

ATTACHMENT C

Inventory of Water Utility Plant

Community Utility Company						
Test Period Ends:		31-Oct-12				
Item Description	Installation Date	Original Cost	Expected Service Life	Remaining Life	Annual Deprec. Expense	Total Accum. Deprec.
FOREST MANOR						
Distribution System - 2" PVC	1-Jul-72	\$22,400	50	10	\$448	\$18,132
Distribution System - 4" PVC Well	1-Jul-72	\$50,400	50	10	\$1,008	\$40,796
1,150 Gal. PST	1-Jul-72	\$4,123	50	10	\$82	\$3,337
525 Gal. PST	1-Jul-72	\$3,217	50	10	\$64	\$2,604
	1-Jul-72	\$3,260	50	10	\$65	\$2,639
HEATHERGATE						
Distribution System - 2" PVC	1-Oct-78	\$21,140	50	16	\$423	\$14,460
Distribution System - 3" PVC	1-Oct-78	\$12,194	50	16	\$244	\$8,341
Distribution System - 4" PVC Well	1-Oct-78	\$9,576	50	16	\$192	\$6,550
1,150 Gal. PST	1-Oct-78	\$4,123	50	16	\$82	\$2,820
	1-Oct-78	\$5,902	50	16	\$118	\$4,037
Service Meters - 100 Ea.	1-Jun-08	\$1,000	20	16	\$50	\$0
Water Utility Plant Totals:		\$137,335			\$2,777	\$103,716
						Page 1
						\$33,619
						\$1,000
						\$4,268
						\$9,604
						\$786
						\$613
						\$621
						\$6,680
						\$3,853
						\$3,026
						\$1,303
						\$1,865

ATTACHMENT D

Attachment D: Know and Measurable Changes

Section VI - Utility Expense and Expense Information – Water, Table VI. A.

Line [A] Salaries and Wages:

This line cost was increased by \$ 12,000 per year to reflect a \$ 1,000 per month management fee.

Line [B] Contract Labor:

Test Year Total: \$ 43,548

Increased to reflect the current cost charged by
M.B.C. Water Services, Inc. to operate this utility
(Excluding the Sweetgum system):

\$ 2,292

Revenue Requirement Total: \$ 45,840

Line [C] City of Houston Pumpage Fees:

Test Year Total: \$ 13,092

Increase in pumpage fee to reflect a 3.6 percent

Increase (Effective 04/1/13): \$ 471

Revenue Requirement Total: \$ 13,563

Line [G] Office Expense:

Test Year Total: \$ 7,734

Increased to reflect the current cost charged by
M.B.C. Water Services, Inc. for billing and bookkeeping
(Excluding the Sweetgum system):

\$ 2,292

Revenue Requirement Total: \$ 10,026

Line [J] Rate case expense:

Total rate case expense includes \$7,000 for cost to prepare the Rate/Tariff Change Application.

Line [O] Annual Depreciation and Amortization

See calculations from Table III. B. and Attachment C.

Line [P] Income Taxes

See Table IV., Line (F) .

Line [Q] Return

See Table IV. E., Line (H).

Attachment D: Known and Measurable Changes

Allocation of Expenses for Community (November 2011 - October 2012)

Calculation of Operating Company Cost Allocation Factors

Total Number of M.B.C. Connections (October 2012): = 3,476 Connections

Allocation Factor for Community: 191 connections ÷ 3,476 total connections = .0365 or 3.65%

General Ledger Account	Test Year Totals	Community (Exclude Sweetgum)
Lab Fees		
Nova Biologicals, Inc.	\$ 6,650	\$ 243
Totals:	\$ 6,650	\$ 243

General Ledger Account	Test Year Totals	Community (Exclude Sweetgum)
Repairs & Maintenance		
Milstead Automotive	\$ 3,287	\$ 120
MDN Enterprises	\$ 22,989	\$ 839
LG Landscaping	\$ 22,700	\$ 829
Highfield Mfg. Co.	\$ 520	\$ 19
Hach Company	\$ 1,224	\$ 45
Gulf Coast Pump & Supply	\$ 3,049	\$ 111
Express Underground Utility Supply	\$ 355	\$ 13
D R Fox Construction LLC	\$ 400	\$ 15
Johnson Lab & Supply, Inc.	\$ 44,115	\$ 1,610
Bryana's	\$ 162,265	\$ 5,923
Totals:	\$ 260,904	\$ 9,523

Attachment D: Know and Measurable Changes

Capital Improvement Surcharge

The Applicant is requesting a surcharge the pay for capital improvements mandate by the Texas Commission on Environmental Quality (TCEQ) and to bring the utility's facilities into compliance with TCEQ minimum standards. Attached is a copy of a Compliance Agreement Comprehensive Improvements Plan and a calculation of surcharge amount. (See Attachment E)

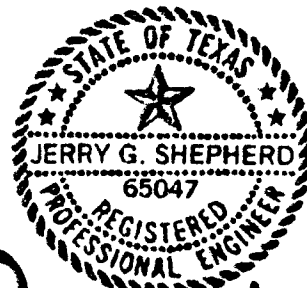
ATTACHMENT E

**COMPLIANCE AGREEMENT
COMPREHENSIVE IMPROVEMENTS PLAN**

for the

**Community Utility Company
M.B.C. Water Systems, Inc.**

21 January 2013



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21 January 2013



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TBPE No. F-1909

COMPLIANCE AGREEMENT **COMPREHENSIVE IMPROVEMENTS PLAN** **COMMUNITY UTILITY COMPANY**

M.B.C. Water Systems, Inc.
21 January 2013

I. INTRODUCTION

This Comprehensive Improvement Plan has been developed in order to assist the Community Utility Company in developing a Compliance Agreement with the Texas Commission on Environmental Quality (TCEQ). This Plan focuses on required facility improvements to the three (3) water systems owned by Community Utility Company: Forest Manor, Heathergate Estates, and Sweetgum Forest.

The facility improvements will address deficiencies as have been noted by TCEQ, as well as other items necessary for both the short and long term operation of the water systems. Estimated costs of the various components of the project will be provided, as well as proposed timelines to take the project to completion.

A key factor in determining the timing of the facility improvements is obtaining the financing to afford the work. Community Utility Company has attempted to obtain financing through all known sources so that all of the necessary improvements could be completed at once. Unfortunately, none of the funding sources were made available; therefore, a surcharge to the customers will be required. This will allow for money to gradually build up and then for the improvements to be made.

There are a number of issues to balance in determining the order in which improvements are to be made. TCEQ often desires to have the deficiencies of a water system completely addressed one at a time, and then to move on to the next system. The customer base paying for the improvements wants to see their money going directly into their system. The owners typically want to focus improvements on the specific facility that causes the most operation and maintenance difficulties. All of these factors have been taken into consideration in this Plan.



A narrative of the proposed improvements has been developed for each site to justify the improvements around minimum regulatory requirements and around any current violations of state standards. A detailed cost estimate of the improvements is included for each of the systems.

