	451,250	427,500	403,750	380,000	356,250	356,250
Total Liabilities	451,250	427,500	403,750	380,000	356,250	356,250

OWNER'S EQUITY

Paid in Capital	-	-	-	-	-	-
Retained Earnings	(63,135)	(49,515)	(32,256)	(11,207)	13,793	13,793
Total Owner's Equity	(63,135)	(49,515)	(32,256)	(11,207)	13,793	13,793
Total Liabilities & Owner's Equity	388,115	377,985	371,494	368,793	370,043	370,043

# **WATER AND WASTEWATER UTILITIES**

## **ANNUAL REPORT**

*of*

**Bayer Water System**

**Exact Legal Name of Utility/Respondent**

**12281**

**Certificate of Convenience and Necessity (CCN) No.**

*Submitted to the*

**State of Texas**



**Texas Commission on Environmental Quality**

*for the*

**Calendar Year Ended December 31, 2010**

### Section 1: Utility Information

Utility Name Bayer Water System

Address P.O. Box 127

Spring, Texas 77383

☐ Please check this box if your Official Address, which is noted on the enclosed letter, has changed.

Telephone Number 281-353-2215 Fax Number 281-353-2215

E-mail Address catfish419@yahoo.com

Contact Person D.W. Bayer

Title \_\_\_\_\_

Check the business ownership entity of the utility as filed with the Internal Revenue Service

☒ Individual ☐ Partnership ☐ Corporation ☐ NonProfit Association

### Section 2: Utility Background

Water CCN No. 12281

Number of PWSs 1

PWS ID No. 1010212

PWS ID No. \_\_\_\_\_

(if the Utility has more PWS ID  
Nos., please indicate in Section 10)

Sewer CCN No. \_\_\_\_\_

Number of Wastewater Systems \_\_\_\_\_

Discharge Permit No. \_\_\_\_\_

Discharge Permit No. \_\_\_\_\_

(if the Utility has more Discharge Permit  
Nos., please indicate in Section 10)

**Section 3: Revenues**

	Water	Wastewater	Total Water + Wastewater
OPERATING REVENUES:			
Utility Service/Sales	126,431		
Fees (Tap, Reconnection, etc.)			
OTHER REVENUES:			
Please Identify:			
<b>TOTAL REVENUES</b>	126,431		

**Section 4: Expenses**

	Water	Wastewater	Total Water + Wastewater
Salaries & Wages	24,714		
Contract Labor	15,600		
Purchased Water			
Chemicals for Treatment	330		
Utilities (electricity)	11,906		
Repairs/Maintenance/Supplies	6,105		
Office Expenses	6,653		
Professional Fees (Accounting, Legal)			
Insurance	3,099		
Depreciation & Amortization			
Miscellaneous (describe in remarks below)			
Subtotal	68,407		
Taxes:			
Federal Income Taxes			
Property and Other Taxes (Payroll, etc.)	10,883		
Regulatory Expenses (Rate Case, Permits)	59,030		
Other (describe in remarks below)			
<b>TOTAL EXPENSES</b>	138,320		

**Remarks:**

## Section 5: Operating Items

### Debt Information:

Annual interest expense on long and/or short term debt? \$ \_\_\_\_\_  
Annual principal payment on debt? \$ \_\_\_\_\_  
Annual interest rate on debt? \_\_\_\_\_ %  
Annual debt principal and interest? \$ \_\_\_\_\_  
Principal balance on outstanding debt at end of this reporting period? \$ \_\_\_\_\_

### Regulatory Assessment Fee:

What was the Regulatory Assessment fee amount submitted to TCEQ for the  
Calendar Year 2010? \$ 779

### Rate Change:

What was the effective date of the last Rate Change? \_\_\_\_\_

## Section 6: Customer Information

Connection Type <b>Water</b>	Number of Connections at	
	Beginning of Calendar Year 2010	End of Calendar Year 2010
Total 315	319	315

Connection Type <b>Wastewater</b>	Number of Connections at	
	Beginning of Calendar Year 2010	End of Calendar Year 2009
Total		



## Section 7: Water Production & Consumption

A What is the total amount of water produced/pumped?	30,619,500	gallons
B What is the total amount of water sold/billed?	20,249,400	gallons
C How much water was lost?	10,370,100	gallons
What is the total percent of water loss?	33	%

To calculate the above, please reference the attached document Water and Wastewater Utilities Annual Report Instructions.

