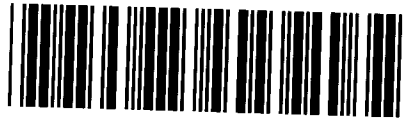


Control Number: 43817



Item Number: 16

Addendum StartPage: 0

DOCKET NO. 43817

APPLICATION OF CRYSTAL §
SPRINGS WATER COMPANY, INC. §
FOR AN AMENDMENT TO SEWER §
CERTIFICATE OF CONVENIENCE §
AND NECESSITY IN MONTGOMERY §
COUNTY §

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PUBLIC UTILITY COMMISSION
PUBLIC UTILITY COMMISSION
FILING CLERK
OF TEXAS

COMMISSION STAFF'S RECOMMENDATION ON FINAL DISPOSITION

Commission Staff (Staff) of the Public Utility Commission of Texas (Commission) files this Recommendation on Final Disposition and would show the following:

I. BACKGROUND

On November 19, 2014 Crystal Springs Water Company, Inc. (Crystal Springs or Company) filed with the Public Utility Commission of Texas (Commission) an application to amend its sewer certificate of convenience (CCN) No. 20782 in Montgomery County, Texas. The total area being requested includes approximately 316.288 acres and zero current customers.

On January 12, 2015, the ALJ issued Order No. 3 deeming the application not administratively complete and ordered the Applicant to cure the noted deficiencies. Order No. 3 also directed Staff to file a supplemental recommendation regarding administrative completeness of the amended application and notice by March 11, 2015. On March 11, 2015, Staff filed a supplemental recommendation regarding administrative completeness and found the application to be administratively complete pursuant to 16 Tex. Admin. Code §§ 24.8(a) (TAC). On March 11, 2015, Staff also requested the docket be abated until the Applicant could demonstrate that the Summary Transmittal Letter or plans and specs for the referenced wastewater treatment plant had been approved by the Texas Commission on Environmental Quality (TCEQ). On March 13, 2015, the ALJ issued Order No. 4 deeming the application administratively complete and abating the docket. Thereafter, on March 19, 2015, the Applicant replied to Order No. 4 and provided the Commission with a letter from the TCEQ stating that the project proposed in the summary transmittal letter is approved for construction and requested the docket be unabated. Subsequently, on March 23, 2015, Staff requested the docket be unabated and deemed administratively complete. Order No. 5, issued March 25, 2015, unabated the docket and set June 29, 2015 as the deadline for Commission Staff to propose an additional procedural

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schedule, file a recommendation on final disposition, or to request a hearing on the merits. Therefore, this recommendation is timely filed.

II. RECOMMENDATION ON FINAL DISPOSITION

As set forth in the attached memorandum of Debbie Reyes Tamayo, Program Specialist, Water Utilities Division, Staff recommends approval of the application. Staff has determined that pursuant to TWC § 13.246(c)(4), the Applicant will be able to provide adequate service to the proposed area; Crystal Springs has the ability to meet current service demand and is compliance with TCEQ minimum standards. In addition, it has been determined that Crystal Springs has the financial capability to make necessary improvements to handle the projected population density and has good operations, maintenance and performance record with TCEQ, and plans to operate the new system in the same manner. Applicant reported that as of October 13, 2014 total assets reported a balance of \$7.6 million, total liabilities reported a balance of \$409 thousand, and net assets included a balance in excess of \$7.1 million. Additionally, Crystal Springs has consented to Staff's rendering of the maps showing the new CCN service area, as demonstrated by the attached consent form and map, submitted April 10, 2015. The Commission has not received any opt-out requests or requests for a public hearing, therefore this proceeding qualifies for informal disposition.

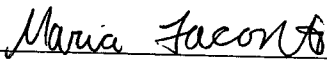
III. CONCLUSION

Staff recommends the application be approved and, consistent with Order No. 5, Staff will file a proposed notice of approval, including findings of fact, conclusions of law, and ordering paragraphs by July 10, 2015, if Applicant does not exercise their right to request a hearing or respond to this recommendation on final disposition.

