



Control Number: 43245



Item Number: 14

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PUC DOCKET NO. 43245

**APPLICATION OF CHUCK BELL
DBA CHUCK BELL WATER
SYSTEMS FOR APPROVAL OF
RATE/TARIFF CHANGE AND
SURCHARGE (37241-R)**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**
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**STAFF'S PROPOSED NOTICE OF APPROVAL AND REQUEST TO ADMIT
EVIDENCE**

Commission Staff of the Public Utility Commission of Texas files this Motion to Admit Evidence and Proposed Notice of Approval and would show the following:

I. BACKGROUND

On December 30, 2011, Chuck Bell d/b/a Chuck Bell Water Systems LLC (Chuck Bell) filed an application for a rate/tariff change and capital asset surcharge in Johnson and Tarrant Counties. Chuck Bell included its proposed notice to customers with a proposed effective date of March 5, 2012. On January 13, 2012, the Texas Commission on Environmental Quality (TCEQ) filed a notice of deficiency, requiring revisions. On March 27, 2012, TCEQ accepted the application for filing and suspension of the rate lifted. On January 14, 2015, Staff recommended approval of the rate change application. An extension was granted in Order No. 4, giving Staff until March 27, 2015 to file a joint proposed notice of approval and final tariff. Therefore, this recommendation is timely filed.

II. NOTICE OF APPROVAL

Attached is Staff's proposed Notice of Approval approving the application. As of the time of this filing, Staff has not received feedback on the attached proposed Notice of Approval from Applicant. Staff recommends that the application be approved and that an order be issued in accordance with this filing.

III. REQUEST TO ADMIT EVIDENCE

Staff requests the following be admitted into evidence in this proceeding: (a) Application of Chuck Bell and all attachments thereto, filed December 30, 2011 and (b) Commission Staff's Final Recommendation, filed January 14, 2015.

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IV. CONCLUSION

Staff requests that an order be issued consistent with the attached proposed notice of approval.

Respectfully Submitted,
Margaret Uhlig Pemberton
Division Director
Legal Division

Shelah J. Cisneros
Managing Attorney
Legal Division



Katherine Lengieza Gross
Attorney-Legal Division
State Bar No. 24065610
(512) 936-7277
(512) 936-7268 (facsimile)
Public Utility Commission of Texas
1701 N. Congress Ave.
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 March 27, 2015 in accordance with P.U.C. Procedural Rule 22.74.



Katherine Lengieza Gross

PUC DOCKET NO. 43245

APPLICATION OF CHUCK BELL	§	PUBLIC UTILITY COMMISSION
DBA CHUCK BELL WATER	§	
SYSTEMS FOR APPROVAL OF	§	OF TEXAS
RATE/TARIFF CHANGE AND	§	
SURCHARGE (37241-R)		

NOTICE OF APPROVAL

This Order addresses the Application of Chuck Bell Water Systems LLC (Chuck Bell) for a water rate/tariff change and capital asset surcharge. This docket was processed in accordance with applicable statute and Texas Commission on Environmental Quality (TCEQ) and Public Utility Commission of Texas rules. No motions to intervene were filed and no party filed a request for hearing in the docket. There are no contested issues of law or fact in this proceeding. On January 14, 2015 Commission Staff filed a memorandum recommending approval of the Application. Based on Chuck Bell's Application and on the Commission Staff's memorandum recommending approval of this Application, the Application is approved.

The Commission adopts the following:

I. FINDINGS OF FACT

Procedural History

1. On December 30, 2011, Chuck Bell filed an application with the TCEQ to change its rates.
2. Chuck Bell holds Certificate of Convenience and Necessity (CCN) No. 12190.
3. The TCEQ sent a Notice of Deficiency to Chuck Bell on January 13, 2012.
4. Chuck Bell's response to the Notice of Deficiency was received by TCEQ on March 5, 2012.
5. By letter dated March 27, 2012, the TCEQ notified Chuck Bell that its application was accepted for filing and that the proposed rates could go into effect on March 5, 2012.
6. The TCEQ did not receive protest requests from 10% of ratepayers. The applicable time period for 10% of the ratepayers to request a hearing expired on June 4, 2012.

