



Control Number: 43535



Item Number: 25

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.

43535

**TEXAS COMMISSION
ON ENVIRONMENTAL QUALITY**
TRANSMITTAL OF ADMINISTRATIVE RECORD

RECEIVED
2014 OCT 13 PM 2:2
PUBLIC UTILITY COMMISSION
FILING CLERK

DATE: November 25, 2003
TO: SOAH Natural Resources Docket Clerk
THRU: *DA* Deanna Avalos, TCEQ Final Documents Team Leader
FROM: *M* Melanie Mohair, TCEQ SOAH Docket Coordinator
RE: Parker Creek Estates, L.P.
SOAH Docket No. 582-04-1268; TCEQ Docket No. 2003-1289-UCR

Pursuant to 30 TAC § 80.6(b)(4) regarding referrals to SOAH, a copy of the Chief Clerk's case file is attached. Please find **certified** copies of the following documents:

- 1. the application;
- 2. public hearing notice and Chief Clerk's affidavit

If any of these documents are not included as enclosures with this memo, please notify Melanie Mohair, SOAH Coordinator at (512) 239-2578 or Deanna Avalos, Final Documents Team Leader at (512) 239-3327.

ADMINISTRATIVE
SERVICES
103 DTC - 2
M 8 20
10/27/14

Robert J. Huston, *Chairman*
R. B. "Ralph" Marquez, *Commissioner*
Kathleen Hartnett White, *Commissioner*
Margaret Hoffman, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 17, 2003

Mr. Mark H. Zeppa, Attorney
Law Offices of Mark H. Zeppa, P.C.
4833 Spicewood Springs Road, Suite 202
Austin, Texas 78759-8436

Re: Application from Parker Creek Estates, L.P. to Obtain a Sewer Certificate of Convenience and Necessity (CCN) in Rockwall County; Application No. 34297-C

Dear Mr. Zeppa:

Your application has been accepted for filing, and Ms. Debbie Zachary has been assigned to perform the technical review. The application has been assigned Application No. 34297-C. Please refer to this number in future correspondence.

Your next step is to provide the public notices without delay. The notice to the public must be published once each week for two (2) consecutive weeks in a newspaper of general circulation in Rockwall County. It is the responsibility of the applicant to provide correct notice of the application to any utilities within five (5) miles of your proposed service area, any city with an extraterritorial jurisdiction which overlaps the proposed service area, customers, or other affected parties in your requested area. Check the notices carefully before mailing or publishing.

A review of our files and maps indicates that, in addition to the neighboring utilities noted on your application, you must provide notice to the following utility:

Verandah Communities (proposed area)

Information related to utilities and districts including addresses can be obtained from the TCEQ web site located at www2.tceq.state.tx.us/iwud.

As proof that notice was provided, you are required to send us the following:

- a) an original and three copies of a publisher's affidavit of the newspaper publication with tear sheets of the published notice attached;
- b) four copies of each individual notice and map sent to neighboring utilities and other affected parties;
- c) four copies of the notice sent to customers; and
- d) an original and three copies of the signed affidavits that individual notice to neighboring utilities, customers, and affected individuals has been given. (Copies of the Affidavit forms are enclosed with this letter.)

Mr. Mark H. Zeppa, Attorney
Page 2
June 17, 2003

Include the enclosed location map delineating the proposed service area with your individual notices to neighboring utilities and other affected parties.

There also appears to be an overlap of your proposed service area with the proposed service area of the City of Royse City. Please provide written documentation on how this overlap will be handled.

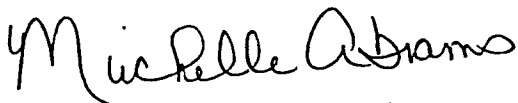
In addition, please, submit a completed oath.

Also, submit a copy of the response to your request seeking to obtain service from the City of Fate or evidence that they did not reply.

These items must be completed and returned by **July 18, 2003**. Processing of this application cannot proceed until the close of the 30 day public comment period which begins after all the required notices have been given. If we do not receive the requested information by this date, your application may be returned for failure to prosecute.

If you have any questions, please contact Ms. Debbie Zachary at 512/239-3256, or if by correspondence, include Mail Code 153 in the letterhead address.

Sincerely,



Michelle Abrams, Team Leader
Utilities & Districts Section
Water Supply Division

MA/DZ/sr

Enclosures

cc: TCEQ, Region 4 Office

Notice for Publication

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

Parker Creek Estates, L.P. has filed an application for a CCN with the Texas Commission on Environmental Quality to provide sewer utility service in Rockwall County.

The proposed utility service area is located approximately 2.5 miles south of downtown Royse City, Texas, and is generally bounded on the north by Crenshaw Road; on the east by a County Road; on the south by Parker Creek; and on the west by F.M. 548.

The total area being requested includes approximately 310 acres and 0 current customers.

A copy of the proposed service area map is available at Pate Engineers, Inc., 8150 Brookriver Drive, S-700, Dallas, TX 75247, Phone Number 214/357-2981

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.

Notice to Neighboring Systems and Cities

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

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

(Address)

(City State Zip)

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Persons who wish to intervene or comment should write the:

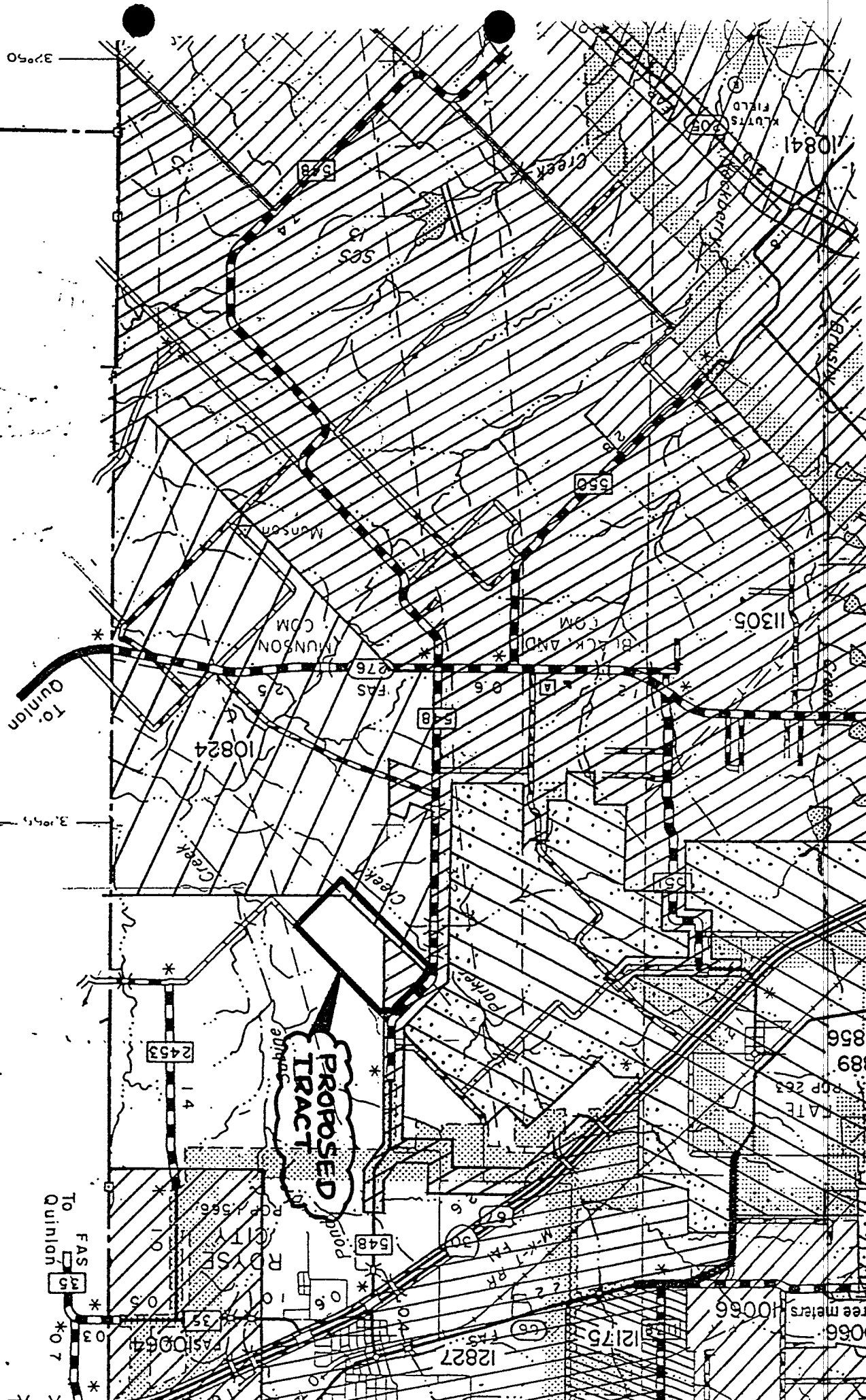
Texas Commission on Environmental Quality
Water Supply Division
Utilities and Districts Section, MC-153
P. O. Box 13087
Austin, TX 78711-3087

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PARKER CREEK ESTATES, L.P.
8222 DOUGLAS AVENUE, SUITE 660
DALLAS, TEXAS 75225

H U N T C O U N T Y



37°50'

To Quinlan

3.765

To Quinlan

*07

10841

11305

10824

2453

12827

12175

0856

389

POP 263

LATE

0066

three meters

10066



Texas Commission on Environmental Quality

APPLICATION NO. _____

AFFIDAVIT OF NOTICE TO NEIGHBORING UTILITIES AND AFFECTED PARTIES

STATE OF TEXAS

COUNTY OF _____

_____ has provided individual notice to the following entities:

	DATE
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

OATH

I, _____, being duly sworn, file this form as _____ (indicate relationship to applicant, that is, owner, member of partnership, title of officer of corporation, or other authorized representative of applicant); that in such capacity, I am qualified and authorized to file and verify such form, am personally familiar with the notices given with this application, and have complied with all notice requirements in the application and application acceptance letter; and that all such statements made and matters set for therein are true and correct.

Applicant's Authorized Representative

If the applicant 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 this _____ day of _____, 20____, to certify which witness my hand and seal of office.

Notary Public in and for the
State of Texas

Print or Type Name of Notary Public
Commission Expires _____



Texas Commission on Environmental Quality

APPLICATION NO. _____

PUBLISHER'S AFFIDAVIT

STATE OF TEXAS

COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared _____,

who being by me duly sworn, deposes and says that (s)he is the _____ of the

TITLE

_____ ; that said

NAME OF NEWSPAPER

newspaper is regularly published in _____

County(ies) and generally circulated in _____

County (Counties), Texas; and that the attached notice was published in said newspaper on the following date(s), to wit: _____

Newspaper Representative's Signature

Subscribed and sworn to before me this _____ day of _____, 2003, to certify which witness my hand and seal of office.

Notary Public in and for the State of Texas

Print or Type Name of Notary Public

Commission Expires _____

To: Administrative Reviewer

Date: June 10, 2003

From: Cartographer-Utilities & Districts Section

Subject: Overlap & Notice Check for Administrative Review No. A-097-3
Parker Creek Estates to obtain sewer CCN in Rockwall County.