Date: June 9, 2015

Respectfully Submitted,
Margaret Uhlig Pemberton
Division Director- Legal Division

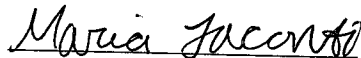
Shelah J. Cisneros
Managing Attorney-Legal Division



Maria Faconti
Attorney-Legal Division
State Bar No. 24078487
(512) 936-7235
(512) 936-7268 (facsimile)
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

DOCKET NO. 43817
CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 9th day of June, 2015, in accordance with P.U.C. Procedural Rule 22.74.



Maria Faconti

Public Utility Commission of Texas
Memorandum

TO: Maria Faconti, Attorney
Legal Division

THRU: Tammy Benter, Director
Water Utility Division

FROM: ⁶⁻¹⁵ *DL* Debbie Reyes Tamayo, Program Specialist
Water Utility Division

SUBJECT: **Docket No. 43817** - Application of Crystal Springs Water Company, Inc. for an Amendment to Sewer Certificate of Convenience and Necessity (CCN) in Montgomery County

DATE: June 9, 2015

On November 19, 2014, Crystal Springs Water Co., Inc., (Applicant), filed an application to amend Certificate of Convenience and Necessity (CCN) No. 20782, in Montgomery County, Texas. This application is being reviewed under 16 Tex. Admin. Code §§24.102 and 24.107 (TAC).

The purpose of this application is to add approximately 316.288 acres to the Applicant's CCN and to provide wastewater service to 550 residential connections. This proposed area consists of undeveloped residential lots owned by developer Martin Realty & Land Inc. for the Forest Trace Subdivision. There are no other retail utilities in the proximate area that can meet the service requirements of the proposed development. Future customers in the Forest Trace Subdivision will be charged the existing approved rates in the Applicant's tariff.

Proper public notice was provided through newspaper publication on January 17, 2015, and January 24, 2015, in the Conroe Courier. On January 15, 2015, notice was provided to neighboring systems, landowners, cities and affected parties in Montgomery County. The Applicant filed proof of notice with the Commission on February 4, 2015. The comment period ended February 24, 2015. The Commission did not receive any opt-out requests or requests for a public hearing.

Based on a review of this application, I believe the Applicant demonstrates adequate financial, managerial, and technical capability to provide service to the area subject to this application.

The Applicant is an existing utility in good standing with the Secretary of State. The Applicant demonstrates adequate financial and managerial capability to provide service to the area subject to this application. The Applicant has been in the utility business since 1977, providing water and sewer service to over 3200 connections in 23 neighborhoods in Montgomery and Walker Counties.

Docket # 43817

The Applicant provides wastewater service to its current service area through its own Texas Commission Environmental Quality (TCEQ) approved wastewater system, Water Quality (WQ) Identification No. WQ0015298001, EPA I.D., No. TX0135780. On March 19, 2015, the Applicant filed a TCEQ approval letter stating the proposed project for facilities to provide service to the proposed area was approved for construction. The Applicant's current facilities are operated by several employees including a Chief Operator, who holds a TCEQ Class C license for Wastewater Treatment, Ground Water Treatment Operator with a TCEQ Class C license, an OSSF Maintenance Provider, an OSSF Installer II, and a Customer Service Inspector.

The Applicant provided compiled financial statements on a cash basis for FY 2013. The Applicant's Net Income for FY 2013 was reported as \$584 thousand. In addition, the Applicant provided a financial statement dated October 13, 2014, containing balances for assets, liabilities and net worth. As of October 13, 2014 total assets reported a balance of \$7.6 million, total liabilities reported a balance of \$409 thousand, and net assets included a balance in excess of \$7.1 million. Also included in the application, is a letter dated November 10, 2014, from Woodforest Bank stating "Crystal Springs Water Company, Inc. and its owners have been highly valued customers of Woodforest National Bank for over 20 years. The bank extended Credit in the medium six figure range to Crystal Springs Water Company, Inc. with all payments being handled by an agreement they have in place. Woodforest National Bank stated they are confident in their ability to satisfy any financial obligation Crystal Springs Water Company, Inc. undertake."