Comments? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## Section 8: Wastewater Treated

What is the total amount of wastewater treated? \_\_\_\_\_ gallons

Comments? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## Section 9: Utility Management & Operations Assessment

### Utility Policy and Procedures

Do you have an Application Form or Formal Process for New Customers?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Do you have a copy of your approved tariff and drought contingency plan for customers to review?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Do you have Written Operating Procedures for Routine Operations?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Do you have Written Emergency Actions Plan(s)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Do you have Written Personnel Procedures?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Do you have Risk Management & Safety Policies?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Do you have Customer Service Policies? (including billing & collection)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Do you have a Written Budget? (normally updated annually)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Did you or any utility staff attend the annual Water Supply Division Conference/Trade Fair or any other utility/business related conferences this year? If so, please list them in Section 10.

☐ Yes ☒ No

Do you record complaints or keep a complaint log?

☐ Yes ☒ No

Is a customer service representative, water system employee, or answering service accessible by phone at all times to all customers?

☒ Yes ☐ No

### **Rules and Regulations**

If you own/operate a public water system, do you have a copy of or have access to 30 TAC Chapter 290?

☒ Yes ☐ No

If you own/operate a sewer system, do you have a copy of or have access to 30 TAC 30 Subchapter J, 30 TAC 217, 30 TAC 308, and 30 TAC 309?

☐ Yes ☒ No

Do you have a copy of or have access to the Utility Regulation TAC 30 Rule, Chapter 291?

☒ Yes ☐ No

Do you have a copy of or have access to Texas Water Code Chapter 13?

☒ Yes ☐ No

### **Administrative Information**

Do you notify customers prior to shutting down the system for repairs?

☐ Yes ☐ No ☒ Sometimes ☐ Only if greater than 2 hours

How do you keep your customers informed?

☒ Billing Statements ☐ Newsletter ☐ Meetings

☐ Other \_\_\_\_\_

Are water records kept separate from other business and personal records?

☒ Yes ☐ No

Are records kept for additions to fixed assets?

☐ Yes ☒ No

Is the financial position of the system reviewed at least quarterly?

☐ Yes ☒ No

Are accounting records for water and wastewater kept separately?

☒ Yes ☐ No

### **Utility Assistance**

If your answer to any question above is "No", would you be receptive to financial, managerial or technical assistance at no cost to the utility?

☐ Yes ☒ No

**Section 10: Remarks (please feel free to attach additional pages if necessary)**

<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
---

**Section 11: Sworn Statement**

I HEREBY CERTIFY THAT THE INFORMATION PROVIDED IN THIS REPORT IS  
TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

(This document MUST be signed by the President or Owner of the Utility)

This 3 Day of March, 2010.

President or Owner:

  
(Signature)

D.W. Bayer

(Printed Name)

(Title)

## **Attachment 'C'**

Bryan W. Shaw, Ph.D., *Chairman*  
Buddy Garcia, *Commissioner*  
Carlos Rubinstein, *Commissioner*  
Mark R. Vickery, P.G., *Executive Director*



PWSI/1010212 ICO

## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

May 19, 2010

**CERTIFIED MAIL #7007 0710 0004 7392 7226**  
**RETURN RECEIPT REQUESTED**

INFORMATION COPY

Mr. Arthur Edward Bayer, Owner  
Arthur Edward Bayer  
P. O. Box 127  
Spring, Texas 77383-0127

