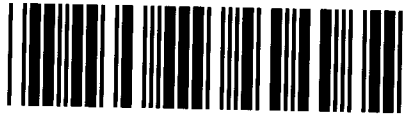


Control Number: 43353



Item Number: 6

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83rd
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.

43353

RECEIVED

2014 SEP 25 AM 11:15

PUBLIC UTILITY COMMISSION
FILING CLERK

Founders Reserve
Proposed CCN Application

*Amended
Appl*

Submitted to:

Texas Commission on Environmental Quality
Registration, Review & Reporting Division
Permits Administrative Review Section
Water Quality Team
MC-156
P.O. Box 13087
Austin, Texas 78711-3087

2014 APR 9 PM 2 21

WATER SUPPLY DIV.
TO: E.C.
FROM: J.M.C.

le



APPLICATION TO OBTAIN OR AMEND A WATER OR SEWER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)

Table of Contents

| | |
|--|----|
| GENERAL INFORMATION | 2 |
| PROCESSING YOUR CCN APPLICATION | 2 |
| ADMINISTRATIVE REVIEW OF YOUR CCN APPLICATION | 5 |
| ABOUT THE NOTICE | 5 |
| TECHNICAL REVIEW OF YOUR CCN APPLICATION | 5 |
| APPLICATION TO OBTAIN OR AMEND A WATER/SEWER CCN | 8 |
| PURPOSE OF THIS APPLICATION | 8 |
| 1. APPLICANT INFORMATION | 8 |
| 2. LOCATION INFORMATION | 10 |
| 3. MAP REQUIREMENTS | 11 |
| 4. NEW SYSTEM INFORMATION OR UTILITIES REQUESTING A CCN FOR THE FIRST TIME | 11 |
| 5. EXISTING SYSTEM INFORMATION | 13 |
| 6. FINANCIAL INFORMATION | 16 |
| 7. NOTICE REQUIREMENTS | 16 |
| OATH | 18 |
| NOTICE FOR PUBLICATION | 19 |
| NOTICE TO NEIGHBORING SYSTEMS, LANDOWNERS AND CITIES | 21 |
| NOTICE TO CUSTOMERS OF IOUs IN PROPOSED AREA | 23 |
| HISTORICAL BALANCE SHEETS | 25 |
| HISTORICAL INCOME STATEMENT | 26 |
| HISTORICAL EXPENSES STATEMENT | 27 |
| PROJECTED BALANCE SHEETS | 28 |
| PROJECTED INCOME STATEMENT | 29 |
| PROJECTED EXPENSES STATEMENT | 30 |
| PROJECTED SOURCES AND USES OF CASH STATEMENTS | 31 |

GENERAL INFORMATION

★★★★★THIS APPLICATION IS **NOT** A RATE CHANGE APPLICATION. THE APPROPRIATE FORMS NEEDED TO FILE A RATE CHANGE APPLICATION MAY BE OBTAINED AT THE FOLLOWING WEBSITE ¹ OR BY CONTACTING THE UTILITIES AND DISTRICTS SECTION ², TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. YOU CAN ALSO CALL OUR MAIN WATER SUPPLY DIVISION LINE AT 512-239-4691. ★★★★★

- ☛ Pursuant to V.T.C.A., Water Code, Chapter 13, Subchapter G:
 - CCNs may be obtained by any retail public water and/or sewer utility.
 - CCNs are required for:
 - a) Investor Owned Utilities (IOU);
 - b) Non-profit, member-owned, member-controlled water supply or sewer service
 - c) corporations (WSC) incorporated under Water Code, Chapter 67; and Affected counties.
 - CCNs may be required for political subdivisions, except affected counties, before utility service can be provided to an area already lawfully being served.
- ☛ A CCN gives the holder:
 - the legal right to provide water and/or sewer utility service;
 - the legal right to be compensated, either directly through a monthly rate or indirectly through maintenance fees, property owners fees, etc.;
 - a delineated service area; **AND**
 - the obligation to provide service to every customer and qualified applicant who requests service within that area.
- ☛ A CCN is not required when service is either submetered pursuant to Water Code, Chapter 13, Subchapter M, or included in the rental of the property.
- ☛ IOUs and WSCs with less than 15 potential retail water service connections may register as "exempt" and then are not required to possess a CCN for their service area if they meet the exemption criteria. This exemption **does not apply** to sewer providers with less than 15 potential retail sewer connections. Retail sewer utilities **must** obtain a CCN to provide retail sewer service to more than one connection.

This application shall not be changed, altered or amended from its original form only available from the TCEQ.

PROCESSING YOUR CCN APPLICATION

☛ FLOW CHART

Attached are flowcharts of the review process. Your application will go through an Administrative Review and, when accepted for filing, a Technical Review. For uncontested applications, processing time depends on the response time of the applicant. Contested applications generally take longer because of the need for scheduling a public hearing, and processing time depends on whether a settlement agreement between the applicant and the protestor(s) is reached.

