



Control Number: 44001



Item Number: 1

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

44001

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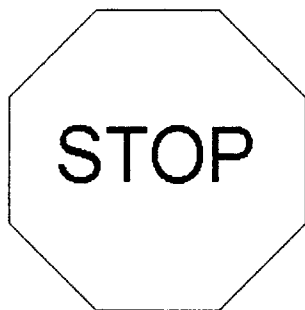
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PUBLIC UTILITY COMMISSION
FILING CLERK



APPLICATION FOR A
RATE/TARIFF CHANGE

RECEIVED
TCEQ
WATER SUPPLY DIV.
2013 JUN 10 PM 11 04



When you are filling out this application, you cannot go from one line to the next and fill it out correctly. You will need to complete some tables partially and come back to them later in the process.

Therefore, it is important that you follow the instructions that accompany this application. They are designed to give you a step-by-step process for completing the application.

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44001

APPLICATION FOR A RATE/TARIFF CHANGE

SECTION IA - GENERAL INFORMATION

Applicant Community Utility Company
 (Individual, Corporation, or Other Legal Entity)
 Utility Name: _____
 (If different than above)

Legal form of Application:

- ☐ Individual
☐ Partnership
☒ Corporation Provide Charter Number 0800689273
☐ Sub Chapter-S Corporation
☐ Other

Utility Address: P.O. Box 58 Spring Texas 77383
 Street Address or Location City State Zip Code

County(ies) where services are provided: Harris & Montgomery

CN Number(s): 10350

Contact Person: Les Romo Telephone Number: (512) 868-5600

Position: Attorney Fax Number: (512) 591-7815

Address: 307 Shannon Lane Georgetown Texas 78628
 Street Address or Location City State Zip Code

If the applicant is a corporation, please provide a copy of the corporation's "Certificate of Account Status" (regarding the payment of franchise taxes) from the State Comptroller's Office. This "Certificate of Account Status" can be obtained from the website at: **(See Attachment A)**

Comptroller of Public Accounts, Office Management

P. O. Box 13528
 Austin, Texas 78711
 1-800-252-5555

SECTION IB - MISCELLANEOUS INFORMATION

- A. How often and on what dates are water meters typically read? Second week of the month
- B. When are bills typically sent out? Last week of the month

- C. Do you serve customers within the corporate limits of a municipality? If No, Go to D. ☐ Yes ☒ No

If yes, which municipalities? _____

Have you filed a request to change rates with the municipality? ☐ Yes ☐ No

- D. Are you currently collecting the Regulatory Assessment Fee from your customers? ☒ Yes ☐ No

If yes, are you current in your payment of the Regulatory Assessment Fee to the Texas Commission on Environmental Quality or the predecessor agency, Texas Water Commission, for assessments payable beginning January 1, 1992? ☒ Yes ☐ No

- E. Water Utilities: Please indicate the Public Water System Identification numbers for each of your systems:

System Name	TCEQ PWS ID #	County	Rate Increase Applicable?
Forest Manor Subdivision	1010264	Harris	Yes
Heathergate Public Utility	1011302	Harris	Yes
Sweetgum Forest	1700113	Montgomery	No

For each of the systems, please provide a copy of the most recent public water system annual inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies. (See Attachment B)

- F. Sewer Utilities: Please indicate the discharge permit number for each Wastewater Treatment Plant you operate: **None**

Wastewater Treatment Plant Name	TCEQ Discharge Permit Number	County	Rate Increase Applicable?
None			

INFORMATION REQUIRED
FOR A
WATER RATE/TARIFF CHANGE

SECTION III. PLANT & EQUIPMENT INFORMATION – WATER

A. CUSTOMER CONTRIBUTIONS

If any of the items included in your plant and equipment were 100% financed with customer contributions, assessments, surcharges, extension fees, etc., you may not include depreciation or return on those items in your cost of service. However, if those customer contributions did not cover the entire cost of the asset, you may include the amount that the utility paid for. Please list below all items that were funded either all or in part by customer contributions and indicate amount that the customers contributed for each item.

Table III. A.

Item [A]	Date of installation [B]	Total Cost [C]	Amount of Customer Contribution [D]	Difference [E]= [C] - [D]
None				
				①
				①
				①
				①
				①

- Attach additional sheet(s) if necessary –

- ① If any amount in this column is greater than zero, enter that item in the appropriate category in **Table III. B**

B. ORIGINAL COST & DEPRECIATION SCHEDULE – WATER

Please provide the following inventory of the water utility plant being used to provide water service at the end of the test year. You will be responsible for supporting this information with invoices or other documentation. Round your figures to the nearest dollar. **Amounts should be computed as of the end of the "test year."** (See Attachment C)

Table III. B.

[A] Item	[B] Date Of Installation	[C] Service Life (yrs) * **	[D] Original Cost when installed \$	Depreciation			[G] = [D]-[F] Net Book Value (\$)
				Years in Service	[E] = [D]/[C] Annual (\$)	[F] Accumulated (\$)	
				YR ☉	Mos ☹☹	Days ☹☹☹	
Land		n/a					
Wells		50					
Well Pumps:							
5 hp or less		5					
Greater than 5 hp		10					
Booster Pumps:							
5 hp or less		5					
Greater than 5 hp		10					
Chlorinators		10					
Structures:							
Wood							
Masonry		15					
Storage Tanks		30					
Pressure Tanks		50					
Distribution System (mains and lines)		50					
Meters and Service (taps not covered by fees)		20					
Office Equipment		10					
Vehicles		5					
Shop Tools		15					
Heavy Equipment		10					
Fencing		20					
Other: (Please list)							
Total					①	②	③

① Enter this number in **Table VI. A., Line [O], Column ①** * TCEQ Suggested Service Life ** Other Service Life
 ② If [F] is greater than [D], enter the total for [D] ③ Enter this number in **Table IV. E., Line [A]**
 - Attach additional sheet(s) if necessary -

If any of the Items listed in the Depreciation Schedule were contributed by a developer, please list those items and the associated cost below.

Table III. C.

Table III. C.

① Insert this amount in **Table IV. E., Line [E]**
- Attach additional sheet(s) if necessary -

SECTION IV - LONG TERM DEBT & EQUITY INFORMATION – WATER

A. EQUITY

How much equity or total capital does the company have in the utility? \$ 33,619
Enter also in **Table IV. D.**, Box ③ below

B. RATE OF RETURN

What rate of return (profit) on investment in plant (equity) is expected? 10.46 %
Enter also in **Table IV. D., Box ④** below

NOTE: You may choose

- an average equity return established by the staff each year and included with the Annual Report Instructions **OR**
- an interest rate that you think is fair that is less than the rate established by the staff **OR**
- to use the **Rate of Return Worksheet** which is attached to the **Instructions**.

C. BANKRUPTCY

Has the utility or utility owner filed bankruptcy within the last seven years? ☐ Yes ☒ No
If YES, explain status of applicant at this time.

D. NOTES PAYABLE - WATER

List the following information concerning debt and equity of the utility and attach copies of notes payable:

Round all percentages to two (2) decimal places.

[A] Name of Bank/Lender	[B] Date of Issue	[C] Date of Maturity	[D] Original Amount of Loan	[E] Outstanding or Unpaid Balance- End of Test Year	[F] Interest Rate	[G] Weighted Average [E] ÷ ⑤ * [F]
Part 1 - Debt						
None			\$	\$		
			\$	\$		%
			\$	\$		%
			\$	\$		%
			\$	\$		%
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			\$	\$		

E. INVESTED CAPITAL & RETURN – WATER

Table IV. E.

Net Book Value - From Table III. B., Box ③	[A]	\$	33,619
Working cash allowance -(Amount From Table VI. A., Line [L] Column ③, Box ⑦ (÷ 8)	[B]	\$	13,656
Materials and supplies	[C]	\$	0
Subtotal - Sum of [A] thru [C]	[D]	\$	47,275
Developer Contributions - From Table III. C., Box ①	[E]	\$	0
Total invested capital [D] - [E]	[F]	\$	47,275
Rate of return - From Table IV. D., Box ③	[G]		10.46 %
Return/Interest - If [F] is greater than -0-, then enter [F] * [G]. If [F] is less than -0-, enter -0-. Enter this amount in Table V., Line [A] and Table VI. A., Line [Q], Column ②	[H]	\$	4,945

SECTION V - INCOME TAX CALCULATION – WATER

Use the following table to determine the amount of income tax that can be included in your revenue requirement.

Table V.