Each system has been analyzed, and the proposed improvements are based on, using at least the following minimum requirements of Section 290.45(b)(1) of 30 TAC Chapter 290 Subchapter D, TCEQ Rules and Regulations for Public Water Systems.

Supply	0.6 gpm if more than 50 connections
Supply	1.5 gpm if less than 50 connections
Ground Storage	200 gallons per connection
Pumps	2.0 gpm per connection
Pressure Tank	50 gpm per connection if less than 50 connections
Pressure Tank	20 gpm per connection if more than 50 connections
Generator	Required in Harris County

Each system has also been analyzed for existing active connections, the capacity of the existing and proposed facilities in relationship to the Texas Commission on Environmental Quality's (TCEQ) 85% planning requirements and the total number of connections expected within the foreseeable future (proposed connections). Table I.1 lists this information for the 3 water systems, as well as the section within the Plan in which the detailed information on that system can be found.

Table I.1
Water System Information

No.	Public Water System	Active Connections	85% Capacity of	Proposed Connections
A.	Forest Manor	86	102	165
B.	Heathergate	105	124	159
C.	Sweetgum Forest	22	26	39
Totals		213	252	363

II. PROPOSED IMPROVEMENTS

A. Forest Manor Subdivision Water System (PWS #1010264)

Narrative

The Forest Manor Subdivision Water System has one (1) plant that serves 86 active connections within an existing 256-lot Subdivision. The



improvement plan for this System will be to provide service for 165 total connections.

The current alleged violations and concerns for this plant include:

1. Inadequate supply;
2. Leaking and poor condition of storage tanks;
3. Inadequate service pumps;
4. No generator;
5. Pressure tank deficiencies; AND
6. High manganese levels in water.

Table II.A.1 shows the required design capacities for the existing facilities, for facilities to accommodate 165 connections and for the proposed facilities.

Table II.A.1
Facility Design Capacity Table

	Required for 86 Active Connections	Required for 165 Connections	Proposed
Supply	52 gpm	99 gpm	100 gpm
Ground Storage	17,200 gallons	33,000 gallons	33,000 gallons
Pumps	172 gpm	330 gpm	2 @ 175 gpm
Pressure Tank	1,720 gallons	3,300 gallons	4,000 gallons

The following are the planned improvements for this System.

Proposed Improvements

1. Construct 33,000 gallon ground storage tank;
2. Construct a new support building to house new electrical components and two (2) new 175 gpm service pumps.
3. Drill a new 100 gpm well with associated yard piping and site work;
4. Install a new 4,000 gallon pressure tank with associated appurtenances;
5. Install a generator to provide emergency power per TCEQ standards; AND
6. Construct a new filtration system for the removal of manganese from the raw water supply. The manganese level in the existing well is 0.135 mg/l (allowable 0.05), which is too high for sequestering, so it must be removed by oxidation and filtration.



Another option is to perhaps develop the proposed new well into a lower stratum with lower manganese levels.

Table II.A.2 shows the projected cost associated with the proposed improvements.

Table II.A.2
Estimated Cost of Proposed Improvements

Ground Storage Tank - 33,000 gallons	\$	50,000
Piping - Yard	\$	50,000
Site Work - Fence, Grading, Driveway, etc.	\$	10,000
- Demolish Existing Facilities	\$	10,000
Support Building	\$	30,000
Booster Pumps 2 - 175 gpm	\$	8,000
8" Well - 100 gpm	\$	150,000
Pressure Tank - 4,000 gallons	\$	25,000
Generator	\$	60,000
Electrical	\$	30,000
Filtration System	\$	80,000
Total Construction Cost		\$ 503,000
Legal		
Sanitary Control Easement, Title Survey, Land/Site Acquisition & Rate Increase/ Surcharge Applications	\$	54,640
Engineering		
System Mapping	\$	2,500
Design	\$	57,550
Construction Administration	\$	14,390
Operation & Maintenance Manual	\$	1,500
Total Non-Construction Cost		\$ 130,580
Project Contingencies (15%)	\$	95,040
Total Project Cost		\$ 728,620

B. Heathergate Public Utility Company (PWS #1011302)

Narrative

The Heathergate Public Utility Company Water System has one (1) plant that serves 105 active connections within an existing 159-lot Subdivision. The improvement plan for this System will be to provide service for 159 total connections.

The current alleged violations and concerns for this plant include:

1. Low system pressures;
2. Site fencing;
3. Site electrical;



4. Pressure tank deficiencies;
5. Service pumps;
6. Ground storage;
7. No generator;
8. Well supply; AND
9. Water quality (manganese levels).

Table II.B.1 shows the required design capacities for the existing facilities, for facilities to accommodate 159 connections and for the proposed facilities.

Table II.B.1
Facility Design Capacity Table

	Required for 105 Active Connections	Required for 159 Connections	Proposed
Supply	63 gpm	96 gpm	100 gpm & 46 gpm
Ground Storage	21,000 gallons	31,800 gallons	33,000 gallons
Pumps	210 gpm	318 gpm	2 @ 160 gpm
Pressure Tank	2,100 gallons	3,180 gallons	4,000 gallons

The following are the planned improvements for this System.

Proposed Improvements

1. The existing fenced plant site is too small to accommodate the required improvements, so the lease for the site must be renegotiated to include enough area for the sanitary easements to be acquired and to provide sufficient space to construct the improvements. The existing site fencing will be repaired and expanded to include all of the proposed improvements;
2. Construct a new 33,000 gallon ground storage tank;
3. Construct a new support building to house two (2) new 160 gpm, 10 H.P. high service pumps;
4. Correct electrical deficiencies with a complete new system of panels, conduit and wire located in the proposed support building. These improvements will bring the plant into compliance with National Electric Code (Code);
5. Drill a new 100 gpm well with associated yard piping and site work;
6. Install a new 4,000 gallon pressure tank with associated appurtenance;



7. Install a generator to provide emergency power per TCEQ standards;
8. Sequester manganese in the raw water supply (current level is 0.028 mg/l); AND
9. Add fill to the site to eliminate ponding of water.

Table II.B.2 shows the projected cost associated with the proposed improvements.

Table II.B.2
Estimated Cost of Proposed Improvements

Ground Storage Tank – 33,000 gallons	\$	50,000
Piping - Yard and Building	\$	50,000
Site Work - Fence and Grading	\$	10,000
- Demolish Existing Facilities	\$	10,000
Support Building	\$	30,000
Booster Pumps 2 - 160 gpm	\$	8,000
8" Well – 100 gpm	\$	150,000
Pressure Tank - 4,000 gallons	\$	25,000
Generator	\$	60,000
Electrical	\$	30,000
Manganese Sequestration Equipment	\$	5,000
Total Construction Cost	\$	428,000
Legal		
Sanitary Control Easement, Title Survey, Land/Site Acquisition & Rate Increase/ Surcharge Applications	\$	55,665
Engineering		
System Mapping	\$	2,500
Design	\$	53,700
Construction Administration	\$	13,430
Operation & Maintenance Manual	\$	1,500
Total Non-Construction Cost	\$	126,795
Project Contingencies (15%)	\$	83,220
Total Project Cost	\$	638,015

C. Sweetgum Forest (PWS #1700113)

Narrative

The Sweetgum Forest Water System has one (1) plant that serves 22 active connections within an existing 39-lot Subdivision. The improvement plan for this System will be to provide service for 39 total connections.