1. No new overlap of service areas exists.
- X 2. An overlap City of Royse City (proposed A-086-3)
3. Dual certification
4. An overlap exists with the city limits of:
5. If this is a Sale, Transfer, or Merger, is additional area being requested?
6. Due to an inadequate map no map filed by the applicant, a determination cannot be made as to the actual location of requested service boundary.
7. Map submitted is in a digital version. Attach insert to request electronic copy with response letter.
8. Need a more detailed map, such as a subdivision plat or USGS topo map with the boundary clearly identified.
9. Utility notice was sufficient.
- X 10. Utility notice was insufficient. In addition to those systems listed in the application, they will also need to notify:

TWO MILES:

City of Fate (20856)


FIVE MILES:

City of Fate (20856)

City of Royse City (proposed A-086-3)

Verandah Communities (proposed A-078-3)

- X 11. Notice: OK
12. Other comments:



Kent Steelman

Robert J. Huston, *Chairman*
R. B. "Ralph" Marquez, *Commissioner*
Kathleen Hartnett White, *Commissioner*
Margaret Hoffman, *Executive Director*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 5, 2003

Mr. Mark H. Zeppa
Law Offices of Mark H. Zeppa, P.C.
4833 Spicewood Springs Road - Suite 202
Austin, Texas 78759-8436

RE: Declaration of Administrative Completeness
Name: Parker Creek Estates, L.P.
Registration Number: A1439
Administrative Review Number: A-097-3
Type of Application: Obtain Sewer CCN

Dear Mr. Zeppa:

The above referenced application was received by the Water Quality Applications Team on May 30, 2003. An administrative review of the application has been conducted and the application was declared administratively complete on June 5, 2003.

This application has been forwarded to Ms. Michelle Abrams, Utility Certification and Rate Analysis Team, Districts and Utilities Section (Mail Code 153), Water Supply Division for a technical review. If during the course of the technical review additional information is needed, you will be notified of the deficiency and be requested to supplement the application.

You may contact Ms. Abrams at (512) 239-6014 if you have questions regarding the technical evaluation of your application. If you have questions regarding the administrative review, please contact Peggy Hiscoe at (512) 239-6168.

Sincerely,



Peggy Hiscoe
Water Quality Applications Team (Mail Code 156)
Permits Administrative Review Section
Registration, Review & Reporting Division

cc: The Honorable David Magness, Rockwall County Commissioner, 101 East Rusk - Suite 202,
Rockwall, Texas 75087
Mr. Larry Lott, Director of Development, P. O. Box 638, Royse City, Texas 75189



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

*RN #

*CN #

*If known (See instructions)

\$100.
A-097-3
A1439

PURPOSE OF THIS APPLICATION

- OBTAIN New Water CCN New Sewer CCN
- AMEND Water CCN # _____ Sewer CCN # _____

1. APPLICANT INFORMATION

Utility Name: Parker Creek Estates, L.P.

Utility Address (city/state/zip) 8222 Douglas Avenue, Suite 660
Dallas, TX 75225

Utility Phone and Fax Number (214) 750-1800 Phone (214) 750-5900 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, or other title related to the applicant.

Name: Mark H. Zeppa Title: Attorney

Address: 4833 Spicewood Springs Rd., Ste. 202 Telephone (512) 346-4011

City Austin St TX Zip 78759 Fax (512) 346-6847

County(ies) in which service is proposed Rockwall

A. Provide the following information about the utility's certified operators

Name	Classes	License Number

- Attach additional sheet(s) if necessary -

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

<input checked="" type="checkbox"/>	Investor owned utility	
<input type="checkbox"/>	Individual	
<input type="checkbox"/>	Home or Property Owners Association	
<input type="checkbox"/>	For-profit corporation	
<input type="checkbox"/>	Non-profit, member-owned, member-controlled cooperative corporation (Water Code Chapter 67, Water Supply or Sewer Service Corporation)	
<input type="checkbox"/>	Municipality	
<input type="checkbox"/>	District	
<input checked="" type="checkbox"/>	Other	Please explain: <u>Texas Limited Partnership</u>

RECEIVED

MAY 30 2003

Water Quality Applications Team

Hand deliv'd Dec 5/24/03 PM

HWA

- i. Please provide a copy of the corporation's "Certification of Account Status" from the Texas State Comptroller of Public Accounts. (See Note below).
- ii. Please provide the corporation's charter number as recorded with the Office of the Texas Secretary of State. _____.

- D. If the applicant is a Water Code Chapter 67 water supply or sewer service corporation or other non-profit corporation:
- i. Please provide a copy of the Articles of Incorporation and By-Laws.
 - ii. Please provide the corporation's charter number as recorded with the Office of the Texas Secretary of State

2. LOCATION INFORMATION

A. Are there people already living in the proposed area?

YES _____ NO X

If YES, are any currently receiving utility service?

YES _____ NO X , if YES, from Whom _____.

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

YES _____ NO X

If yes, please indicate the number of verbal and number of written requests and provide a clear explanation of the need for service in the requested area.

WRITTEN _____ VERBAL _____

On a separate page, list the name, address, and phone number of persons requesting service. Include any letters of intent, service inquiries, and/or any other documentation demonstrating a need for service in the proposed area. Requests for service must be identified on the large scale map. See 2.E.i.a below.

If no, please justify the need for service in the proposed area.

A 1500 lot single family development is proposed for this area.

C. Is any portion of the proposed service area inside an incorporated city?

YES ___ NO X

If YES, within the city limits of: _____

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

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

YES _____ NO X

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.

E. Attach the following maps with each copy of the application: *(All maps should include applicant's name, address, telephone number, and date of drawing or revision. All maps should be folded to 8 1/2 x 11 inches).*

i. Subdivision plat or engineering plans or other large scale map showing the following:

A. The exact proposed service area boundary showing locations of requests for service and locations of existing connections (if applicable).

★ NOTE: Applicant may send their facility line map showing current connections (if available), OR estimate the number of connections along each side of the street on the large scale map.

B. The existing service area (if applicable).

C. Metes and bounds (if available).

D. Proposed and existing service area boundaries should be plotted on the map in

relation to verifiable natural and man-made landmarks such as roads, creeks, rivers, railroads, etc.

