

Control Number: 44001



Item Number: 24

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

4400

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

PWS11010264100

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2014 DEC 22 AM 7:36

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

September 25, 2008

CERTIFIED MAIL #7002 2030 0003 4747 9301
RETURN RECEIPT REQUESTED

Mr. Mitchell Martin, President
Community Utility Company
P.O. Box 58
Spring, Texas 77383-0058

Re: Notice of Violation for the Comprehensive Compliance Investigation at:
Forest Manor Subdivision, 1615 Beckman Drive, Harris County, Texas
RN101198554, Investigation No. 681126, TCEQ Additional ID. 1010264

RECEIVED
JUN 23 2009
TCEQ
CENTRAL FILE ROOM

Dear Mr. Martin:

On July 22, 2008, Ms. Leticia De Leon 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. Enclosed is a summary which lists the investigation findings. During the investigation, the investigator resolved some apparent instances of noncompliance noted during previous investigations. Information has been provided which appears to indicate that these problems have been corrected. In addition, certain outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by March 25, 2009 a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for each of the outstanding alleged violations.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violations documented in this notice. Should you choose to do so, you must notify the Houston Region Office within 10 days from the date of this letter. At that time, David W. Livings, Team Leader, will schedule a violation review meeting to be conducted *within 21 days from the date of this letter*. However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.


REPLY TO: REGION 12 • 5425 POLK ST., STE. H • HOUSTON, TEXAS 77023-1452 • 713-767-3500 • FAX 713-767-3520

P.O. Box 13087 • Austin, Texas 78711-3087 • 512-239-1000 • Internet address: www.tceq.state.tx.us

Mr. Mitchell Martin, President
September 25, 2008
Page 2

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

Sincerely,


David W. Livings, R.S., Sr.
PWS Team Leader
Houston Region Office

DWL/LD/ra

cc: Harris Co. Public Health and Environmental Services

Enclosures: Summary of Investigation Findings

Summary of Investigation Findings

FOREST MANOR SUBDIVISION

Investigation # 681126

, HARRIS COUNTY,

Investigation Date: 07/22/2008

Additional ID(s): 1010264

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

Track No: 344934

Compliance Due Date: 03/09/2009

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:

200Gal./Conn X 85 Conn. = 17,000 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.

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: 03/09/2009

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 facility 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

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.

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

Track No: 96250

30 TAC Chapter 290.46(m) *✓ done*

Alleged Violation:

Investigation: 147128

Comment Date: 07/28/2003

Failed to provide required maintenance.

Investigation: 614431

Comment Date: 01/12/2008

Failed to provide required maintenance.

Investigation: 681126

Comment Date: 08/20/2008

Failed to provide required maintenance.

Resolution: Facility is performing required maintenance as of the July 22, 2008 inspection.

Track No: 96251

30 TAC Chapter 290.46(m)(1)

Alleged Violation:

Investigation: 147128

Comment Date: 07/28/2003

Failed to inspect ground storage and/or pressure tanks annually and maintain records.

Investigation: 614431

Comment Date: 01/12/2008

Failed to inspect ground storage and/or pressure tanks annually and maintain records.

Investigation: 681126

Comment Date: 08/20/2008

Failed to inspect ground storage and/or pressure tanks annually and maintain records.

Resolution: Facility provided an inspection report for both the pressure tank and ground storage tank at the July 22, 2008 inspection.

Track No: 96269

30 TAC Chapter 290.46(t)

Alleged Violation:

Investigation: 147128

Comment Date: 07/28/2003

Failed to provide legible signs.

Investigation: 614431

Comment Date: 01/12/2008

Failed to provide legible signs.

Investigation: 681126

Comment Date: 08/19/2008

Failed to provide legible signs.

Resolution: There was a legible sign posted at the facility as of the July 22, 2008 inspection.

Track No: 96271

30 TAC Chapter 290.44(d)(4)

Alleged Violation:

Investigation: 147128

Comment Date: 07/28/2003

Failed to provide accurate metering devices for the accumulation of water usage data.

Investigation: 614431

Comment Date: 01/12/2008

Failed to provide accurate metering devices for the accumulation of water usage data.

Investigation: 681126

Comment Date: 08/19/2008

Failed to provide accurate metering devices for the accumulation of water usage data.

Resolution: Facility is providing meters to all retail connections as of the July 22, 2008 inspection.

Track No: 142894

30 TAC Chapter 290.46(m)(4)

Alleged Violation:

Investigation: 152119

Comment Date: 09/04/2003

Water Leakage

Failure to maintain the ground storage tank in a watertight condition. In your system, the ground storage tank has large open rust holes and is very poor overall condition.

Investigation: 614431

Comment Date: 01/12/2008

Failure to maintain the GST.

Investigation: 681126

Comment Date: 08/26/2008

Water Leakage

Failure to maintain the ground storage tank in a watertight condition. In your system, the ground storage tank has large open rust holes and is in very poor overall condition.

Recommended Corrective Action: Submit letter to verify compliance.**Resolution:** At the July 22, 2008 inspection this tank was disconnected and had been completely removed from service, therefore, it is no longer leaking. This tank cannot be placed back into service because a large portion of the top is gone. This violation is now resolved.

Track No: 142897

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

Alleged Violation:

Investigation: 152119

Comment Date: 09/04/2003

Design and Construction of Pressure Tanks

Failure to inspect 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.

The results of these inspections must be recorded and maintained for at least five years, per §290.46(f)(3)(D)(ii). The records must be available for review by Commission staff during annual sanitary surveys of the system.

Investigation: 614431

Comment Date: 01/12/2008

Failure to inspect the pressure tank internally.

Investigation: 681126

Comment Date: 08/19/2008

Failure to inspect the pressure tank internally, at least every five years.

Recommended Corrective Action: Submit tank inspection form to verify compliance.

Resolution: Facility provided a copy of the interior pressure tank inspection report at the July 22, 2008 inspection.

Track No: 142898

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

Alleged Violation:

Investigation: 152119

Comment Date: 09/04/2003

Capacity Requirements

Failure to meet this Agency's "Minimum Water System Capacity Requirements." These requirements include a well capacity of 0.6 gallons per minute per connection. Specifically, with 90 connections, your system is required to provide at least 54 gallons per minute of well capacity. Currently, your system provides 50 gallons per minute of well capacity.

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 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 these requirements by writing to TCEQ, Water Supply Division, Public Drinking Water Section, Surveillance and Technical Assistance, MC 155, P.O. Box 13087, Austin, TX 78711-3087; phone: (512) 239-6020.

Investigation: 614431

Comment Date: 01/12/2008

Failure to provide adequate well capacity.

Investigation: 681126

Comment Date: 08/20/2008

Failure to provide adequate well capacity.

Recommended Corrective Action: Submit letter to verify compliance.

Resolution: Facility had 85 connections at the time of the July 22, 2008 inspection and is required to provide 0.6GPM/Conn. $0.6\text{Gal/Conn} \times 85\text{ Conn} = 51\text{GPM}$
The facility well was timed at 61GPM which is adequate well capacity for 85 connections.

ADDITIONAL ISSUES

Description

Other violations noted during the investigation? (If non-compliant then describe violation in the comment section.)

Additional Comments

Please be aware that the facility still has an outstanding violation for the following:

Track #142899
30 Tex. Admin. Code §290.45(b)(1)(C)(iii)
Capacity Requirement
Failure to meet this Agency's "Minimum Water System Capacity Requirement." This requirement includes a 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 this inspection this facility did not have any service pumps and is required to provide a minimum of 170 gallons per minute of service pump capacity. This is calculated in the following manner.

2.0GPM/ Conn X 85 Conn = 170GPM

This violation is part of your compliance agreement please continue working towards resolving this issue.