Table II.C.1 shows the required design capacities for the existing facilities and for facilities to accommodate 39 connections.



Table II.C.1
Facility Design Capacity Table

	Required for 22 Active <u>Connections</u>	Required for 39 Connections	<u>Proposed</u>
Supply	33 gpm	59 gpm	60 gpm
Pressure Tank	1,100 gallons	1,950 gallons	2,000 gallons

This System has addressed all of its issues by discontinuing the use of the existing water plant and entering into a wholesale treated water purchase agreement with Aqua Texas, Inc. This agreement provides sufficient service to the entire System.

III. FINANCING IMPROVEMENTS

A total of \$1,366,635 is estimated to be needed to bring the Forest Manor and Heathergate Estates water systems into TCEQ compliance and to put them in good condition for the future. It appears that the only way to complete these improvements is to implement a surcharge. While Sweetgum Forest is owned by Community Utility Company, no facility improvements are required; therefore, the owners believe it would be unfair to implement a surcharge on those customers. The total improvement cost would thus need to be paid by the combined 191 connections of the two other systems.

Table III.1 shows the estimated monthly surcharge amount assuming the surcharge was collected over various annual increments.

Table III.1
Surcharge Amount Options

3 Year	5 Year	10 Year	15 Year	20 Year
\$ 199	\$ 119	\$ 60	\$ 40	\$ 30

The apparent socioeconomic condition of the existing customer base suggests that monthly payments beyond the 10-year \$60 surcharge would be excessively burdensome and unsustainable. This would require implementing a long term surcharge and compliance agreement to allow for the necessary improvements to be made.

IV. COMPLIANCE MILESTONE TIMELINE

In order to show progress to the customer base at each of the two systems, the following compliance timeline milestones are anticipated.

1. Prepare up-to-date system mapping at both Forest Manor and Heathergate water systems;



2. Prepare operation & maintenance manuals for both Forest Manor and Heathergate water systems;
3. Perform engineering design of all proposed improvements (100% design) at both Forest Manor and Heathergate water systems;
4. Install new Manganese Sequestration Equipment at Heathergate water plant;
5. Pursue property, as well as easement(s), acquisition and/or lease, and perform any necessary survey work associated thereof, for water plant sites at both Forest Manor and Heathergate water systems;
6. Look at sitework issues at both Forest Manor and Heathergate water plants and determine the scheduling of grading/fencing/demolition issues;
7. Construct new Support Building with appropriate level of new Electrical Work at Heathergate water plant;
8. Install new Generator with additional new Electrical Work at Heathergate water plant;
9. Construct new Support Building with appropriate level of new Electrical Work at Forest Manor water plant;
10. Install new Generator with additional new Electrical Work at Forest Manor water plant;
11. Construct new Ground Storage Tank at Heathergate water plant;
12. Install new Service Pumps with appropriate new Piping and new Electrical Work at Heathergate water plant;
13. Construct new Ground Storage Tank at Forest Manor water plant;
14. Install new Service Pumps with appropriate new Piping and new Electrical Work at Forest Manor water plant;
15. Construct new Water Well for Heathergate water system;
16. Construct new Water Well for Forest Manor water system; AND
17. Install new Filtration System at Forest Manor water plant.

Assuming the surcharge rate case will be filed by February 2013 and assuming no adverse reactions are received, then the new rates are anticipated to go into effect by April 2013 and revenues from said new rates will be available by May 2013. With that, and applying estimated timeframes to the above compliance milestone timeline items and considering when funds will become available, a timeline was generated. Said timeline can be found in the Appendix of this Plan.

~ END OF PLAN ~

Appendix

CIP ITEM NO.	ITEM DESCRIPTION	2013												BALANCE TO PA
		January	February	March	April	May	June	July	August	September	October	November	December	
-	Surcharge App Completion/Filing													
-	Customer Surcharge Notice													
-	Rates Effective													
1	Revenues Available (\$60/mo@191=\$11,460/month)													
2	FM & HG system maps (\$2,500+\$2,500+15%Contingency=\$5,750)													
3	FM & HG O&M Manuals (\$1,500+\$1,500+15%Contingency=\$3,450)													
5	FM & HG engineering design (\$57,550+\$53,700+15%Contingency=\$127,940)													
3	FM & HG acquisition & survey (\$54,840+\$55,665+15%Contingency=\$126,850)													
4	FM & HG engineering construction admin (\$14,390+\$13,430+15%Contingency=\$31,995)													
6	HG manganese system (\$2,000+15%Contingency=\$5,750)													
7	FM & HG sitework (\$20,000+\$20,000+15%Contingency=\$46,000)													
7	HG bid/elec (\$30,000+15%Contingency=\$34,500)													
8	HG generator/elec (\$90,000+15%Contingency=\$103,500)													
9	FM bid/elec (\$30,000+15%Contingency=\$34,500)													
10	FM generator/elec (\$90,000+15%Contingency=\$103,500)													
11	HG GST (\$100,000+15%Contingency=\$115,000)													
12	HG HSPS & PT (\$8,000+25,000+15%Contingency=\$37,950)													
13	FM GST (\$100,000+15%Contingency=\$115,000)													
14	FM HSPS & PT (\$8,000+\$25,000+15%Contingency=\$37,950)													
15	HG Well (\$150,000+15%Contingency=\$172,500)													
16	FM Well (\$150,000+15%Contingency=\$172,500)													
17	FM filtration system (\$80,000+15%Contingency=\$92,000)													
	BALANCE													
		\$ -	\$ -	\$ -	\$ -	\$ 5.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,274,966