TWC §13.246(c) requires the Commission to consider nine criteria when granting or amending a CCN. As a result of this application, the Applicant will obtain its CCN No. 20785 in Montgomery County. Therefore, the following criteria were considered:

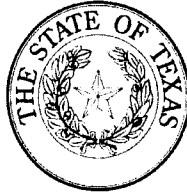
- TWC §13.246(c)(1) adequacy of service currently provided to the requested area. The proposed area is currently undeveloped and to date, no service has been extended to the proposed area. The Applicant holds a TCEQ wastewater permit and has received TCEQ approval for construction of facilities that will provide service to the proposed area.
- TWC §13.246(c)(2) the need for service in the requested area. The application included a statement that Martin Realty & Land, Inc. (Developer) plans to develop two adjacent tracts of land in Montgomery County totaling 316.288 acres into residential lots, and has partnered with Crystal Springs Water Co., Inc. to provide sewer service. Neither tract is in any other CCN, city limits or city extra territorial jurisdiction. Martin Realty & Land, Inc. and Crystal Springs Water Co., Inc. are under common ownership.
- TWC §13.246(c)(3) the effect of granting an amendment on the Applicant, landowners and on any other retail sewer utility servicing the proximate area. The Applicant's CCN will be amended to include the proposed area. The Developer is the only landowner and will be provided sewer service by the Applicant. No other retail sewer utilities will be affected by this application.
- TWC §13.246(c)(4) the ability of the applicant to provide adequate service. The Applicant holds a TCEQ wastewater permit and has received TCEQ approval for construction of facilities that will provide service to the proposed area.

- TWC §13.246(c)(5) the feasibility of obtaining service from an adjacent retail public utility. The application included a copy of a letter from the Applicant to a neighboring utility requesting sewer service for the proposed area. The neighboring utility responded and said they could only provide service to a portion of the proposed area.
- TWC §13.246(c)(6) the financial ability of the applicant to pay for facilities necessary to provide continuous and adequate service. As of October 13, 2014 total assets reported a balance of \$7.6 million, total liabilities reported a balance of \$409 thousand, and net assets included a balance in excess of \$7.1 million. Also included in the application, is a letter dated November 10, 2014, from Woodforest Bank stating "Crystal Springs Water Company, Inc. and its owners have been highly valued customers of Woodforest National Bank for over 20 years. The bank extended Credit in the medium six figure range to Crystal Springs Water Company, Inc. with all payments being handled by an agreement they have in place. Woodforest National Bank stated they are confident in their ability to satisfy any financial obligation Crystal Springs Water Company, Inc. undertake.
- TWC §§13.246(7) and (9) require the Commission to consider the environmental integrity and the effect on the land to be included in the certificate. The proposed area will be developed in residential lots in the Forest Trace Subdivision. The environmental integrity of the proposed area will not be adversely affected since the lots will be served by a centralized sewer system as opposed to individual septic tanks.
- TWC § 13.246(8) the probable improvement in service or lowering of cost to consumers. Future customers in the proposed area will be charged rates in the Applicant's Commission approved tariff.

The Applicant meets all of the statutory requirements of Texas Water Code Chapter 13 and the Commission's Chapter 24 rules and regulations. Approving this application to amend CCN No. 20782 is necessary for the service, accommodation, convenience and safety of the public.

The applicant is capable of providing continuous and adequate service. Staff recommends approval of the application. The Applicant consented to the attached map, certificate, and tariff on April 9, 2015. Staff also recommends that the Applicant file a certified copy of the CCN map along with a written description of the CCN service area in the county clerk's office pursuant to Texas Water Code Section 13.257 (r) and (s).