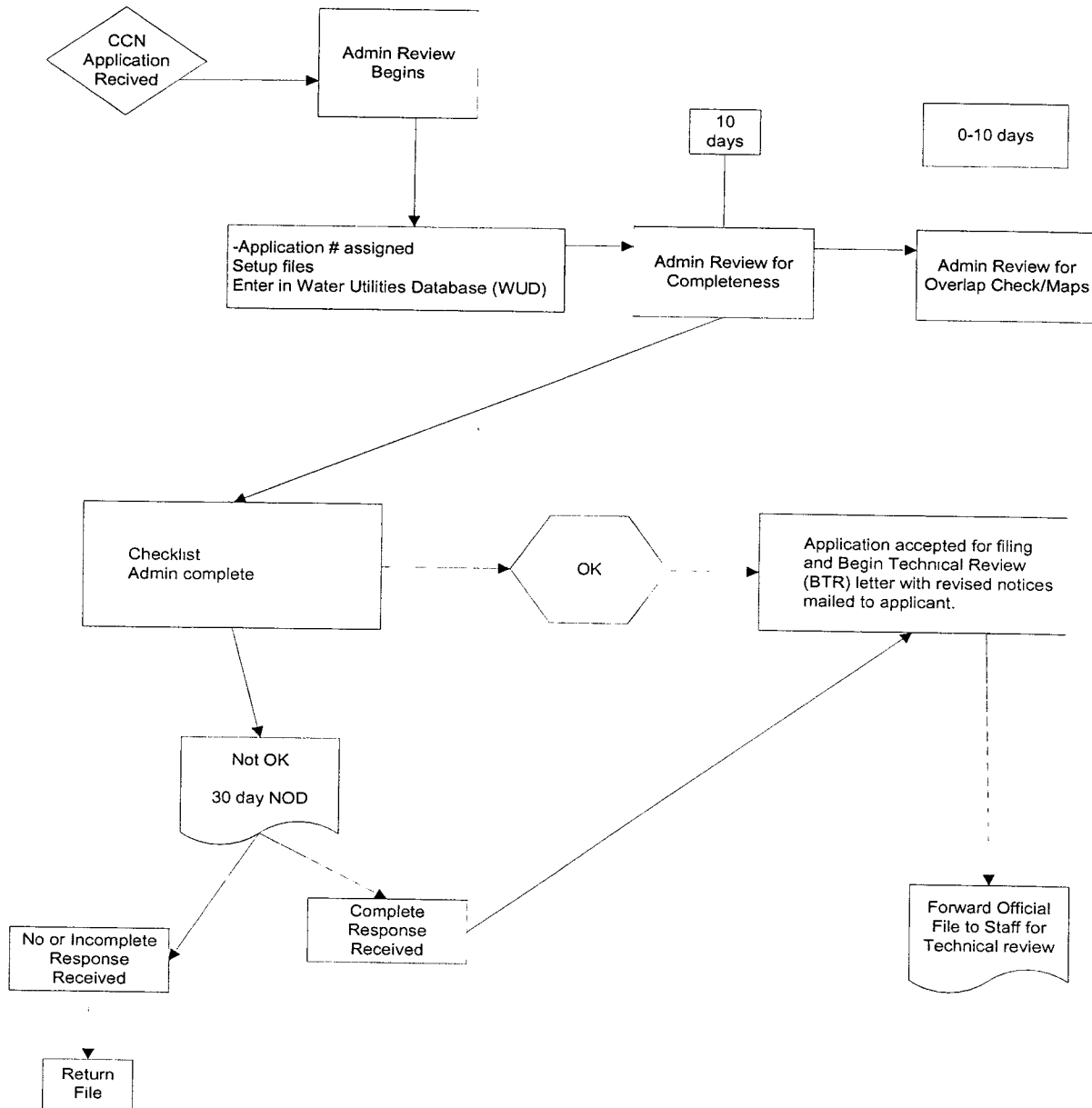
¹. http://www.tceq.texas.gov/utilities/utility_rulesguide.html#ratechange

². utildist@tceq.texas.gov

CCN Administrative (Admin) Review Process – Flowchart

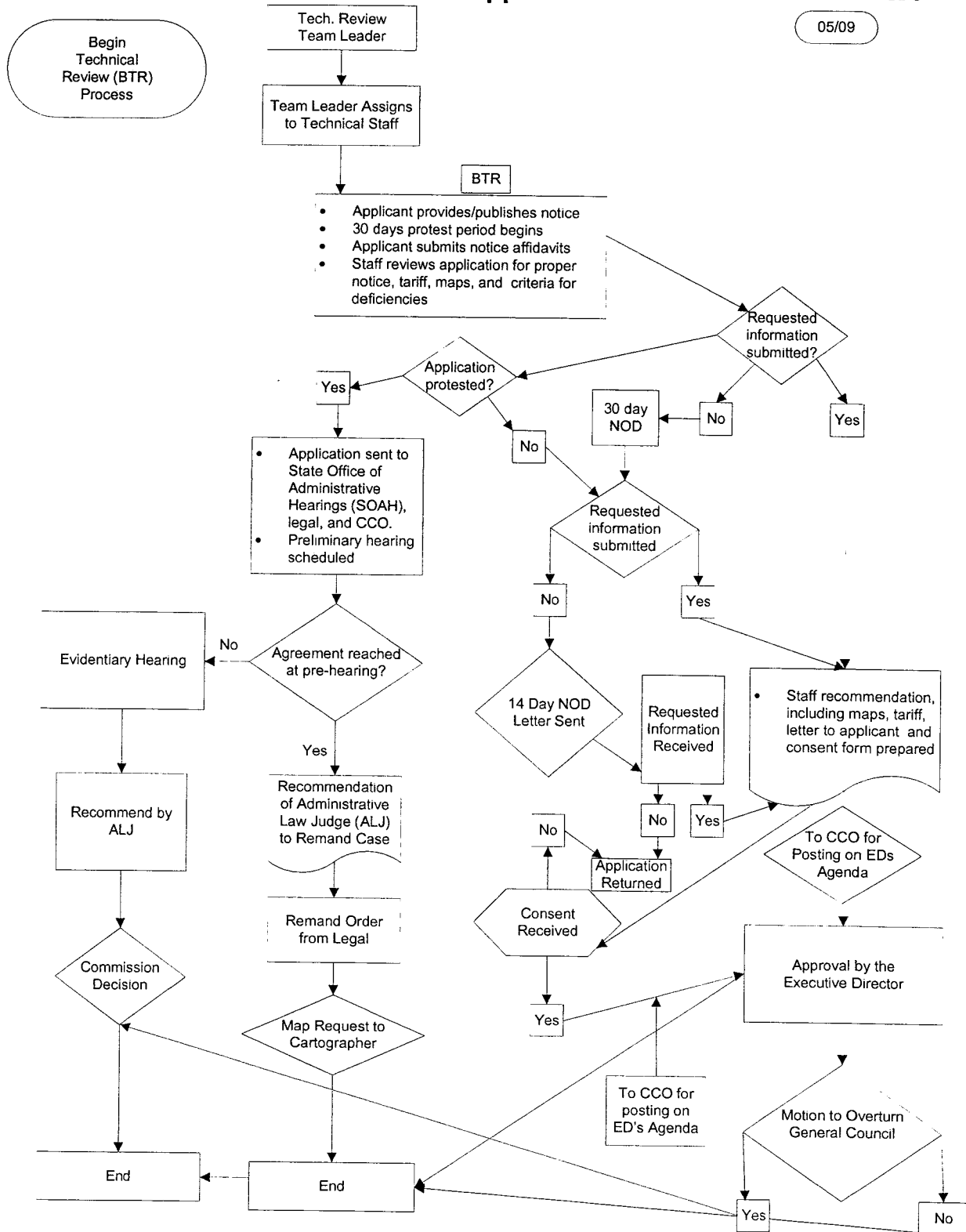
Administrative
Review
Process

05/09



* Includes TWC 13.255, 13.254 and 13.246 type applications.

