



Control Number: 42994



Item Number: 29

Addendum StartPage: 0

RECEIVED

APPLICATION OF D&K  
DEVELOPMENT CORPORATION  
AND EMCAD WATER AND  
WASTEWATER, LLC FOR SALE,  
TRANSFER, OR MERGER OF  
FACILITIES AND CERTIFICATE  
RIGHTS IN TARRANT COUNTY  
(37727-S)

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PUBLIC UTILITY COMMISSION  
PUBLIC UTILITY COMMISSION  
FILING CLERK  
OF TEXAS

**PROPOSED NOTICE OF APPROVAL AND MOTION TO ADMIT EVIDENCE**

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Proposed Notice of Approval and Motion to Submit Evidence, and would show the following:

**I. BACKGROUND**

On September 13, 2013, D&K Development Corporation (D&K) and EMCAD Water and Wastewater, LLC (EMCAD) filed an application for the sale, transfer, or merger of facilities and certificate rights in Johnson and Tarrant Counties from D&K to EMCAD. On April 29, 2015, the Applicants filed closing documents indicating that the transaction was completed. On July 22, 2015, Order No. 4 was issued which required Staff, not later than August 3, 2015, to file a recommendation regarding the sufficiency of the closing documentation and whether all of the required criteria has been met for final approval of this application. Order No. 4 also required that, if no disputed issues exist, the parties to file, not later than August 14, 2015, a joint proposed notice of approval with findings of fact, conclusions of law, and ordering paragraphs.

**II. REQUEST TO ADMIT EVIDENCE**

Staff requests to admit the following evidence into the record of this proceeding: (a) the application of D&K and EMCAD and all attachments, filed on September 13, 2013; and (b) Commission Staff's Final Recommendation and all attachments, filed August 14, 2015.

**III. PROPOSED NOTICE OF APPROVAL**

Pursuant to Order No. 4, Staff recommends approval of the attached Proposed Notice of Approval. This docket was processed in accordance with applicable statutes and Commission rules. Notice of the Application was provided to interested parties. The only parties to this

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proceeding are Commission Staff, D&K, and EMCAD. There are no contested issues of law or fact in this proceeding. The Proposed Notice of Approval would grant the application for approval of the sale and transfer of Certificate of Convenience and Necessity No. 20816 and facilities in Johnson and Tarrant Counties, Texas from D&K to EMCAD.

#### IV. CONCLUSION

Commission Staff has reviewed the Application and recommends its approval. Commission Staff, therefore, respectfully request that the Commission adopts the attached Notice of Approval as well as granting the admittance of the specified pieces of evidence.

**Dated: August 14, 2015**

Respectfully Submitted,

Margaret Uhlig Pemberton  
Division Director – Legal Division

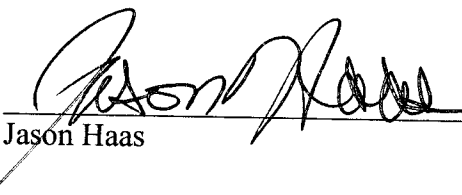
Karen S. Hubbard  
Managing Attorney – Legal Division



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Public Utility Commission of Texas  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326

#### CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on August 14, 2015, in accordance with 16 TAC § 22.74.



Jason Haas

**PUC DOCKET NO. 42994**

<b>APPLICATION OF THE D&amp;K</b>	<b>§</b>	
<b>DEVELOPMENT CORPORATION AND</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>EMCAD WATER AND</b>	<b>§</b>	
<b>WASTEWATER, LLC FOR SALE,</b>	<b>§</b>	
<b>TRANSFER, OR MERGER OF</b>	<b>§</b>	<b>OF TEXAS</b>
<b>FACILITIES AND CERTIFICATE</b>	<b>§</b>	
<b>RIGHTS IN TARRANT COUNTY</b>	<b>§</b>	
<b>(37727-S)</b>	<b>§</b>	

**PROPOSED NOTICE OF APPROVAL**

This Proposed Notice of Approval addresses D&K Development Corporation (D&K) and EMCAD Water and Wastewater, LLC (EMCAD) for the sale, transfer, or merger of facilities and certificate rights in Tarrant County from D&K to EMCAD pursuant to Tex. Water Code Ann. §§ 13.246 and 13.301 (TWC) and 16 Tex. Admin Code §§ 24.109 and 24.112 (TAC) (Application). Public Utility Commission of Texas (Commission) Staff recommended approval of the Application. The Application is approved.