TB/DRT



Public Utility Commission Of Texas

**By These Presents Be It Known To All That
Crystal Springs Water Company**

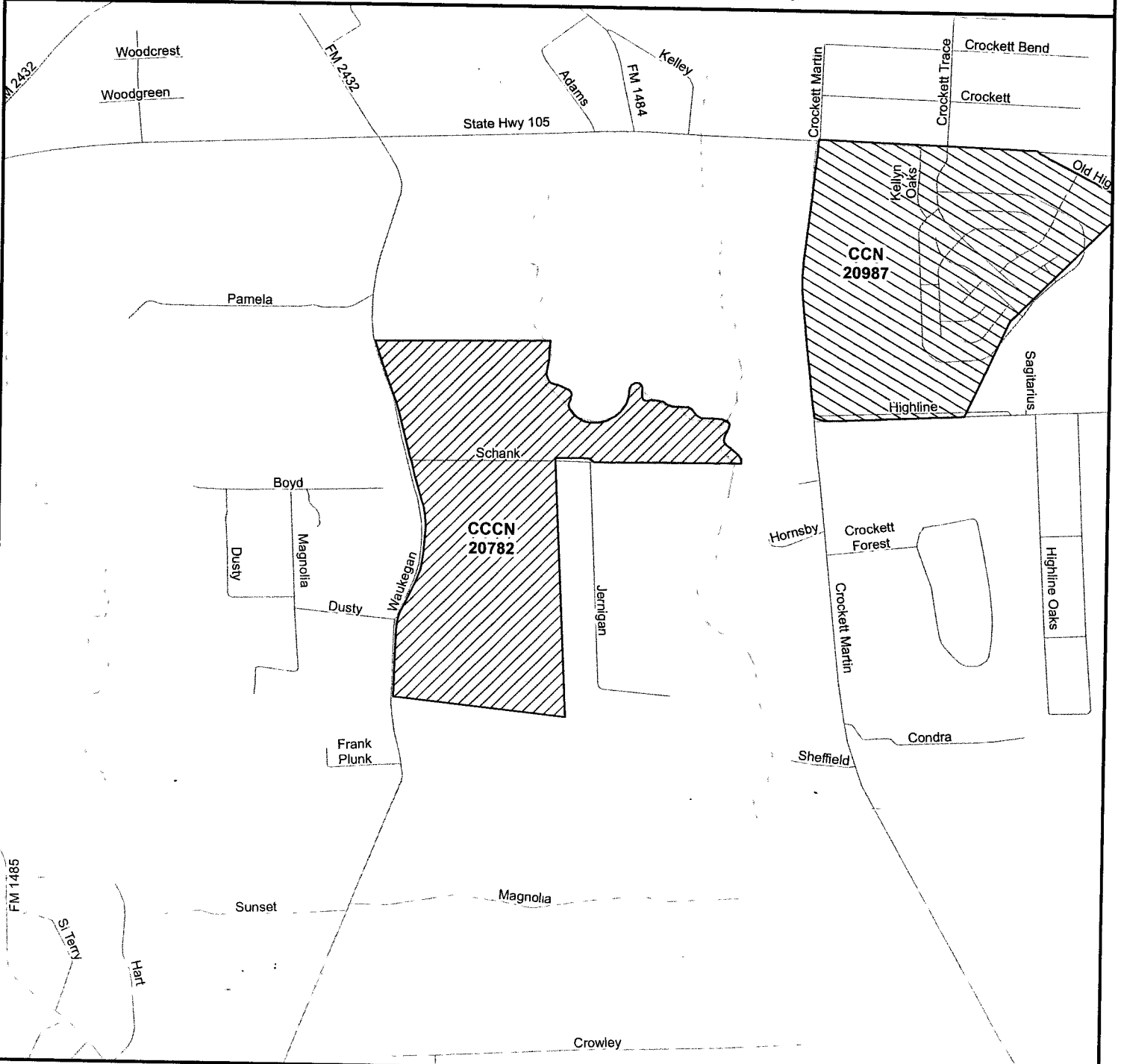
having duly applied for certification to provide sewer utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled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

Certificate of Convenience and Necessity No. 20782



to provide continuous and adequate sewer utility service to that service area or those service areas in Montgomery County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 43817 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Crystal Springs Water Company, to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