CCN Technical (Tech) Review Application Process - Flowchart



* Includes TWC 13.255, 13.254 and 13.246 type applications.

ADMINISTRATIVE REVIEW OF YOUR CCN APPLICATION

- Your application will be reviewed for completeness by the Commission staff within ten (10) working days after it is received in our offices.
- Proposed notice forms are included with the application.
- If the application is administratively incomplete, you will be sent a letter that outlines the application's deficiencies and describes what is needed to correct the deficiencies. After receiving that letter, you will have thirty (30) days to make the necessary corrections.

If you fail to make the corrections in full,

a) the application will be returned,

b) And if you are already operating a system, you will be referred for enforcement action which may include administrative penalties of up to \$500 per day.

NOTICE

The Commission cannot grant a CCN until proper notice of the application has been given. **It is the applicant's responsibility to ensure that proper notice is given.** Notice forms for publication, neighboring cities and systems, customers, and landowners are included with this application to use as a template in preparing your proposed notices. These notice forms are also available in Spanish upon request. If the applicant is an operating IOU currently providing service without a CCN, then proposed notices must be provided for publication, to neighboring cities and systems, landowners with 25 acres or more, and current customers in the proposed service area. **All three forms must be completed and submitted with the application.** However, if the applicant has no customers in the proposed area at the time of filing and is only proposing to provide service at some future date, or if the applicant is a WSC or political subdivision, then only the notices for landowners with 25 acres or more, publication and neighboring cities and systems must be submitted. **Do not publish the notice or send copies of the proposed notices or maps to anyone before submitting this application to the Commission.** Your proposed notices and maps will be reviewed for completeness. When your application is accepted for filing, you will be directed to provide the appropriate notices for publication, to the neighboring cities and systems and, if necessary, to current customers.

TECHNICAL REVIEW OF YOUR CCN APPLICATION

When the application is accepted for filing, you will be notified by mail and will be required:

- to publish notice once each week for two (2) consecutive weeks in a newspaper of general circulation in your local area and county. If the proposed area is in more than one county, publication in each county is required;
- to provide individual notice with a copy of the proposed CCN map to neighboring cities and systems within:
 - a) two (2) miles of your proposed service area, if you are an existing retail public utility amending the existing service area, **or**
 - b) five (5) miles if you are obtaining a new CCN to serve a new service area, and
- to provide individual mailed notice with a copy of the proposed CCN map to all affected current customers if you are required to have a CCN but are currently providing service without a CCN.

If the application is **technically incomplete**, you will be sent a letter that outlines the application's deficiencies and describing what you need to do to correct the deficiencies. After receiving that letter, you will have ***thirty (30)*** days to make the necessary corrections. **If you fail to make the corrections in full:**

a) the application will be returned,

b) And if you are already operating a system, you will be referred for enforcement action which may include administrative penalties of up to \$500 per day.

V.T.C.A. Water Code Section 13.246(c) requires the Commission to consider the following factors before it can issue a CCN:

- the adequacy of service currently provided to the requested area;
- the need for additional service in the requested area, including whether any landowners; prospective landowners, tenants, or residents have requested service;
- the effect of the granting of a certificate or amendment on the recipient of the certificate or amendment, on the landowners in the area, and on any retail public utility of the same kind already serving the proximate area;
- the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking into consideration the current and projected density and land use of the area;
- the feasibility of obtaining service from an adjacent retail public utility;
- the financial stability of the applicant to pay for the facilities necessary to provide continuous and adequate service and the financial stability of the applicant including, if applicable, the adequacy of the applicant's debt-equity ratio;
- environmental integrity;
- the probable improvement of service or lowering of cost to consumers in that area resulting from the granting of the certificate or amendment; **AND**
- the effect on the land to be included in the certificated area.

In addition to these factors,

- the Commission must ensure that the applicant possesses the financial, managerial, and technical capability to provide continuous and adequate service **AND**
- the applicant must also demonstrate that regionalization or consolidation with another retail public utility is not economically feasible.

If there are **no protests**, you will be provided a copy of the technical staff recommendation and proposed CCN. If you have any questions or concerns, you should contact the technical staff person assigned to your application immediately. If you disagree with the staff recommendation and/or proposed CCN, the application will be considered contested, and a hearing may be requested.

If the application is **contested and a hearing is requested**, the application may be referred to the State Office of Administrative Hearings (SOAH). During the preliminary hearing, the presiding Administrative Law Judge (ALJ) may give the parties time to negotiate a settlement. Alternative Dispute Resolution (ADR) is available upon request of all of the parties. If a settlement is reached, the application will be remanded to staff for administrative processing. If a settlement is not reached, a discovery schedule and a date for an evidentiary hearing will be set. The ALJ will take testimony from each party and present a report to the Commission to consider in making a final decision on the application.

The completed original application and three copies should be sent to:

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

★★★★★THIS APPLICATION IS **NOT** A RATE CHANGE APPLICATION. THE APPROPRIATE FORMS NEEDED TO FILE A RATE CHANGE APPLICATION MAY BE OBTAINED AT THE FOLLOWING WEBSITE ¹ OR BY CONTACTING THE UTILITIES AND DISTRICTS SECTION ², TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. YOU CAN ALSO CALL OUR MAIN WATER SUPPLY DIVISION LINE AT 512-239-4691.
★★★★★

¹ http://www.tceq.texas.gov/utilities/utility_rulesguide.html#ratechange

² utildist@tceq.texas.gov



APPLICATION TO OBTAIN OR AMEND A WATER/SEWER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)

*CN# _____ *RN# _____
*If known (See Instructions)

PURPOSE OF THIS APPLICATION

☒ OBTAIN ☒ New Water CCN ☒ New Sewer CCN

☐ AMEND ☐ Water CCN# (s) _____

☐ AMEND ☐ Sewer CCN#(s) _____

1. APPLICANT INFORMATION

Utility Name Founder's Reserve Community Association, Inc

Utility Address (City/ST/ZIP/Code) 7170 Cherry Park Drive Houston, Texas 77095

Utility Phone Number and Fax _____

Contact Person: Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant manager, or other title related to the applicant.