The Commission adopts the following findings of fact and conclusions of law:

**I. FINDINGS OF FACT**

**Procedural History, Description, and Background**

1. On September 13, 2013, D&K and EMCAD filed an application with the Texas Commission on Environmental Quality (TCEQ) for the transfer of certificated sewer service held in Tarrant County to EMCAD and the transfer of certificate of convenience and necessity (CCN) No. 20816 to EMCAD.
2. D&K holds sewer CCN No. 20816 and is a retail public utility in Tarrant County.
3. On December 4, 2013, the TCEQ accepted the Application for filing.
4. On May 23, 2014, the TCEQ issued a letter informing D&K and EMCAD that a public hearing would not be requested, that the parties could complete their proposed transaction, and that a transfer of the Certificate of Convenience and Necessity (CCN) would occur following receipt of a copy of the signed contract or bill of sale and documents supporting the disposition of customer deposits.

5. On September 1, 2014, the rates and CCN programs were transferred from TCEQ to the Commission. The Application was part of the transfer and is now under the Commission's purview.
6. On September 18, 2014, Order No. 2 was issued, requiring that Commission Staff file a comment on the status of the application, recommendation on the need for a hearing or on the final disposition of the application, or propose a procedural schedule if necessary.
7. On October 1, 2014, Staff filed a status report indicating that TCEQ Staff had issued a letter on May 23, 2014 stating that a public hearing will not be requested and that the parties may complete the proposed transaction
8. On October 9, 2014, Order No. 3 was issued, setting a deadline of May 23, 2015 for the parties to file the appropriate documents so that final disposition of this case can occur, and requiring the parties to file updates each month regarding the status of the efforts to conclude the transaction.
9. On April 29, 2015, D&K and EMCAD filed closing documents for the transaction.
10. On June 8, 2015, D&K provided a signed consent form consenting to the map and revised certificate for EMCAD's new sewer CCN, as prepared by Commission Staff.
11. On June 16, 2015, EMCAD provided a signed consent form consenting to the map and revised certificate for EMCAD's new sewer CCN, as prepared by Commission Staff.
12. The map and revised certificate referenced in findings of fact 10 and 11 are attached to this notice.
13. On July 22, 2015, Order No. 4 was issued, requiring that Commission Staff to file, not later than August 3, 2015, a recommendation regarding the sufficiency of the closing documentation and whether all of the required criteria has been met for final approval of this application.
14. On July 30, 2015, Commission Staff issued its recommendation that the closing documents indicated compliance with Commission rules and that the utilities have met the required criteria for final approval of the application and have complied with the requirements of 16 TAC § 24.109(g).

15. On August 14, 2015, Commission Staff filed its final recommendation in the proceeding, recommending that the applicants meet all of the statutory and regulatory requirements and that approving the Application is necessary for the service, accommodation, convenience and safety of the public.
16. On August 14, 2015, Commission Staff filed the proposed Notice of Approval and a request to admit the following evidence: (a) the Application and all attachments, filed on September 13, 2013; and (b) Commission Staff's final recommendation and all attachments, filed on August 14, 2015.
17. On \_\_\_\_, Order No. 6 was issued, granting Staff's request to admit evidence.

**Notice**

18. On December 23, 2013, D&K provided notice to customers, neighboring utilities, and cities.

**Informal Disposition**

19. More than 15 days have passed since completion of the notice provided in this docket.
20. D&K, EMCAD, and Commission Staff are the only parties to this proceeding.
21. No protests, motions to intervene, or requests for hearing were filed in this docket; therefore, no hearing was necessary.

**II. CONCLUSIONS OF LAW**

1. The Commission has jurisdiction over these matters pursuant to TWC §§ 13.246, 13.254, 13.301 and 16 TAC §§ 24.109 and 24.112.
2. D&K is a retail public utility as defined in TWC § 13.002 and 16 TAC § 24.3(41).
3. Public notice of the Application was provided as required by TWC § 13.301(a)(2).
4. The Application was processed in accordance with the requirements of TWC § 13.301 and 16 TAC § 24.109 and 24.112.
5. D&K and EMCAD completed the sale within 365 days from the date of Commission approval of the sale, consistent with 16 TAC § 24.112(e).

6. After considering the factors in TWC § 13.246(c), EMCAD has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area.
7. D&K and EMCAD have demonstrated that the sale and transfer of certificated service areas and new CCNs requested in this Application are necessary for the service, accommodation, convenience, and safety of the public.
8. The requirements for informal disposition pursuant to 16 TAC § 22.35 have been met in this proceeding.