Re: Notice of Violation for the Compliance Evaluation Investigation at:  
Bayer Water System, 26718 Aldine Westfield, Harris County, Texas  
TCEQ ID No. 1010212, Investigation No. 801087

Dear Mr. Bayer:

On April 13, 2010, Ms. Elaine Jackson of the Texas Commission on Environmental Quality (TCEQ) Houston Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with the applicable requirements for public water supply systems. Enclosed is a summary which lists the investigation findings. During the investigation, an outstanding alleged violation was identified for which compliance documentation is required. Please submit to this office by June 19, 2010, a written description of the corrective action taken and the required documentation demonstrating that compliance has been achieved for this outstanding alleged violation.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violation as required in order to protect the State's environment.

If you have additional information that we are unaware of, you have the opportunity to contest the violation documented in this notice. Should you choose to do so, you must notify the Houston Region Office within 10 days from the date of this letter. At that time, Leticia De Leon, Team Leader, will schedule a violation review meeting to be conducted *within 21 days from the date of this letter OR specified date at specific time*. 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 attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violation.

Mr. Bayer, Owner  
May 19, 2010  
Page 2

If you or members of your staff have any questions, please feel free to contact Ms. Elaine Jackson in the Houston Region Office at 713/767-3650.

Sincerely,



Leticia De Leon, Team Leader  
Public Water Supply  
Houston Region Office

LD/ETJ/ra

cc: The Harris County Health and Environmental Service

Enclosure: Summary of Investigation Findings

TCEQ

Fax: 7137673691

Feb 5 2013 15:32

P.04