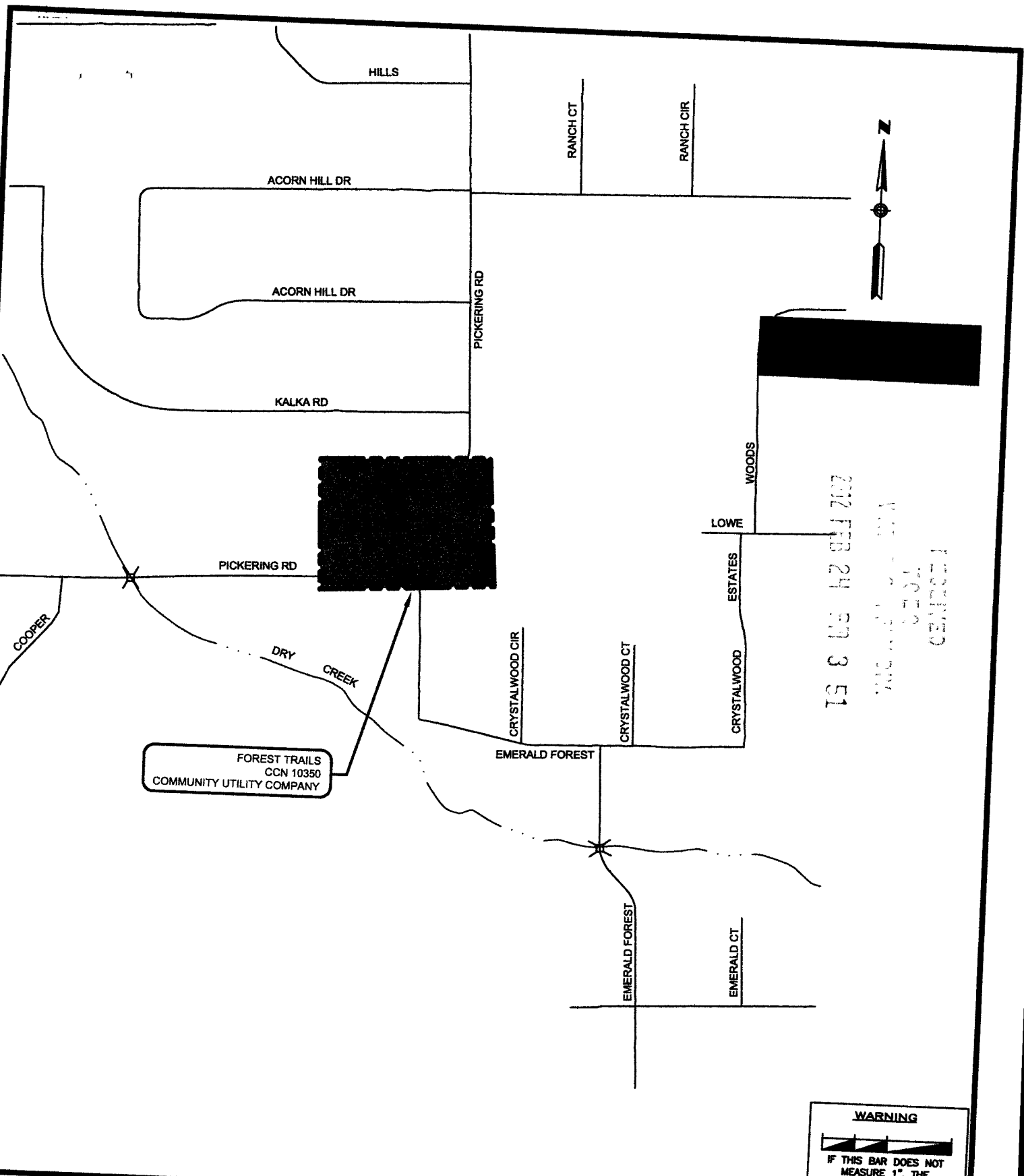
Other violations noted during the investigation? (If non-compliant then describe violation in the comment section.)

Please be aware that this facility still has an outstanding violation for the following:

Track #142895
30 Tex. Admin. Code §290.46(v) Operating Practices for Public Water Systems
Failure to install all water system electrical wiring in a securely mounted conduit in compliance with a local or national electrical code.

This violation is part of your compliance agreement please continue working towards resolving this issue.

\\work\progress\CCN Amendment\AMD-LARGE SCALE-CCN-Community.dwg Tue, Sep 20, 2011, 10:03am



WARNING

IF THIS BAR DOES NOT
MEASURE 1", THE
DRAWING IS NOT TO
SCALE

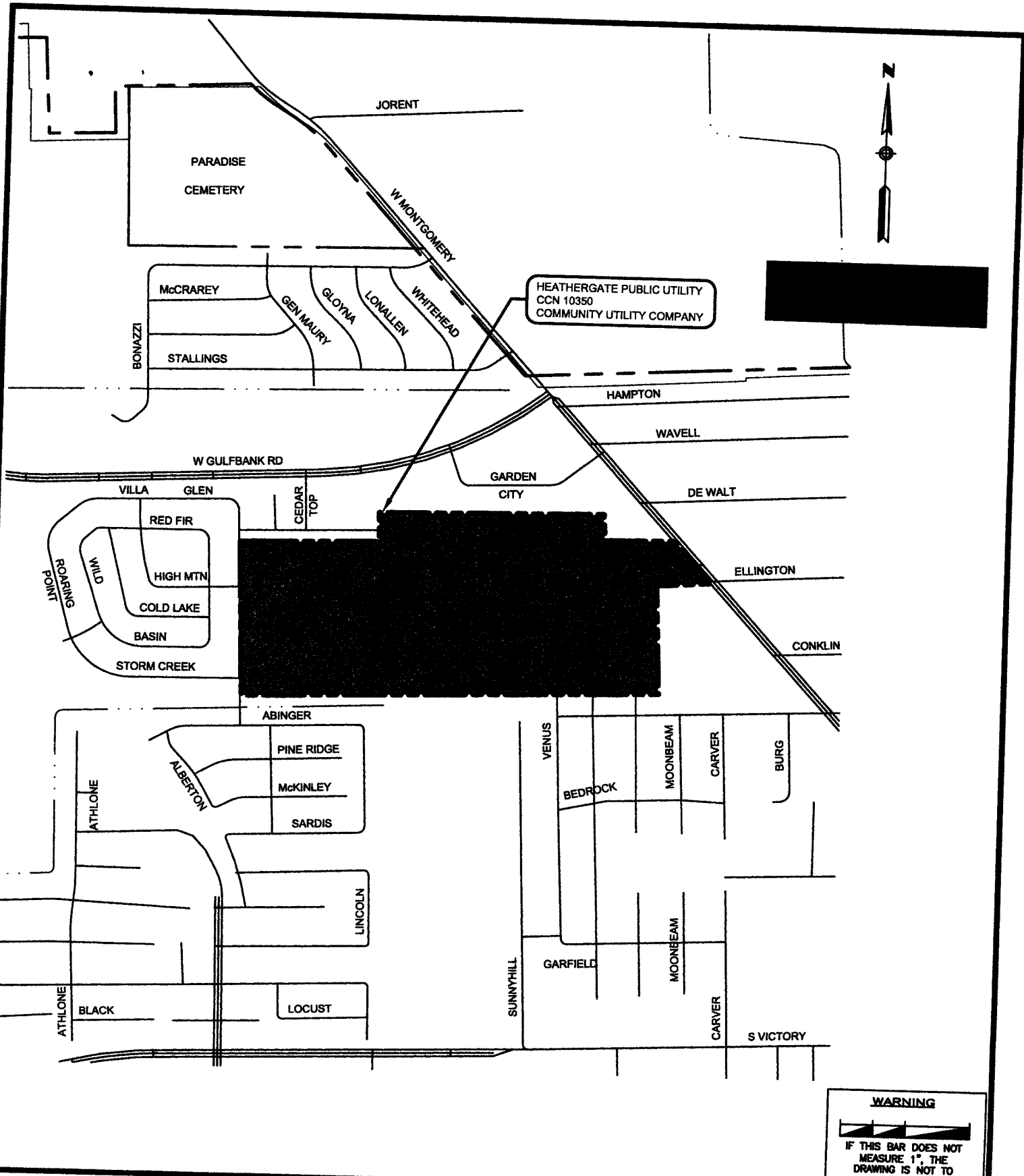
CCN AMENDMENT APPLICATION
FOREST TRAILS LARGE SCALE MAP

COMMUNITY UTILITY COMPANY
HARRIS AND MONTGOMERY COUNTIES, TEXAS



Southwest Engineers, Inc.
Civil - Environmental - Planning
Austin
Gonzales
www.swengineers.com
TBPE No. F-1909