CIP ITEM NO.	ITEM DESCRIPTION	2014												BALANCE TO PA
		January	February	March	April	May	June	July	August	September	October	November	December	
-	Surcharge App Completion/Filing													
-	Customer Surcharge Notice													
-	Rates Effective													
1	Revenues (\$60/mo@191=\$11,460/month)	\$ 11,460.00	\$ 11,460.00	\$ 11,460.00	\$ 11,460.00	\$ 11,460.00	\$ 11,460.00	\$ 11,460.00	\$ 11,460.00	\$ 11,460.00	\$ 11,460.00	\$ 11,460.00	\$ 11,460.00	\$ 11,460.00
2	FM & HG system maps (\$2,500+\$2,500+15%±Contingency=\$5,750)													\$ 3,450
3	FM & HG O&M Manuals (\$1,500+\$1,500+15%±Contingency=\$3,450)													\$ 16,211
5	FM & HG engineering design (\$57,550+\$53,700+15%±Contingency=\$127,940)													\$ 15,121
5	FM & HG acquisition & survey (\$54,940+\$55,665+15%±Contingency=\$126,650)													\$ 31,995
3	FM & HG engineering construction admin (\$14,390+\$13,430+15%±Contingency=\$31,995)													\$ 5,750
4	HG manganese system (\$5,000+15%±Contingency=\$5,750)													\$ 46,000
4	FM & HG sitework (\$20,000+\$20,000+15%±Contingency=\$46,000)													\$ 34,500
7	HG biog elec (\$30,000+15%±Contingency=\$34,500)													\$ 103,500
8	HG generator/elec (\$90,000+15%±Contingency=\$103,500)													\$ 103,500
9	FM bidg/elec (\$30,000+15%±Contingency=\$34,500)													\$ 103,500
10	FM generator/elec (\$90,000+15%±Contingency=\$103,500)													\$ 115,000
11	HG GST (\$100,000+15%±Contingency=\$115,000)													\$ 37,950
12	HG HSPS & PT (\$8,000+25,000+15%±Contingency=\$37,950)													\$ 115,000
13	FM GST (\$100,000+15%±Contingency=\$115,000)													\$ 37,950
14	FM HSPS & PT (\$8,000+\$25,000+15%±Contingency=\$37,950)													\$ 172,500
15	HG Well (\$150,000+15%±Contingency=\$172,500)													\$ 172,500
16	FM Well (\$150,000+15%±Contingency=\$172,500)													\$ 92,000
17	FM filtration system (\$80,000+15%±Contingency=\$92,000)													\$ 1,137,436
	BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CIP ITEM NO.	ITEM DESCRIPTION	2015												BALANCE TO P.A.
		January	February	March	April	May	June	July	August	September	October	November	December	
-	Surcharge App Completion/Filing													
-	Customer Surcharge Notice													
-	Rates Effective													
1	Revenues (\$60/mo@191=\$11,460/month)	\$ 11,460.00	\$ 11,460.00	\$ 11,460.00	\$ 14,560.00	\$ 19,115.00	\$ 30,575.00	\$ 42,035.00	\$ 29,465.00	\$ 16,895.00	\$ 28,355.00	\$ 21,535.00	\$ 14,715.00	\$ 3.4E
2	FM & HG system maps (\$2,500+\$2,500+15%+Contingency=\$5,750)													\$ 5
3	FM & HG O&M Manuals (\$1,500+\$1,500+15%+Contingency=\$3,450)													\$ 5
3	FM & HG engineering design (\$57,550+\$53,700+15%+Contingency=\$127,940)													\$ 5
5	FM & HG acquisition & survey (\$54,640+\$55,665+15%+Contingency=\$126,850)													\$ 5
3	FM & HG engineering construction admin (\$14,390+\$13,430+15%+Contingency=\$31,995)													\$ 5
4	HG manganese system (\$5,000+15%+Contingency=\$5,750)													\$ 5
6	FM & HG sitework (\$20,000+\$20,000+15%+Contingency=\$46,000)													\$ 5
7	HG bidg/elec (\$30,000+15%+Contingency=\$34,500)													\$ 5
8	HG generator/elec (\$90,000+15%+Contingency=\$103,500)													\$ 5
9	FM bidg/elec (\$30,000+15%+Contingency=\$34,500)													\$ 5
10	FM generator/elec (\$90,000+15%+Contingency=\$103,500)													\$ 5
11	HG GST (\$100,000+15%+Contingency=\$115,000)													\$ 5
12	HG HSPS & PT (\$8,000+25,000+15%+Contingency=\$37,950)													\$ 5
13	FM GST (\$100,000+15%+Contingency=\$115,000)													\$ 5
14	FM HSPS & PT (\$8,000+\$25,000+15%+Contingency=\$37,950)													\$ 5
15	HG Well (\$150,000+15%+Contingency=\$172,500)													\$ 5
16	FM Well (\$150,000+15%+Contingency=\$172,500)													\$ 5
17	FM filtration system (\$90,000+15%+Contingency=\$92,000)													\$ 5
	BALANCE	\$ -	\$ -	\$ 3,040.00	\$ 7,655.00	\$ 19,115.00	\$ 30,575.00	\$ 18,005.00	\$ 6,435.00	\$ 16,895.00	\$ 10,075.00	\$ 3,255.00	\$ 14,715.00	\$ 1,014.83

COMPLIANCE AGREEMENT COMPREHENSIVE IMPROVEMENTS PLAN

Community Utility Company, M.B.C. Water Systems

21 January 2013

CIP ITEM NO.	ITEM DESCRIPTION	2016												BALANCE TO PA
		January	February	March	April	May	June	July	August	September	October	November	December	
-	Surcharge App Completion/Filing													
-	Customer Surcharge Notice													
-	Rates Effective													
1	Revenues (\$60/mo@191=\$11,460/month)	\$ 28,175.00	\$ 37,635.00	\$ 49,095.00	\$ 60,555.00	\$ 72,015.00	\$ 83,475.00	\$ 94,935.00	\$ 70,865.00	\$ 46,795.00	\$ 22,725.00	\$ 34,185.00	\$ 27,385.00	\$ 3,450
2	FM & HG system maps (\$2,500+\$2,500+15%+Contingency=\$5,750)													
3	FM & HG O&M Manuals (\$1,500+\$1,500+15%+Contingency=\$3,450)													
5	FM & HG engineering design (\$57,550+\$53,700+15%+Contingency=\$127,940)													
5	FM & HG acquisition & survey (\$54,640+\$55,665+15%+Contingency=\$126,850)													
3	FM & HG engineering construction admin (\$14,390+\$13,430+15%+Contingency=\$31,995)													
4	FM & HG engineering construction admin (\$14,390+\$13,430+15%+Contingency=\$31,995)													
4	HG manganese system (\$5,000+15%+Contingency=\$5,750)													
6	FM & HG sitework (\$20,000+\$20,000+15%+Contingency=\$46,000)													
7	HG bidg/elec (\$30,000+15%+Contingency=\$34,500)													
8	HG generator/elec (\$90,000+15%+Contingency=\$103,500)													
9	FM bidg/elec (\$30,000+15%+Contingency=\$34,500)													
10	FM generator/elec (\$90,000+15%+Contingency=\$103,500)													
11	HG GST (\$100,000+15%+Contingency=\$115,000)													
12	HG HSPS & PT (\$8,000+25,000+15%+Contingency=\$37,950)													
13	FM GST (\$100,000+15%+Contingency=\$115,000)													
14	FM HSPS & PT (\$8,000+25,000+15%+Contingency=\$37,950)													
15	HG Well (\$150,000+15%+Contingency=\$172,500)													
16	FM Well (\$150,000+15%+Contingency=\$172,500)													
17	FM filtration system (\$80,000+15%+Contingency=\$92,000)													
	BALANCE	\$ 26,175.00	\$ 37,635.00	\$ 49,095.00	\$ 60,555.00	\$ 72,015.00	\$ 83,475.00	\$ 94,935.00	\$ 36,335.00	\$ 11,265.00	\$ 22,725.00	\$ 15,905.00	\$ 9,085.00	\$ 871,480
		January	February	March	April	May	June	July	August	September	October	November	December	