7. TCEQ Staff did not refer the proceeding to the State Office of Administrative Hearings (SOAH) for a hearing on the merits. Pursuant to TEX. WATER CODE ANN. § 13.187(f) the deadline for TCEQ to request a hearing was July 3, 2012.
8. On September 1, 2014, pursuant to House Bill 1600 and Senate Bill 567 of the 83rd Legislature, Regular Session, functions relating to the economic regulation of water and sewer utilities were transferred from the TCEQ to the Commission.
9. On December 4, 2014, the Commission administrative law judge (ALJ) issued Order No. 1, addressing the transfer of dockets relating to functions relating to the economic regulation of water and sewer utilities were transferred from the TCEQ to the Commission, stating what rules govern the Commission, assigning a docket number to this case, prohibiting *ex parte* communications, attaching a service list, and notifying the Office of Public Utility Counsel of the proceeding.
10. On December 4, 2014, the ALJ issued Order No. 2, requesting Commission Staff to file, on or before January 14, 2014, a recommendation regarding the status of Chuck Bell's application or to propose a procedural schedule for processing.
11. On January 14, 2015, Commission Staff filed Commission Staff's Recommendation, recommending that the proposed tariff be approved.
12. In Order No. 3, issued January 15, 2015, the ALJ ordered that Commission Staff shall file, on or before February 27, 2015, a joint proposed notice of approval and final tariff.
13. In Order No. 4, issued February 25, 2015, the ALJ gave Commission Staff an extension until March 27, 2015 to file a joint proposed notice of approval and final tariff.
14. On _____ the Commission ALJ admitted the following into evidence: (a) Application of Chuck Bell and all attachments thereto, filed December 30, 2011 and (b) Commission Staff's Final Recommendation, filed January 14, 2015.

Proposed Rate Increase

15. Chuck Bell requested an annual revenue requirement of \$219,960 in Section IX table B of its application.
16. The capital asset/improvement surcharge requested was \$85,000 plus interest.
17. The rates proposed by Chuck Bell were as follows:

5/8" x 3/4" or unmetered-	\$ 40.00
3/4"	- \$ 60.00
1"	- \$100.00
1 1/2"	- \$200.00
2"	- \$320.00
3"	- \$600.00

18. Chuck Bell surcharge request and proposed rates, as laid out in the attached tariff, are just and reasonable.
19. Chuck Bell's proposed rates permit the utility a reasonable opportunity to earn a reasonable return on invested capital and to preserve the financial integrity of the utility.

II. CONCLUSIONS OF LAW

1. Chuck Bell is a retail public utility as defined in P.U.C. SUBST. R. 24.3(41) and TEX. WATER CODE ANN. § 13.002(19).
2. The Commission has jurisdiction over these matters pursuant to TEX. WATER CODE ANN. §§ 13.041 and 13.18.
3. TEX. WATER CODE ANN. § 13.187(f) states that the regulatory authority may set the matter for hearing on its own motion at any time within 120 days after the effective date of the rate change.
4. TEX. WATER CODE ANN. § 13.187(h) states that if, after hearing, the regulatory authority finds the rates currently being charged or those proposed to be charged are unreasonable or in violation of law, the regulatory authority shall determine the rates to be charged by the utility and shall fix the rates by order served on the utility.

5. The rates approved herein are consistent with the requirements of TEX. WATER CODE ANN. §§ 13.182 and 13.183.
6. The requirements for informal disposition pursuant to 16 TEX. ADMIN. CODE 22.35 have been met in this proceeding.

III. ORDERING PARAGRAPHS

In accordance with these statements of fact and legal conclusions, the Commission issues the following Order:

1. Chuck Bell's application to change rates and collect a surcharge is approved, consistent with Chuck Bell's proposed rates. The tariff implementing the approved rates is attached to this Order.
2. Within 30 days of this Order, Chuck Bell shall file a compliance report (referencing Docket No. 43245). The report shall include copies of invoices for the costs incurred for the capital asset surcharge related to this application, and a monthly schedule of the amounts billed and collected related to the surcharge. Chuck Bell shall file an updated compliance report every six months thereafter until the full amount of the surcharge has been recovered and an accounting for such recovery has been provided.
3. Chuck Bell shall cease collecting from customers the capital asset surcharge after recovery of \$117,158, and refund to customers all amounts collected in excess of this amount.
4. 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 April 2015.