DATE PLOTTED: LARGE SCALE - CCN - Community.dwg Wed, Oct 05, 2011, 9:29am



WARNING

IF THIS BAR DOES NOT MEASURE 1", THE DRAWING IS NOT TO SCALE

CCN AMENDMENT APPLICATION
 HEATHERGATE PUBLIC UTILITY COMPANY LARGE SCALE MAP

COMMUNITY UTILITY COMPANY
 HARRIS AND MONTGOMERY COUNTIES, TEXAS



Southwest Engineers, Inc.
 Civil - Environmental - Planning
 Gonzales Austin
 www.swengineers.com
 TBPE No. F-1909




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


RECEIVED
TCEQ
WATER SUPPLY DIV.
2011 OCT 16 PM 6 22

GENERAL INFORMATION


★★★ THIS APPLICATION IS NOT A RATE CHANGE APPLICATION. THE APPROPRIATE FORMS NEEDED TO FILE A RATE CHANGE APPLICATION MAY BE OBTAINED FROM THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY'S (TCEQ'S) WEBSITE OR BY CONTACTING THE UTILITIES AND DISTRICTS SECTION OF THE TCEQ. ★★★


 Pursuant to V.T.C.A., Water Code, Chapter 13, Subchapter G:


- CCNs *may be obtained* by any retail public water and/or sewer utility.
- CCNs *are required* for:
 - a) Investor Owned Utilities (IOU);
 - b) Non-profit, member-owned, member-controlled water supply or sewer service corporations (WSC) incorporated under Water Code, Chapter 67; and
 - c) Affected counties.
- CCNs *may be required* for political subdivisions, except affected counties, before utility service can be provided to an area already lawfully being served.

 A CCN gives the holder:

- the legal right to provide water and/or sewer utility service;
- the legal right to be compensated, either directly through a monthly rate or indirectly through maintenance fees, property owners fees, etc.;
- a delineated service area; **AND**
- the obligation to provide service to every customer and qualified applicant who requests service within that area.

 A CCN is *not required* when service is either submetered pursuant to Water Code, Chapter 13, Subchapter M, or included in the rental of the property.

 IOUs and WSCs with less than 15 potential retail water service connections may register as "exempt" and then are not required to possess a CCN for their service area if they meet the exemption criteria. This exemption **does not apply** to sewer providers with less than 15 potential retail sewer connections. Retail sewer utilities **must** obtain a CCN to provide retail sewer service to more than one connection.