CIP ITEM NO.	ITEM DESCRIPTION	2017												BALAN- TO PA
		January	February	March	April	May	June	July	August	September	October	November	December	
-	Surcharge App Completion/Filing													
-	Customer Surcharge Notice													
-	Rates Effective													
1	Revenues (\$60/mo@191=\$11,460/month)	\$ 20,545.00	\$ 32,005.00	\$ 43,465.00	\$ 54,925.00	\$ 66,385.00	\$ 77,845.00	\$ 89,305.00	\$ 65,235.00	\$ 41,165.00	\$ 17,095.00	\$ 28,555.00	\$ 40,015.00	\$ 3,45
2	FM & HG system maps (\$2,500+\$2,500+15%Contingency=\$5,750)													\$ 3,45
3	FM & HG O&M Manuals (\$1,500+\$1,500+15%Contingency=\$3,450)													\$ 3,45
3	FM & HG engineering design (\$57,550+\$53,700+15%Contingency=\$127,940)													\$ 18,54
5	FM & HG acquisition & survey (\$54,640+\$55,665+15%Contingency=\$126,850)													\$ 18,54
3	FM & HG engineering construction admin (\$14,390+\$13,430+15%Contingency=\$31,965)													\$ 18,54
4	HG manganese system (\$5,000+15%Contingency=\$5,750)													\$ 18,54
6	FM & HG sitework (\$20,000+\$20,000+15%Contingency=\$46,000)													\$ 18,54
7	HG bidg/elec (\$30,000+15%Contingency=\$34,500)													\$ 18,54
8	HG generator/elec (\$90,000+15%Contingency=\$103,500)													\$ 18,54
9	FM bidg/elec (\$30,000+15%Contingency=\$34,500)													\$ 18,54
10	FM generator/elec (\$90,000+15%Contingency=\$103,500)													\$ 18,54
11	HG GST (\$100,000+15%Contingency=\$115,000)													\$ 18,54
12	HG HSPS & PT (\$8,000+\$25,000+15%Contingency=\$37,950)													\$ 18,54
13	FM GST (\$100,000+15%Contingency=\$115,000)													\$ 18,54
14	FM HSPS & PT (\$8,000+\$25,000+15%Contingency=\$37,950)													\$ 18,54
15	HG Well (\$150,000+15%Contingency=\$172,500)													\$ 18,54
16	FM Well (\$150,000+15%Contingency=\$172,500)													\$ 18,54
17	FM filtration system (\$80,000+15%Contingency=\$92,000)													\$ 18,54
	BALANCE	\$ 20,545.00	\$ 32,005.00	\$ 43,465.00	\$ 54,925.00	\$ 66,385.00	\$ 77,845.00	\$ 89,305.00	\$ 29,705.00	\$ 5,635.00	\$ 17,095.00	\$ 28,555.00	\$ 40,015.00	\$ 764,890

COMPLIANCE AGREEMENT COMPREHENSIVE IMPROVEMENTS PLAN

Community Utility Company, M.B.C. Water Systems

21 January 2013

CIP ITEM NO.	ITEM DESCRIPTION	2018												BALANCE TO PA
		January	February	March	April	May	June	July	August	September	October	November	December	
-	Surcharge App Completion/Filing													
-	Customer Surcharge Notice													
-	Rates Effective													
1	Revenues (\$60/mo@191=\$11,460/month)	\$ 51,475.00	\$ 62,935.00	\$ 74,395.00	\$ 85,855.00	\$ 97,315.00	\$ 68,745.00	\$ 41,175.00	\$ 13,605.00	\$ 25,065.00	\$ 36,525.00	\$ 27,980.00	\$ 18,435.00	\$ 3,45
2	FM & HG system maps (\$2,500+\$2,500+15%+Contingency=\$5,750)													\$ 3,45
3	FM & HG O&M Manuals (\$1,500+\$1,500+15%+Contingency=\$3,450)													\$ 3,45
4	FM & HG engineering design (\$57,550+\$53,700+15%+Contingency=\$127,940)													\$ 13,39
5	FM & HG acquisition & survey (\$54,640+\$55,665+15%+Contingency=\$126,850)													\$ 13,39
6	FM & HG engineering construction admin (\$14,390+\$13,430+15%+Contingency=\$31,995)													\$ 13,39
7	HG manganese system (\$5,000+15%+Contingency=\$5,750)													\$ 13,39
8	FM & HG sitework (\$20,000+\$20,000+15%+Contingency=\$46,000)													\$ 13,39
9	HG bid/elec (\$30,000+15%+Contingency=\$34,500)													\$ 13,39
10	HG generator/elec (\$90,000+15%+Contingency=\$103,500)													\$ 13,39
11	FM bid/elec (\$30,000+15%+Contingency=\$34,500)													\$ 13,39
12	FM generator/elec (\$90,000+15%+Contingency=\$103,500)													\$ 13,39
13	HG GST (\$100,000+15%+Contingency=\$115,000)													\$ 13,39
14	FM HSPS & PT (\$8,000+\$25,000+15%+Contingency=\$37,950)													\$ 13,39
15	HG Well (\$150,000+15%+Contingency=\$172,500)													\$ 13,39
16	FM Well (\$150,000+15%+Contingency=\$172,500)													\$ 13,39
17	FM filtration system (\$80,000+15%+Contingency=\$92,000)													\$ 13,39
	BALANCE	\$ 51,475.00	\$ 62,935.00	\$ 74,395.00	\$ 85,855.00	\$ 97,315.00	\$ 68,745.00	\$ 41,175.00	\$ 13,605.00	\$ 25,065.00	\$ 36,525.00	\$ 27,980.00	\$ 18,435.00	\$ 606,791