### Summary of Investigation Findings

**BAYER WATER SYSTEM**

**Investigation # 801087**

**Investigation Date: 04/13/2010**

**HARRIS COUNTY,**

**Additional ID(s): 1010212**

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

**Track No: 394337 Compliance Due Date: 06/04/2010**  
**30 TAC Chapter 290.43(e)**

**Alleged Violation:**

**Investigation: 801087**

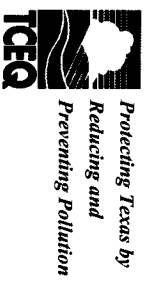
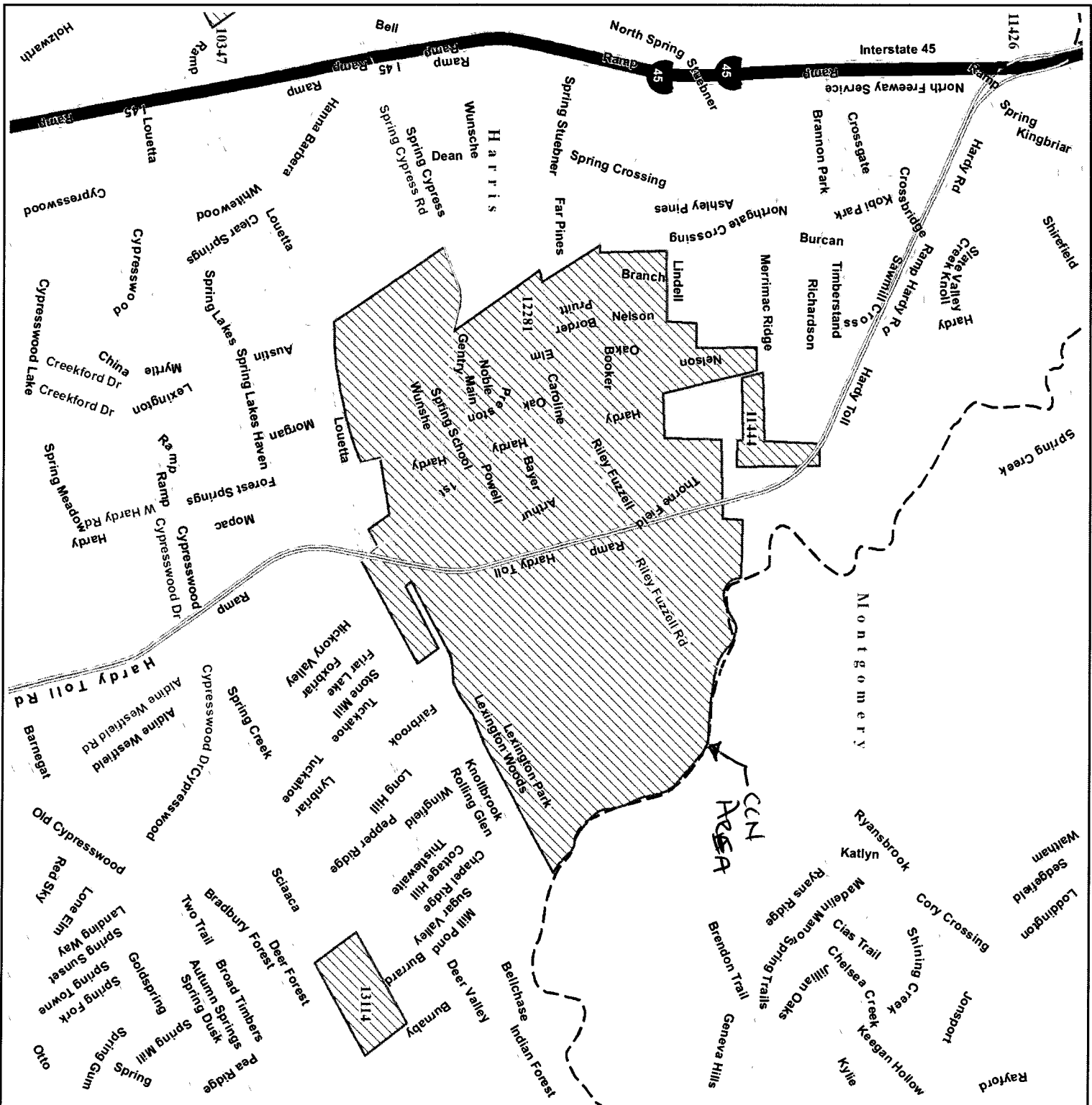
**Comment Date: 5/17/2010**

#### Facility Fencing

Failure to provide an intruder-resistant fence in order to protect the water plant. The fence must be at least six feet high and constructed of wood, concrete, masonry, or metal with three strands of barbed wire extending outward from the top of the fence at a 45 degree angle. In lieu

## **Attachment 'D'**





Texas Commission on Environmental Quality  
 P.O. Box 13087  
 Austin, Texas 78711-3087  
 For more information  
 concerning this map, please contact the  
 Water Supply Division at (512) 239-4691.  
 02/05/2013





## The Selected Area of Interest


















# Map Legend

## iWUD Viewer


















### Program Area Layers

-  Sewer CCN Facility Lines
-  Water CCN Facility Lines
-  Sewer CCN Service Areas
-  Water CCN Service Areas

### Water Districts

-  DD - Drainage District
-  FWSD - Fresh Water Supply District
-  ID - Irrigation District
-  LID - Levee Improvement District
-  MMD - Municipal Management District
-  MUD - Municipal Utility District
-  ND - Navigation District
-  OTH - Other
-  RA - River Authority
-  RD - Regional District
-  SCD - Stormwater Control District
-  SUD - Special Utility District
-  SWCD - Soil & Water Conservation District
-  WCID - Water Control & Improvement District
-  WID - Water Improvement District

### Basemap Layers

-  Interstate Highway
-  U.S. Highway
-  Loop
-  Beltway / Toll
-  State Highway
-  Ramp
-  Street
-  Zip Code
-  TCEQ Regions
-  Senate - Districts
-  House - Districts
-  Stream / Creek
-  River
-  Waterbody
-  County
-  City
-  State Outline