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

PROCESSING YOUR CCN APPLICATION

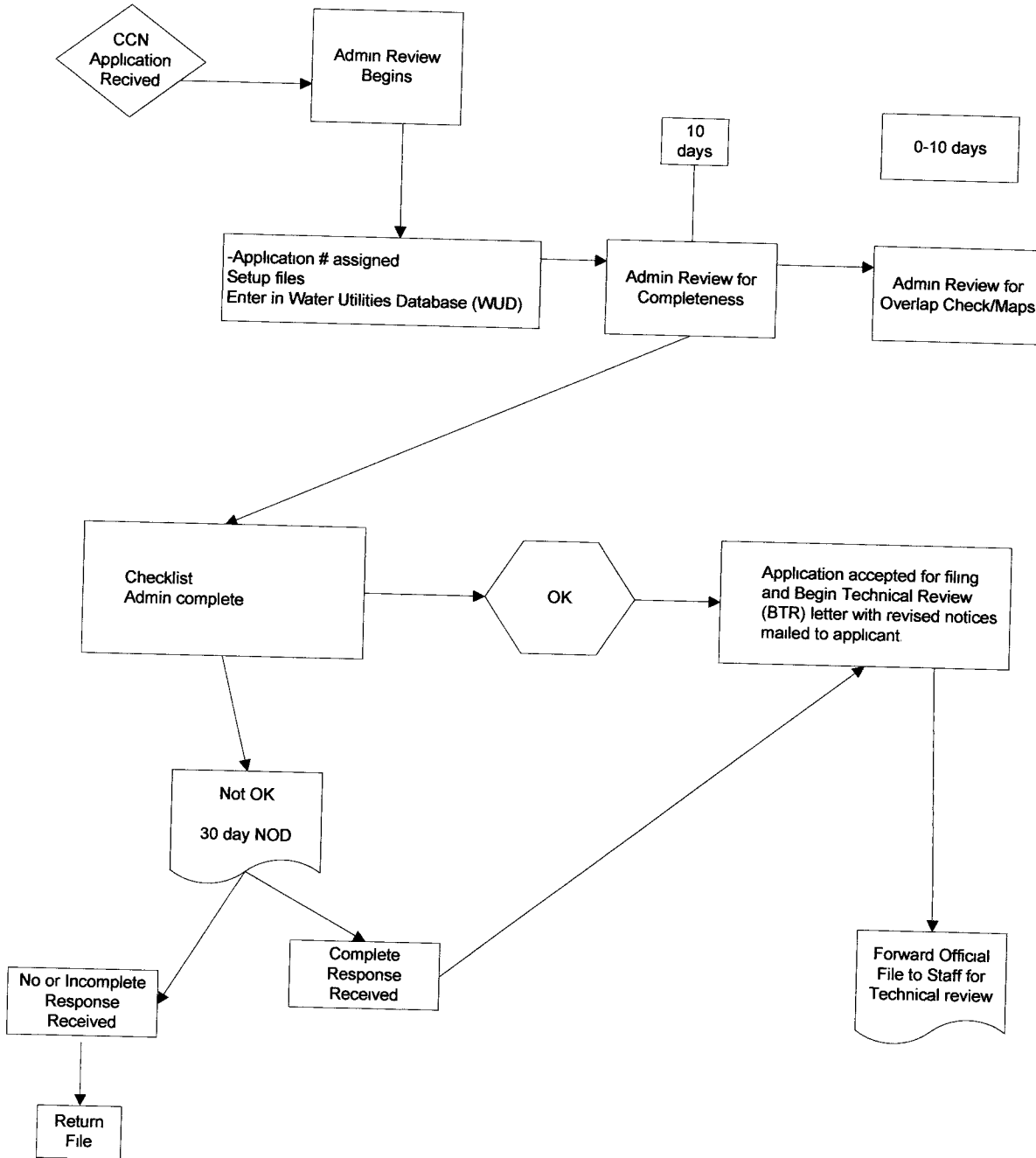
FLOW CHART

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

CCN Administrative (Admin) Review Process - Flowchart

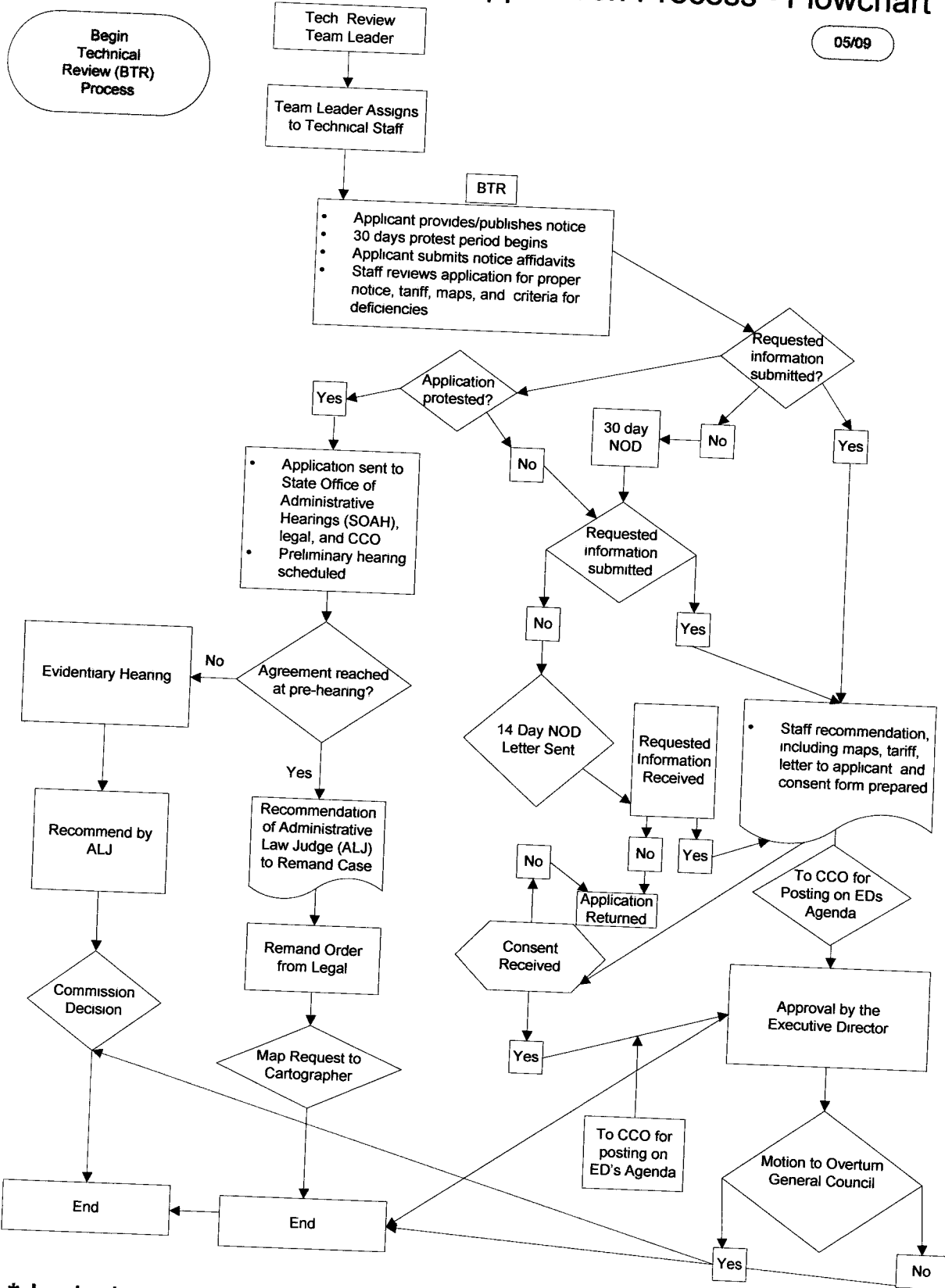
Administrative Review Process

05/09



* Includes TWC 13.255, 13.254 and 13.246 type applications.

CCN Technical (Tech) Review Application Process - Flowchart



* Includes TWC 13.255, 13.254 and 13.246 type applications.

☛ ADMINISTRATIVE REVIEW OF YOUR CCN APPLICATION

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

If you fail to make the corrections in full,

- (a) the application will be returned,**
- (b) the application fee will be forfeited, and**
- (c) if you are already operating a system, you will be referred for enforcement action which may include administrative penalties of up to \$500 per day.**

☛ NOTICE

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

☛ TECHNICAL REVIEW OF YOUR CCN APPLICATION

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

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

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

- a) the application will be returned,**
- b) the application fee will be forfeited, and**
- c) if you are already operating a system, you will be referred for enforcement action which may include administrative penalties of up to \$500 per day.**

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

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

In addition to these factors,

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

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

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

The completed application and copies should be sent to:

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

★★★ THIS APPLICATION IS NOT A RATE CHANGE APPLICATION. THE APPROPRIATE FORMS NEEDED TO FILE A RATE CHANGE APPLICATION MAY BE OBTAINED BY CONTACTING THE UTILITIES AND DISTRICTS SECTION, TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. ★★★



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

*CN# 603180696 *RN# 101458933 *If known (See Instructions)

PURPOSE OF THIS APPLICATION

OBTAIN ___ New Water CCN ___ New Sewer CCN ___
AMEND X Water CCN# 10350 Sewer CCN# _____

APPLICANT INFORMATION

Utility Name: Community Utility Company
Utility Address (city/state/zip): P.O. Box 58, Spring, Texas 77383
Utility Phone Number (281) 367-4460 Fax (281) 292-439

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

Name: Les Romo Title Attorney
Address: 307 Shannon Lane Telephone (512) 868-5600
City Georgetown St. Texas Zip 78628
E-mail: lesromo.lawoffice@gmail.com Fax (512) 863-0452
County (ies) in which service is proposed: Harris & Montgomery

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

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

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

- i. Provide a copy of the corporation's "Certification of Account Status" from the Texas State Comptroller of Public Accounts. (See Attachment A)
- ii. Provide the corporation's charter number as recorded with the Office of the Texas Secretary Of State 0800689273
- iii. Provide a listing of all stockholders and their respective percentages of ownership.
- iv. Provide a copy of the company's organizational chart, if available.
- v. Provide a list of all directors and disclose the title of each individual.
- vi. Provide a list of all affiliated organizations (if any) and explain the relationship with the applicant.

- C. If the applicant is a Water Code Chapter 67 water supply or sewer service corporation:
- i. Provide a copy of the Articles of Incorporation and By-Laws.
 - ii. Provide the corporation's charter number as recorded with the Office of the Texas Secretary of State.
 - iii. Identify all members including name, address, title, and telephone number.
 - iv. Provide a copy of the corporation's Certificate of Account Status from the Texas Comptroller of Public Accounts.

2. **LOCATION INFORMATION**

- A. Are there people already living in the proposed area?
 YES NO
 If YES, are any currently receiving utility service?
 YES NO if YES, from whom? Community Utility Company

Demonstrate the Need for Service by providing the following:

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

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

- C. Is any portion of the proposed service area inside an incorporated city or district?
 YES NO

If YES, within the corporate limits of: _____

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

- D. Is any portion of the proposed service area inside another utility's CCN area?
YES _____ NO X
If YES, has the current CCN holder agreed to decertify the proposed area?
YES _____ NO _____
If NO, are you seeking dual or single certification of the area? Explain why decertification of the area is in the public interest. _____
-

3. MAP REQUIREMENTS:

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

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

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

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

- A. Please provide the following information:
- i. a list of public drinking water supply system(s) or sewer system(s) within a 2 mile radius of the proposed system;
 - ii. copies of written requests seeking to obtain service from each of the public drinking water systems or sewer systems listed in #4.A.i above or documentation that it is not economically feasible to obtain service from each entity;
 - iii. copies of written responses from each system or evidence that they did not reply; and
 - iv. for sewer utilities, documentation showing that you have obtained or applied for a wastewater discharge permit.
- B. Were your requests for service denied?
- i. If yes, please provide documentation of the denial of service and go to 4.C.
 - ii. If no, please provide a detailed analysis which justifies your reasons for not accepting service. A separate analysis must be prepared and submitted for each utility that granted your request for service.