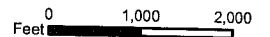
Issued at Austin, Texas, this _____ day of _____ 2015

Crystal Springs Water Company
 Portion of Sewer Service Area
 CCN No. 20782
 PUC Docket No. 43817
 Amended CCN No. 20782 in Montgomery County



Sewer CCN Service Areas

-  20782 - Crystal Springs Water Company
-  20987 - C & R Water Supply Inc



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

Map by: Suzanne Burt
 Date created: March 16, 2015
 Project path: n:/gis/projects/applications/43817.mxd



SEWER UTILITY TARIFF
Docket Number: 43817

Crystal Springs Water Company, Inc.
(Utility Name)

P.O. Box 603
(Business Address)

Porter, Texas 77365
(City, State, Zip Code)

(281) 354-5141
(Area Code/Telephone)

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

20782

This tariff is effective in the following county:

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:
Country West, F.M. 1485 Estates, Western Hills; WQ0012621-001
Forest Trace Subdivision; WQ0014081-001

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE.....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	4
SECTION 3.0 -- EXTENSION POLICY	9

SECTION 1.0 - RATE SCHEDULE

Section 1.01--Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$30.00</u> (Includes 0 gallons)	<u>\$2.50</u> per 1,000 gallons
1"	<u>\$50.00</u>	

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

Cash X, Check X, Money Order X, Credit Card , Other (specify)

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

REGULATORY ASSESSMENT 1.0%

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$600.00

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

TAP FEE (Large Connection Tap) Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR TAP SIZE INSTALLED.

RECONNECTION FEE

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

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

TRANSFER FEE \$25.00

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

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

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

RETURNED CHECK CHARGE \$25.00

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

SECTION 1.0 - RATE SCHEDULE (CONT.)

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

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

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission of Texas (PUC or Commission) Rules, Chapter 24, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.01 - Application for Sewer Service

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

Section 2.02 - Refusal of Service

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

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

(A) Customer Deposits

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

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

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

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 2.0 -- SERVICE RULES AND POLICIES (CONT.)

(B) Tap or Reconnect Fees

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

Fees in addition to the regular tap fee may be charged if listed specifically in Section 1 to cover unique costs not normally incurred as permitted by 30 TAC 24.86(a)(1)(C). For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

(C) Easement Requirement

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

Section 2.04 - Utility Response to Applications for Service

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

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

Section 2.05 - Customer Responsibility

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

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

Section 2.06 - Customer Service Inspections

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

Section 2.07 - Back Flow Prevention Devices

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

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

Section 2.10 - Billing

(A) Regular Billing

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

(B) Late Fees

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

(C) Information on Bill

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

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

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

Section 2.11- Payments

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

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

(A) With Notice

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

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

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

(B) Without Notice

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

Section 2.13 - Reconnection of Service

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

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

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

Section 2.14 - Service Interruptions

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

Section 2.15 - Quality of Service

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

Section 2.16 - Customer Complaints and Disputes

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

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

Section 2.17 - Customer Liability

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

SECTION 3.0 -- EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

Line Extension and Construction Charges: No contribution in aid of construction may be required of any customer except as provided for in this approved extension policy.

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

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

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

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

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

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

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

SECTION 3.0 -- EXTENSION POLICY (CONT.)

Exceptions may be granted by the Commission if:

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

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

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers. A service applicant requesting a one inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

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

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

Section 3.03 - Contributions in Aid of Construction

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

SECTION 3.0 -- EXTENSION POLICY (CONT.)

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

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 30 TAC 291.86(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by 30 TAC 291.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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

Under a contract and only in accordance with the terms of the contract; or

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

Section 3.04 - Appealing Connection Costs

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

Section 3.05 - Applying for Service

The Utility will provide a written service application form to the applicant for each request for service received by the Utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant. Service application forms will be available at the Utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request.

SECTION 3.0 -- EXTENSION POLICY (CONT.)

Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

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

Section 3.06 - Qualified Service Applicant

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

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

Section 3.07 - Developer Requirements

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