Return - From Table IV. E., Line [H]	[A]	\$	4,945
Interest Calculation			
Total Invested Capital - From Table IV. E., Line [F]	[B]	\$	47,275
Weighted Cost of Debt Capital - Percentage From Table IV. D., Box ⑥	[C]		0 %
Interest [B]*[C]	[D]	\$	0
Taxable Income [A] - [D]	[E]	\$	4,945
Enter Income Tax from Tax Table (Appendix A)	[F]	\$	882 ①

①To **Table VI. A., Line [P], Column ②**

Please provide the following information regarding the cost to the utility of providing water utility service over your selected twelve month "test year."
Note 1 - Instead of using the percentages listed, you may take the Total Cost and multiply it by 67% to determine the fixed portion and 33% for the variable portion.

TABLE VI. A.

Test Year <u>11/1/11</u> to <u>10/31/12</u>		Line	12 Month "test year" per books	Known and Measurable Changes	Revenue Requirement for next yr	% of ③ that is fixed (Note 1)		Fixed Expenses (Note 1)	Variable Expenses (Note 1)
						Rec.	Act.		
			①	②	③=①+②	④		⑤=(③*④)/100	⑥=③-⑤
Salaries and Wages	[A]	0	0	12,000	12,000	50		6,000	6,000
Contract Labor	[B]	43,548		2,292	45,840	90		4,584	41,256
Cty of Houston Pumpage Fees	[C]	13,092		471	13,563	0		0	13,563
Chemicals for treatment	[D]	1,334		0	1,334	0		0	1,334
Utilities (electricity)	[E]	5,211		0	5,211	0		0	5,211
Repairs/maintenance/supplies	[F]	9,523		0	9,523	50		4,762	4,761
Office expenses	[G]	7,734		2,292	10,026	50		5,013	5,013
Accounting & Legal fees	[H]	4,589		0	4,589	100		4,589	0
Insurance	[I]	0		0	0	100		0	0
Rate case expense	[J]	0		7,000	7,000	100		7,000	0
Miscellaneous	[K]	165		0	165	50		83	82
Subtotal - Sum of Line [A] thru Line [K]	[L]	85,196		24,055	109,251			32,031	77,220
Payroll Taxes	[M]	0		0	0	50		0	0
Property and other taxes	[N]	3,881		0	3,881	100		3,881	0
Annual Depreciation and Amortization - From Table III. B. Box ①	[O]	0		2,777	2,777	100		2,777	0
Income Taxes - From Table V, Line [F]	[P]			882	882	100		882	0
Return - From Table IV. E., Line [H]	[Q]			4,945	4,945	100		4,945	0
Subtotal - Sum of Line [L] thru Line [Q]	[R]	89,077		32,659	121,736			44,516	77,220
Other Revenues	[S]	4,238		0	4,238	100		4,238	0
Total Cost = Line [R] - Line [S]	[T]	84,839		32,659	117,498			40,278	77,220
Alternative Allocation between Fixed and Variable [Note 1]	[U]				⑧	67		⑨	⑩

B. KNOWN & MEASURABLE

If you listed anything in **TABLE VI. A.** above as an increase/decrease expected in the next 12 months, please provide a short explanation by item why there will be a change and how you projected the cost. Changes in cost must be known and measurable and supported by invoices or other documentation.

(See Attachment D)

-Attach additional sheet(s) or a separate listing for sewer service if necessary-

SECTION VII - CUSTOMER INFORMATION - WATER

NUMBER OF CUSTOMERS

How many customers (active connections) did you have at the beginning and at the end of the twelve month test year?

TABLE VII

Connection Type	Line	Beginning of period ①	End of period ②	Equivalency Factor ③	Meter Equivalents ④=②*③
Non-Metered Connections:					
Residential	[A]			1	
Commercial	[B]			1	
Standby	[C]			1	
Metered Connections:					
5/8" x 3/4"	[D]	187	191	1	191
3/4"	[E]			1.5	
1"	[F]			2.5	
1 1/2"	[G]			5	
2"	[H]			8	
3"	[I]			15	
Other:	[J]				
Total	[K]	187	191		191 ⑤

⑤ To Table IX. B., Line [B] AND Table X. A., Line [F]

SECTION VIII - PRODUCTION & CONSUMPTION INFORMATION - WATER

Please provide the following information regarding water utility operations over your selected twelve month "test year".

Table VIII

Total number of gallons pumped (total master meter reading for the year)	[A]	16,302,000	gallons
Total number of gallons purchased from another source for sale to customers (if any)	[B]	0	gallons
Total number of gallons provided to customers $[C]=[A]+[B]$	[C]	16,302,000	gallons
Total number of gallons billed to your customers (total customer consumption)	[D]	12,712,000 ^①	gallons
System losses: $([C] - [D]) \times 100\% = [E]$ [C]	[E]	22.02	%
Source of Purchased water			

① To Table IX. A., Line [B] AND Table X. A., Line [B]

SECTION IX - RATE DESIGN - WATER

A. VARIABLE RATE CALCULATIONS

Table IX. A.

Instructions	
Total Variable Costs	From Table VI. A., Line [T], Box ⑥ or Line [U], Box ⑥
Total # of Gallons Billed to Customers	From Table VIII, Line [B]
Total # of 1,000 Gallons billed	Divide Line [B] by 1,000
Variable Cost per 1,000 gallons	Divide Line [A] by Line [C] Transfer to Table IX. B., Lines [E] through [J], Box ⑥

B. BASE RATE CALCULATIONS

Table IX. B.

Line		# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost to be added to base rate	Total base rate per meter size
Total fixed costs - From Table VI. A., Line [T], Box ⑥ or Line [U], Box ⑥	[A]	②	③	④=②*③	⑤=①+④
Total meter equivalents at end of test year - From Table VII, Line [K], Box ⑥	[B]				
Base charge per meter equivalent or for each unmetered connection [A] ÷ [B] and then divide by 12	[C]				
Base charge per meter size					
5/8" x 3/4" or unmetered	[D]	0	⑥	0	\$
3/4"	[E]	0	⑥	0	\$
1"	[F]	0	⑥	0	\$
1 1/2"	[G]	0	⑥	0	\$
2"	[H]	0	⑥	0	\$
3"	[I]	0	⑥	0	\$
Other: 4"	[J]	0	⑥	0	\$

⑥ From Table IX. A., Line [D]

SECTION X - ALTERNATE METHOD OF RATE DESIGN - WATER

After you have performed the calculations in **SECTION IX**, you may find that the cost per 1,000 gallons is not what you think your customers will approve. If that is the case, then the following will allow you to calculate a rate structure that still recovers your revenue requirement, but with rates that you think may be more appropriate for your customers.

Table X. A.

	Line		
Cost per 1,000 gallons	[A]	\$	3.00
Total # of 1,000 Gallons billed	[B]		12,712
Total Cost to be recovered through gallonage charge	[C]	\$	38,136
Total Revenue Requirement	[D]	\$	117,498
Total to be recovered through base rate	[E]	\$	79,362
Total number of meter equivalents	[F]		191
Base rate per meter equivalent	[G]	\$	34.63

This is the rate that you think is appropriate Enter in **Table X. B., Column ③, Lines [B] through [H]**

From **Table IX. A., Line [C]**

Multiply Line [A] times Line [B]

From **Table VI. A., Line [T] Box ⑧**

Subtract Line [C] from Line [D]

From **Table VII, Line [K], Box ⑤**

Divide Line [E] by Line [F] & then divide by 12months Enter this in **Table X. B, Line [A] Column ①**

Table X. B.

	Line			# of 1000 gallons in base bill	Variable cost per 1,000 gals	Variable cost added to base	Total base bill per meter size
Base charge per meter equivalent or for each unmetered connection From Table X. A, Line [G]	[A]	\$	①	②	③	④=②*③	⑤=①+④
Base rate per meter size							
5/8" x 3/4" or unmetered	[B]	\$	34.63	0	\$ 3.00 ⑥	0	\$ 34.63
3/4"	[C]	\$	34.63	0	\$ 3.00 ⑥	0	\$ 34.63
1"	[D]	\$	86.58	0	\$ 3.00 ⑥	0	\$ 86.58
1 1/2"	[E]	\$	173.15	0	\$ 3.00 ⑥	0	\$ 173.15
2"	[F]	\$	277.04	0	\$ 3.00 ⑥	0	\$ 277.04
3"	[G]	\$	519.45	0	\$ 3.00 ⑥	0	\$ 519.45
Other: 4"	[H]	\$	865.75	0	\$ 3.00 ⑥	0	\$ 865.75

⑥ From **Table X. A., Line [A]**

AFFIDAVIT
WATER
RATE/TARIFF CHANGE

AFFIDAVIT

STATE OF TEXAS

COUNTY OF MONTGOMERY

I, MITCHELL M. MARTIN, JR. being duly sworn, file this **NOTICE OF PROPOSED RATE CHANGE** as PRESIDENT

(indicate relationship to Utility, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and authorized to file and verify such NOTICE; and that all statements made and matters set forth herein are true and correct.