- C. Please summarize how the proposed utility system will be constructed and describe each projected construction phase, if any: _____

- D. Date of plat approval, if required: _____
Approved by: _____
- E. Date Plans & Specifications submitted for approval _____
Log # _____ Attach copy of approval letter if available.
- F. Date construction is scheduled to commence: _____
- G. Date service is scheduled to commence: _____

5. EXISTING SYSTEM INFORMATION

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

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

1	0	1	0	2	6	4
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 ;

1	0	1	1	3	0	2
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ii. Sewer system's TCEQ Discharge Permit number(s)

W	Q									-									
---	---	--	--	--	--	--	--	--	--	---	--	--	--	--	--	--	--	--	--

 ;

W	Q																			
---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

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

Name	Classes	License Number
Mitchell Martin III	C	
James Martin	C	

- Attach additional sheet(s) if necessary -

- C. Using the current number of customers, is any facility component in systems named in #5A above operating at 85% or greater of minimum standard capacity? YES _____ NO X

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

Notice for Publication

NOTICE OF APPLICATION TO DECERTIFY AND AMEND PORTIONS OF CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) WATER SERVICE AREA IN HARRIS AND MONTGOMERY COUNTIES, TEXAS

Community Utility Company has filed an application with the Texas Commission on Environmental Quality to decertify and amend the following water service areas from its CCN in Harris and Montgomery Counties.

Forest Trails - The utility service area to be decertified is located approximately 13.5 miles southeast of downtown Conroe, Texas, and is generally bounded on the north by Trail Oak Drive; on the east by and south by Pickering Road; and on the west by Dry Creek. The total area being decertified includes approximately 40 acres and no current customers. 30 acres

Heathergate - The utility service area to be decertified is located approximately 10 miles northwest of downtown Houston, Texas, and is generally bounded on the north by Vega Street; on the east by West Montgomery Road; on the south by Ferguson Way; and on the west by Scenic Green. The total area being decertified includes approximately 480 acres and no current customers. 100 acres

Forest Manor: PWS No. 1010264 - The utility service area to be amended is located approximately 26 miles northeast of downtown Houston, Texas, and is generally bounded on the north by Farm to Market Road 1960; on the east by Rain Forest Drive; on the south by Beckman Road; and on the west by Farm to Market Road 2100. The total area being amended includes approximately 25.6 acres and serves 49 current customers.

Heathergate Estates: PWS No. 1011302 - This proposed utility service area is located approximately 22 miles northeast of downtown Houston, Texas, and is generally bounded on the north by Heathergate Lane; on the east by Farm to Market Road 2100; on the south by Indian Shores Road; and on the west by Berry Thicket. The total area being requested includes approximately 99 acres and 105 current customers. 100 acres

See enclosed map of the proposed service area.

The proposed amendment affects customers and/or areas located in the following zip code(s): 77302, 77336, 77357, 77532 and 77088.

A copy of the proposed service area map is available at: 27493 Hanna Road No. 2, Conroe, Texas, Phone No. (281) 367-4460

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

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

Water System			Sewer System		
Connection	Existing	Proposed	Connection	Existing	Proposed
5/8" or 3/4" meter	154		Residential		
1" meter or larger			Commercial		
Non-Metered			Industrial		
Other:			Other:		
Total Water	154		Total Sewer		

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

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

- G Effect of Granting a Certificate Amendment.

Explain in detail the effect of granting of a certificate or an amendment, including, but not limited to regionalization, compliance and economic effects on the following:

- i the applicant,
- ii any retail public utility of the same kind already serving the proximate area; and
- iii any landowner(s) in the requested area. **See Attachment B**

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

- i NO X (skip the rest of this question and go to #6)
 - ii Water YES
- Purchased on a regular seasonal Emergency basis?

Source	% of Total Treatment

iii Sewer treatment capacity,

iv YES _____

Purchased on a _____ regular _____ seasonal _____ Emergency basis?

Source	% of Total Treatment

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

I. Ability to Provide Adequate Service.

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

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

J Effect on the Land.

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

6. FINANCIAL INFORMATION

A. For new systems and for applicants with existing CCNs who are constructing a new stand alone system:

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

- B. For existing systems:
- i. Attach a profit and loss statement and current balance sheet for existing businesses (end of last fiscal year is acceptable). Describe sources and terms for borrowed capital such as loans, bonds, or notes (profit and loss and balance sheet worksheets are attached, if needed).
 - ii. Attach a proposed rate schedule or tariff.
★NOTE: An existing system may be required to provide the information in 6.A.i. above during the technical review phase if necessary for staff to completely evaluate the application.
- C. Identify any funds you are required to accumulate and restrict by lenders or capital providers.
- D. In lieu of the information in #6.A. thru #6.C., you may provide information concerning loan approvals within the last three (3) years from lending institutions or agencies including the most recent financial audit of the applicant.

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

7. NOTICE REQUIREMENTS

- A. All proposed notice forms must be completed and submitted with the application. However, do not mail or publish them until you receive written approval from the Commission to do so.
- B. The Commission cannot grant a CCN until proper notice of the application has been given. **Commission rules do not allow a waiver of these notice requirements for CCN applicants.**
- C. **It is the applicant's responsibility to ensure that proper notice is given to all entities that are required to receive notice.**
- D. Recommended notice forms for publication, neighboring cities and systems, landowners with 25 acres or more, and customers are included with this application to use in preparing your proposed notices. (These notice forms are also available in Spanish upon request.)
- E. After reviewing and, if necessary, modifying the proposed notice, the Commission will send the notice to the applicant after the application is accepted for filing along with instructions for publication and/or mailing. Please review the notice carefully and note any additional neighboring utilities which may be included in the acceptance letter.
- F. Notice For Publication:
The applicant shall publish the notice in a newspaper having general circulation in the county or counties where a CCN is being requested, once each week for two consecutive weeks beginning with the week after the notice is received from the Commission. Proof of publication in the form of a publisher's affidavit shall be submitted to the Commission within 30 days of the last publication date. The affidavit shall state with specificity each county in which the newspaper is of general circulation.

G. Notice To Neighboring Utilities:

- i. List all neighboring retail public utilities and cities providing the same utility service within the following vicinities of the applicant's proposed certificate area.
- ii. For applications for the issuance of a **NEW CCN**, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within **five (5) miles** of the requested service area.
- iii. For applications for the **AMENDMENT** of a CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within **two (2) miles** of the requested service area. **(See Attachment D)**

H. Notice to Customers

Investor Owned Utilities (IOUs) that are currently providing service without a CCN must provide individual mailed notice to all current customers. The notice must contain the current rates, the date those rates were instituted and any other information required in the application. The notice must also list all zip codes affected by the application.

- I. The Commission may require the applicant to deliver notice to other affected persons or agencies.

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

OATH

STATE OF Texas
COUNTY OF MONTGOMERY

I, Michael Martin, being duly sworn, file this application as vice-president (indicate relationship to Applicant, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the maps and financial information filed with this application, and have complied with all the requirements contained in this application; and, that all such statements made and matters set forth therein are true and correct. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Texas Commission on Environmental Quality.