Name Jeff Goebel

Title Consultant

Street Address (City/ST/ZIP/Code) PO Box 570177 Houston, Texas 77257

Telephone and Fax 713-724-9321

E-Mail Address texaswater@sbcglobal.com

County (ies) in which service is proposed: Please list below:

Montgomery

- A. Check the appropriate box and provide information regarding the legal status of the applicant:

- ☐ Investor owned utility ☐ Individual ☐ Partnership
- ☒ Home or Property Owners Association ☐ For-profit corporation
- ☐ Non-profit, member-owned, member-controlled cooperative corporation
(Water Code Chapter 67, Water Supply or Sewer Service Corporation)
- ☐ Municipality ☐ District ☐ Other Please Explain:

- B. If the applicant is a For-Profit business or corporation, please include the following information: *Applicant is a Community Association*

- i. Provide a copy of the corporation's "Certification of Account Status" from the Texas State Comptroller of Public Accounts.
- ii. Provide the corporation's charter number as recorded with the Office of the Texas Secretary Of State _____
- iii. Provide a listing of all stockholders and their respective percentages of ownership.
- iv. Provide a copy of the company's organizational chart, if available.
- v. Provide a list of all directors and disclose the title of each individual.
- vi. Provide a list of all affiliated organizations (if any) and explain the relationship with the applicant.

- C. If the applicant is a Water Code Chapter 67 water supply or sewer service corporation: *Applicant is a Community Association*

- i. Provide a copy of the Articles of Incorporation and By-Laws.
- ii. Provide the corporation's charter number as recorded with the Office of the Texas Secretary of State.
- iii. Identify all board members including name, address, title, and telephone number.
- iv. Provide a copy of the corporation's Certificate of Account Status from the Texas Comptroller of Public Accounts.

2. LOCATION INFORMATION

- A. Are there people already living in the proposed area? ☒ Yes ☐ No

If YES, are any currently receiving utility service?

- ☒ Yes ☐ No If YES, from Whom? _____

Demonstrate the Need for Service by providing the following:

- B. Have you received any requests for service in the requested service area?

- ☐ Yes ☐ No If YES, provide the following:

- i. Describe the service area and circumstances driving the need for service in the requested area. Indicate the name(s) and address(es) of landowner(s), prospective landowner(s), tenant(s), or resident(s) that have requested service; and/or
- ii. Describe the economic need(s) for service in the requested area (i.e. plat approvals, recent annexation(s) or annexation request(s), building permits, septic tank permits, hospitals, etc.); and/or
- iii. Discuss in detail the environmental need(s) for service in the requested area (i.e. failing septic tanks in the requested area, fueling wells, etc.); and/or
- iv. Provide copies of any written applications or requests for service in the requested area; and/or
- v. Provide copies of any reports and/or market studies demonstrating existing or anticipated growth in the requested area. If no, please justify the need for service in the proposed area.
- vi. If none of these items exist or are available, please justify the need for service in the proposed area in writing.

Note: Failure to demonstrate a need for additional service in the proposed service area may result in the delay and /or possible denial of the application.

- C. Is any portion of the proposed service area inside an incorporated city or district? ☐ Yes ☒ No

If YES, within the corporate limits of: _____

Provide a copy of any franchise, permit, or consent granted by the city or district. If not available please explain:

- D. Is any portion of the proposed service area inside another utility's CCN area?

- ☐ Yes ☒ No

If YES, has the current CCN holder agreed to decertify the proposed area?

- ☐ Yes ☐ No

If **NO**, are you seeking dual or single certification of the area? Explain why decertification of the area is in the public interest.

3. **MAP REQUIREMENTS:** ATTACHMENT 'A'

Attach the following hard copy maps with each copy of the application:

- A. A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
- B. A map showing only the proposed area by:
- i. metes and bounds survey certified by a licensed state or register professional land surveyor; or
 - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled). Also, a data disk labeled with the applicant's name must be provided; or
 - iii. following verifiable natural and man-made landmarks; or
 - iv. a copy of recorded plat map with metes and bounds.
- C. A written description of the proposed service area.
- D. Provide separate and additional maps of the proposed area(s) to show the following:
- i. all facilities, illustrating separately facilities for production, transmission, and distribution of the applicant's service(s); and
 - ii. any facilities, customers or area currently being served outside the applicant's certificated area(s).

Recorded
Plat Map

Note: Failure to provide adequate mapping information may result in the delay or possible denial of your application. Digital data submitted in a format other than ESRI ArcGIS may result in the delay or inability to review applicant's mapping information.

4. **NEW SYSTEM INFORMATION OR UTILITIES REQUESTING A CCN FOR THE FIRST TIME** ATTACHMENT 'B'

- A. Please provide the following information:
- i. a list of public drinking water supply system(s) or sewer system(s) within a 2 mile radius of the proposed system;

- ii. copies of written requests seeking to obtain service from each of the public drinking water systems or sewer systems listed in #4.A.i above or documentation that it is not economically feasible to obtain service from each entity; SERVICE IS FROM A SURROUNDING FACILITY /
 - iii. copies of written responses from each system or evidence that they did not reply; and Utility
 - iv. for sewer utilities, documentation showing that you have obtained or applied for a wastewater discharge permit.
- B. Were your requests for service denied?
- i. If yes, please provide documentation of the denial of service and go to 4.C.
 - ii. If no, please provide a detailed analysis which justifies your reasons for not accepting service. A separate analysis must be prepared and submitted for each utility that granted your request for service.
- C. Please summarize how the proposed utility system will be constructed and describe each projected construction phase, if any:

- D. Date of plat approval, if required: _____
Approved by: N/A
- E. Date Plans & Specifications submitted for approval: NOT KNOWN
Log # _____ Attach copy of approval letter if available.
- F. Date construction is scheduled to commence: Constructed
- G. Date service is scheduled to commence: Service has commenced