I further represent that a copy of the attached NOTICE was provided by MAIL
(mail or hand delivery)
to each customer or other affected party on or about June 10, 20 13

Mitchell M. Martin, Jr.

AFFIANT

(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Utility, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME,
this the 5th day of JUNE, 20 13, to certify
which witness my hand and seal of office.

SEAL



[Signature]
NOTARY PUBLIC AND FOR THE
STATE OF TEXAS

TERI JOHNSON
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES JUNE 15, 2015

NOTICE OF RATE/TARIFF CHANGE
TO BE PROVIDED TO CUSTOMERS

NOTICE OF PROPOSED RATE CHANGE

Community Utility Company

10350

Company Name

CCN Number

as submitted a rate change application to the Texas Commission on Environmental Quality (Commission). If the Commission receives protests to the proposed increase from 10 percent of the ratepayers or from any affected municipality before the 91st day after the proposed effective date, a public hearing will be scheduled to determine if the proposed rates are reasonable. Protests should be mailed to:

Texas Commission on Environmental Quality

Water Supply Division

Utilities & Districts Section, MC 153

P. O. Box 13087

Austin, Texas 78711-3087

Unless protests are received from 10 percent of the ratepayers or the Commission staff requests a hearing, no hearing will be held and rates will be effective as proposed. Please read the following information carefully:

Forest Manor and Heathergate Subdivisions

Subdivisions or Systems Affected by Rate Change

P.O. Box 58	Spring	TX	77383	281-367-4460
Company Address	City	State	Zip	Telephone

\$ 170,179	June 10, 2013
Annual Revenue Increase	Date Customer Notice Mailed

January 21, 2009	Second week of the month
Date of Last Rate Change	Date Meters Typically Read

EFFECTIVE DATE OF PROPOSED INCREASE: August 10, 2013

MONTHLY SURCHARGE: \$ 60.00 per connection per month (Monthly fee to be collected for 120 months)

This fee is being requested to collect sufficient revenues to pay for capital improvements mandated by the Texas Commission on Environmental Quality (TCEQ) and to bring the utility's facilities into compliance with TCEQ minimum standards. This surcharge can be increased or decreased based on the amount necessary to make required TCEQ approved capital improvements, thirty (30) days after notice of any change in the surcharge is sent to all affected customers and the filing of notice with the TCEQ as required by 30 TAC 291.21 (I).

The proposed rates will apply to all service rendered after the effective date and will be reflected on the bill you receive approximately 30 to 45 days after the effective date.

In the event that the application is set for hearing, the specific rates requested by the utility may be decreased or increased by order of the Commission. If the Commission orders a lower rate to be set, the utility may be ordered to refund or credit against future bills all amounts collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest. You may inspect a copy of the rate change application at your utility's office or at the Commission's office at Park 35 - Building F, 12015 Park 35 Circle, Suite 3101, Austin, Texas, west side of IH-35, south of Yager Lane. Additional information about the application can be obtained by contacting the Utilities and Districts Section at 512/239-4691. Information about how you can participate in the rate setting process can be obtained by contacting the Public Interest Counsel at 512/239-6363.

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

NOTICE OF PROPOSED RATE CHANGE -WATER (Cont.)

Page 2

CURRENT RATES			PROPOSED RATES		
Monthly base rate including	0	gallons	Monthly base rate including	0	gallons
Meter Size:			Meter Size:		
RESIDENTIAL			RESIDENTIAL		
¾ or ⅝	\$	29.57	¾ or ⅝	\$	34.63
1"	\$	73.93	1"	\$	86.58
1½"	\$	147.85	1½"	\$	173.15
2"	\$	236.56	2"	\$	277.04
3"	\$	433.55	3"	\$	519.04
Other: 4"	\$	650.54	Other: 4"	\$	865.75
GALLONAGE CHARGE:			GALLONAGE CHARGE:		
\$ 3.09	for each additional 1000 gallons over the minimum		\$ 3.00	for each additional 1000 gallons over the minimum	

MONTHLY IMPROVEMENTS SURCHARGE:
\$ 60.00 Per connection per month
(Monthly surcharge to be collected for 120 months)

MISCELLANEOUS FEES			MISCELLANEOUS FEES		
Tap Fee	\$	600.00	Tap Fee	\$	600.00
Reconnect fee:			Reconnect fee:		
Non-payment			Non-payment		
(Maximum - \$25.00)	\$	25.00	(Maximum - \$25.00)	\$	25.00
Customer's Request	\$	50.00	Customer's Request	\$	50.00
Transfer Fee	\$	35.00	Transfer Fee	\$	35.00
Late Charge	\$	10%	Late charge: (Indicate either \$5.00 or 10%)	\$	10%
Returned Check Charge	\$	25.00	Returned Check Charge	\$	30.00
Deposit	\$	50.00	Deposit (Maximum \$50.00)	\$	50.00
Meter test fee	\$	25.00	Meter test fee	\$	25.00

Regulatory Assessment of 1% is added to base rate and gallonage charges

Pass Through Adjustment Clause:

The utility may pass on only to those customers served by a system subject to the jurisdiction of any regional water authority and/or any groundwater reduction plan, any increase or decrease in its underground water district pumpage fee or purchased water fee, thirty (30) days after noticing of any change to all effected customers and filing notice with the TCEQ as required by 30 TAC 291.21 (h). The change per customer is calculated as follows:

$(Ax B) / C + L [(Ax B) / C]$ = increase or decrease to existing gallonage rate

Where: A = Utility's annualized change in cost of water subjected to district's fee

B = Average number of gallons

C = 1000 gallons

L = percentage system wide line loss for the preceding 12 months, not to exceed 15 %

WATER

TARIFF PAGE

SECTION 1.0 –RATE SCHEDULE

Section 1.01 – Rates

Monthly base rate including	0	gallons
Meter Size: Residential		
5/8" or 3/4"	\$	34.63
1"	\$	86.58
1 1/2"	\$	173.15
2"	\$	277.04
3"	\$	519.04
Other:	4"	\$ 865.75

Gallage Charge:	\$	3.00	for each additional 1000 gallons over the minimum
-----------------	----	------	---

MONTHLY SURCHARGE: \$ 60.00 per connection per month (Monthly fee to be collected for 120 months)

This fee is being requested to collect sufficient revenues the pay for capital improvements mandated by the Texas Commission on Environmental Quality (TCEQ) and to bring the utility's facilities into compliance with TCEQ minimum standards. This surcharge can be increased or decrease based on the amount necessary to make required TCEQ approved capital improvements, thirty (30) days after notice of any change in the surcharge is sent to all effected customers and the filing of notice with the TCEQ as required by 30 TAC 291.21 (h)

Regulatory Assessment Fee

A REGULATORY ASSESSMENT, EQUAL TO ONE PERCENT OF THE CHARGE FOR RETAIL WATER SERVICE ONLY, SHALL BE COLLECTED FROM EACH RETAIL CUSTOMER 1%

Section 1.02 - Miscellaneous Fees

TAP FEE

TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" X 3/4" METER. \$ 600.00

RECONNECTION FEE

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

a)	Non payment of bill (Maximum \$25.00)	\$	25.00
b)	Customer's request	\$	50.00
Or other reasons listed under Section 20CF of this tariff		\$	50.00
		\$	35.00

TRANSFER FEE

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

LATE CHARGE (Not more than \$5.00 or 10%)(Indicate one)

\$ 10 %

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

RETURNED CHECK CHARGE

\$ 30.00

CUSTOMER DEPOSIT (Maximum \$50)

\$ 50.00

METER TEST FEE (actual cost of testing the meter up to)

\$ 25.00

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY

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

SECTION 1.0 –RATE SCHEDULE (Continue)

PASS THROUGH ADJUSTMENT CLAUSE

The utility may pass on only to those customers served by a system subject to the jurisdiction of any regional water authority and/or any groundwater reduction plan, any increase or decrease in its underground water district pumpage fee or purchased water fee, thirty (30) days after noticing of any change to all effected customers and filing notice with the TCEQ as required by 30 TAC 291.21 (h). The change per customer shall be calculated as follows:

$(A \times B) / C + L [(A \times B) / C]$ = increase or decrease to existing gallonage rate

Where:

A = Utility's annualized change in cost of water subjected to district's fee

B = Average number of gallons

C = 1000 gallons

L = percentage system wide line loss for the preceding 12 months, not to exceed 15 %

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

INCOME TAX TABLE

If your TAXABLE INCOME from Table V., Line [E] is

More	Less	The tax	More	Less	The tax	More	Less	The tax	More	Less	The tax is
0	501	88	25,000	25,501	4,500	50,000	50,501	10,166	75,000	75,501	21,091
500	1,001	176	25,500	26,001	4,588	50,500	51,001	10,333	75,500	76,001	21,349
1,000	1,501	265	26,000	26,501	4,676	51,000	51,501	10,500	76,000	76,501	21,606
1,500	2,001	353	26,500	27,001	4,765	51,500	52,001	10,666	76,500	77,001	21,864
2,000	2,501	441	27,000	27,501	4,853	52,000	52,501	10,833	77,000	77,501	22,121
2,500	3,001	529	27,500	28,001	4,941	52,500	53,001	11,000	77,500	78,001	22,410
3,000	3,501	618	28,000	28,501	5,029	53,000	53,501	11,166	78,000	78,501	22,730
3,500	4,001	706	28,500	29,001	5,118	53,500	54,001	11,333	78,500	79,001	23,049
4,000	4,501	794	29,000	29,501	5,206	54,000	54,501	11,500	79,000	79,501	23,370
4,500	5,001	882	29,500	30,001	5,294	54,500	55,001	11,666	79,500	80,001	23,689
5,000	5,501	971	30,000	30,501	5,382	55,000	55,501	11,833	80,000	80,501	24,008
5,500	6,001	1,059	30,500	31,001	5,471	55,500	56,001	12,000	80,500	81,001	24,328
6,000	6,501	1,147	31,000	31,501	5,559	56,000	56,501	12,166	81,000	81,501	24,648
6,500	7,001	1,235	31,500	32,001	5,647	56,500	57,001	12,333	81,500	82,001	24,967
7,000	7,501	1,324	32,000	32,501	5,735	57,000	57,501	12,500	82,000	82,501	25,287
7,500	8,001	1,412	32,500	33,001	5,824	57,500	58,001	12,666	82,500	83,001	25,607
8,000	8,501	1,500	33,000	33,501	5,912	58,000	58,501	12,833	83,000	83,501	25,926
8,500	9,001	1,588	33,500	34,001	6,000	58,500	59,001	13,000	83,500	84,001	26,246
9,000	9,501	1,676	34,000	34,501	6,088	59,000	59,501	13,166	84,000	84,501	26,566
9,500	10,001	1,765	34,500	35,001	6,176	59,500	60,001	13,333	84,500	85,001	26,885
10,000	10,501	1,853	35,000	35,501	6,265	60,000	60,501	13,500	85,000	85,501	27,205
10,500	11,001	1,941	35,500	36,001	6,353	60,500	61,001	13,666	85,500	86,001	27,525
11,000	11,501	2,029	36,000	36,501	6,441	61,000	61,501	13,833	86,000	86,501	27,844
11,500	12,001	2,118	36,500	37,001	6,529	61,500	62,001	14,000	86,500	87,001	28,164
12,000	12,501	2,206	37,000	37,501	6,618	62,000	62,501	14,166	87,000	87,501	28,484
12,500	13,001	2,294	37,500	38,001	6,706	62,500	63,001	14,333	87,500	88,001	28,803
13,000	13,501	2,382	38,000	38,501	6,794	63,000	63,501	14,500	88,000	88,501	29,123
13,500	14,001	2,471	38,500	39,001	6,882	63,500	64,001	14,666	88,500	89,001	29,443
14,000	14,501	2,559	39,000	39,501	6,971	64,000	64,501	14,833	89,000	89,501	29,762
14,500	15,001	2,647	39,500	40,001	7,059	64,500	65,001	15,000	89,500	90,001	30,082
15,000	15,501	2,735	40,000	40,501	7,147	65,000	65,501	15,166	90,000	90,501	30,402
15,500	16,001	2,824	40,500	41,001	7,235	65,500	66,001	15,333	90,500	91,001	30,721
16,000	16,501	2,912	41,000	41,501	7,324	66,000	66,501	15,500	91,000	91,501	31,041
16,500	17,001	3,000	41,500	42,001	7,412	66,500	67,001	15,666	91,500	92,001	31,361
17,000	17,501	3,088	42,000	42,501	7,500	67,000	67,501	15,833	92,000	92,501	31,680
17,500	18,001	3,176	42,500	43,001	7,588	67,500	68,001	16,000	92,500	93,001	32,000
18,000	18,501	3,265	43,000	43,501	7,676	68,000	68,501	16,166	93,000	93,501	32,320
18,500	19,001	3,353	43,500	44,001	7,765	68,500	69,001	16,333	93,500	94,001	32,639
19,000	19,501	3,441	44,000	44,501	7,853	69,000	69,501	16,500	94,000	94,501	32,959
19,500	20,001	3,529	44,500	45,001	7,941	69,500	70,001	16,666	94,500	95,001	33,279
20,000	20,501	3,618	45,000	45,501	8,029	70,000	70,501	16,833	95,000	95,501	33,598
20,500	21,001	3,706	45,500	46,001	8,118	70,500	71,001	17,000	95,500	96,001	33,918
21,000	21,501	3,794	46,000	46,501	8,206	71,000	71,501	17,166	96,000	96,501	34,238
21,500	22,001	3,882	46,500	47,001	8,294	71,500	72,001	17,333	96,500	97,001	34,557
22,000	22,501	3,971	47,000	47,501	8,382	72,000	72,501	17,500	97,000	97,501	34,877
22,500	23,001	4,059	47,500	48,001	8,471	72,500	73,001	17,666	97,500	98,001	35,197
23,000	23,501	4,147	48,000	48,501	8,559	73,000	73,501	17,833	98,000	98,501	35,516
23,500	24,001	4,235	48,500	49,001	8,647	73,500	74,001	18,000	98,500	99,001	35,836
24,000	24,501	4,324	49,000	49,501	8,735	74,000	74,501	18,166	99,000	99,501	36,156
24,500	25,001	4,412	49,500	50,001	8,824	74,500	75,001	18,333	99,500	100,001	36,475

ATTACHMENT A



Franchise Tax Account Status

As of: 05/22/2013 02:34:55 PM

This Page is Not Sufficient for Filings with the Secretary of State

COMMUNITY UTILITY COMPANY	
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Texas Taxpayer Number	32020333137
Mailing Address	27493 HANNA RD STE 2 CONROE, TX 77385-6624
Right to Transact Business in Texas	ACTIVE
State of Formation	TX
Effective SOS Registration Date	08/03/2006
Texas SOS File Number	0800689273
Registered Agent Name	MICHAEL M MARTIN SR
Registered Office Street Address	27493 HANNA ROAD, SUITE NUMBER 2 CONROE, TX 77385

ATTACHMENT B

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



PWSI/010264/ICO

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

May 29, 2012

Protecting Texas by Reducing and Preventing Pollution

CERTIFIED MAIL #7011 3500 0000 0279 9828
RETURN RECEIPT REQUESTED

Mr. Mitchell M. Martin, President
Community Utility Company
PO Box 1383
Spring, Texas 77383-1383

Re: Notice of Enforcement for Compliance Evaluation Investigation at:
Forest Manor Subdivision, 1615 Beckman Drive, Huffman, Harris County

Regulated Entity No.:101198554, TCEQ ID No.: 1010264, Investigation No.:958135

Dear Mr. Martin:

On January 24, 2012, Ms. Maggie Wright of the Texas Commission on Environmental Quality (TCEQ) Houston Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for *Public Water Supply*. During this investigation, certain outstanding alleged violations were documented. Enclosed is a summary which lists the investigation findings.

In the listing of the alleged violations, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.state.tx.us> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the Houston Region Office at 713/767-3650 or the Central Office Publications Ordering Team at 512-239-0028.

Also, please be advised that the Legislature has granted enforcement powers to the TCEQ to carry out its mission to protect human health and the environment. Due to the apparent seriousness of the alleged violations, formal enforcement action has been initiated, and additional violations may be cited upon further review. We encourage you to immediately begin taking actions to address the outstanding alleged violations.

In responding with prompt corrective action, the administrative penalty to be assessed may be limited.