E. *Service area boundaries should be shown with such exactness that they can be located on the ground.*

★ NOTE: *Applicant may use a USGS 7.5"-minute series map if no other large scale map is available.*

- ii. Small scale location map delineating the proposed service area. The proposed service area boundary should be delineated on a copy of the TCEQ official CCN map. This map will assist TCEQ staff in locating the proposed service area in relation to neighboring utility service areas. *A copy of the TCEQ official CCN map may be obtained by contacting the Utilities & Districts Section at 512/239-4691 or by mailing a written request to the following address:*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
Water Supply Division
Utilities & Districts Section
MC-153
P.O. Box 13087
Austin, TX 78711-3087

★ NOTE: If the proposed service areas shown on the large scale map and small scale map do not delineate the same area, the more detailed large scale map will be used to delineate the official CCN service area.

iii. **Hard copy maps should include the following items:**

- A. *Map scale should be prominently displayed.*
B. Color coding should be used to differentiate the applicants existing service areas from the proposed service area.
C. Attach a written description of the proposed service area.
D. Proposed service area should be the same on all maps.
E. Include map information in digital format (if available), *see Section 3, GIS Information.*

- iv. Each utility shall make available to the public at each of its business offices and designated sales offices within Texas the map of the proposed service area currently on file with the Commission. The applicant employees shall lend assistance to persons requesting to see a map of the proposed area upon request.

3. GIS INFORMATION

We are currently developing a state wide Geographic Information Systems (GIS) coverage of all CCN service areas. The mylar maps are being retired. In order to assist us in this move, we are requesting that a digital file of the proposed CCN service area boundary be submitted with the 3 hard copy maps. **This is not a requirement.** It is understood that not all utilities employ the services of an engineering company or use mapping software to produce a map of the proposed CCN service area boundary. However, by submitting the information digitally, the evaluation of your CCN will be faster and more accurate. Also, by receiving the information in digital form it is easier for us to update and maintain the CCN GIS coverage.

- A. **Digital Map Requirements** In order that your digital data can be properly used, the following information is necessary:
- i. Submit digital data of the proposed CCN service area on a 3.25" diskette or CD. Only one diskette or CD is necessary. Most files of CCNs (minus the base map) should be small enough to zip up and put on a diskette or CD.
- ii. The digital data should include all items represented in the hard copy maps (see Section 2, items E.i and E.ii).

- iii. Please identify data file format, projection information, map units and base map used.

Acceptable Data File Formats:

ArcView shape file (preferred)

1. AutoCAD dwg file
2. Arc/Info E00 file
3. DXF file
4. Microstation dgn files

★ NOTE: If you use a format that is not listed, contact the Cartographer at the number listed below to see if we can use the data.

- a. **Projection, Datum, and Units Information** The data should be submitted in the Texas State Mapping System (TSMS) Projection. However, if it cannot be submitted in TSMS, list the Projection (e.g. State Plane Central Zone, NAD27) or coordinate system being used and Units (e.g. meters, feet, etc.)
- b. **Base Map Information**
List the base map used (e.g. TxDOT county digital road maps, USGS maps, etc.)
Base map information should be included only if it has been produced in-house and is not easily available at most data repositories.
★ NOTE: TCEQ uses TxDOT county (urban) digital road maps as the official CCN base map. Copies of these files can be obtained from Texas Natural Resources Information Systems (TNRIS) at (512) 463-8337 or downloaded from the TNRIS website at <http://www.tnris.state.tx.us/DigitalData/TxDOT/txdot.htm>.
- c. **Read-me text file**
Data file format, base map used, projection and units information, and other necessary information can be specified in a read-me text file.

B. Important Information For those applicants that submit digital data:

- i. Please make sure the proposed service area boundary shown on the hard copy map is identical to the digital data. If the proposed service area shown on the digital data does not delineate the same area shown on the hard copy map, the hard copy map will be used to delineate the official CCN service area.
- ii. Modifications may be made to submitted digital data in order to match the proposed service area boundary to features represented on the TxDOT base map, as opposed to the same features used in the applicants base map.
- iii. If an applicant proposes to amend a portion of their existing CCN service area, the existing service area shown on the digital data must match the official CCN service area that was previously certificated to the utility. If it does not, then only the proposed portion of the digital data will be used.

If you have any questions about sending the data or our GIS CCN coverage, please contact the Cartographer of the Utilities & Districts Section, Water Supply Division at (512) 239-4691.

4. NEW SYSTEM INFORMATION OR UTILITIES REQUESTING A CCN FOR THE FIRST TIME

A. Please provide the following information:

- i. A list of all public drinking water supply systems or sewer systems within a 2 mile radius of the proposed system. See Attachment.
- ii. Copies of written requests seeking to obtain service from each of the public drinking water supply systems or sewer systems listed in #4.a.i above or documentation that it is not economically feasible to obtain service from them. See Attachment.
- iii. Copies of written responses from each system or evidence that they did not reply.

B. Were your requests for service denied?

- i. If yes, continue.
- 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 system that granted your request for service.

5/8" or 3/4" meter			Residential	0	1526
1" meter or larger			Commercial	0	0
Non-Metered			Industrial	0	0
Other:			Other:	0	0
Total Water			Total Sewer		

D. If this application is for a water CCN only, please explain how sewer service is provided:

Not applicable.

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

A portion of the site is located within the water CCN of the Blackland W.S.C.
A separate CCN application is being submitted for water for the remaining area.

F. What is the effect of the granting or amending a certificate on a recipient of the certificate and on any retail public utility of the same kind already serving the proximate area: _____

There are no existing utilities serving the area.

G. 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. Water

Yes X

Purchased on a (X)regular - ()seasonal - ()emergency basis?

Source	% of total supply
Blackland W.S.C.	100

iii. Sewer treatment capacity

Yes _____

Purchased on a ()regular - ()seasonal - ()emergency basis

Source	% of total treatment

iv. Provide a **certified** copy of the most current water or sewer treatment capacity purchase agreement or contract.

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 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 growth projections in #6.A above.
 - iii. Attach a proposed rate schedule or tariff. Describe the procedure for determining the rates and fees and indicate date of last change, if applicable. Attach copies of any cost of service studies or rate analysis worksheets. See Attachment.
- 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.