5. EXISTING SYSTEM INFORMATION

- A. Please provide the following information for each water and/or sewer system, attach additional sheets if necessary. *Purchased water & sewer*

i. Water system's TCEQ Public Water System identification number(s):

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

| | | |
|--|--|--|
| | | |
|--|--|--|

ii. Sewer system's TCEQ Discharge Permit number(s)

| | | | | | | | | | |
|---|---|--|--|--|--|---|--|--|--|
| W | Q | | | | | - | | | |
|---|---|--|--|--|--|---|--|--|--|

;

| | | | | | | | | | |
|---|---|--|--|--|--|---|--|--|--|
| W | Q | | | | | - | | | |
|---|---|--|--|--|--|---|--|--|--|

| | | | | | | | | | | | | |
|---|---|--|--|--|--|---|--|--|--|--|--|--|
| W | Q | | | | | - | | | | | | |
|---|---|--|--|--|--|---|--|--|--|--|--|--|

;

| | | | | | | | | | | | | |
|---|---|--|--|--|--|--|---|--|--|--|--|--|
| W | Q | | | | | | - | | | | | |
|---|---|--|--|--|--|--|---|--|--|--|--|--|

| | | | | | | | | | | |
|---|---|--|--|--|---|--|--|--|--|--|
| W | Q | | | | - | | | | | |
|---|---|--|--|--|---|--|--|--|--|--|

;

| | | | | | | | | | | |
|---|---|--|--|--|--|--|---|--|--|--|
| W | Q | | | | | | - | | | |
|---|---|--|--|--|--|--|---|--|--|--|

- iii Date of last inspection: 06/11/2012
- iv Attach a copy of the most recent inspection report letter. *ATTACHMENT*
- v For each system deficiency listed in the inspection report letter; attach a brief explanation listing the actions taken or being taken by the utility to correct the listed deficiencies, including the proposed completion dates.

- B. Provide the following information about the utility's certified operators

[illegible]

- Attach additional sheet(s) if necessary -

- C. Using the current number of customers, is any facility component in systems named in #5A above operating at 85% or greater of minimum standard capacity?

☐ Yes ☒ No

Attach an explanation listing the actions to be taken to make system improvements including proposed completion dates (See 291.93(3)(A) of TCEQ Rules).

- D. In the table below, the number of existing and/or proposed metered and non-metered connections (by size). The proposed number should reflect the information presented in the business plan or financial documentation and reflect the number of service requests identified in Question 2.b in the application.

| Water System | | | Sewer System | | |
|--------------------|----------|----------|--------------|----------|----------|
| Connection | Existing | Proposed | Connection | Existing | Proposed |
| 5/8" or 3/4" meter | 63 | 0 | Residential | 63 | 0 |
| 1" meter or larger | | | Commercial | | |
| Non-Metered | | | Industrial | | |
| Other: | | | Other: | | |
| Total Water | 63 | 0 | Total Sewer | 63 | 0 |

- E. If this application is for a water CCN only, please explain how sewer service is or will be provided:

- F. If this application is for a sewer CCN only, please explain how water service is or will be provided:

- G. Effect of Granting a Certificate Amendment. NONE
 Explain in detail the effect of granting of a certificate or an amendment, including, but not limited to regionalization, compliance and economic effects on the following:
- i the applicant,
 - ii any retail public utility of the same kind already serving the proximate area; and
 - iii any landowner(s) in the requested area.

H. Do you currently purchase or plan to purchase water or sewer treatment capacity from another source?

- i ☐ No, (skip the rest of this question and go to #6)
- ii ☒ Yes, Water

Purchased on a ☒ Regular ☐ Seasonal ☐ Emergency basis?

| Source | % of Total Treatment |
|----------------------|----------------------|
| WJPA WJPA | 100 |
| | |
| | |

- iii Sewer treatment capacity,

- iv ☒ Yes

Purchased on a ☒ Regular ☐ Seasonal ☐ Emergency basis?

| Source | % of Total Treatment |
|--------|----------------------|
| WJPA | 100 |
| | |
| | |

- vi Provide a signed and dated copy of the most current water or sewer treatment capacity purchase agreement or contract.


I. Ability to Provide Adequate Service.

Describe the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking both of the following items into consideration:

- i. the current and projected density, and
- ii. the land use of the requested area.

J. Effect on the Land. *None*

Explain the effect on the land to be included in the certificated area.



6. FINANCIAL INFORMATION

- A. For new systems and for applicants with existing CCNs who are constructing a new stand alone system:
- i. the applicant must provide an analysis of all necessary costs for constructing, operating, and maintaining the system, and the source of that capital (such as a financial statement for the developing entity) for which the CCN is requested for at least the first five years. In addition, if service has been offered by an existing water service provider as stated in #4.A., but the applicant has determined that the cost of service as finally offered renders the project not economically feasible, the applicant must provide a comparison analysis of all necessary costs for acquiring and continuing to receive service from the existing system for the same period.
 - ii. Attach projected profit and loss statements, cash flow worksheets, and balance sheets (projected five year financial plan worksheet is attached) for each of the first five years of operation. Income from rates should correlate to the projected growth in connections, shown on the projected profit and loss statement.
 - iii. Attach a proposed rate schedule or tariff. Describe the procedure for determining the rates and fees and indicate the date of last change, if applicable. Attach copies of any cost of service studies or rate analysis worksheets.
- B. For existing systems:
- i. Attach a profit and loss statement and current balance sheet for existing businesses (end of last fiscal year is acceptable). Describe sources and terms for borrowed capital such as loans, bonds, or notes (profit and loss and balance sheet worksheets are attached, if needed).
 - ii. Attach a proposed rate schedule or tariff.

★**NOTE:** An existing system may be required to provide the information in 6.A.i. above during the technical review phase if necessary for staff to completely evaluate the application.

- C. Identify any funds you are required to accumulate and restrict by lenders or capital providers.
- D. In lieu of the information in #6.A. thru #6.C., you may provide information concerning loan approvals within the last three (3) years from lending institutions or agencies including the most recent financial audit of the applicant.

Note: Failure to provide adequate financial information may result in the delay or possible denial of your application.