CIP ITEM NO.	ITEM DESCRIPTION	2019												BALANCE TO PA
		January	February	March	April	May	June	July	August	September	October	November	December	
-	Surcharge App Completion/Filing													
-	Customer Surcharge Notice													
-	Rates Effective													
1	Revenues (\$60/mo@191=\$11,460/month)	\$ 30,895.00	\$ 42,355.00	\$ 53,815.00	\$ 65,275.00	\$ 76,735.00	\$ 88,195.00	\$ 99,655.00	\$ 71,085.00	\$ 43,515.00	\$ 15,945.00	\$ 27,405.00	\$ 38,865.00	\$ 3,450
1	FM & HG system maps (\$2,500+\$2,500*15%+Contingency=\$5,750)													\$ 9,271
2	FM & HG O&M Manuals (\$1,500+\$1,500*15%+Contingency=\$3,450)													\$ 3,450
3	FM & HG engineering design (\$57,550+\$53,700*15%+Contingency=\$127,940)													\$ 3,450
5	FM & HG acquisition & survey (\$54,640+\$55,665*15%+Contingency=\$126,850)													\$ 3,450
3	FM & HG engineering construction admin (\$14,390+\$13,430*15%+Contingency=\$31,995)													\$ 3,450
4	HG manganese system (\$5,000*15%+Contingency=\$5,750)													\$ 3,450
6	FM & HG stewart (\$20,000+\$20,000*15%+Contingency=\$46,000)													\$ 3,450
7	HG bid/elec (\$30,000*15%+Contingency=\$34,500)													\$ 3,450
8	HG generator/elec (\$90,000*15%+Contingency=\$103,500)													\$ 3,450
9	FM bid/elec (\$30,000*15%+Contingency=\$34,500)													\$ 3,450
10	FM generator/elec (\$90,000*15%+Contingency=\$103,500)													\$ 3,450
11	HG GST (\$100,000*15%+Contingency=\$115,000)													\$ 3,450
12	HG HSPS & PT (\$8,000*25,000*15%+Contingency=\$37,950)													\$ 3,450
13	FM GST (\$100,000*15%+Contingency=\$115,000)													\$ 3,450
14	FM HSPS & PT (\$8,000+\$25,000*15%+Contingency=\$37,950)													\$ 3,450
15	HG Well (\$150,000*15%+Contingency=\$172,500)													\$ 3,450
16	FM Well (\$150,000*15%+Contingency=\$172,500)													\$ 3,450
17	FM filtration system (\$80,000*15%+Contingency=\$92,000)													\$ 3,450
	BALANCE	\$ 30,895.00	\$ 42,355.00	\$ 53,815.00	\$ 65,275.00	\$ 76,735.00	\$ 88,195.00	\$ 99,655.00	\$ 32,055.00	\$ 4,485.00	\$ 15,945.00	\$ 27,405.00	\$ 18,860.00	\$ 468,694

COMPLIANCE AGREEMENT COMPREHENSIVE IMPROVEMENTS PLAN
COMPLIANCE MILESTONE TIMELINE
 Community Utility Company, M.B.C. Water Systems
 27 January 2013

CIP ITEM NO.	ITEM DESCRIPTION	2020												BALANC TO PA)
		January	February	March	April	May	June	July	August	September	October	November	December	
-	Surcharge App Completion/Filing													
-	Customer Surcharge Notice													
-	Rates Effective													
1	Revenues (\$60mo@191=\$11,460/month)	\$ 30,320.00	\$ 21,775.00	\$ 33,235.00	\$ 44,695.00	\$ 56,155.00	\$ 67,615.00	\$ 79,075.00	\$ 90,535.00	\$ 101,995.00	\$ 113,455.00	\$ 124,915.00	\$ 136,375.00	\$ 3,450
2	FM & HG system maps (\$2,500+\$2,500+15%Contingency=\$5,750)													
3	FM & HG O&M Manuals (\$1,500+\$1,500+15%Contingency=\$3,450)													
5	FM & HG engineering design (\$57,550+\$53,700+15%Contingency=\$127,940)													
3	FM & HG acquisition & survey (\$54,640+\$55,665+15%Contingency=\$126,850)													
3	FM & HG engineering construction admin (\$14,390+\$13,430+15%Contingency=\$31,995)													
4	FM & HG engineering construction admin (\$14,390+\$13,430+15%Contingency=\$31,995)													
4	FM & HG engineering construction admin (\$14,390+\$13,430+15%Contingency=\$31,995)													
6	FM & HG sitework (\$20,000+\$20,000+15%Contingency=\$46,000)													
7	FM & HG sitework (\$20,000+\$20,000+15%Contingency=\$46,000)													
7	FM & HG sitework (\$20,000+\$20,000+15%Contingency=\$46,000)													
8	FM & HG sitework (\$20,000+\$20,000+15%Contingency=\$46,000)													
8	FM & HG sitework (\$20,000+\$20,000+15%Contingency=\$46,000)													
10	FM & HG sitework (\$20,000+\$20,000+15%Contingency=\$46,000)													
10	FM & HG sitework (\$20,000+\$20,000+15%Contingency=\$46,000)													
11	FM & HG sitework (\$20,000+\$20,000+15%Contingency=\$46,000)													
12	FM & HG sitework (\$20,000+\$20,000+15%Contingency=\$46,000)													
13	FM & HG sitework (\$20,000+\$20,000+15%Contingency=\$46,000)													
14	FM & HG sitework (\$20,000+\$20,000+15%Contingency=\$46,000)													
15	FM & HG sitework (\$20,000+\$20,000+15%Contingency=\$46,000)													
16	FM & HG sitework (\$20,000+\$20,000+15%Contingency=\$46,000)													
17	FM & HG sitework (\$20,000+\$20,000+15%Contingency=\$46,000)													
	BALANCE	\$ 10,315.00	\$ 21,775.00	\$ 33,235.00	\$ 44,695.00	\$ 56,155.00	\$ 67,615.00	\$ 79,075.00	\$ 90,535.00	\$ 101,995.00	\$ 113,455.00	\$ 124,915.00	\$ 136,375.00	\$ 448,690

COMPLIANCE MILESTONE TIMELINE
COMPLIANCE AGREEMENT COMPREHENSIVE IMPROVEMENTS PLAN
 Community Utility Company, M.B.C. Water Systems
 21 January 2013

CIP ITEM NO.	ITEM DESCRIPTION	2021												BALAN TO PA
		January	February	March	April	May	June	July	August	September	October	November	December	
-	Surcharge App. Completion/Filing													
-	Customer Surcharge Notice													
-	Rates Effective													
1	Revenues (\$50/mo @ 191-\$11,460/month)	\$ 147,835.00	\$ 159,296.00	\$ 112,225.00	\$ 65,165.00	\$ 18,085.00	\$ 29,645.00	\$ 41,005.00	\$ 52,465.00	\$ 63,925.00	\$ 75,385.00	\$ 86,845.00	\$ 98,305.00	\$ 3,45
2	FM & HG system maps (\$2,500+\$2,500+15%±Contingency=\$5,750)													\$
3	FM & HG O&M Manuals (\$1,500+\$1,500+15%±Contingency=\$3,450)													\$
3	FM & HG engineering design (\$57,550+\$53,700+15%±Contingency=\$127,940)													\$
5	FM & HG acquisition & survey (\$54,640+\$55,665+15%±Contingency=\$126,850)													\$
3	FM & HG engineering construction admin (\$14,390+\$13,430+15%±Contingency=\$31,995)													\$
4	FM & HG engineering construction admin (\$14,390+\$13,430+15%±Contingency=\$31,995)													\$
4	HG manganese system (\$5,000+15%±Contingency=\$5,750)													\$
6	FM & HG sewerwork (\$20,000+\$20,000+15%±Contingency=\$46,000)													\$
7	HG bid/elec (\$30,000+15%±Contingency=\$34,500)													\$
8	HG generator/elec (\$90,000+15%±Contingency=\$103,500)													\$
9	FM bid/elec (\$30,000+15%±Contingency=\$34,500)													\$
10	FM generator/elec (\$90,000+15%±Contingency=\$103,500)													\$
11	HG GST (\$100,000+15%±Contingency=\$115,000)													\$
12	HG HSPS & PT (\$8,000+25,000+15%±Contingency=\$37,950)													\$
13	FM GST (\$100,000+15%±Contingency=\$115,000)													\$
14	FM HSPS & PT (\$8,000+25,000+15%±Contingency=\$37,950)													\$
15	HG Well (\$150,000+15%±Contingency=\$172,500)													\$
16	FM Well (\$150,000+15%±Contingency=\$172,500)													\$
17	FM filtration system (\$80,000+15%±Contingency=\$92,000)													\$
	BALANCE	\$ 147,835.00	\$ 100,766.00	\$ 53,695.00	\$ 6,625.00	\$ 18,085.00	\$ 29,645.00	\$ 41,005.00	\$ 52,465.00	\$ 63,925.00	\$ 75,385.00	\$ 86,845.00	\$ 98,305.00	\$ 172.50
														\$ 92.00
														\$ 273.10