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.
- 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, 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 certificate of convenience and necessity 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; and
 - ii. any city whose extra-territorial jurisdiction (ETJ) overlaps the proposed service area.
 - iii. For applications for the issuance of a **NEW** certificate of public convenience and necessity,

the applicant must mail the notice with a copy of the location map (CCN map) to all cities and neighboring retail public utilities providing the same utility service within **five (5) miles** of the requested service area, and any city with an ETJ which overlaps the proposed service area.

iv. For applications for the **AMENDMENT** of certificate of public convenience and necessity, the applicant must mail the notice with a copy of the location map (CCN map) to all cities and neighboring retail public utilities providing the same utility service within **two (2) miles** of the requested service area, and any city with an extra-territorial jurisdiction which overlaps the proposed service area.

H. Notice to Customers

Investor Owned Utilities (IOUs) that are currently providing service without a certificate 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.

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.

OATH

State of _____

I, _____, being duly sworn, file this application as _____ (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 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
(Applicant'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 of _____, 20____.

SEAL

NOTARY PUBLIC

Notice for Publication

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

Parker Creek Estates, L.P. has filed an application for a CCN with the Texas Commission on Environmental Quality to provide sewer utility service in Rockwall County.

The proposed utility service area is located approximately 2.5 miles south of downtown Royse City, Texas, and is generally bounded on the north by Crenshaw Road; on the east by a County Road; on the south by Parker Creek; and on the west by F.M. 548.

The total area being requested includes approximately 310 acres and 0 current customers.

A copy of the proposed service area map is available at Pate Engineers, Inc., 8150 Brookriver Drive, S-700, Dallas, TX 75247, Phone Number 214/357-2981

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.

Notice to Neighboring Systems and Cities

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

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

(Address)

(City State Zip)

Parker Creek Estates, L.P. has filed an application for a CCN with the Texas Commission on Environmental Quality to provide sewer utility service in Rockwall County.

The proposed utility service area is located approximately 2.5 miles south of downtown Royse City, Texas, and is generally bounded on the north by Crenshaw Road; on the east by a County Road; on the south by Parker Creek; and on the west by F.M. 548.

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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 _____ COUNTY

Dear Customer:

Date Notice Mailed _____, 20__

_____ has filed an application for a CCN to/ _____ Name of Applicant amend CCN No. _____ and to decertify a portion(s) of _____ Name of Decertificated Utility with the 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 current utility rates which were first effective on _____, 20__ are:

- Monthly Flat Rate of \$ _____ per connection -OR- • Monthly Base Rate including _____ gallons per connection for: 5/8" meter \$ _____ 1" meter \$ _____ 1 1/2" meter \$ _____ 2" meter \$ _____ Other _____ \$ _____

Miscellaneous Fees

- Regulatory Assessment 1% -Tap Fee (Average Actual Cost) \$ _____ -Reconnection fee: -Non Payment (\$25.00 max) \$ _____ -Transfer \$ _____ -Customer's request \$ _____ -Late fee \$5.00 or 10% -Returned Check charge \$ _____ -Customer Deposit (\$50.00 max) \$ _____ -Meter test fee (Actual Cost not exceed \$25.00) \$ _____ -Other Fees \$ _____

Gallonage charge of \$ _____ per 1,000 gallons above minimum (same for all meter sizes)

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.

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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.

Historical Profit & Loss Statement

	Current Year (a)	(a) - 1 year	(a) - 2 years	(a) - 3 years	(a) - 4 years
Number of connections					
Income:					
Gross Revenue					
Fees					
Other					
Gross Income					
Expenses: General & Administrative:					
Salary Expense					
Office Expense					
Computer Expense					
Auto Expense					
Insurance Expense					
Telephone Expense					
Utilities Expense					
Property Tax Expense					
Professional Fees					
Other					
Total General & Administrative					
Expenses: Operational					
Salary Expense					
Auto Expense					
Utilities Expense					
Supply Expense					
Maintenance & Repair Expense					
Other Expense					
Total Operational					
Total Expenses					
Net Income					

Historical Balance Sheets - ASSETS

	Current Year (a)	(a) - 1 year	(a) - 2 years	(a) - 3 years	(a) - 4 years
CURRENT ASSETS					
Cash					
Cost Accounts Receivable					
Inventories					
Income Tax Receivables					
Other					
TOTAL CURRENT ASSETS					
FIXED ASSETS					
Land					
Collection/Distribution System					
Buildings					
Equipment					
Other					
TOTAL FIXED ASSETS					
Less:					
Accum Depreciation/Reserve					
NET FIXED ASSETS					
TOTAL ASSETS					

Historical Balance Sheets - LIABILITIES

	Current Year (a)	(a) - 1 year	(a) - 2 years	(a) - 3 years	(a) - 4 years
CURRENT LIABILITIES					
Accounts Payable					
Notes Payable, Due < 1 Year					
Accrued Expenses					
Customer Deposits					
Other					
TOTAL CURRENT LIABILITIES					
LONG TERM LIABILITIES					
Notes Payable, Due > 1 Year					
Other					
TOTAL LONG TERM LIABILITIES					
OWNER'S EQUITY					
Paid-in Capital					
Retained Equity					
Other					
Current Period Profit or Loss					
TOTAL OWNER'S EQUITY					
TOTAL LIABILITIES &					

Projected Profit & Loss Statement

	Year 1	Year 2	Year 3	Year 4	Year 5
Number of connections	100	250	450	700	950
Income:					
Gross Revenue					
Fees	24,000	60,000	108,000	168,000	228,000
Other	150,000	225,000	300,000	375,000	375,000
Gross Income	176,500	291,250	419,250	560,500	626,750
Expenses: General & Administrative:					
Salary Expense	10,000	12,000	14,000	16,000	18,000
Office Expense	3,000	3,090	3,183	3,278	3,377
Computer Expense					
Auto Expense					
Insurance Expense	10,000	11,000	12,000	13,000	14,000
Telephone Expense	1,800	1,800	1,800	1,800	1,800
Utilities Expense	1,200	1,300	1,400	1,500	1,600
Property Tax Expense	23,000	24,150	25,357	26,625	27,957
Professional Fees	10,000	12,000	14,000	16,000	18,000
Other	5,000	7,500	10,000	12,500	15,000
Total General & Administrative	64,000	72,840	81,740	90,703	99,734
Expenses: Operational					
Salary Expense	24,000	26,400	28,800	31,200	33,600
Auto Expense					
Utilities Expense	1,000	1,500	2,000	2,500	3,000
Supply Expense					
Maintenance & Repair Expense	10,000	15,000	20,000	25,000	30,000
Other Expense	5,000	7,000	9,000	11,000	13,000
Total Operational	41,000	49,900	59,800	69,700	79,600
Total Expenses	105,000	122,740	141,540	160,403	179,334
Net Income	71,500	168,510	277,710	400,097	447,416