7. NOTICE REQUIREMENTS

- A. All proposed notice forms must be completed and submitted with the application. However, do not mail or publish them until you receive written approval from the Commission to do so.
- B. The Commission cannot grant a CCN until proper notice of the application has been given. **Commission rules do not allow a waiver of these notice requirements for CCN applicants.**

- C. **It is the applicant's responsibility to ensure that proper notice is given to all entities that are required to receive notice.**
- D. Recommended notice forms for publication, neighboring cities and systems, landowners with 25 acres or more, and customers are included with this application to use in preparing your proposed notices. (These notice forms are also available in Spanish upon request.)
- E. After reviewing and, if necessary, modifying the proposed notice, the Commission will send the notice to the applicant after the application is accepted for filing along with instructions for publication and/or mailing. Please review the notice carefully and note any additional neighboring utilities which may be included in the acceptance letter.
- F. Notice For Publication:
The applicant shall publish the notice in a newspaper having general circulation in the county or counties where a CCN is being requested, once each week for two consecutive weeks beginning with the week after the notice is received from the Commission. Proof of publication in the form of a publisher's affidavit shall be submitted to the Commission within 30 days of the last publication date. The affidavit shall state with specificity each county in which the newspaper is of general circulation.
- G. Notice To Neighboring Utilities:
i. List all neighboring retail public utilities and cities providing the same utility service within the following vicinities of the applicant's proposed certificate area.
ii. For applications for the issuance of a **NEW** CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within **five (5) miles** of the requested service area.
iii. For applications for the **AMENDMENT** of a CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within **two (2) miles** of the requested service area.
- H. Notice to Customers
Investor Owned Utilities (IOUs) that are currently providing service without a CCN must provide individual mailed notice to all current customers. The notice must contain the current rates, the date those rates were instituted and any other information required in the application. The notice must also list all zip codes affected by the application.
- I. The Commission may require the applicant to deliver notice to other affected persons or agencies.

Do not publish or send copies of the proposed notices to anyone at the time you submit the application to the Commission. Wait until you receive written authorization to do so. This will occur after the Commission has reviewed the notices for completeness, and your application has been accepted for filing. Once the application is accepted for filing, you will receive written authorization to provide notice. Please check the notices for accuracy before providing them to the public. It is the applicant's burden to ensure that correct and accurate notice is provided.


OATH

STATE OF Texas
COUNTY OF Montgomery

I, JEFF GOEBEL, being duly sworn,
file this application as Authorized Rep (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 maps and financial information
filed with this application, and have complied with all the requirements contained in this
application; and, that all such statements made and matters set forth therein are true and
correct. I further state that the application is made in good faith and that this application
does not duplicate any filing presently before the Texas Commission on Environmental
Quality.

I further represent that the application form has not been changed, altered or amended
from its original form available only from the Commission.

**I further represent that the Applicant will provide continuous and adequate
service to all customers and qualified applicants for service within its certificated
service area.**

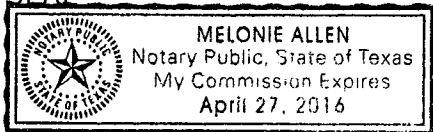


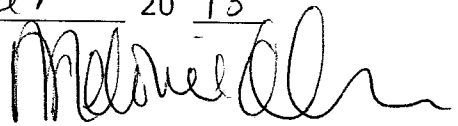
AFFIANT
(Utility's Authorized Representative)

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,
This day 4th of November 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

Notice for Publication

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN

Montgomery COUNTY(IES), TEXAS

Name of Applicant Founder's Reserve Community Association, Inc. has filed an application for a CCN to obtain or amend CCN No. (s) _____ and to decertify a portion(s) of _____ with the
(Name of Decertificated Utility)

Texas Commission on Environmental Quality to provide Water and Sewer
(specify 1) water or 2) sewer or 3) water & sewer)

utility service in Montgomery County County(ies).

The proposed utility service area is located approximately 7 miles South
[direction] of downtown Conroe, [City or Town] Texas, and is generally bounded on the north by Rabinow; on the east by Research Park dr; on the south by Research Forest Dr; and on the west by Van Allen Dr

See enclosed map of the proposed service area.

The total area being requested includes approximately 13.1 acres and 63 current customers.

The proposed amendment affects customers and/or areas located in the following zip code(s):

77381;77380

(List All Affected Zip Codes)

A copy of the proposed service area map is available at (Utility Address and Phone Number): 5818 Beverly Hill, Houston, Texas 77057

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

Persons who wish to intervene or comment 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

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the Commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Executive Director will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the Commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the Commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

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

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

Si desea informacion en Espanol, puede llamar al 1-512-239-0200.

Notice to Neighboring Systems, Landowners and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN

Montgomery COUNTY(IES), TEXAS

To: _____ Date Notice Mailed _____ 20 _____
(Neighboring System, Landowner or City)

(Address)

City State Zip

Name of Applicant Founder's Reserve Community Association, Inc. has filed an application for a CCN to obtain or amend CCN No. (s) _____ and to decertify a portion(s) of _____ with the
(Name of Decertificated Utility)

Texas Commission on Environmental Quality to provide 1) Water and 2) Sewer
(specify 1) water or 2) sewer or 3) water & sewer)
utility service in Montgomery County(ies).

The proposed utility service area is located approximately 7 miles South
[direction] of downtown Conroe, [City or Town] Texas, and is generally bounded on the north by Rabinow; on the east by Research Park Dr; on the south by Research Forest Dr; and on the west by Van Allen Dr

See enclosed map of the proposed service area.

The total area being requested includes approximately 13.1 acres and 63 current customers.

The proposed amendment affects customers and/or areas located in the following zip code(s):
77381;77380

(List All Affected Zip Codes)

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

Persons who wish to intervene or comment 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

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the Commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Executive Director will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the Commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the Commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

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

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

Si desea informacion en Espanol, puede llamar al 1-512-239-0200.

Notice to Customers of IOUs in Proposed Area

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO
PROVIDE WATER/SEWER UTILITY SERVICE IN

Montgomery

COUNTY(IES), TEXAS

Dear Customer: _____ Date Notice Mailed _____ 20 _____

Name of Applicant Founder's Reserve Community Association, Inc has filed an application for a
CCN to obtain or amend CCN No. (s) _____ and to
decertify a portion(s) of _____ with the
(Name of Decertificated Utility)

Texas Commission on Environmental Quality to provide _____
(specify 1) water or 2) sewer or 3) water & sewer)
utility service in _____ County(ies).