The Commission recognizes that the great majority of the regulated community wants to prevent pollution and to comply with environmental laws. We dedicate considerable resources toward making voluntary compliance achievable. But where compliance has not been met it is our duty to protect the public and the environment by enforcing the state's environmental laws, regulations, and permits.

Also, if you believe the violations documented in this notice have been cited in error, and you have additional information that we are unaware of, you may request a meeting to discuss this enforcement matter.

Mr. Mitchell M. Martin, President
May 29, 2012
Page 2

To request a meeting, send a letter describing the additional information to the address shown below.

Manager, Drinking Water, Section
Enforcement Division, MC 219
Re: Enforcement Meeting Request
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

If you or members of your staff have any questions, please feel free to contact Ms. Maggie Wright in the Houston Region Office at 713/767-3650.

Sincerely,

A handwritten signature in black ink, appearing to read "Leticia DeLeon", is written over the typed name.

Leticia DeLeon, PWS Team Leader
Houston Region Office

LD/MW/ra

cc: Harris County Public Health and Environmental Services

Enclosures: Summary of Investigation Findings

Summary of Investigation Findings

FOREST MANOR SUBDIVISION

Investigation # 958135

Investigation Date: 01/24/2012

, HARRIS COUNTY,

Additional ID(s): 1010264

OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF ENFORCEMENT

Track No: 344934 Compliance Due Date: To Be Determined
30 TAC Chapter 290.45(b)(1)(C)(ii)

Alleged Violation:

Investigation: 681126

Comment Date: 08/28/2008

Capacity Requirements

Failure to meet this Agency's "Minimum Water System Capacity Requirement." This requirement includes a total storage capacity of 200 gallons per connection. Your water system must be modified to meet this requirement to assure an adequate supply of water at all times.

The facility is required to provide a minimum of 17,000 gallons of ground storage tank capacity. This is calculated in the following manner:

$200\text{Gal./Conn} \times 85\text{ Conn.} = 17,000\text{ Gallons}$

At the time of this inspection the facility did not have a ground storage tank installed, the facility was forced to disconnect the existing ground storage tank due to poor structural integrity.

Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

The water system may request an exception to this requirement by writing to TCEQ, Water Supply Division, Public Drinking Water Section, Technical Review & Oversight, MC 155, P.O. Box 13087, Austin, TX 78711-3087; phone: (512) 239-4798.

Investigation: 764749

Comment Date: 08/05/2009

Failure to provide a total storage capacity of 200 gallons per connection.

Investigation: 958135

Comment Date: 05/18/2012

Capacity Requirement

Failure to provide a minimum total storage capacity of 200 gallons per connection.

At the time of the inspection the facility had a total of 89 active connections and is required to provide 200 gallons per connection (conn) of total ground storage tank capacity. Your total ground storage tank capacity is 0 gallons and is currently short a total of 17800 gallons (Gal.). This is calculated in the following manner:

Required 200 Gal. /conn X 89 conn. = 17800 Total Gallons
Short 17800 Gallons Required - 0 Gallons Provided = 17800 Gallons

At the time of the inspection, the facility did not have a working ground storage tank installed, the facility has disconnected the existing ground storage tank due to the poor structural condition.

Your water system must be modified to meet this requirement to assure an adequate supply

of water at all times.

Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the systems production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

The water system may request an exception to this requirement by writing to TCEQ, Water Supply Division, Public Drinking Water Section, Technical Review & Oversight, MC 159, P.O. Box 13087, Austin, TX 78711-3087; phone: (512) 239-4691.

Recommended Corrective Action: Submit a compliance plan, engineering report or certification OR a copy of a letter requesting an exception in addition to a compliance plan for final compliance, OR a copy of a letter granting an exception to verify compliance.

Track No: 344965 **Compliance Due Date:** To Be Determined
30 TAC Chapter 290.39(j)

Alleged Violation:

Investigation: 681126

Comment Date: 08/26/2008

Examination of Plans and Specifications

Failure to notify the executive director in writing of any changes in existing system or supplies. Public water systems shall notify the executive director prior to making any significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

At the time of the inspection the facility had installed an 80 gallon per minute service pump between the well and the pressure tank which was not approved. Furthermore, because the ground storage tank was in such poor condition it had to be removed and the service pumps for the ground storage tank have also been removed. This facility is required to have this equipment onsite because the entity provides water for 85 connections.

The water system may request an exception to these requirements by writing to TCEQ, Water Supply Division, Public Drinking Water Section, Technical Review & Oversight, MC 155, P.O. Box 13087, Austin, TX 78711-3087; phone: (512) 239-4691.

Investigation: 764749

Comment Date: 08/05/2009

Failure to notify the executive director in writing of any changes in existing system or supplies.

Investigation: 958135

Comment Date: 05/18/2012

Examination of Plans and Specifications

Failure to notify the executive director in writing of any changes in existing system or supplies. Public water systems shall notify the executive director prior to making any significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

At the time of the inspection the facility had installed an 80 gallon per minute service pump between the well and the pressure tank which was not approved. Furthermore, because the ground storage tank was in such poor condition it had to be removed and the service pumps for the ground storage tank have also been removed. This facility is required to have this equipment onsite because the entity provides water for 85 connections.

The water system may request an exception to these requirements by writing to TCEQ, Water Supply Division, Public Drinking Water Section, Technical Review & Oversight, MC 159, P.O. Box 13087, Austin, TX 78711-3087; phone: (512) 239-4691.

This is a repeat violation and to date this violation still exists and has not been addressed. The system currently serves 89 connections instead of 85.

Recommended Corrective Action: Submit a compliance plan, engineering report or certification OR a copy of a letter requesting an exception in addition to a compliance plan for final compliance.

Track No: 451030 Compliance Due Date: To Be Determined
30 TAC Chapter 290.46(n)(2)

Alleged Violation:

Investigation: 958135

Comment Date: 05/18/2012

Operating Practices for Public Water Systems

Failure to maintain the map of the distribution system current so that valves and mains may be easily located during emergencies.

At the time of the inspection, the co-owner did not provide a copy of the distribution map for the investigator to review.

Recommended Corrective Action: Submit a copy of the distribution map to verify compliance.

Track No: 451031 Compliance Due Date: To Be Determined
30 TAC Chapter 290.42(l)

Alleged Violation:

Investigation: 958135

Comment Date: 05/18/2012

Plant Operations Manual

Failure to compile and maintain, a current, and thorough plant operations manual for operator review and reference. This manual should be of sufficient detail to provide the operator with routine maintenance and repair procedure as well as provide telephone numbers of water system personnel, system officials, and local/state/federal agencies to be contacted in the event of an emergency.

At the time of the inspection, the co-owner did not provide a copy of the plant operations manual for review.

Recommended Corrective Action: Submit a copy of the plant operations manual to verify compliance.

Track No: 451033 Compliance Due Date: To Be Determined
30 TAC Chapter 290.121(a)

Alleged Violation:

Investigation: 958135

Comment Date: 05/18/2012

Monitoring Plan

Failure to develop and maintain an up to date system monitoring plan. The plan shall identify all bacteriological and chemical locations, describe the sampling frequency, and specify the analytical procedures and laboratories to be used to comply with monitoring requirements. The completed plan must be retained at each water plant, and made available for review during succeeding investigations.

At the time of the inspection, the co-owner did not provide a copy of the monitoring plan for review.

Recommended Corrective Action: Submit a copy of the monitoring plan to verify compliance.

Track No: 451035 Compliance Due Date: To Be Determined
30 TAC Chapter 290.46(s)(1)

Alleged Violation:

Investigation: 958135

Comment Date: 05/18/2012

Testing Equipment

Failure to calibrate the well meter according to the manufacturer's specifications at least once every three years.

At the time of the inspection, the co-owner did not provide any paperwork indicating the flow meter on the well had been calibrated within the past three years.

Recommended Corrective Action: Submit a copy of the flow meter calibration report to verify compliance.

Track No: 451040 Compliance Due Date: To Be Determined

30 TAC Chapter 290.46(f)(3)(D)(ii)

30 TAC Chapter 290.46(m)(1)(B)

Alleged Violation:

Investigation: 958135

Comment Date: 05/18/2012

Design and Construction of Pressure Tanks

Failure to conduct an exterior inspection of the pressure tank annually, to determine that the pressure release device and pressure gauge are working properly, the air-water ratio is being maintained at the proper level, the exterior coating systems are continuing to provide adequate protection to all metal surfaces, and that the tank remains in a watertight condition. Pressure tanks provided with an inspection port must have the interior surface inspected every five years. Furthermore, records of the results of these inspections must be kept for at least five years. The records must be available for review by Commission staff during each sanitary survey of the system.