Projected Balance Sheets - ASSETS					
	Year 1	Year 2	Year 3	Year 4	Year 5
CURRENT ASSETS					
Cash	40,000	55,000	75,000	100,000	125,000
Cost Accounts Receivable	17,000	20,000	24,000	29,000	34,000
Inventories					
Income Tax Receivables					
Other					
TOTAL CURRENT ASSETS	57,000	77,000	99,000	129,000	159,000
FIXED ASSETS					
Land	75,000	75,000	75,000	75,000	75,000
Collection/Distribution System	1,150,000	1,375,000	1,675,000	2,050,000	2,425,000
Buildings					
Equipment					
Other					
TOTAL FIXED ASSETS	1,225,000	1,450,000	1,750,000	2,125,000	2,500,000
Less:					
Accum Depreciation/Reserve	0	31,562	65,937	100,312	134,687
NET FIXED ASSETS	1,225,000	1,418,438	1,684,063	2,024,688	2,365,313
TOTAL ASSETS	1,282,000	1,495,438	1,783,063	2,153,688	2,524,313

Projected Balance Sheets - LIABILITIES					
	Year 1	Year 2	Year 3	Year 4	Year 5
CURRENT LIABILITIES					
Accounts Payable	15,000	15,750	16,500	17,500	18,500
Notes Payable, Due < 1 Year	81,981	81,981	81,981	81,981	81,981
Accrued Expenses					
Customer Deposits	15,000	22,500	30,000	37,500	45,000
Other					
TOTAL CURRENT LIABILITIES	114,981	120,231	128,481	136,981	145,481
LONG TERM LIABILITIES					
Notes Payable, Due > 1 Year	1,000,000	983,019	964,934	945,673	925,160
Other					
TOTAL LONG TERM LIABILITIES	1,000,000	983,019	964,934	945,673	925,160
OWNER'S EQUITY					
Paid-in Capital	25,000	25,000	25,000	25,000	25,000
Retained Equity	0	71,500	240,010	517,720	917,817
Other					
Current Period Profit or Loss	71,500	168,510	277,710	400,097	447,416
TOTAL OWNER'S EQUITY	96,500	265,010	542,720	942,817	1,390,233
TOTAL LIABILITIES &	1,211,481	1,368,260	1,636,135	2,025,471	2,460,874

Projected Statements of Sources & Uses of Cash					
	Year 1	Year 2	Year 3	Year 4	Year 5
SOURCES OF CASH					
Net Profit	71,500	168,510	277,710	400,097	447,416
Depreciation (if funded)	0	31,652	34,375	34,375	34,375
Loan Proceeds	1,000,000				
Other					
TOTAL SOURCES	1,071,500	200,162	312,085	434,472	481,791
USES OF CASH					
Net Loss					
Principal portion of payments	16,981	18,085	19,261	20,513	21,846
Fixed Asset Purchases	1,000,000				
Reserve					
Other	15,000	20,000	25,000	30,000	35,000
TOTAL USES	1,031,981	38,085	44,261	50,513	56,846
NET CASH FLOW	39,519	162,077	267,824	383,959	424,945
AVAILABLE DEBT SERVICE COVERAGE (ADSC)					
Cash Available for Debt Service					
Net Profit/Loss	71,500	168,510	277,710	400,097	447,416
Depreciation or Reserve	0	31,562	34,375	34,375	34,375
Interest	65,000	63,896	62,720	61,468	60,135
TOTAL ADSC	136,500	263,968	374,805	495,940	541,926
REQUIRED DEBT SERVICE COVERAGE (RDSC)					
Principal + Interest	81,981	81,981	81,981	81,981	81,981
DEBT SERVICE COVERAGE RATIO (ADSC/RDSC)	1.67	3.22	4.57	6.05	6.61

PUBLIC WASTEWATER SYSTEMS WITHIN A 5 MILE RADIUS

City of Royse City
P. O. Box 638
Royse City, TX 75189

City of Fate
P. O. Box 31
Fate, TX 75132

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

April 24, 2003

Connie Goodwin
City of Royse City
P. O. Box 638
Royse City, TX 75189

RE: Request for Wastewater Service

Dear Mr. Goodwin:

Parker Creek Estates, L.P. is proposing to develop a large tract of land along Farm-to-Market Road No. 548 south of Royse City. As part of the requirements for the Texas Commission on Environmental Quality, we are required to contact existing wastewater providers within a 5 mile radius of the site to determine if they are able to provide wastewater service to the development. Please indicate below whether you will be able to provide wastewater service to this development.

Very truly yours,

PATE ENGINEERS, INC.

Robert L. Wright, P.E.
Vice President

_____ Yes, we are interested in providing service and would like to discuss further.

_____ No, we are not interested in providing service.

BY: _____

TITLE: _____

DATE: _____

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

April 24, 2003

Gerry Boren
City of Fate
P. O. Box 31
Fate, TX 75132

RE: Request for Wastewater Service

Dear Mr. Boren:

Parker Creek Estates, L.P. is proposing to develop a large tract of land along Farm-to-Market Road No. 548 south of Royse City. As part of the requirements for the Texas Commission on Environmental Quality, we are required to contact existing wastewater providers within a 5 mile radius of the site to determine if they are able to provide wastewater service to the development. Please indicate below whether you will be able to provide wastewater service to this development.

Very truly yours,

PATE ENGINEERS, INC.