### **III. ORDERING PARAGRAPHS**

In accordance with these findings of fact and conclusions of law, the Commission issues the following Order:

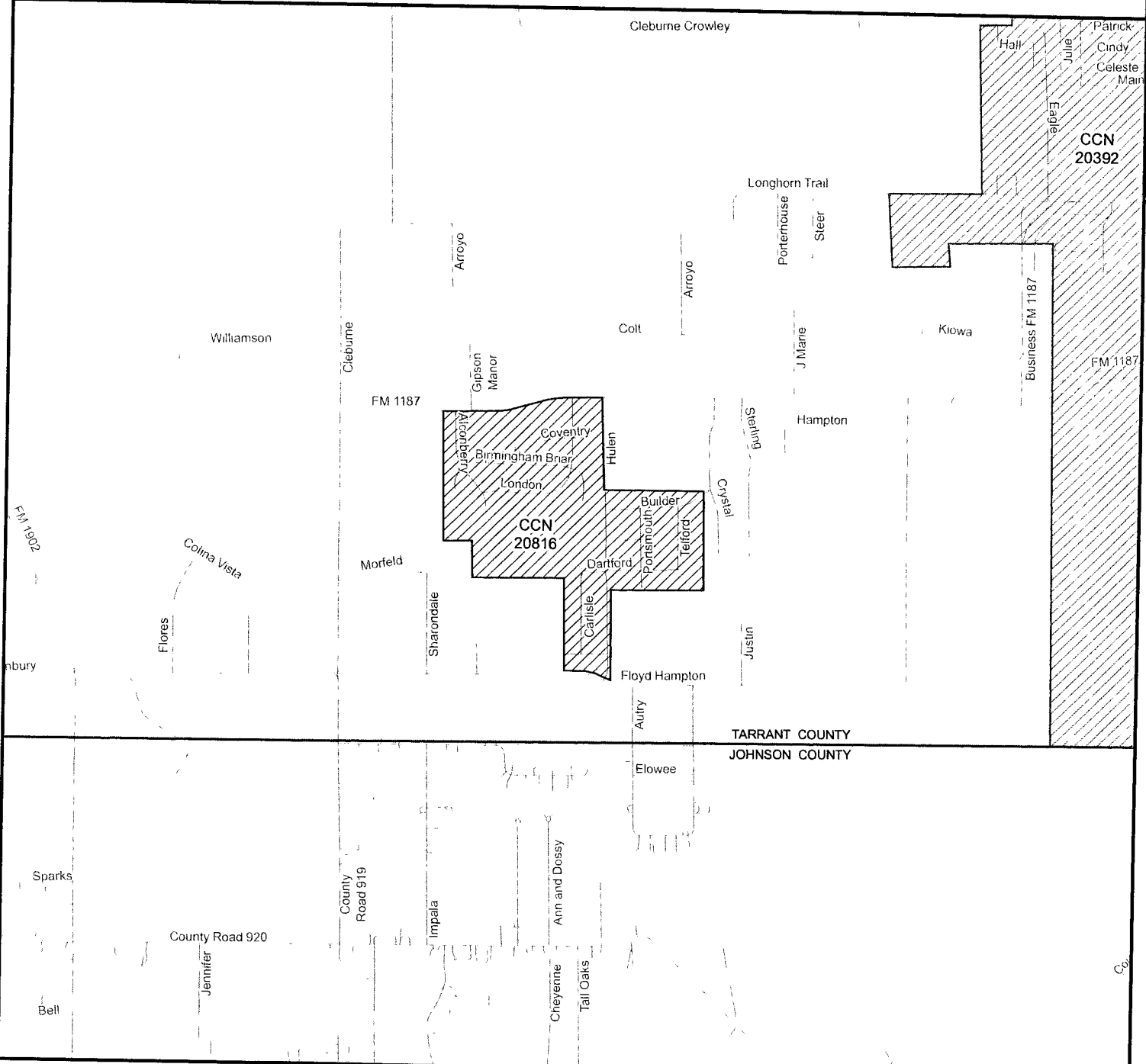
1. The Application is approved.
2. The certificated service areas and facilities held under sewer CCN No. 20816 are transferred to EMCAD.
3. The tariff of EMCAD, attached to this Notice, is approved.
4. EMCAD shall serve every customer and applicant for service within the areas previously served by D&K under CCN No. 20816, and such service shall be continuous and adequate.
5. All other motions, requests for entry of specific findings of fact or conclusions of law, and any other requests for general or specific relief, if not expressly granted herein, are hereby denied.