At the time of the inspection, the co-owner did not provide any records demonstrating that an annual inspection of the exterior or that a 5 year interior inspection has been conducted on the pressure tank.

Recommended Corrective Action: Submit a copy of the exterior and interior pressure tank inspection report to verify compliance.

Track No: 451043 Compliance Due Date: To Be Determined

30 TAC Chapter 290.38(37)

30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 958135

Comment Date: 05/18/2012

Operating Practices for Public Water Systems

Failure to properly maintain the regulated entity by not repairing or replacing the fence surrounding the well site.

At the time of the inspection, the fence at the well site was caved inward next to the ground storage tank, the fence is no longer intruder resistant, and the barbed wire on the top of the fence was sagging.

Recommended Corrective Action: Submit a photo showing the fence next to the ground storage tank and the barbed wire on the fence has been repaired or replaced to verify compliance.

Track No: 457744 Compliance Due Date: To Be Determined

30 TAC Chapter 290.42(e)(5)

Alleged Violation:

Investigation: 958135

Comment Date: 02/10/2012

Disinfection

Failure to provide a housed and locked enclosure for the hypochlorinator solution container and pump, to protect them from vandalism and adverse weather conditions. The solution container must be properly covered and sealed to prevent the entry of dust, insects, and other contaminants.

At the time of the inspection, the door on the chlorine room was missing. Plastic was being

used as a door to the chlorine room.

Recommended Corrective Action: Submit a photo demonstrating a door has been installed on the chlorine room to verify compliance.

Track No: 458547 Compliance Due Date: To Be Determined
30 TAC Chapter 290.45(b)(1)(C)(iii)

Alleged Violation:

Investigation: 958135

Comment Date: 05/18/2012

Capacity Requirements

Failure to provide a minimum service pump capacity such that each pump station or pressure plane must have two or more pumps with a total capacity of 2.0 gallons per minute per connection.

At the time of the inspection the facility had a total of 89 conn. and is required to provide 2 gallons per minute(gpm) per conn. Your service pumps produced a total of 0 gpm and are short a total of 178 gpm. This is calculated in the following manner:

Required 2 gpm /conn. X 89 conn. = 178 gpm Total
Short 178 gpm Required - 0 gpm Produced = 178 gpm Total

At the time of the inspection, the facility did not have service pumps used for the purpose of pumping water from the ground storage tank to the distribution system. The facility did install an 80 gallon per minute inline service pump between the well and pressure tank without any approved plans.

Your water system must be modified to meet this requirement to assure an adequate supply of water at all times.

Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the systems production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

The water system may request an exception to this requirement by writing to TCEQ, Water Supply Division, Public Drinking Water Section, Technical Review & Oversight, MC 159, P.O. Box 13087, Austin, TX 78711-3087; phone: (512) 239-4691.

Recommended Corrective Action: Submit plans for installation of service pumps or a copy of an exception the rule to verify compliance.

Track No: 458554 Compliance Due Date: To Be Determined
30 TAC Chapter 290.45(b)(1)(A)(i)

Alleged Violation:

Investigation: 958135

Comment Date: 05/18/2012

Capacity Requirement

Failure to provide a minimum well capacity of 1.5 gallons per minute per connection.

At the time of the inspection the facility had a total of 89 active connections and is required to provide 1.5 gallons per minute (gpm) per connection (conn). Your well produced a total of 61 gpm and is short a total of 72.5 gpm. This is calculated in the following manner:

(Required Calculation) the amount of water a system is required to provide
 $1.5\text{gpm} / \text{conn} \times 89 \text{ conn.} = 133.5 \text{ gpm Required}$

(Short Calculation) the amount of water the system is short
 $133.5 \text{ gpm Required} - 61 \text{ gpm Produced} = 72.5 \text{ gpm Short}$

FOREST MANOR SUBDIVISION

Investigation # 958135

With the system not having a functional ground storage tank, the well production has to be calculated on a 1.5 gallons per minute per connection instead of the 0.6 gallons per minute per connection.

Your water system must be modified to meet this requirement to assure an adequate supply of water at all times.

Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the systems production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

The water system may request an exception to this requirement by writing to TCEQ, Water Supply Division, Public Drinking Water Section, Technical Review & Oversight, MC 159, P.O. Box 13087, Austin, TX 78711-3087; phone: (512) 239-4691.

Recommended Corrective Action: Submit a compliance plan, engineering report or certification OR a copy of a letter requesting an exception in addition to a compliance plan for final compliance.

Track No: 467365 **Compliance Due Date:** To Be Determined
30 TAC Chapter 288.2

Alleged Violation:

Investigation: 958135

Comment Date: 05/18/2012

Drought Contingency Plan

Failure to provide a drought contingency plan. A public water supplier providing water service to less than 3,300 connections is required to prepare and adopt a drought contingency plan within 180 days of commencement of operation and make the plan available for inspection by the executive director upon request.

At the time of the inspection the co-owner did not provide a copy of the drought plan to the investigator for review.

Recommended Corrective Action: Submit a copy of your drought contingency plan to verify compliance.

ADDITIONAL ISSUES

Description	Additional Comments
Meets applicable 290.46(f)(5) standards?	Please be aware your facility has been referred to enforcement for not having an approved Emergency preparedness plan. This case is being tracked by TCEQ's Enforcement Division.
Meets applicable 290.45(h) standards?	Please be aware your facility has been referred to enforcement for not having an approved Emergency preparedness plan and for not providing emergency power. This case is being tracked by TCEQ's Enforcement Division.

FOREST MANOR SUBDIVISION**Investigation # 958135**

Item 9

Please be aware your facility is required to be in compliance with 30 TAC 290.110(e)(4) Disinfectant Residual Reporting Requirements. A community public water system that uses purchased water or groundwater sources only is required to submit a Disinfectant Level Quarterly Operating Report (DLQOR) each quarter to the Public Drinking Water Team of the TCEQ in Austin. At the time of this inspection the co-owner did not provide any (DLQORs) to the investigator for review.

This requirement is being tracked by the Public Drinking Water Section in Austin.

Item 12

Please be aware your facility is required to submit a planning report as stated in 30 TAC 291.93.(3) a retail public utility that possesses a certificate of public convenience and necessity is required to submit a planning report when the equipment reaches 85% of capacity.

Specifically, it is noted on this investigation that your pressure tank has reached 89 % and the well has reached 218% of its capacity. This was based on 89 connections. You have 90 days to submit this planning report to: TCEQ, Water Supply Division, Public Drinking Water Section, Technical Review & Oversight, MC 159, P.O. Box 13087, Austin, TX 78711-3087; phone: (512) 239-4691.

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



PWSI/1011302-100

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

December 6, 2012

Protecting Texas by Reducing and Preventing Pollution

CERTIFIED MAIL 7010 2780 0002 1568 7811
RETURN RECEIPT REQUESTED

Mr. Mitchell M. Martin, Jr., President
Community Utility Company
PO Box 58
Spring, Texas 77383

Re: Notice of Enforcement for Compliance Evaluation Investigation at:
Heathergate Estates, 20703 1/2 Berry Thicket Lane, Harris County
Regulated Entity No.: 101204303, TCEQ ID No.: 1011302

Dear Mr. Martin:

On October 3, 2012, Ms. Maggie Wright of the Texas Commission on Environmental Quality (TCEQ) Houston Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for *Public Water Supply*. During this investigation, certain outstanding alleged violations were documented. Enclosed is a summary which lists the investigation findings.

In the listing of the alleged violations, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.state.tx.us> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the Houston Region Office at 713/767-3650 or the Central Office Publications Ordering Team at 512-239-0028.

Also, please be advised that the Legislature has granted enforcement powers to the TCEQ to carry out its mission to protect human health and the environment. Due to the apparent seriousness of the alleged violations, formal enforcement action has been initiated, and additional violations may be cited upon further review. We encourage you to immediately begin taking actions to address the outstanding alleged violations.

In responding with prompt corrective action, the administrative penalty to be assessed may be limited.

The Commission recognizes that the great majority of the regulated community wants to prevent pollution and to comply with environmental laws. We dedicate considerable resources toward making voluntary compliance achievable. But where compliance has not been met it is our duty to protect the public and the environment by enforcing the state's environmental laws, regulations, and permits.

Also, if you believe the violations documented in this notice have been cited in error, and you have additional information that we are unaware of, you may request a meeting to discuss this enforcement matter.

Mr. Mitchell M. Martin, Jr., President
Page 2
December 6, 2012

To request a meeting, send a letter describing the additional information to the address shown below.