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

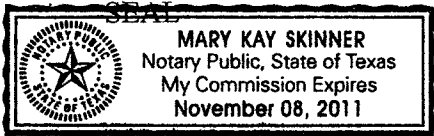
I further represent that the Applicant will provide continuous and adequate service to all customers and qualified applicants for service within its certificated service area.

[Signature]

AFFIANT
(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this day 30 of Sept., 2011.



Mary Kay Skinner
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Mary Kay Skinner
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 11-8-11

Notice for Publication

NOTICE OF APPLICATION TO DECERTIFY AND AMEND PORTIONS OF CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) WATER SERVICE AREA IN HARRIS AND MONTGOMERY COUNTIES, TEXAS

Community Utility Company has filed an application with the Texas Commission on Environmental Quality to decertify and amend the following water service areas from its CCN in Harris and Montgomery Counties.

Forest Trails - The utility service area to be decertified is located approximately 13.5 miles southeast of downtown Conroe, Texas, and is generally bounded on the north by Trail Oak Drive; on the east by and south by Pickering Road; and on the west by Dry Creek. The total area being decertified includes approximately 40 acres and no current customers.

Heathergate - The utility service area to be decertified is located approximately 10 miles northwest of downtown Houston, Texas, and is generally bounded on the north by Vega Street; on the east by West Montgomery Road; on the south by Ferguson Way; and on the west by Scenic Green. The total area being decertified includes approximately 480 acres and no current customers.

Forest Manor: PWS No. 1010264 - The utility service area to be amended is located approximately 26 miles northeast of downtown Houston, Texas, and is generally bounded on the north by Farm to Market Road 1960; on the east by Rain Forest Drive; on the south by Beckman Road; and on the west by Farm to Market Road 2100. The total area being amended includes approximately 25.6 acres and serves 49 current customers.

Heathergate Estates: PWS No. 1011302 - This proposed utility service area is located approximately 22 miles northeast of downtown Houston, Texas, and is generally bounded on the north by Heathergate Lane; on the east by Farm to Market Road 2100; on the south by Indian Shores Road; and on the west by Berry Thicket. The total area being requested includes approximately 99 acres and 105 current customers.

See enclosed map of the proposed service area.

The proposed amendment affects customers and/or areas located in the following zip code(s): 77302, 77336, 77357, 77532 and 77088.

A copy of the proposed service area map is available at: 27493 Hanna Road No. 2, Conroe, Texas, Phone No. (281) 367-4460

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

Persons who wish to intervene or comment should write the:

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

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

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

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

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

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

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

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

Notice to Neighboring Systems, Landowners and Cities

NOTICE OF APPLICATION TO DECERTIFY AND AMEND PORTIONS OF CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) WATER SERVICE AREA IN HARRIS AND MONTGOMERY COUNTIES, TEXAS

To: _____ Date Notice Mailed _____, 2011
(Neighboring System, Landowner or City)

(Address)

City

State

Zip

Community Utility Company has filed an application with the Texas Commission on Environmental Quality to decertify and amend the following water service area from its CCN in Harris and Montgomery Counties.

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Phone No. (281) 367-4460

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

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Water Supply Division
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P. O. Box 13087
Austin, TX 78711-3087

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

Notice to Customers of IOUs in Proposed Area

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER UTILITY SERVICE IN MONTGOMERY COUNTY, TEXAS

Dear Customer: _____ Date Notice Mailed _____, 2011

Community Utility Company has filed an application with the Texas Commission on Environmental Quality to decertify and amend the following water service area from its CCN in Harris and Montgomery Counties.

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The current utility rates which were first effective on September 1, 2009

- Monthly Flat Rate of \$ N/A per connection
-OR-
- Monthly Base Rate including 0 gallons per connection for:

	5/8" meter	\$ 29.57
	1" meter	\$ 73.93
	1 1/2" meter	\$ 147.85
	2" meter	\$ 236.56
Other	3" meter	\$ 433.55
Other	4" meter	\$ 650.54

Gallonge charge of \$ 2.67 Per 1,000
Gallons above minimum (same for all meter sizes)

Miscellaneous Fees

Regulatory Assessment	1%
Tap Fee (Average Actual Cost)	\$ 600.00
Reconnection fee:	\$ 25.00
-Non Payment (\$25.00 max)	\$ 25.00
-Transfer	\$ 35.00
-Customer's request	\$ 50.00
Late fee	\$ 10%
Returned Check charge	\$ 25.00
Meter test fee (Actual Cost not Exceed \$25.00)	\$ 25.00

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

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

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

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

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

If you are a landowner with a tract of land at least 25 acres or more, and is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written

HISTORICAL BALANCE SHEETS

	CURRENT 2008-2009	A-1 YEAR 2007-2008	A-2 YEAR 2006-2007	A-3 YEAR	A-4 YEAR	A-5 YEAR
CURRENT ASSETS						
Cash	115,582	115,232	114,602	N/A	N/A	N/A
Accounts Receivable	0	0	0			
Inventories	0	0	0			
Income Tax Receivable	0	0	0			
Other	0	0	0			
Total	115,582	115,232	114,602			
FIXED ASSETS						
Land						
Collection/Distribution System	719,361	719,361	719,361			
Buildings	0	0	0			
Equipment	0	0	0			
Other	0	0	0			
Less: Accum. Depreciation or Reserves	449,423	426,392	403,361			
Total	269,938	292,969	316,000			
TOTAL ASSETS	385,552	408,201	430,602			
CURRENT LIABILITIES						
Accounts Payable	19,209	19,151	19,046			
Notes Payable, Current	0	0	0			
Accrued Expenses	0	0	0			
Other	0	0	0			
TOTAL	19,209	19,151	19,046			
LONGTERM LIABILITIES						
Notes Payable, Long-term	0	39,561	39,561			
Other	429,062	450,444	450,444			
TOTAL LIABILITIES	429,062	509,156	509,156			
OWNER'S EQUITY						
Paid in Capital	139,034	139,034	139,034			
Retained Equity	(143,501)	(251,201)	(182,062)			
Other	1,000	1,000	1,000			
Current Period Profit or Loss	(40,043)	10,212	(36,526)			
TOTAL OWNER'S EQUITY	(43,510)	(100,955)	(78,554)			
TOTAL LIABILITIES AND EQUITY	385,552	408,201	430,602			
WORKING CAPITAL	96,373	96,081	95,556			
CURRENT RATIO	6.02	6.02	6.02			
DEBT TO EQUITY RATIO EQUITY TO TOTAL ASSETS	9.86/.104	5.04/.247	6.48/.182			

HISTORICAL INCOME STATEMENT

	CURRENT 2009-2008	A-1 YEAR 2007-2008	A-2 YEAR 2006-2007	A-3 YEAR	A-4 YEAR	A-5 YEAR
METER NUMBER						
Existing Number of Taps	1646	1637	1628	N/A	N/A	N/A
New Taps Per Year	5	9	9			
Total Meters at Year End	1651	1646	1637			
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees	596,616	595,097	600,588			
Other	0	0	0			
Gross Income	596,616	595,097	600,588			
OPERATING EXPENSES						
General & Administrative	636,659	584,885	637,114			
Interest	0	0	0			
Other	0	0	0			
NET INCOME	(40,043)	10,212	(36,526)			