**SIGNED AT AUSTIN, TEXAS the \_\_\_\_\_ day of August 2015.**

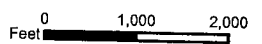
**PUBLIC UTILITY COMMISSION OF TEXAS**

\_\_\_\_\_  
**IRENE MONTELONGO**  
**DIRECTOR, DOCKET MANAGEMENT**

**EMCAD Water & Wastewater LLC**  
**Sewer Service Area**  
**CCN No. 20816**  
**PUC Docket No. 42994**  
**Transferred CCN 20816 from Dusty Drury dba D & K Development Corporation**  
**in Tarrant County**



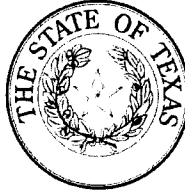
- Sewer CCN Service Areas**
- 20816 - EMCAD Water & Wastewater LLC
  - 20392 - City of Crowley



Public Utility Commission of Texas  
 1701 N. Congress Ave  
 Austin, TX 78701

Map by: Suzanne Burt  
 Date created: May 20, 2015  
 Project path: n:/gis/projects/applications/42994.mxd





# **Public Utility Commission Of Texas**

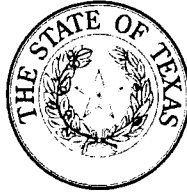
**By These Presents Be It Known To All That  
EMCAD Water and Wastewater, LLC**

having duly applied for certification to provide sewer utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

## **Certificate of Convenience and Necessity No. 20816**

to provide continuous and adequate sewer utility service to that service area or those service areas in Tarrant County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 42994 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the EMCAD Water and Wastewater, LLC, to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this \_\_\_\_\_ day of \_\_\_\_\_ 2015



## **TRANSFER OF CERTIFICATE OF CONVENIENCE AND NECESSITY**

To Provide Sewer Service Under V.T.C.A., Sewer Code  
and Public Utility Commission of Texas Substantive Rules

### **Certificate No. 20816**

Certificate of Convenience and Necessity No. 20816 was transferred by Order of the Commission in Docket No. 42994. D & K Development Corporation's facilities and lines were transferred to EMCAD Water and Wastewater, LLC, in Tarrant County, Texas.

Please reference Docket No. 42994 for the location of maps and other information related to the service area transferred.

Certificate of Convenience and Necessity No. 20816 is hereby transferred by Order of the Public Utility Commission of Texas.

Issued at Austin, Texas, this \_\_\_\_\_ day of \_\_\_\_\_ 2015



**SEWER UTILITY TARIFF  
Docket Number: 42994**

EMCAD Water and Wastewater, LLC  
(Utility Name)

801 S FILES ST  
(Business Address)

ITASCA, TX 76055-3100  
(City, State, Zip Code)

254)-687-2642  
(Area Code/Telephone)

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

20816

This tariff is effective in the following counties:

Tarrant

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

None

This tariff is effective in the following subdivisions and public sewer systems:

Mayfair, Mayfair South & Mayfair West : WQ 01013518-001

**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.....	4
SECTION 3.0 -- EXTENSION POLICY.....	11
SECTION A -- SAMPLE SERVICE AGREEMENT .....	16

**SECTION 1.0 - RATE SCHEDULE**

Section 1.01--Rates

<u>Meter Size:</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	\$85.00 (Includes 0 gallons)	\$ N.A. per 1,000 gallons, 1 <sup>st</sup> _____ gallons
1 "	\$ _____	
2"	\$ _____	
3"	\$ _____	
4"	\$ _____	

Volume charges are determined based on average consumption for winter period which includes the following months: N.A.

FORM OF PAYMENT: The utility will accept the following forms of payment:  
 Cash, Check X, Money Order X, Credit Card \_\_\_\_\_, Other (specify) \_\_\_\_\_  
 THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

REGULATORY ASSESSMENT ..... 1.0%  
 PUBLIC UTILITY COMMISSION (COMMISSION) RULES REQUIRE THE UTILITY TO COLLECT AND REMIT TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE ..... \$600.00  
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Large Connection Tap) ..... Actual Cost  
 TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

**SECTION 1.0 - RATE SCHEDULE (CONT.)**

**RECONNECTION FEE**

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Non payment of bill (Maximum \$25.00) ..... \$25.00
- b) Customer's request that service be disconnected ..... \$40.00
- c) \_\_\_\_\_ ..... \$ \_\_\_\_\_

TRANSFER FEE ..... \$25.00

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

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)..... \$5.00

COMMISSION RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE..... \$25.00

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

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

COMMERCIAL & NON-RESIDENTIAL DEPOSIT 1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE: NA.