Steve Smith Manager, Drinking Water, Section
Enforcement Division, MC 219
Re: Enforcement Meeting Request
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

If you or members of your staff have any questions, please feel free to contact Ms. Maggie Wright in the Houston Region Office at 713/767-3650.

Sincerely,



Leticia DeLeon, PWS Team Leader
Houston Region Office

LD/MW/ra

cc: Harris County Public Health and Environmental Services

Enclosures: Summary of Investigation Findings

Summary of Investigation Findings

HEATHERGATE ESTATES

Investigation # 849810

Investigation Date: 10/03/2012

, HARRIS COUNTY,

Additional ID(s): 1011302

OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF ENFORCEMENT

Track No: 447842 Compliance Due Date: To Be Determined
30 TAC Chapter 290.46(v)

Alleged Violation:

Investigation: 849810

Comment Date: 10/15/2012

Operating Practices for Public Water Systems

Failure to install all water system electrical wiring in compliance with a local or national electrical code.

At the time of the inspection, all electrical wiring was exposed at the plant.

Recommended Corrective Action: Submit a photo demonstrating the electrical wiring has been placed in conduit to verify compliance.

Track No: 447844 Compliance Due Date: To Be Determined
30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 849810

Comment Date: 10/15/2012

Operating Practices for Public Water Systems

Failure to properly maintain the regulated entity by not repairing or replacing the sagging barbed wire on the fence at the well site.

At the time of the inspection, the barbed wire on the fence was sagging.

Recommended Corrective Action: Submit a photo to show the barbed wire on the fence has been repaired or replaced to verify compliance.

Track No: 447846 Compliance Due Date: To Be Determined
30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 849810

Comment Date: 10/15/2012

Operating Practices for Public Water Systems

Failure to properly maintain the regulated entity by not cleaning the inside of the hypochlorinator solution container.

Recommended Corrective Action: Submit a photo to show the hypochlorinator container has been cleaned to verify compliance.

Track No: 447849 Compliance Due Date: To Be Determined
30 TAC Chapter 290.121(a)

Alleged Violation:

Investigation: 849810

Comment Date: 10/15/2012

Monitoring Plan

Failure to develop and maintain an up to date system monitoring plan. The plan shall identify all bacteriological and chemical locations, describe the sampling frequency, and specify the analytical procedures and laboratories to be used to comply with monitoring requirements. The completed plan must be retained at each water plant, and made available for review during succeeding investigations.

At the time of the inspection, the monitoring plan was not provided for the investigator to review.

Recommended Corrective Action: Submit a copy of a monitoring plan to verify compliance.

Track No: 447859 **Compliance Due Date:** To Be Determined

30 TAC Chapter 290.46(f)(3)(D)(ii)

30 TAC Chapter 290.46(m)(1)(B)

Alleged Violation:

Investigation: 849810

Comment Date: 11/12/2012

Design and Construction of Pressure Tanks

Failure to conduct an exterior inspection of the pressure tank annually, to determine that the pressure release device and pressure gauge are working properly, the air-water ratio is being maintained at the proper level, the exterior coating systems are continuing to provide adequate protection to all metal surfaces, and that the tank remains in a watertight condition. Pressure tanks provided with an inspection port must have the interior surface inspected every five years.

Records

Failure to maintain and record the results of these inspections for at least five years. The records must be available for review by Commission staff during annual sanitary surveys of the system.

At the time of the inspection, the owner did not provide a copies of the last interior and exterior inspections of the pressure tank.

Recommended Corrective Action: Submit a copies of the last interior and exterior pressure tank inspections report to verify compliance.

Track No: 447861 **Compliance Due Date:** To Be Determined

30 TAC Chapter 290.46(s)(1)

Alleged Violation:

Investigation: 849810

Comment Date: 10/15/2012

Testing Equipment

Failure to calibrate the well meter required by 30 TAC 290.41(c)(3)(N) according to the manufacturer specifications at least once every three years.

At the time of the inspection, the owner did not provide any paperwork for the calibration of the flow meter.

Recommended Corrective Action: Submit a copy of the calibrated flow meter inspection report to verify compliance.

Track No: 447871 **Compliance Due Date:** To Be Determined

30 TAC Chapter 290.43(d)(3)

Alleged Violation:

Investigation: 849810

Comment Date: 10/15/2012

Design and Construction of Pressure Tanks

Failure to equip the pressure tank with a capacity greater than 1000 gallons with a site glass

or with some sanitary means of determining the air to water ratio. Galvanized tanks which are not provided with the necessary fittings and which were installed before July 1, 1988, shall be exempt from this requirement.

At the time of the inspection, the site glass was missing on the pressure tank.

Recommended Corrective Action: Submit a photo showing the site glass on the pressure tank has been installed to verify compliance.

Track No: 447873 **Compliance Due Date:** To Be Determined
30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 849810

Comment Date: 10/04/2011

Operating Practices for Public Water Systems

Failure to properly maintain the regulated entity by not resurfacing the outside surfaces of the pressure tank.

At the time of the inspection, the outer surface of the pressure tank had corrosion pits.

Recommended Corrective Action: Submit a photo showing the pressure tank's outside surface has been resurfaced or recoated to verify compliance.

Track No: 447874 **Compliance Due Date:** To Be Determined
30 TAC Chapter 290.42(I)

Alleged Violation:

Investigation: 849810

Comment Date: 11/12/2012

Plant Operations Manual

Failure to compile and maintain, a current, and thorough plant operations manual for operator review and reference. This manual should be of sufficient detail to provide the operator with routine maintenance and repair procedures as well as provide telephone numbers of water system personnel, system officials, and local/state/federal agencies to be contacted in the event of an emergency.

At the time of the inspection, the plant operations manual was not provided for the investigator's review.

Recommended Corrective Action: Submit a copy of the plant operations manual to verify compliance.

Track No: 447877 **Compliance Due Date:** To Be Determined
30 TAC Chapter 290.46(n)(2)

Alleged Violation:

Investigation: 849810

Comment Date: 10/04/2011

Operating Practices for Public Water Systems

Failure to prepare and maintain a map of the distribution system so that valves and mains may be easily located during emergencies.

At the time of the inspection, the distribution map was not provided.

Recommended Corrective Action: Submit a copy of the distribution map to verify compliance.

Track No: 447881 **Compliance Due Date:** To Be Determined
30 TAC Chapter 290.45(b)(1)(C)(i)

Alleged Violation:

Failure to provide a well capacity of 0.6 gallons per minute per connection.
At the time of the inspection the facility had a total of 94 active connections and is required to provide 0.6 gallons per minute(gpm) per connection(conn). Your well produced a total of 50 gpm and is short a total of 6.4 gpm. This is calculated in the following manner:

Required 0.6gpm/conn X 94 conn. = 56.4 gpm Total
Short 56.4 gpm Required - 50 gpm Produced = 6.4 gpm Total

Your water system must be modified to meet this requirement to assure an adequate supply of water at all times.

Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the systems production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

The water system may request an exception to this requirement by writing to TCEQ, Technical Review & Oversight MC 155, P.O. Box 13087, Austin, TX 78711-3087; phone: (512) 239-4691.

Recommended Corrective Action: Submit a compliance plan, engineering report or certification OR a copy of a letter requesting an exception in addition to a compliance plan for final compliance, OR a copy of a letter granting an exception to verify compliance.

Track No: 447887 **Compliance Due Date:** To Be Determined

30 TAC Chapter 290.45(b)(1)(C)(ii)

30 TAC Chapter 290.45(b)(1)(C)(iv)

Alleged Violation:

Investigation: 849810

Comment Date: 11/05/2012

Capacity Requirements

Failure to provide a minimum total storage capacity of 200 gallons per connection.

At the time of the inspection the facility had a total of 94 active connections and is required to provide 200 gallons per connection(conn) of total ground storage tank capacity. Your total ground storage tank capacity is 0 gallons and is currently short a total of 18,800 gallons(Gal). This is calculated in the following manner:

Required 200 Gal./conn X 94 conn. = 18,800 Total Gallons
Short 18,800 Gallons Required - 0 Gallons Provided = 18,800 Gallons

Your water system is required to provide a ground storage tank and must be modified to meet this requirement to assure an adequate supply of water at all times.

Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the systems production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

The water system must submit plans to meet this requirement by writing to TCEQ, Utilities and Technical Review Team MC 159, P.O. Box 13087, Austin, TX 78711-3087; phone: (512) 239-4691.

Recommended Corrective Action: Submit a compliance plan or an engineering report to verify compliance.