Robert L. Wright, P.E.
Vice President

_____ Yes, we are interested in providing service and would like to discuss further.

_____ No, we are not interested in providing service.

BY: _____

TITLE: _____

DATE: _____

EXHIBIT "A"

* METES & BOUNDS DESCRIPTION *

BEING all that certain lot, tract or parcel of land located in the S. C. Wright Survey, Abstract No. 218, Rockwall County, Texas, and all that certain called 310.095 tract of land conveyed to Sheffield Properties, Inc., according to the deed filed for record in Volume 1281, Page 190 of the Deed Records of Rockwall County, Texas, and being more particularly described by metes and bounds as follows:

COMMENCING at the most Northerly corner of said called 310.095 acre tract, and the North corner of said S. C. Wright Survey (by common report), and being in Crenshaw Road (an undefined width public roadway);

THENCE South 45 deg. 12 min. 25 sec. East, generally along said Crenshaw Road, a distance of 321.31 feet, to the POINT OF BEGINNING of the herein described tract of land;

THENCE South 45 deg. 12 min. 25 sec. East, continuing generally along said Crenshaw Road, a distance of 4802.16 feet to the East corner of said called 310.095 acre tract, and being the North corner of that certain called 120.0 acre tract of land conveyed to John H. Crenshaw, Jr., according to the deed filed for record in Volume 126, Page 887, Deed Records, Rockwall County, Texas,

THENCE South 44 deg. 59 min. 43 sec. West, departing said Crenshaw Road and along the Southeasterly boundary line of said called 310.095 acre tract, a distance of 2697.97 feet, to the East corner of that certain called 266.679 acre tract of land conveyed to Dean M. Gandy, according to the deed filed for record in Volume 688, Page 258, Deed Records, Rockwall County, Texas;

THENCE North 44 deg. 24 min. 00 sec. West, generally along an old fence line and along the Southwest boundary line of said called 310.113 acre tract and the Northeasterly line of said called 266.679 acre tract, a distance of 4893.21 feet, to the East right-of-way line of Farm-Market 548 (an 80 foot wide right-of-way);

THENCE in a Northeasterly direction and along the Southeast right-of-way line of said Farm-Market 548 as follows;

North 00 deg. 13 min. 00 sec. East, a distance of 168.85 feet, to the beginning of a curve to the right having a radius of 222.04 feet;

Along said curve to the right, in a Northeasterly direction, through a central angle of 44 deg. 32 min. 00 sec., an arc length of 172.58 feet, said curve also having a long chord which bears North 22 deg. 29 min. 00 sec. East, 168.27 feet;

North 44 deg. 45 min. 00 sec. East, a distance of 2062.73 feet, to the being the beginning of a non-tangent curve to the left having a radius of 2640.00 feet;

THENCE departing the Southeast right-of-way line of said Farm-Market 548 and along said non-tangent curve to the left, through a central angle of 08 deg. 49 min. 26 sec., an arc length of 406.58 feet, said non-tangent curve also having long chord which bears North 89 deg. 09 min. 39 sec. East, 406.18 feet, to the POINT OF BEGINNING and containing 309.111 acres (13,464,887 square feet), of land;

This document was prepared under 22 TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interest simplified or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

SEWER UTILITY TARIFF

FOR

Parker Creek Estates, L.P.

8222 Douglas Avenue, Suite 660

Dallas, Texas 75225

(214) 750-1800

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

application pending

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

Rockwall

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

None

This tariff is effective in the following subdivisions or systems:

Parker Creek Estates

TABLE OF CONTENTS

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

SECTION	PAGE
1.0 RATE SCHEDULE	<u>2</u>
2.0 SERVICE RULES	<u>3</u>
3.0 EXTENSION POLICY	<u>13</u>
APPENDIX A SERVICE AGREEMENTS	Standard

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

FLAT MONTHLY RATE OF \$20.00 PER CONNECTION FOR ALL METER SIZES

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 x, MasterCard x, Visa x
(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 (Gravity Sewer) \$1500.00

TAP FEE (Pressure Sewer) \$1140.00

TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION plus unique costs as permitted by TCEQ rule at cost, not to exceed \$2,000.

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 (Maximum \$25.00) \$25.00
 - b) Customer's request \$45.00
- OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF

TRANSFER FEE

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

\$45.00

LATE CHARGE

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.

\$5.00

RETURNED CHECK CHARGE

\$25.00

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)

\$50.00

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.

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

SECTION 1.0 - RATE SCHEDULE

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.

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

SECTION 2.0--SERVICE RULES AND REGULATIONS

Section 2.01--Texas Commission on Environmental Quality

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.

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

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 and operate a treatment and collection facility of sufficient size and capacity to provide a continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge the effluent at the quality required by its discharge permit issued by the Commission. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the TCEQ Rules.

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 Texas Commission on Environmental Quality complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

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 REGULATIONS

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 the TCEQ Rules to be effective.

The utility adopts the administrative rules of the Texas Commission on Environmental Quality, as the same may be amended from time to time, as its company specific service rules and regulations. These rules will be kept on file at the company's offices for customer inspection during regular business hours. In the event of a conflict between the TCEQ's amended rules and the provisions of this tariff, the amended rules shall prevail. Where necessary, any conflicting provision of this tariff shall be deemed to have been superseded by the TCEQ rule in question to the degree that the Utility may conduct its lawful business in conformance with all requirements of said rule.

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

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

Customer shall be liable for any damage or injury to utility-owned property or personnel shown to be caused by the customer, his invitees, his agents, his employees, or others directly under his control. Limitation on Product/Service Liability - The utility will not accept liability for any injury or damage to individuals or their property occurring on the customer's premises. The utility makes no representations or warranties (expressed or implied) that customer's appliances will not be damaged by disruptions of or fluctuations in sewer service whatever the cause. The utility will not accept liability for injuries or damages to persons or property due to disruption of sewer service caused by: (1) acts of God, (2) acts of third parties not subject to the control of the utility if the utility has undertaken such preventive measures as are required by TCEQ rules, (3) electrical power failures in sewer systems not required by TCEQ rule to have auxiliary power supplies, or (4) termination of sewer service pursuant to the utility's tariff and the TCEQ's rules.