PUBLIC UTILITY COMMISSION OF TEXAS

IRENE MONTELOGO

ADMINISTRATIVE LAW JUDGE

Public Utility Commission of Texas

INTEROFFICE MEMORANDUM

March 25, 2015

TO: Tariff Coordinator
Water Utilities Division

THRU: Tammy Benter, Director
Water Utilities Division

FROM: Leila Guerrero, Regulatory Accountant/Auditor
Water Utilities Division

DATE: March 9, 2015

SUBJECT: Request for Tariff Approval Stamp
Utility Name: **Chuck Bell dba Chuck Bell Water Systems, LLC**
CCN Number: **12190**
Docket/Application Number: **43245; 37241-R**

Attached, please find:

- ☐ A. A tariff for a utility reflecting the results of a rate case approved by the Commission.
- ☒ B. A tariff for a utility reflecting rates effective by Operation of Law i.e. no protests received nor hearing requested (uncontested).
- ☐ C. A tariff for a utility with minor tariff changes allowed under P.U.C. SUBST. R. 24.21(b)(2).
- ☐ D. A utility tariff submitted in a CCN application.
- ☐ E. A tariff for a utility submitted in a report of sale and/or transfer of CCN application.
- ☐ F. Other:
- ☒ G. Comments regarding any of the above or any related tariff on file:
Capital Asset Surcharge Effective March 5, 2012.

I have reviewed the above tariff and I recommend it be stamped APPROVED.



WATER UTILITY TARIFF

Docket Number: 43245

Chuck Bell dba Chuck Bell Water Systems, LLC
(Utility Name)

P.O. Box 731
(Business Address)

Crowley, Texas 76036
(City, State, Zip Code)

(817) 980-6394
(Area Code/Telephone)

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

12190

This tariff is effective in the following counties:

Johnson and 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 water systems:

See attached list.

TABLE OF CONTENTS

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

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Docket No. 43245

This tariff is effective in the following Subdivisions or Systems:

SUBDIVISION	PWS ID NUMBER	COUNTY
Bear Creek Estates	2200336	Tarrant
Bell Manor Subdivision	1260080	Johnson
Buffalo Creek	12600 84	Johnson
Crowley II Acre Subdivision	1260012	Johnson
John Dame	1260090	Johnson
Martin Creek Estates	1260122	Johnson
Rock Creek Estates	1260082	Johnson
Sanders View Subdivision	1260086	Johnson
Stonefield Water System	1260118	Johnson

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (including 0 gallons)	<u>Gallage Charge</u>
5/8" x 3/4"	<u>\$40.00</u>	<u>\$3.49</u> per 1000 gallons, over the minimum
3/4"	<u>\$60.00</u>	
1"	<u>\$100.00</u>	
1 1/2"	<u>\$200.00</u>	
2"	<u>\$320.00</u>	
3"	<u>\$600.00</u>	

Additional Gallage Charges:

Purchased Water Fees for Johnson County Special Utility District
(Bell Manor Subdivision customers only) \$2.51/1000 gallons

Water Production Fee for Prairielands Groundwater Conservation District
(For all subdivisions except Bear Creek Estates in Tarrant County) \$0.24/1,000 gallons

Capital Improvement Surcharge for 72 months Effective March 5, 2012
\$5.65 per connection

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash X, 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%
PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL
MONTHLY BILL AND TO REMIT TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE \$1,000
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD
RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED
IF LISTED ON THIS TARIFF.

TAP FEE (Unique costs) Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL
AREAS.

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

METER RELOCATION FEE..... Actual Relocation Cost, Not to Exceed Tap Fee
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE
RELOCATED

METER TEST FEE..... \$25.00
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER
REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT
THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) \$5.00
PUC 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 \$30.00
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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 \$60.00
- c) After Hours Reconnect Fee..... \$35.00
If after a customer has been notified that an after hours charge will be assessed
and the customer still chooses to have service connected after 5:00 p.m. instead
of waiting until the next business day, the utility can charge an after hours charge
in addition to the normal fee; however, the total charge cannot exceed \$60.00. If
service is required to be restored within 36 hours pursuant to P.U.C. SUBST. R.
24.88(h)(1) the utility cannot charge the additional fee after the expiration of the
first 24 hours following the payment of a disconnected delinquent account. If the
customer requests to have the service reconnected after normal business hours
within the first 24 hours following payment, the additional fee may be charged.