WHEN AUTHORIZED IN WRITING BY THE COMMISSION AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC 24.21(k)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

## **SECTION 2.0 -- SERVICE RULES AND POLICIES**

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

### Section 2.01 - Application for Sewer Service

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

### Section 2.02 - Refusal of Service

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

### Section 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected

#### (A) Customer Deposits

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

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the utility or another water or sewer utility which accrued within the last two years.

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

**SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)**

Refund of deposit - If service is not connected, or after disconnection of service, the utility will promptly refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund the residential customer's deposit at any time prior to termination of utility service but must refund the deposit plus interest for any residential customer who has paid 18 consecutive billings without being delinquent.

**(B) Tap or Reconnect Fees**

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

Fees in addition to the regular tap fee may be charged to cover unique costs not normally incurred as permitted by P.U.C. SUBST. R. 24.86(a)(1)(C) if they are listed on this approved tariff. For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

**(C) Easement Requirement**

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

**SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)**

Section 2.04 - Utility Response to Applications for Service

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

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

Section 2.05 - Customer Responsibility

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

Section 2.06 Access to Customer's Premises

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

Section 2.07 - Back Flow Prevention Devices

No water connection shall be made to any establishment where an actual or potential contamination or system hazard exists without an approved air gap or mechanical backflow prevention assembly. The air gap or backflow prevention assembly shall be installed in accordance with the American Water Works Association (AWWA) standards C510, C511 and AWWA Manual M14 or the University Of Southern California Manual Of Cross-Connection Control, current edition. The backflow assembly installation by a licensed plumber shall occur at the customer's expense.



**SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)**

The back flow assembly shall be tested upon installation by a recognized prevention assembly tester and certified to be operating within specifications. Back flow prevention assemblies which are installed to provide protection against high health hazards must be tested and certified to be operating within specifications at least annually by a recognized back flow prevention device tester. The maintenance and testing of the back flow assembly shall occur at the customer's expense.

Section 2.10 - Billing

(A) Regular Billing

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

(B) Late Fees

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

(C) Information on Bill

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

(D) Prorated Bills

If service is interrupted or seriously impaired for 24 consecutive hours or more, the utility will prorate the monthly base bill in proportion to the time service was not available to reflect this loss of service.

**SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)**

Section 2.11- Payments

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

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

Section 2.12 - Service Disconnection

(A) With Notice

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

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

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

(B) Without Notice

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

**SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)**

Section 2.13 - Reconnection of Service

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

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

Section 2.14 - Service Interruptions

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

Section 2.15 - Quality of Service

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

Section 2.16 - Customer Complaints and Disputes

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

**SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)**

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

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

Section 2.17 - Customer Liability

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

**SECTION 3.0 -- EXTENSION POLICY**

Section 3.01 - Standard Extension Requirements

LINE EXTENSION AND CONSTRUCTION CHARGES: NO CONTRIBUTION IN AID OF CONSTRUCTION MAY BE REQUIRED OF ANY CUSTOMER EXCEPT AS PROVIDED FOR IN THIS APPROVED EXTENSION POLICY.

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

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

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

### **SECTION 3.0 -- EXTENSION POLICY(Continued)**

#### Section 3.02 - Costs Utilities and Service Applicants Shall Bear

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

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

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

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

Exceptions may be granted by the TCEQ if

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

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

### **SECTION 3.0 -- EXTENSION POLICY (Continued)**

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

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

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

#### Section 3.03 - Contributions in Aid of Construction

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

Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction for the actual costs of any additional facilities required to maintain compliance with the Texas Commission on Environmental Quality minimum design criteria for water production, treatment, pumping, storage and transmission.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16TAC 2486(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the Texas Commission on Environmental Quality minimum design criteria. As provided by 16 TAC 24.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

**SECTION 3.0 -- EXTENSION POLICY (Continued)**

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

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

**Section 3.04 - Appealing Connection Costs**

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

**Section 3.05 - Applying for Service**

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



**SECTION 3.0 -- EXTENSION POLICY (Continued)**

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

**Section 3.06 - Qualified Service Applicant**

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

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

**Section 3.07 - Developer Requirements**

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

## APPENDIX A -- SAMPLE SERVICE AGREEMENT

From TCEQ Rules, 30 TAC Chapter 290.47(b), Appendix B

### SERVICE AGREEMENT

- I. **PURPOSE.** The NAME OF SEWER SYSTEM is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF SEWER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the sewer system will not re-establish service unless it has a signed copy of this agreement.
  
- II. **RESTRICTIONS.** The following unacceptable practices are prohibited by State regulations.
  - A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
  - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
  - C. No connection which allows water to be returned to the public drinking water supply is permitted.
  - D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
  - E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

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

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CUSTOMER'S SIGNATURE

DATE