HISTORICAL EXPENSES STATEMENT

	CURRENT 2009-2008	A-1 YEAR 2007-2008	A-2 YEAR 2006-2007	A-3 YEAR	A-4 YEAR	A-5 YEAR
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	0	0	0	N/A	N/A	N/A
Office Expense	278	286	31			
Computer Expense	0	0	0			
Auto Expense	0	0	0			
Insurance Expense	0	0	0			
Telephone Expense	1,242	1,237	552			
Utilities Expense	0	0	0			
Depreciation Expense	0	0	0			
Property Taxes	31,827	21,061	24,955			
Professional Fees	531	700	15,285			
Other	0	0	0			
Total	33,878	23,284	40,823			
% Increase Per Year	45%	(57%)				
OPERATIONAL EXPENSES						
Salaries – Contract Operator	402,500	402,500	395,890			
Auto Expense	0	0	0			
Utilities Expense	72,478	63,838	83,496			
Depreciation Expense	0	0	15,485			
Repair & Maintenance	940	1,282	29,698			
Supplies	37,556	31,203	14,328			
Other – Regulatory Expenses	89,307	62,778	57,394			
Total	636,659	584,885	637,114			
% Increase Per Year	9%	(6%)				
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

**PROJECTED FINANCIAL SHEETS ARE BASE ON CONSOLIDATION OF CONSUMERS,
SUBURBAN, COMMUNITY AND PATTON VILLAGE INTO MBC, WATER SYSTEMS, INC.**

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash	N/A	214,883	224,166	246,583	246,583	283,570
Accounts Receivable		0	0	0	0	0
Inventories		0	0	0	0	0
Income Tax Receivable		0	0	0	0	0
Other		0	0	0	0	0
Total		214,883	224,166	246,583	246,583	283,570
FIXED ASSETS						
Land		0	0	0	0	0
Collection/Distribution System		1,694,376	1,694,376	1,694,376	1,694,376	1,694,376
Buildings		0	0	0	0	0
Equipment		0	0	0	0	0
Other		0	0	0	0	0
Less: Accum. Depreciation or Reserves		1,131,553	1,188,678	1,245,803	1,302,928	1,360,053
Total		562,823	505,698	448,573	391,448	334,323
TOTAL ASSETS		777,706	729,864	695,156	638,031	617,893
CURRENT LIABILITIES						
Accounts Payable		109,100	109,100	109,100	109,100	109,100
Notes Payable, Current		0	0	0	0	0
Accrued Expenses		0	0	0	0	0
Other		0	0	0	0	0
Total		109,100	109,100	109,100	109,100	109,100
LONGTERM LIABILITIES						
Notes Payable, Long-term		124,977	224,406	450,072	451,332	490,392
Other		825,029	0	0	0	0
TOTAL LIABILITIES		950,006	224,406	450,072	451,332	490,392
OWNER'S EQUITY						
Paid in Capital		330,620	330,320	330,620	330,620	330,620
Retained Equity		(946,139)	(882,908)	(837,152)	(786,127)	(846,020)
Other		0	0	0	0	0
Current Period Profit or Loss		28,113	47,130	261,448	268,808	387,899
TOTAL OWNER'S EQUITY		(172,300)	505,458	245,084	186,699	127,501
TOTAL LIABILITIES AND EQUITY		777,706	729,864	695,156	638,031	617,893
WORKING CAPITAL		105,783	115,066	137,483	137,483	174,470
CURRENT RATIO		1.97	2.05	2.26	2.26	2.60
DEBT TO EQUITY RATIO		4.79	.44	1.84	2.42	3.84
EQUITY TO TOTAL ASSETS		.22	.69	.35	.29	.21

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps	3542	3552	3562	3572	3582	
New Taps Per Year	10	10	10	10	10	
Total Meters at Year End	3552	3562	3572	3582	3892	
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS METER REVENUE						
Fees	1,409,128	1,486,466	1,709,424	1,709,424	1,965,838	
Other - Surcharge	0	224,406	450,072	451,332	490,392	
Gross Income	1,409,128	1,710,872	2,159,496	2,160,756	2,456,230	
OPERATING EXPENSES						
General & Administrative	1,380,995	1,439,336	1,447,976	1,440,616	1,577,939	
Interest	0	0	0	0	0	
Other - TWDB Loan	0	224,406	450,072	451,332	490,392	
NET INCOME	28,113	47,130	261,448	268,808	387,899	

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
OPERATIONAL INITIATIVE EXPENSES						
Salaries	0	0	0	0	0	
Office Expense	440	484	484	484	532	
Computer Expense	0	0	0	0	0	
Auto Expense	0	0	0	0	0	
Insurance Expense	0	0	0	0	0	
Telephone Expense	3,012	3,313	3,313	3,313	3,644	
Utilities Expense	0	0	0	0	0	
Depreciation Expense	0	0	0	0	0	
Property Taxes	56,908	62,599	62,599	62,599	68,859	
Professional Fees	25,762	5,000	8,000	5,000	8,000	
Other	900	7,000	10,000	0	10,000	
Total	87,022	78,396	84,396	71,396	91,035	
% Increase Per Year		(9.9%)	7.65%	(15.4%)	27.5%	
OPERATIONAL REVENUES						
Salaries	909,783	940,368	943,008	945,648	1,027,488	
Auto Expense	0	0	0	0	0	
Utilities Expense	134,324	147,564	147,564	147,564	162,320	
Depreciation Expense	57,125	57,125	57,125	57,125	57,125	
Repair & Maintenance	1,029	5,000	5,000	8,000	8,000	
Supplies	65,991	72,590	72,590	72,590	79,849	
Other – Regulatory Expenses	125,721	138,293	138,293	138,293	152,122	
Total	1,380,995	1,439,336	1,447,976	1,440,616	1,577,939	
% Increase Per Year		4.22%	0.60%	(0.51%)	9.5%	
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income	28,113	47,130	261,448	268,808	387,899	
Depreciation (If Funded)	0	0	0	0	0	
Loan Proceeds	0	0	0	0	0	
Other - Surcharge	0	224,406	450,072	451,332	490,392	
Total Sources	28,113	271,536	711,520	720,140	878,291	
USES OF CASH						
Net Loss	0	0	0	0	0	
Principle Portion of Pmts.	0	0	0	0	0	
Fixed Asset Purchase	0	0	0	0	0	
Reserve	0	0	0	0	0	
Other - TWDB Loan	0	224,406	450,072	451,332	490,392	
Total Uses	0	224,406	450,072	451,332	490,392	
NET CASH FLOW	28,113	47,130	261,448	268,808	387,899	
DEBT SERVICE COVERAGE						
Cash Available for Debt	28,113	271,536	711,520	720,140	878,291	
DEBT SERVICE (CADS)						
Net Income (Loss)	28,113	47,130	261,448	268,808	387,899	
Depreciation, or Reserve Interest	0	0	0	0	0	
Total	28,113	47,130	261,448	268,808	387,899	
REQUIRED DEBT SERVICE (RS)						
Principle Plus Interest	950,006	224,406	450,072	451,332	490,392	
DEBT SERVICE COVER RATIO						
CADS Divided by RDS	.03	1.21	1.58	1.59	1.79	

Attachment A



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

September 20, 2011

CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO HEREBY CERTIFY that according to the records of this office

COMMUNITY UTILITY COMPANY

is, as of this date, in good standing with this office having no franchise tax reports or payments due at this time. This certificate is valid through the date that the next franchise tax report will be due May 15, 2012.

This certificate does not make a representation as to the status of the entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the converted entity is subject to franchise tax as required by law. This certificate is not valid for any other filing with the Texas Secretary of State.

GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the City of
Austin, this 20th day of
September 2011 A.D.

A handwritten signature in cursive script that reads "Susan Combs".

Susan Combs
Texas Comptroller

Taxpayer number: 32020333137
File number: 0800689273

Form 05-304 (Rev. 12-07/17)

Attachment B

2. B. Demonstrate Need for Service

The Applicant in the process of seeking approval of a loan funded from the Texas Water Development Board ("TWDB") Drinking Water State Revolving Funds ("DRSRF") discovered that the current certified water service area was not accurate. The Applicant is requesting to decertify water service area in which it does not serve any current customers nor has serve any customer in these service areas for over 20 years. The applicant is also expanding its current service areas to include all customers it is currently serves. No service area being requested is in the certificated service area of another CCN holder. The service area changes requested will have no effect on current customers as no new customers are being added nor removed from the service area. No customer's rate will be changed by this application. This application is only to correct the applicant's water certificated service area to accurately reflect the current customer its serves.