CIP ITEM NO.	ITEM DESCRIPTION	2022												BALANCE TO PA
		January	February	March	April	May	June	July	August	September	October	November	December	
-	Surcharge App Completion/Filing													
-	Customer Surcharge Notice													
-	Rates Effective													
-	Revenues (\$60/mo@191=\$11,460/month)													
1	FM & HG system maps (\$2,500+\$2,500+15%Contingency=\$5,750)													
2	FM & HG O&M Manuals (\$1,500+\$1,500+15%Contingency=\$3,450)													
3	FM & HG engineering design (\$57,550+\$53,700+15%Contingency=\$127,940)													
5	FM & HG acquisition & survey (\$54,640+\$55,665+15%Contingency=\$126,850)													
3	FM & HG engineering construction admin (\$14,390+\$13,430+15%Contingency=\$31,995)													
4	HG manganese system (\$5,000+15%Contingency=\$5,750)													
6	FM & HG sitework (\$20,000+\$20,000+15%Contingency=\$46,000)													
7	HG bid/elec (\$30,000+15%Contingency=\$34,500)													
8	HG generator/elec (\$90,000+15%Contingency=\$103,500)													
9	FM bid/elec (\$30,000+15%Contingency=\$34,500)													
10	FM generator/elec (\$90,000+15%Contingency=\$103,500)													
11	HG GST (\$100,000+15%Contingency=\$115,000)													
12	HG HSPS & PT (\$8,000+\$25,000+15%Contingency=\$37,950)													
13	FM GST (\$100,000+15%Contingency=\$115,000)													
14	FM HSPS & PT (\$8,000+\$25,000+15%Contingency=\$37,950)													
15	FM Well (\$150,000+15%Contingency=\$172,500)													
16	FM Well (\$150,000+15%Contingency=\$172,500)													
17	FM filtration system (\$80,000+15%Contingency=\$92,000)													
	BALANCE	\$ 109,765.00	\$ 121,225.00	\$ 132,685.00	\$ 144,145.00	\$ 97,076.00	\$ 50,005.00	\$ 2,935.00	\$ 14,396.00	\$ 25,855.00	\$ 37,315.00	\$ 48,775.00	\$ 60,235.00	\$ 92.00
														\$ 97,611

CONTRACT MANAGER TIMELINE

As shown in the CIP, a total of \$1,368,635 is needed to fund both CIP projects, which will be generated, as also shown in the CIP, with a \$60 a month per connection 10-year surcharge. That dollar amount over a 10-year timeframe results in a total \$1,375,200 being generated, so as the timeline shows there will be \$8,565 remaining.

CIP ITEM NO.	ITEM DESCRIPTION	2013												BALANCE TO PA)
		January	February	March	April	May	June	July	August	September	October	November	December	
-	Surcharge App Completion/Filing													
-	Customer Surcharge Notice													
-	Rates Effective													
-	Revenues Available (\$60/mo@191=\$11,460/month)													
1	FM & HG system maps (\$2,500+\$2,500+15%Contingency=\$5,750)													
2	FM & HG O&M Manuals (\$1,500+\$1,500+15%Contingency=\$3,450)													
3	FM & HG engineering design (\$57,550+\$53,700+15%Contingency=\$127,940)													
5	FM & HG acquisition & survey (\$54,640+\$55,665+15%Contingency=\$126,850)													
3	FM & HG engineering construction admin (\$14,390+\$13,430+15%Contingency=\$31,995)													
4	HG manganese system (\$5,000+15%Contingency=\$5,750)													
6	FM & HG stewart (\$20,000+\$20,000+15%Contingency=\$46,000)													
7	HG bidg/elec (\$30,000+15%Contingency=\$34,500)													
8	HG generator/elec (\$90,000+15%Contingency=\$103,500)													
9	FM bidg/elec (\$30,000+15%Contingency=\$34,500)													
10	FM generator/elec (\$90,000+15%Contingency=\$103,500)													
11	HG GST (\$100,000+15%Contingency=\$115,000)													
12	HG HSPS & PT (\$6,000+25,000+15%Contingency=\$37,950)													
13	FM GST (\$100,000+15%Contingency=\$115,000)													
14	FM HSPS & PT (\$8,000+\$25,000+15%Contingency=\$37,950)													
15	HG Well (\$150,000+15%Contingency=\$172,500)													
16	FM Well (\$150,000+15%Contingency=\$172,500)													
17	FM filtration system (\$80,000+15%Contingency=\$92,000)													
	BALANCE	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,274,965

CONF 10325/...

37526

Necesita contactarse con la Comisión de Calidad Ambiental de Texas (TCEQ). Ellos reciben los reclamos de las compañías de utilidades.

Puede ser por correo o por correo electrónico

TCEQ
12100 Park 35 Circle, Bldg. F, MC 153
Austin, TX 78753
512 239 0605
Attn.: Lisa Fuentes

lisa.fuentes@tceq.texas.gov

RECEIVED

JUN 12 2013

TCEQ
CENTRAL FILE ROOM

2013 JUN 4 AM 11 11

RECEIVED
TCEQ
WATER SUPPLY DIV.

Debe decir su nombre, dirección, número de cuenta y la compañía por la que está haciendo el reclamo.

La nuestra es:
Community Utility Co.
Spring, TX

El reclamo es por el cobro mensual de \$60 dólares que estan tratando de imponer en nuestro vecindario.

Sería bueno mencionar que la calidad del agua, ha sido y continúa siendo, muy mala.