The proposed utility service area is located approximately _____ miles _____
[direction] of downtown _____, [City or Town] Texas.

A copy of the proposed service area map is available at (Utility Address and Phone
Number): _____

The proposed amendment affects customers and/or areas located in the following zip
code(s): _____

(List All Affected Zip Codes)

The current utility rates which were first effective on _____ 20 _____

Monthly Flat Rate of \$ _____ Per connection

-OR-

Monthly Base Rate Including per _____ gallons
connection for:

| | |
|--------------|----------|
| 5/8" meter | \$ _____ |
| 1" meter | \$ _____ |
| 1 1/2" meter | \$ _____ |
| 2" meter | \$ _____ |

Other\$ _____

Gallage charge of \$ _____ Per 1,000
Gallons above minimum (same for all meters sizes)

Miscellaneous Fees

Regulatory Assessment

Tap Fee (Average Actual Cost)

Reconnecting fee:

- Non Payment (\$25.00 max)
- Transfer
- Customer's request

Late fee

Returned Check charge

Customer Deposit (\$50.00 max)

Meter test fee

(Actual Cost not Exceed \$25.00)

Other Fees

| 1% |
|---------------|
| \$ _____ |
| \$ _____ |
| \$ _____ |
| \$ _____ |
| \$ _____ |
| \$5.00 or 10% |
| \$ _____ |
| \$ _____ |
| \$ _____ |
| \$ _____ |

Your utility service rates and fees cannot be changed by this application. If you are currently paying rates, those rates must remain in effect unchanged. Rates may only be increased if the utility files and gives notice of a separate rate change application.

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

Persons who wish to intervene or comment 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

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the Commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Executive Director will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the Commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

IF A HEARING IS HELD, it is important that you or your representative attend to present your concerns. Your request serves only to cause a hearing to be held and is not used during the hearing.

If you are a landowner with a tract of land at least 25 acres or more, and is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the Commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

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

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

Si desea informacion en Espanol, puede llamar al 1-512-239-0200.

HISTORICAL BALANCE SHEETS

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

HISTORICAL INCOME STATEMENT

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

HISTORICAL EXPENSES STATEMENT

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

PROJECTED BALANCE SHEETS

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

PROJECTED INCOME STATEMENT

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

PROJECTED EXPENSES STATEMENT

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

PROJECTED SOURCES AND USES OF CASH STATEMENTS

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

Attachment 'A'

1 1534
WEST
CENTER LINE
SOUTH LINE
EAST
MEADOW
PRENTISS
BILL SMITH



SCALE 1" = 3000

OVERSIZED MAP(S)

TO VIEW OVERSIZED MAP(S)
PLEASE GO TO
CENTRAL RECORDS

FOR ANY QUESTIONS
PLEASE CALL **CR** MAIN LINE
(512) 936-7180

CCN Location Description

The proposed utility service area is located approximately 7 miles south of downtown Conroe, Texas, and is generally bounded on the north Rabinow Rd; on the east by Research Park Dr; on the south by Research Forest Dr; on the west by Van Allen.

Attachment 'B'

Attachment 'C'

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

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 11, 2012

**BY REGULAR &
CERTIFIED MAIL**

Mr. Don Hickey, Director
Founder's Reserve Community Association, Inc.
4576 Research Forest Dr.
The Woodlands, Texas 77381

NOTICE OF VIOLATION

Re: Founder's Reserve Community Association, Inc., A2013; Water Utility Service, In Harris County

CN: 604076042; RN: 106400369

Dear Mr. Hickey:

The Utilities and Districts Section of the Texas Commission on Environmental Quality (Commission) has been advised that Founder's Reserve Community Association, Inc. may be providing water service for compensation and therefore, operating as a retail public utility. Pursuant to Texas Water Code Subchapter G, Section 13.242, retail public utilities are required to have a Certificate of Convenience and Necessity (CCN) and an approved water utility tariff on file with the Commission. Commission staff has reviewed Commission records and did not find a certificate or a tariff on file under the name "Founder's Reserve Community Association, Inc".

A public water utility is any person, partnership, corporation or cooperative cooperation that owns or operates facilities for compensation for sale or resale of potable water to the public, regardless of the number of connections served. Public water utilities are under the Commission's original service rule and rate setting jurisdiction and must have a CCN and tariff. Public water utilities must also provide continuous and adequate service.

Commission rules define exempt public utilities, which are not required to possess a CCN and which are subject to limited retail rate jurisdiction by this Commission. However, in order to be considered an exempt public utility, you must:

- (a) have fewer than 15 **potential** service connections;
- (b) not be owned by or affiliated with a retail public utility or any other provider of potable water service;
- (c) not be within the certificated area of another retail public utility; and,
- (d) not be within the corporate boundaries of a district or municipality unless it receives written authorization from the district or municipality.

In addition, exempted utilities must comply with the Commission's Exempt Utility Tariff Form.

P.O. Box 13087 • Austin, Texas 78711 3087 • 512-239-1000 • tceq.texas.gov

How is our customer service? tceq.texas.gov/customer/survey

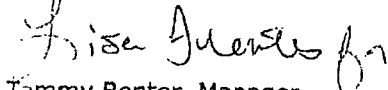
Mr. Don Hickey, Director
Page 2
June 11, 2012

Please respond to this letter in writing by **July 9, 2012**, by submitting a completed CCN application and water tariff form or explaining how your water system is not operating as a public water utility, or explaining how your water system meets **all** the above listed criteria to be considered an exempt utility.

If you are considered an exempt utility, an exempt utility tariff form will be made available to you. For your convenience, I have enclosed a CCN application and water utility tariff form with this letter. Failure to comply with the Texas Water Code and Commission rules may result in enforcement action against your utility.

Please contact Ms. Lisa Fuentes at 512/239-6117 if you have any questions in this matter, or if by correspondence include Mail Code-153 in the letterhead address.