Attachment C

Community Utility Company

P.O. Box 58
Spring, Texas 77383-0058

Office: 281-444-7747

Fax: 281-292-4439

October 6, 2009

To: Attn – Ms. Leticia De Leon, Team Leader
Public Water Supply
Houston Region Office

Re: Forest Manor – TCEQ ID No: 1010264
Investigation No. 764749

Dear Ms. De Leon:

The utility is providing the following response as per your request.

Track No. 344934 – Failure to provide a total storage capacity of 200 gallons/connection.

A funding request has been submitted to the Texas Water Development Board (TWDB) that includes funds for the installation of a new ground storage tank at the Forest Manor water plant. We are expecting to receive information from the TWDB on the funding request sometime in November (2009), and will be meeting with our engineer later this month to begin preparing a compliance report for submission to TCEQ for review and approval. With funding being the major issue standing in the way of being able to correct this alleged violation, we do not expect to be able to submit the compliance plan until we hear from the TWDB on the status of the funding request. Accordingly, we respectfully request that the utility be given until December 31, 2009 to prepare and submit an engineering report and compliance plan.

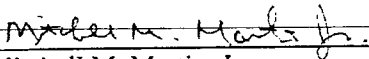
Track No. 344965 – Failure to submit plans and specifications.

The pump that was installed between the well and the pressure tank is a stop gap measure to maximize well production while the utility prepares to move forward with the installation of a new ground storage tank and service pumps. This pump will be addressed in the engineering report and compliance plan to be submitted under track no. 344934 above.

If you need any additional information, please contact our office.

Thank You.

Sincerely,


Mitchell M. Martin, Jr.
President
Community Utility Company

Buddy García, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Mark R. Vickery, P.G., *Executive Director*

PWS11011264100

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

September 25, 2008

CERTIFIED MAIL #7002 2030 0003 4747 9301
RETURN RECEIPT REQUESTED

Mr. Mitchell Martin, President
Community Utility Company
P.O. Box 58
Spring, Texas 77383-0058

Re: Notice of Violation for the Comprehensive Compliance Investigation at:
Forest Manor Subdivision, 1615 Beckman Drive, Harris County, Texas
RN101198554, Investigation No. 681126, TCEQ Additional ID. 1010264

RECEIVED
JUN 23 2009
TCEQ
CENTRAL FILE ROOM

Dear Mr. Martin:

On July 22, 2008, Ms. Leticia De Leon 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. Enclosed is a summary which lists the investigation findings. During the investigation, the investigator resolved some apparent instances of noncompliance noted during previous investigations. Information has been provided which appears to indicate that these problems have been corrected. In addition, certain outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by March 25, 2009 a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for each of the outstanding alleged violations.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violations documented in this notice. Should you choose to do so, you must notify the Houston Region Office within 10 days from the date of this letter. At that time, David W. Livings, Team Leader, will schedule a violation review meeting to be conducted *within 21 days from the date of this letter*. However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

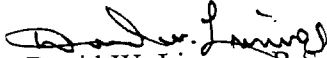
REPLY TO: REGION 12 • 5425 POLK ST., STE. H • HOUSTON, TEXAS 77023-1452 • 713-767-3500 • FAX 713-767-3520

P.O. Box 13087 • Austin, Texas 78711-3087 • 512-239-1000 • Internet address: www.tceq.state.tx.us

Mr. Mitchell Martin, President
September 25, 2008
Page 2

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

Sincerely,


David W. Livings, R.S., Sr.
PWS Team Leader
Houston Region Office

DWL/LD/ra

cc: Harris Co. Public Health and Environmental Services

Enclosures: Summary of Investigation Findings

Summary of Investigation Findings

FOREST MANOR SUBDIVISION

Investigation # 681126

, HARRIS COUNTY,

Investigation Date: 07/22/2008

Additional ID(s): 1010264

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

Track No: 344934 Compliance Due Date: 03/09/2009
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:

200Gal./Conn X 85 Conn. = 17,000 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.

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: 03/09/2009
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 facility 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.

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.

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

Track No: 96250

30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 147128

Comment Date: 07/28/2003

Failed to provide required maintenance.

Investigation: 614431

Comment Date: 01/12/2008

Failed to provide required maintenance.

Investigation: 681126

Comment Date: 08/20/2008

Failed to provide required maintenance.

Resolution: Facility is performing required maintenance as of the July 22, 2008 inspection.

Track No: 96251

30 TAC Chapter 290.46(m)(1)

Alleged Violation:

Investigation: 147128

Comment Date: 07/28/2003

Failed to inspect ground storage and/or pressure tanks annually and maintain records.

Investigation: 614431

Comment Date: 01/12/2008

Failed to inspect ground storage and/or pressure tanks annually and maintain records.

Investigation: 681126

Comment Date: 08/20/2008

Failed to inspect ground storage and/or pressure tanks annually and maintain records.

Resolution: Facility provided an inspection report for both the pressure tank and ground storage tank at the July 22, 2008 inspection.

Track No: 96269

30 TAC Chapter 290.46(t)

Alleged Violation:

Investigation: 147128

Comment Date: 07/28/2003

Failed to provide legible signs.

Investigation: 614431

Comment Date: 01/12/2008

Failed to provide legible signs.

Investigation: 681126

Comment Date: 08/19/2008

Failed to provide legible signs.

Resolution: There was a legible sign posted at the facility as of the July 22, 2008 inspection.

Track No: 96271

30 TAC Chapter 290.44(d)(4)

Alleged Violation:

Investigation: 147128

Comment Date: 07/28/2003

Failed to provide accurate metering devices for the accumulation of water usage data.

Investigation: 614431

Comment Date: 01/12/2008

Failed to provide accurate metering devices for the accumulation of water usage data.

Investigation: 681126

Comment Date: 08/19/2008

Failed to provide accurate metering devices for the accumulation of water usage data.

Resolution: Facility is providing meters to all retail connections as of the July 22, 2008 inspection.

Track No: 142894

30 TAC Chapter 290.46(m)(4)

Alleged Violation:

Investigation: 152119

Comment Date: 09/04/2003

Water Leakage

Failure to maintain the ground storage tank in a watertight condition. In your system, the ground storage tank has large open rust holes and is very poor overall condition.

Investigation: 614431

Comment Date: 01/12/2008

Failure to maintain the GST.

Investigation: 681126

Comment Date: 08/26/2008

Water Leakage

Failure to maintain the ground storage tank in a watertight condition. In your system, the ground storage tank has large open rust holes and is in very poor overall condition.

Recommended Corrective Action: Submit letter to verify compliance.**Resolution:** At the July 22, 2008 inspection this tank was disconnected and had been completely removed from service, therefore, it is no longer leaking. This tank cannot be placed back into service because a large portion of the top is gone. This violation is now resolved.

Track No: 142897

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

Alleged Violation:

Investigation: 152119

Comment Date: 09/04/2003

Design and Construction of Pressure Tanks

Failure to inspect 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.

The results of these inspections must be recorded and maintained for at least five years, per §290.46(f)(3)(D)(ii). The records must be available for review by Commission staff during annual sanitary surveys of the system.

Investigation: 614431

Comment Date: 01/12/2008

Failure to inspect the pressure tank internally.

Investigation: 681126

Comment Date: 08/19/2008

Failure to inspect the pressure tank internally, at least every five years.