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

If the services of a registered professional engineer are required as a result of an application for service received by the Utility for service to that applicant's service extension only, such engineer will be selected by the Utility and the applicant, and the applicant shall bear all expenses incurred therein.

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection. Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction (as may be allowed by TCEQ rule) for the actual costs of any additional facilities required to maintain compliance with the Texas Commission on Environmental Quality minimum design criteria for sewer collection, treatment, pumping and discharge.

Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be entitled to a written explanation of such costs prior to payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall have the right to appeal such costs to the TCEQ or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

Tap fees may be increased by unique costs not normally incurred as may be permitted by 30 T. A. C. 291.86(b)(1)(C).

The Utility adopts the Uniform Plumbing Code pursuant to TCEQ Rule 290.46(i). The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the TCEQ, the Uniform Plumbing Code and with the service rules and regulations of the Utility. The customer will bring out his service line to his property line at the point on the customer's property mutually acceptable to the customer and the Utility subject to such requirements as may exist by TCEQ rule.

The utility will have the right of access to the customer's premises at all times reasonable for the purpose of installing, testing, inspecting or repairing sewer mains or other equipment used in connection with its provision of sewer service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the utility and its personnel access to the customer's property to conduct any tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

business hours. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

Threats to or assaults upon utility personnel shall result in criminal prosecution.

Except in cases where the customer has a contract with the utility for reserve or auxiliary service, no other sewer service will be used by the customer on the same installation in conjunction with the utility's service, either by means of a cross-over valve or any other connection. Customer shall not connect, or allow any other person or party to connect, onto any sewer lines on his premises. Two places shall not be permitted to be supplied with one service pipe where there is a sewer main abutting the premises.

No application, agreement or contract for service may be assigned or transferred without the written consent of the utility.

It is agreed and understood that any and all sewer lines and other equipment furnished by the utility (excepting the customer's individual service lines from the point of connection to customer's structures on customer's premises) are and shall remain the sole property of the utility, and nothing contained herein or in a contract/application for service shall be construed to reflect a sale or transfer of any such lines or equipment to any customer. All tap and extension charges shall be for the privilege of connecting to said sewer lines and for installation, not purchase, of said lines.

Service applicants may be required to comply with any pre-condition to receiving service not printed herein as may exist under TCEQ rule (customer service, health and safety or environmental), USEPA rule, TWDB rule, local regulatory district rule or health department rule. Existing customer shall be required to comply with such rules, including modification of their plumbing and/or consumption patterns, after notice.

The disposal into the utility's sewer collection system of bulk quantities of food or food scraps not previously processed by a grinder or similar garbage disposal unit and grease and oils, except as incidental waste in process or wash water, used in or resulting from food preparation by sewer utility customers engaged in the preparation and/or processing of food for other than domestic consumption for sale to the public shall be prohibited. Specifically included in this prohibition are grease and oils from grease traps to other grease and/or oil storage containers. These substances are defined as "garbage" under Section 361.003 (12) of the Solid Waste Disposal Act, Texas Health and Safety Code, and are not "sewage" as defined by Section 26.001 (7) of the Texas Water Code. The utility only provides "sewage" collection and disposal service to the public. This service is limited to the collection, treatment and disposal of waterborne human waste and waste from domestic activities such as washing, bathing, and food preparation. This service does not include the collection, treatment or disposal of waste of such high BOD or TSS characteristics that it cannot reasonably be processed by the utility's state-approved waste water treatment plant within the

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

parameters of the utility's state and federal waste water discharge permits. **THIS SERVICE DOES NOT INCLUDE THE COLLECTION AND DISPOSAL OF STORM WATERS OR RUN OFF WATERS, WHICH MAY NOT BE DIVERTED INTO OR DRAINED INTO THE UTILITY'S COLLECTION SYSTEM.**

Pursuant to Texas Commission on Environmental Quality Rule 291.87(n), the utility may charge for all labor, material, equipment, and other costs necessary to repair or replace all equipment damaged due to service diversion or the discharge of wastes which the system cannot properly treat. This shall include all repair and clean up costs associated with discharges of grease and oils, except as incidental waste in process or wash water, used in or resulting from food preparation by sewer utility customers engaged in the preparation and/or processing of food for other than domestic consumption or for sale to the public discharged from grease traps or other grease and/or oil storage containers. The utility may charge for all costs necessary to correct service diversion or unauthorized taps where there is no equipment damage, including incidents where service is reconnected without authority. The utility may not charge any additional penalty or charge other than actual costs unless such penalty has been expressly approved by the regulatory authority having rate/tariff jurisdiction and filed in the utility's tariff.

Pursuant to Texas Commission on Environmental Quality Rule 291.86(b)(3)(A) and (B), the customer's service line and appurtenances shall be construed in accordance with the laws and regulations of the State of Texas, local plumbing codes, or, in the absence of such local codes, the Uniform Plumbing Code. It shall be the customer's responsibility to maintain the service line and appurtenances in good operating condition, i.e., clear of obstruction, defects, or blockage. If the utility can provide evidence of excessive infiltration or inflow or failure to provide proper pretreatment, the utility may, with the written approval of the TCEQ's executive director, require the customer to repair the line or eliminate the infiltration or inflow or take such actions necessary to correct the problem. If the customer fails to correct the problem within a reasonable time, the utility may disconnect service after proper notice.

In accordance with the requirements of Utility's Wastewater discharge Permit, any and all repairs and maintenance of Utility's lines, tanks, pumps and equipment located on Customer's premises shall be performed exclusively by the Utility.

Copies of the utility's state and federal waste water discharge permits shall be available for public inspection and copying in the utility's business office during normal business hours.

Non-residential customers electing the pretreatment option for sewage with non-standard characteristics may be charged those costs set forth in the utility's extension policy if such pretreatment fails or otherwise causes the utility's facilities to violate their waste-water discharge permits.