Sincerely,



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

TB/KLB/mm

Enclosures: CCN application and water tariff

Sewer CCN

SOUTHERN MONTGOMERY COUNTY MUD 20486

Address: 25212 INTERSTATE 45 N
SPRING , TX 77386-1432
512-723-7475

EASTWOOD HILLS MOBILE HOME PARK LIMITED PARTNERSHIP 20823

Address: 11315 HILLRIDGE DR
CONROE , TEXAS 77385-7329
(281) 447-0486

CHATEAU WOODS MUD 20937

Address: 10224 FAIRVIEW DR
CONROE , TX 77385
281-298-6501

Water CCN

LAKELAND SECTION FOUR CIVIC CLUB 12270

Address: PO BOX 9975
THE WOODLANDS , TX 77385-8969
281-367-9419

OLD TAMINA WSC 12289

Address: PO BOX 7402
THE WOODLANDS , TX 77387-7402
281-367-5304

MUD Districts

MONTGOMERY COUNTY MUD 6

Address: PO BOX 7580
THE WOODLANDS , TX 77387-7580
281-367-1271

MONTGOMERY COUNTY MUD 7

Address: PO BOX 7580
THE WOODLANDS , TX 77387-7580
281-367-1271

MONTGOMERY COUNTY MUD 67

Address: 1300 POST OAK BLVD STE 1400
HOUSTON , TX 77056-3078
713-623-4531

MONTGOMERY COUNTY MUD 60

Address: PO BOX 7580
SPRING , TX 77387-7580
281-367-1271

THE WOODLANDS METRO CENTER MUD

Address: PO BOX 7580
THE WOODLANDS , TX 77387-7580
281-367-1271

MONTGOMERY COUNTY MUD 45

Address: 1400 POST OAK SUITE 550
HOUSTON , TX 77056
713-622-1175

MONTGOMERY COUNTY MUD 40

Address: PO BOX 7580
THE WOODLANDS , TX 77387-7580
281-367-1271

MONTGOMERY COUNTY MUD 47

Address: PO BOX 7580
THE WOODLANDS , TX 77387-7580
281-367-1271

MONTGOMERY COUNTY MUD 36

Address: PO BOX 7580
SPRING , TX 77387-7580
281-367-1271

Attachment 'D'

SEWER UTILITY TARIFF

For

Founder's Reserve Community Association, Inc.

7170 Cherry Park Drive, Houston, Texas 77095

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

Pending

This tariff is effective in the following county(ies):

Montgomery

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

None

This tariff is effective in the following subdivisions or systems:

Founders Reserve Community Association, Inc

TABLE OF CONTENTS

SECTION PAGE

- 1.0 RATE SCHEDULE
- 2.0 SERVICE RULES
- 3.0 EXTENSION POLICY

APPENDIX A SERVICE AGREEMENTS

STANDARD

SECTION 1.0 - RATE SCHEDULE

Section 1.01 – Rates (based on metered water consumption)

| <u>Meter Size</u> | <u>Monthly Minimum Rate</u> (Includes -0- Gallons) | <u>Gallonage Charge</u> |
|-------------------|---|----------------------------|
| 5/8" X 3/4" | \$ 11.94 | \$3.10 per 1000 gallons |

REGULATORY ASSESSMENT

1.0%

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

FORM OF PAYMENT: THE UTILITY WILL ACCEPT THE FOLLOWING FORM(S) OF PAYMENT :

Cash x, Check x, Money Order x, Discovery____, MasterCard____, Visa____

(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.)

TAP FEE (5/8 X 3/4-inch water meter)

\$550.00

Where a new connection is required at a lot which has not previously had service and the connection not otherwise paid for by the developer.

TAP FEE (larger water meter)

Actual cost of that tap

Where a new connection is required at a lot which has not previously had service and the connection not otherwise paid for by the developer.

RECONNECTION FEE

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

- | | | |
|----|---------------------|---------|
| a) | Non payment of bill | \$25.00 |
| b) | Customer's request | \$45.00 |

OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF

TRANSFER FEE

\$45.00

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

LATE CHARGE

10%

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

RETURNED CHECK CHARGE

\$25.00

CUSTOMER DEPOSIT RESIDENTIAL

\$50.00

SECTION 1.0 - RATE SCHEDULE

COMMERCIAL AND NON-RESIDENTIAL DEPOSIT

1/6th est. annual bill

SERVICE RELOCATION FEE

Actual cost to relocate that service connection

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING SERVICE CONNECTION

SEASONAL RECONNECTION FEE

Base rate times number of months off the system not to exceed six months when leave and return within a twelve month period.

LINE EXTENSION AND CONSTRUCTION CHARGES:

Refer to Section 2.20 Specific Utility Service Rules and Section 3.20 Utility Specific Extension Policy for terms, conditions, and charges.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

Increases in inspection fees and water testing costs imposed by state or federal law may be passed through as an adjustment to the monthly base rate charge under the terms and conditions of 30 T.A.C. 291.21(k)(2) after notice to customers and upon written approval by the TCEQ.

SECTION 2.0--SERVICE RULES AND REGULATIONS

Section 2.01--Texas Commission on Environmental Quality Rules

The utility will have the most current Texas Commission on Environmental Quality Rules, Chapter 291, Water Rates, 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 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) and will be signed by the applicant before sewer service is provided by the utility. A separate application or contract will be made for each service at each separate location.

After the applicant has met all the requirements, conditions and regulations for service, the utility will install service connections, which may include a 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, the utility will reconnect the service 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 connection location to the place of use.

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 TCEQ 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 will be required to pay a deposit as provided for in Section 1.02 of this tariff. The utility will keep records of the deposit and credit interest in accordance with TCEQ Rules.

SECTION 2.0--SERVICE RULES AND REGULATIONS (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 customer who has paid 18 consecutive billings without being delinquent.

Section 2.05--Meter Requirements, Readings, and Testing

It is not a requirement that the utility use meters to measure the quantity of sewage disposed of by individual customers. One connection is required for each residential, commercial or industrial facility in accordance with the TCEQ Rules.

Section 2.06--Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of the bills for utility service will be at least twenty (20) 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. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next work day after the due date.

A late penalty of \$5.00 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 TCEQ Rules. For each of the systems it operates, the utility will maintain and note on the monthly billing a telephone number (or numbers) which may be reached by a local call by customers. At the utility's option, a toll-free telephone number or the equivalent may be provided.

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

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 30 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 TCEQ Rules.

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

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.