RECONNECT FEE. The Utility shall charge a reconnect fee of \$25.00 for reconnecting
service during normal weekday business hours. A surcharge of \$35.00 may be charged
when the customer requests service to be reconnected after 5:00pm on business days,
weekends and holidays, subject to Title 16 Texas Administrative Code Chapter 24.88(h).
The customer must be advised that this additional fee will be charged and given an
opportunity to decline the service at the time the "after hours" reconnect request is
originally made.

TRANSFER FEE..... \$65.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME
SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [P.U.C. SUBST. R. 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.

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE

Changes in fees imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the following formula:

$AG = G + B / (1 - L)$, where

AG= adjusted gallonage charge, rounded to the nearest one cent:

G= approved gallonage charge (per 1,000 gallons);

B=change in purchased water/district gallonage charge (per 1,000 gallons);

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

FRANCHISE FEE ASSESSMENT. Franchise fees levied by a municipality may be passed through to those customers inside the city generating the revenues upon which the franchise fee is calculated. Implementation of this pass through clause shall be subject to the notice and approval process of the city having original jurisdiction over these fees. Franchise fees may not be passed through or allocated to utility customers outside the municipality.

EASEMENTS. Pursuant to P.U.C. SUBST. R. 24.85(d), easements from customers may be required as a precondition of service when:

- (1) 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 property of a service applicant, the public utility may require the service applicant or land owner to grant a permanent recorded public easement dedicated to the public utility to construct, install, maintain, inspect and test water and/or sewer facilities necessary to serve the applicant.
- (2) As a condition of service to a new subdivision, public utilities may require developers to provide permanent recorded public utility easements to and throughout the subdivision sufficient to construct, install, maintain, inspect, and test water and/or sewer facilities necessary to serve the subdivision's anticipated service demands upon full occupancy.

SECTION 2.0 -- SERVICE RULES AND POLICIES

Section 2.01 – Public Utility Commission of Texas Rules

The utility will have the most current Public Utility Commission of Texas (PUC or Commission) Rules, Chapter 24, 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 2.02 - Application for and Provision of Water 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 before water service is provided by the utility. A separate application or contract will be made for each service location.

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, meter and utility cut-off valve 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.

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

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers may be required to install a customer owned cut-off valve on the customer's side of the meter or connection.

Section 2.03 - 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 PUC 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 2.04 – 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 PUC Rules.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.04 – Customer Deposits (cont.)

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.

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 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.

Section 2.05 - Meter Requirements, Readings, and Testing

All water sold by the utility will be billed based on meter measurements. The utility will provide, install, own and maintain meters to measure amounts of water consumed by its customers. One meter is required for each residential, commercial, or industrial connection.

Service meters will be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period unless otherwise authorized by the Commission.

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible, the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.06 - 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.

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.

Each bill will provide all information required by the PUC 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.

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 2.07 - Service Disconnection

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 PUC Rules.

Utility service may also be disconnected without notice for reasons as described in the PUC Rules.

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SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.07 - Service Disconnection (cont.)

Utility personnel must be available to collect payments 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 due to a hazardous condition.

Section 2.08 - Reconnection of Service

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

Section 2.09 - 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.

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 2.10 - Quality of Service

The utility will 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. Unless otherwise authorized by the TCEQ, the utility will maintain facilities as described in the TCEQ Rules and Regulations for Public Water Systems.

Section 2.11 - 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 PUC complaint process. Pending resolution of a complaint, the Commission may require continuation or restoration of service.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.11 - Customer Complaints and Disputes (cont.)

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.

SECTION 2.20 – SPECIFIC UTILITY SERVICE RULES AND POLICIES

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

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

COSTS THE UTILITIES 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.

Developers may be required to provide contributions in aid of construction in amounts to furnish the system with all facilities necessary to comply with TCEQ's Rules and Regulations for Public Water Systems.

SECTION 3.20—SPECIFIC UTILITY EXTENSION POLICY

This section contains the utility's specific extension policy which complies with the requirements already stated under Section 3.01. It must be reviewed and approved by the Commission and in compliance with PUC rules to be effective.

Residential customers not covered under Section 3.01 will be charged the equivalent of the costs of extending service to their property from the nearest transmission or distribution 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.

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 TCEQ minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or TCEQ 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.

SECTION 4.0 – DROUGHT CONTINGENCY PLAN
(Utility must attach a copy of TCEQ approved Drought Contingency Plan)

**APPENDIX A -- APPLICATION FOR SERVICE
(Utility Must Attach Blank Copy)**