**WATER UTILITY TARIFF  
FOR**

Bayer Water System, Inc.  
(Utility Name)

P.O. Box 127  
(Business Address)

Spring, Texas 77383  
(City, State, Zip Code)

(281) 353-2215  
(Area Code/Telephone)

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

12281

This tariff is effective in the following county:

Harris

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

None

This tariff is effective in the following subdivisions or systems:

Bayer Water System (PWS ID #1010212)

**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 .....	9
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN .....	11
APPENDIX A -- SAMPLE SERVICE AGREEMENT	
APPENDIX B -- APPLICATION FOR SERVICE	

TEXAS COMM. ON ENVIRONMENTAL QUALITY

CCN 12281 JUL 20 05

APPROVED TARIFF BY SP/SP

SECTION 1.0--RATE SCHEDULESection 1.01--Rates

## TEXAS WATER COMMISSION

METER SIZE	Monthly Minimum Charge		Gallage Charge	
	including	2000 gallons	per	1000 gallons
5/8" or 3/4"	\$	12.50	per month	\$ 1.35 per
1"	\$	_____	per month	1000 gallons
1 1/2"	\$	62.50	per month	
2"	\$	75.00	per month	
3"	\$	_____	per month	
4"	\$	_____	per month	

SAME FOR ALL SIZES

Section 1.2--Miscellaneous Fees

TAP FEE.....\$ 250.00  
 Tap fee is limited to the average of the Utility's actual costs for materials and labor for standard residential connections of 5/8" or 3/4" meter (2" - \$450.00)

RECONNECTION FEE.....\$ 35.00  
 The reconnect fee will be charged before service can be restored to a customer who has been disconnected at a) the customer's request, b) reasons listed under Section 2.0 of this tariff, or c) reasons listed in the Commission's Substantive Rules.

LATE CHARGE

A one-time penalty of \$1.00 or 5.0% whichever is larger may be made on delinquent bills. The penalty on delinquent bills may not be applied to any balance to which the penalty was applied in a previous billing.

RETURNED CHECK CHARGE.....\$ 35.00

CUSTOMER DEPOSIT (Maximum \$50).....Residential \$ 50.00  
 Commercial 75.00

TO BECOME EFFECTIVE, THIS PAGE MUST BE STAMPED APPROVED BY THE TEXAS WATER COMMISSION

Key to Codes

C--Regulation Change    D--Discontinued    I--Increase    N--New  
 R--Reduction    E--Error Correction  
 T--Change in text, but no change in regulation

(Water Utility Name)

7994 - C CCN 12281 MAY 30 '80

## SECTION 2.0--SERVICE RULES AND REGULATIONS

Section 2.01--Application for Service

All applications for service will be made on the utility's standard application or contract form (attached in Appendix A to this tariff) and will be signed by the applicant before water service is provided by the utility. A separate application or contract will be made for each service at each separate location.

Section 2.02--Water Installation

After the applicant has met all the requirements, conditions and regulations for service, the utility will install a tap, meter and cut-off valve and/or take all necessary actions to initiate service. The utility shall serve each qualified applicant for service within its certified area as rapidly as is practical after accepting a completed application. The utility shall provide service in a timely manner on a non-discriminatory basis.

Service requests not involving line extensions, construction or new facilities shall be filled no later than fourteen (14) working days after a completed application has been accepted. If construction is required which cannot be completed within thirty (30) days, the utility shall provide a written explanation of the construction required and an expected date of service. Service shall be provided within thirty (30) days of the expected date, but no later than 180 days after a completed application was accepted. Failure to provide service within this time frame shall constitute refusal to serve.

Section 2.03--Refusal of Service

The utility may decline to serve an applicant until such applicant has complied with both state and municipal regulations, the approved rules and regulations of the utility on file with the Commission and for the following reasons:

1. the applicant's installation or equipment is known to be inadequate or of such character that satisfactory service cannot be given;
2. the applicant is indebted to any utility for the same kind of service as that applied for, provided, however, that in the event the indebtedness of the applicant is in dispute, the applicant shall be served upon complying with the deposit requirement of the utility; or,
3. refusal to make a deposit, if applicant is required to make a deposit by the utility.