Track No: 447889 **Compliance Due Date:** To Be Determined

30 TAC Chapter 290.45(b)(1)(C)(iii)

Alleged Violation:

Investigation: 849810

Comment Date: 11/12/2012

Capacity Requirements

Failure to provide two or more pumps with a total capacity of 2.0 gallons per minute per connection.

At the time of this inspection, this system did not have any service pumps.

At the time of the inspection the facility had a total of 94 active connections and is required to provide 2.0 gallons per minute(gpm) per connection(conn) of service pump capacity. This is calculated in the following manner:

Required 2.0 gpm/conn X 94 conn. = 188 gpm Total
Short 188 gpm Required - 0 gpm Provided = 188 gpm Total

Your water system is required to provide 2 service pumps and must be modified to meet this requirement to assure an adequate supply of water at all times.

Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the systems production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

The water system plans must be submitted by writing to TCEQ, Utilities and Technical Review MC 159, P.O. Box 13087, Austin, TX 78711-3087; phone: (512) 239-4691.

Recommended Corrective Action: Submit an engineering report or compliance plan to verify compliance.

Track No: 479676 Compliance Due Date: To Be Determined
30 TAC Chapter 290.45(h)(1)

Alleged Violation:

Investigation: 849810

Comment Date: 10/15/2012

Emergency Preparedness Plan

Failure to meet the requirements of the affected utilities Emergency Preparedness Plan (EPP) by not providing the option selected in the approved EPP. The affected utility selected option 1 from the rule and the water system has not installed an automatically starting auxiliary generator in accordance with its approved EPP.

At the time of the inspection, the facility did not have an automatically starting auxiliary generator installed at the water system site.

Recommended Corrective Action: Submit a photo showing that option 1 for an automatically starting auxiliary generator has been installed at the water plant to verify compliance.

Track No: 479680 Compliance Due Date: To Be Determined
30 TAC Chapter 290.46(f)(3)(E)(iv)

Alleged Violation:

Investigation: 849810

Comment Date: 11/12/2012

Operating Practices for Public Water Systems

Failure to maintain copies of properly completed Customer Service Inspection certifications on file, to be made available, upon request, for Commission review. These certifications must be retained for a minimum of ten years. We have enclosed a copy of Appendix D for reference.

At the time of the inspection, no customer service inspection certificates were provided for review.

Recommended Corrective Action: Submit copies of the customer service certification to verify compliance.

Track No: 481631 Compliance Due Date: To Be Determined
30 TAC Chapter 290.46(f)(3)(A)

Alleged Violation:

Investigation: 849810

Comment Date: 11/05/2012

Operating Records and Reports

Monthly Reports of Water Works Operation must be compiled regularly each month and kept on file for commission review for at least 2 years. The reports must be completed in ink, typed, or computer-printed and must be signed by the certified operator.

The monthly report must include the following data:

- a. The amount of chemicals used each week for systems serving fewer than 250 connections and using only groundwater
- b. The volume of water treated each week for systems serving fewer than 250 connections and using only groundwater
- c. Date, location, and nature of water quality, pressure or outage complaints and results of any subsequent complaint investigation 290.46(f)(3)(A)(iii)
- d. The dates that dead-ends were flushed 290.46(f)(3)(A)(iv)
- e. The maintenance records for water system equipment and facilities 290.46(f)(3)(A)(vi)
- f. For systems that do not employ full-time operators to meet the requirements of subsection (e) of this section, a daily record of monthly summary of work performed and the number of hours worked by each of the part-time operators used to meet the requirements of subsection (e). 290.46(f)(3)(A)(vii)

At the time of the inspection, no paperwork was provided.

Recommended Corrective Action: Submit a copy of the monthly operating reports to verify compliance.

ALLEGED VIOLATION(S) NOTED AND RESOLVED
ASSOCIATED TO A NOTICE OF ENFORCEMENT

Track No: 98936
30 TAC Chapter 290.46(f)(1)

Alleged Violation:

Investigation: 148723

Comment Date: 08/05/2003

Failed to maintain a free chlorine residual of 0.2 milligrams per liter (mg/l) in the far reaches of the distribution lines.

Investigation: 614432

Comment Date: 01/12/2008

Failed to maintain a free chlorine residual of 0.2 milligrams per liter (mg/l) in the far reaches of the distribution system.

Investigation: 849810

Comment Date: 10/11/2010

Disinfectant Residual and Monitoring

Failure to maintain the residual disinfectant concentration in the far reaches of the distribution system at a minimum of 0.2 mg/L free chlorine as per agency regulations. Field tests conducted during this survey revealed that these levels are not being maintained throughout the system. As a result of these tests, the system must inject enough chlorine to achieve breakpoint chlorination. You should consult with your supplier and/or engineer to determine what corrective actions are necessary to bring your system into compliance.

Resolution: At the time of the compliance inspection on August 20, 2010 the free chlorine residual in distribution was 1.87 mg/L and on September 18, 2012, the free chlorine residual in distribution was 0.54 mg/L.

Track No: 98950

30 TAC Chapter 290.113(a)(1)

Alleged Violation:

Investigation: 148723

Comment Date: 08/05/2003

Failed to provide water that complies with the secondary constituent level for manganese of 0.05 mg/l.

Investigation: 614432

Comment Date: 01/12/2008

Failed to provide water that complies with the secondary constituent level for manganese.

Investigation: 849810

Comment Date: 10/11/2010

Chemical Analysis

Failure to meet the commission's minimum standards noted in the most recent chemical analysis conducted by the certified laboratory which indicates the quality of the water produced by the system. Specifically, the manganese concentration exceeds the maximum permissible level for this constituent which is 0.05 milligrams per liter (mg/L).

Elevated manganese levels may stain laundry and plumbing fixtures.

Resolution: At the time of the compliance inspection on August 20, 2010, the available All Metals chemical analysis reports documented concentrations of manganese (Mn) below the maximum permissible level of 0.05 mg/L. For the sample collected June 6, 2001, the Mn concentration was 0.028 mg/L. For the sample collected February 12, 2009, the Mn concentration was 0.0258 mg/L.

Track No: 119881

30 TAC Chapter 290.44(d)

Alleged Violation:

Investigation: 152121

Comment Date: 08/28/2003

Water Distribution

Failure to design and maintain a water distribution system to provide at all points within the distribution network a minimum pressure of 35 pounds per square inch (psi) at flow rates of at least 1.5 gallons per minute at each service outlet or connection. When the regulated entity is intended to provide fire fighting capability, it must also be designed to maintain a minimum pressure of 20 psi under combined fire and drinking water flow conditions. During the compliance investigation, a pressure of 32 psi was noted at 20506 Berry Thicket.

Investigation: 614432

Comment Date: 01/12/2008

Failed to maintain a working pressure of 35 psi.

Investigation: 849810

Comment Date: 10/11/2010

Water Distribution

Failure to design and maintain a water distribution system to provide at all points within the distribution network a minimum pressure of 35 pounds per square inch (psi) at flow rates of at least 1.5 gallons per minute per connection at each service outlet or connection. When the regulated entity is intended to provide fire fighting capability, it must also be designed to maintain a minimum pressure of 20 psi under combined fire and drinking water flow conditions.

Recommended Corrective Action: Submit letter to verify compliance.

Resolution: At the time of the compliance inspection on October 18, 2011, the pressure in distribution was 50 psi and on September 18, 2012 it was 40 psi.

ADDITIONAL ISSUES

Description

Additional Comments

Item 10

30 TAC, 290.110(e)(4) Disinfectant Residual Reporting Requirements

Please be aware all community public water system that uses purchased water or groundwater sources only are required to submit a Disinfectant Level Quarterly Operating Report each quarter to Austin.

You did not provide any for review at the time of the inspection.

This item is being tracked by Public Drinking Water section in Austin.

Item 17

30 TAC, 291.93.(3) Adequacy of Water Utility Service

Please be aware a retail public utility that possesses a certificate of public convenience and necessity that has reached 85% of its capacity as compared to the most restrictive criteria of the commissions's minimum capacity requirements in Chapter 290 T.A.C.; is required to submit to the executive director a planning report that clearly explains how the retail public utility will provide the expected service demands to the remaining areas within the boundaries of its certificated area.

Specifically, it is noted on this investigation that the well (113%), service pump (188%) and ground storage tank(188%) are over 85% of their capacity. This was based on 94 connections.

You are required to submit this report to the TCEQ, Utilities and Technical Review Team (MC-1590), P. O. Box 13087, Austin, TX 78711; phone: 512-239-4691-3087.

Within 90 days of the date of this letter.