Alicia Aviles
20607 Bright Meadow Ln
Crosby Tx 77532

Cuenta 29
Community Utility Co.
Po Box 58
Spring Tx 77383

No estoy de acuerdo con ese
Cobro de 60 dolares + el consumo
Cabe mencionar que el agua es sucia
no sirve a veces ni para lavar Ropa
y a veces nos cortan el servicio sin
avisar y cuando llamamos a la oficina
se cortan Arceros

RECEIVED

2014 DEC 22 AM 7:48

PUBLIC UTILITY COMMISSION
FILING CLERK

**COMPLIANCE AGREEMENT
COMPREHENSIVE IMPROVEMENTS PLAN**

for the

**Community Utility Company
M.B.C. Water Systems, Inc.**

21 January 2013



[Handwritten signature]
21 January 2013



Southwest Engineers
Civil · Environmental · Planning

307 Saint Lawrence Street
Gonzales, Texas 78629

Phone (830) 672-7546
Fax (830) 672-2034

www.swengineers.com



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www.swengineers.com
TBPE No. F-1909

COMPLIANCE AGREEMENT **COMPREHENSIVE IMPROVEMENTS PLAN** **COMMUNITY UTILITY COMPANY**

M.B.C. Water Systems, Inc.
21 January 2013

I. INTRODUCTION

This Comprehensive Improvement Plan has been developed in order to assist the Community Utility Company in developing a Compliance Agreement with the Texas Commission on Environmental Quality (TCEQ). This Plan focuses on required facility improvements to the three (3) water systems owned by Community Utility Company: Forest Manor, Heathergate Estates, and Sweetgum Forest.

The facility improvements will address deficiencies as have been noted by TCEQ, as well as other items necessary for both the short and long term operation of the water systems. Estimated costs of the various components of the project will be provided, as well as proposed timelines to take the project to completion.

A key factor in determining the timing of the facility improvements is obtaining the financing to afford the work. Community Utility Company has attempted to obtain financing through all known sources so that all of the necessary improvements could be completed at once. Unfortunately, none of the funding sources were made available; therefore, a surcharge to the customers will be required. This will allow for money to gradually build up and then for the improvements to be made.

There are a number of issues to balance in determining the order in which improvements are to be made. TCEQ often desires to have the deficiencies of a water system completely addressed one at a time, and then to move on to the next system. The customer base paying for the improvements wants to see their money going directly into their system. The owners typically want to focus improvements on the specific facility that causes the most operation and maintenance difficulties. All of these factors have been taken into consideration in this Plan.



improvement plan for this System will be to provide service for 165 total connections.

The current alleged violations and concerns for this plant include:

1. Inadequate supply;
2. Leaking and poor condition of storage tanks;
3. Inadequate service pumps;
4. No generator;
5. Pressure tank deficiencies; AND
6. High manganese levels in water.

Table II.A.1 shows the required design capacities for the existing facilities, for facilities to accommodate 165 connections and for the proposed facilities.

Table II.A.1
Facility Design Capacity Table

	Required for 86 Active Connections	Required for 165 Connections	Proposed
Supply	52 gpm	99 gpm	100 gpm
Ground Storage	17,200 gallons	33,000 gallons	33,000 gallons
Pumps	172 gpm	330 gpm	2 @ 175 gpm
Pressure Tank	1,720 gallons	3,300 gallons	4,000 gallons

The following are the planned improvements for this System.

Proposed Improvements

1. Construct 33,000 gallon ground storage tank;
2. Construct a new support building to house new electrical components and two (2) new 175 gpm service pumps.
3. Drill a new 100 gpm well with associated yard piping and site work;
4. Install a new 4,000 gallon pressure tank with associated appurtenances;
5. Install a generator to provide emergency power per TCEQ standards; AND
6. Construct a new filtration system for the removal of manganese from the raw water supply. The manganese level in the existing well is 0.135 mg/l (allowable 0.05), which is too high for sequestering, so it must be removed by oxidation and filtration.



4. Pressure tank deficiencies;
5. Service pumps;
6. Ground storage;
7. No generator;
8. Well supply; AND
9. Water quality (manganese levels).

Table II.B.1 shows the required design capacities for the existing facilities, for facilities to accommodate 159 connections and for the proposed facilities.

Table II.B.1
Facility Design Capacity Table

	Required for 105 Active Connections	Required for 159 Connections	Proposed
Supply	63 gpm	96 gpm	100 gpm & 46 gpm
Ground Storage	21,000 gallons	31,800 gallons	33,000 gallons
Pumps	210 gpm	318 gpm	2 @ 160 gpm
Pressure Tank	2,100 gallons	3,180 gallons	4,000 gallons

The following are the planned improvements for this System.

Proposed Improvements

1. The existing fenced plant site is too small to accommodate the required improvements, so the lease for the site must be renegotiated to include enough area for the sanitary easements to be acquired and to provide sufficient space to construct the improvements. The existing site fencing will be repaired and expanded to include all of the proposed improvements;
2. Construct a new 33,000 gallon ground storage tank;
3. Construct a new support building to house two (2) new 160 gpm, 10 H.P. high service pumps;
4. Correct electrical deficiencies with a complete new system of panels, conduit and wire located in the proposed support building. These improvements will bring the plant into compliance with National Electric Code (Code);
5. Drill a new 100 gpm well with associated yard piping and site work;
6. Install a new 4,000 gallon pressure tank with associated appurtenance;



Table II.C.1
Facility Design Capacity Table

	Required for 22 Active <u>Connections</u>	Required for 39 Connections	<u>Proposed</u>
Supply	33 gpm	59 gpm	60 gpm
Pressure Tank	1,100 gallons	1,950 gallons	2,000 gallons

This System has addressed all of its issues by discontinuing the use of the existing water plant and entering into a wholesale treated water purchase agreement with Aqua Texas, Inc. This agreement provides sufficient service to the entire System.

III. FINANCING IMPROVEMENTS

A total of \$1,366,635 is estimated to be needed to bring the Forest Manor and Heathergate Estates water systems into TCEQ compliance and to put them in good condition for the future. It appears that the only way to complete these improvements is to implement a surcharge. While Sweetgum Forest is owned by Community Utility Company, no facility improvements are required; therefore, the owners believe it would be unfair to implement a surcharge on those customers. The total improvement cost would thus need to be paid by the combined 191 connections of the two other systems.

Table III.1 shows the estimated monthly surcharge amount assuming the surcharge was collected over various annual increments.

Table III.1
Surcharge Amount Options

3 Year	5 Year	10 Year	15 Year	20 Year
\$ 199	\$ 119	\$ 60	\$ 40	\$ 30

The apparent socioeconomic condition of the existing customer base suggests that monthly payments beyond the 10-year \$60 surcharge would be excessively burdensome and unsustainable. This would require implementing a long term surcharge and compliance agreement to allow for the necessary improvements to be made.

IV. COMPLIANCE MILESTONE TIMELINE

In order to show progress to the customer base at each of the two systems, the following compliance timeline milestones are anticipated.

1. Prepare up-to-date system mapping at both Forest Manor and Heathergate water systems;