TEXAS WATER COMMISSION

Bayer Water Systems, Inc.

(Water Utility Name)

7-9-84 - C CCN 12281 MAY 30 85 Water Tariff Page No. \_\_\_\_\_

D.A. APPROVED TARIFF *J.M. pl*

SECTION 2.0--SERVICE RULES AND REGULATIONS (CONT.)

Section 2.03--Refusal of Service (cont.)

In the event that the utility shall refuse to serve an applicant, the utility must inform the applicant of the basis of its refusal. The utility is also required to inform the applicant that it may file a complaint with the Commission.

Section 2.04--Customer Deposits

If the residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit that does not exceed \$50.00 for water utility service.

The utility must keep a record of each deposit, issue a receipt for it, and pay annual interest at a rate set each calendar year by the Commission. The utility shall maintain all funds received as customer deposits in a separate, federally insured, interest bearing account and shall use such funds only for the purpose of payment of unpaid bills guaranteed by such deposits, payment of interest to depositors and refund of deposits to depositors.

The utility must automatically refund the deposit plus accrued interest:

1. if service is not connected;
2. after disconnection of service if the deposit or portion of the deposit exceeds any unpaid bills; or,
3. to any residential customer who has paid service bills for 12 consecutive months without being disconnected for nonpayment and without more than two occasions in which a bill was delinquent. The refund need not be made if payment on the current bill is delinquent.

Non-residential applicants, if unable to establish satisfactory credit, may be required to make a deposit not to exceed one-sixth (1/6) of the estimated annual billings.

Section 2.05--Meter Requirements, Readings, and Testing

All water sold by the utility shall be billed based on meter measurements. The utility shall provide, install, own and maintain meters to measure amounts of water consumed by its customers. No meter shall be placed in service unless its accuracy has been established.

One meter is required for each residential, commercial or industrial facility. An apartment building or a trailer or mobile home park may be considered to be a single commercial facility.

TEXAS WATER COMMISSION

Bayer Water Systems, Inc.

(Water Utility Name)

7994 - C CON 12281

Water Tariff Page No. \_\_\_\_\_

MAY 30 80

D.A. APPROVED TARIFF BY *LM*

SECTION 2.0 SERVICE RULES AND REGULATIONS (CONT.)

Section 2.05--Meter Requirements, Readings, and Testing

Service meters shall be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period. If the circumstances warrant, meters may be read at other than monthly intervals.

Upon request, a customer may have his meter tested, without charge, in his presence or in that of his authorized representative, at a convenient time to the customer, but during the utility's normal working hours. A charge not to exceed \$15.00 may be assessed for an additional requested test within two years of the first test if the additional test shows the meter to be accurate.

Section 2.06--Billing

Bills from the utility shall be rendered monthly unless otherwise authorized by the Commission. Payment is considered late if not received at the utility's office or postal address within sixteen (16) days of the billing date. The postmark on the envelope of the bill or the recorded date of mailing by the utility, if there is no postmark on the envelope, shall constitute proof of the date of issuance.

A one-time penalty of \$1.00 or 5.0%, whichever is larger, may be made on delinquent bills. However, no such penalty may be collected unless a record of the date of mailing is made at the time of the mailing and maintained at the principal office of the utility.

Each bill shall show the following information (if applicable):

1. the date and reading of the meter at the beginning and at the end of the period for which the bill is rendered;
2. the number and kind of units metered;
3. the applicable rate schedule, title, or code;
4. the total amount due for water service;
5. the due date of the bill;
6. the date by which customers must pay the bill in order to avoid addition of a penalty;
7. the total amount due as penalty for nonpayment within a designated period;
8. a distinct marking to identify an estimated bill; and
9. any conversions from meter reading units to billing units from recording or other devices, or any other factors used in determining the bill.

The information required in items 1-9 above shall be arranged to allow the customer to readily compute his bill with a copy of the utility's rate schedule which shall be provided by the utility at the request of the customer.

TEXAS WATER COMMISSION

Bayer Water Systems, Inc.  
(Water Utility Name) 7994 - C CCN 12281 MAY 30 85 Water Tariff Page No. \_\_\_\_\_  
D.A. APPROVED TARIFF BY *SM sh*

SECTION 2.0 SERVICE RULES AND REGULATIONS (CONT.)

Section 2.06--Billing (cont.)

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

Section 2.07--Service Disconnection

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 has been given.

Proper notice shall consist of a separate mailing or hand delivery at least ten (10) days prior to a stated date of disconnection, with the words "termination notice" or similar language prominently displayed on the notice. The notice must also list the past due balance.

Utility service may be disconnected after proper notice for any of the following reasons:

1. failure to pay a delinquent account or to comply with a deferred payment agreement;
2. willful violation of a utility usage rule when that violation interferes with another customer's service; or,
3. failure to comply with valid deposit or guarantee arrangements.

Service may only be disconnected without notice:

1. when a known dangerous condition exists, for as long as the condition exists;
2. when service is established through meter bypassing, an unauthorized connection or unauthorized reconnection; and,
3. in instances of tampering with the utility company's meter or equipment.

A utility may not disconnect any customer for failure to pay for merchandise or service unrelated to utility service, even if the utility provides that merchandise or those services. A utility may not disconnect any customer for a previous occupant's failure to pay.

Utility personnel must be available to make collections and to reconnect service on the day of and the day after any disconnection of service unless service was disconnected at the customer's request or because of a hazardous condition.



(Water Utility Name) 7994 - C CCM 12281 MAY 30 '83

DA APPROVED TARIFF BY March  
**SECTION 2.0 SERVICE RULES AND REGULATIONS (CONT.)**

**Section 2.08--Service Interruptions**

The utility shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the utility shall re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, each utility shall keep a complete record of all interruptions, both emergency and scheduled.

The Commission shall be notified in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice shall also state the cause of such interruptions.

**Section 2.09--Termination of Utility Service**

No utility may abandon any customer or any portion of its service area without prior written notice to affected customers and neighboring utilities and prior Commission approval.

**Section 2.10--Quality of Service**

Each utility must 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. Minimum residual pressure at the consumer's meter shall be at least 20 psi during periods of peak usage and 35 psi during normal operating conditions.

The water system quantity requirements of the Texas Department of Health shall be the minimum standards for determining the sufficiency of production, treatment, storage, transmission and distribution facilities of water utilities for household usage. Additional capacity shall be provided to meet the reasonable local demand characteristics of the service area.

Each utility shall furnish water which has been approved by the Texas Department of Health. The application of Commission rules shall not relieve the utility from complying with the requirements of the laws and regulations of the State, local Department of Health, local ordinances and all other regulatory agencies having jurisdiction over such matters.

Bayer Water Systems, Inc.

(Water Utility Name)

Water Tariff Page No. \_\_\_\_\_  
Revision No. \_\_\_\_\_

## SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

This section contains specific utility service rules in addition to the standard rules previously listed under Section 2.0. It must be reviewed and approved by the Texas Water Commission to be effective.

TEXAS WATER COMMISSION

7994 - C CCN 12281 MAY 30 '83

D.A. APPROVED TARIFF BY *DM-ah*

TO BECOME EFFECTIVE, THIS PAGE MUST BE STAMPED APPROVED BY THE  
TEXAS WATER COMMISSION

### Key to Codes

C--Regulation Change

R--Reduction

T--Change in text, but no change in regulation

D--Discontinued

E--Error Correction

I--Increase

N--New