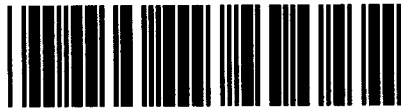




Control Number: 44001



Item Number: 2

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83rd
Legislature, Regular Session, transferred the functions
relating to the economic regulation of water and sewer
utilities from the TCEQ to the PUC effective
September 1, 2014

44001

RECEIVED

2014 DEC 22 AM 7:27

PUBLIC UTILITY COMMISSION
FILING CLERK

ATTACHMENT A



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

October 19, 2012

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, 2013.

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 19th day of
October 2012 A.D.

Susan Combs
Texas Comptroller

Taxpayer number: 32020333137
File number: 0800689273

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

ATTACHMENT B



APPLICATION FOR A
RATE/TARIFF CHANGE

APPLICATION FOR A RATE/TARIFF CHANGE

SECTION IA - GENERAL INFORMATION

Applicant Community Utility Company
(Individual, Corporation, or Other Legal Entity)

Utility Name: _____
(If different than above)

Legal form of Application:

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

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

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

CCN Number(s): 10350

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

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

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

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

Comptroller of Public Accounts, Office Management

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

307 Shannon Lane
Georgetown, Texas 78628
(512) 868-5600; Fax: (512) 591-7815

SECTION IB - MISCELLANEOUS INFORMATION

How often and on what dates are water meters typically read? Second week of the month

When are bills typically sent out? Last week of the month

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

If yes, which municipalities? _____

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

If no, please explain:

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

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

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

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

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

F. Sewer Utilities: Please indicate the discharge permit number for each Wastewater Treatment Plant you operate:

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

For each of the plants, please provide a copy of the most recent inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies

NOTE:

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 are a copy of a Compliance Agreement Comprehensive Improvements Plan and a calculation of surcharge amount. (See Attachment C)

SECTION VII - CUSTOMER INFORMATION - WATER

NUMBER OF CUSTOMERS

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

TABLE VII

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

AFFIDAVIT

STATE OF TEXAS

COUNTY OF MONTGOMERY

I, MITCHELL M. MARTIN, JR. being duly sworn, file this **NOTICE OF PROPOSED RATE CHANGE** as PRESIDENT
(indicate relationship to Utility, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and authorized to file and verify such NOTICE; and that all statements made and matters set forth herein are true and correct.

I further represent that a copy of the attached NOTICE was provided by MAIL
(mail or hand delivery)
to each customer or other affected party on or about JAN 29th, 20 13

Mitchell M. Martin Jr.
AFFIANT
(Utility's Authorized Representative)

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

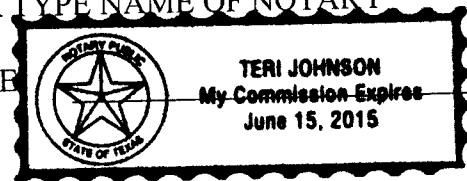
SUBSCRIBED AND SWORN TO BEFORE ME,
this the 24th day of JANUARY, 20 13, to certify
which witness my hand and seal of office.

SEAL

[Signature]
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

TERI JOHNSON
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES



NOTICE OF PROPOSED RATE CHANGE

Community Utility Company

Company Name

10350

CCN Number

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

Texas Commission on Environmental Quality

Water Supply Division

Utilities & Districts Section, MC 153

P. O. Box 13087

Austin, Texas 78711-3087

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

Forest Manor and Heathergate Subdivisions

Subdivisions or Systems Affected by Rate Change

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

\$ 137,520	January 29, 2013
Annual Revenue Increase	Date Customer Notice Mailed

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

EFFECTIVE DATE OF PROPOSED INCREASE: April 1, 2013

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

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

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

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

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

ATTACHMENT A

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

PWS110/1264100

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

Investigation Date: 07/22/2008

, HARRIS COUNTY,

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:

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

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

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

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

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 entity provides water for 85 connections.

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

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.

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.

Texas Commission on Environmental Quality
Investigation Report
COMMUNITY UTILITY COMPANY
CN600643779

HEATHERGATE ESTATES

RN101204303

Investigation # 866703

Incident #

Investigator: MARGARITA SALCEDO

Site Classification

Conducted: 10/07/2010 -- 10/07/2010

No Industry Code Assigned

Program(s): PUBLIC WATER
SYSTEM/SUPPLY

Investigation Type : Compliance Invest File Review

Location : End of Heathergate of FM2100;
Key Map 339E

Additional ID(s) : 1011302

Address: ; ,

Activity Type :

Principal(s) :

Role

Name

RESPONDENT
RESPONDENTCOMMUNITY UTILITY COMPANY INC
COMMUNITY UTILITY COMPANYContact(s) :

Role

Title

Name

Phone

Regulated Entity Contact

CO-OWNER

MR MICHAEL MARTIN

Regulated Entity Contact

PRESIDENT

MR MITCHELL MARTIN

Other Staff Member(s) :

Role

Name

Supervisor

ERIC REESE

Associated Check List

Checklist NameUnit Name

COMPLIANCE WITH RESOLUTION RECORD REVIEW 1996-1015-PWS-E

Investigation Comments :

Investigation to resolve duplicate violations.

ALLEGED VIOLATION(S) NOTED AND RESOLVED

Track No: 119884

Resolution Status Date: 10/7/2010

Violation Start Date: Unknown Violation End Date: 10/7/2010

30 TAC Chapter 290.46(m)

Alleged Violation:

HEATHERGATE ESTATES -

10/7/2010 Inv. # - 866703

Page 2 of 3

Investigation: 152121

Comment Date: 08/28/2003

Operating Practices for Public Water Systems

Failure to properly maintain the regulated entities by not fixing the barbed wire along the right side of the plant.

Investigation: 614432

Comment Date: 01/12/2008

Failure to fix the barbed wire along the right side of the plant.

Investigation: 866703

Comment Date: 10/07/2010

Failure to fix the barbed wire along the right side of the plant.

Recommended Corrective Action: Submit letter, photo or work-order to verify compliance.

Resolution: This violation is a duplicate of violation track No. 401147; therefore, this violation is being resolved.

Track No: 119887

Resolution Status Date: 10/7/2010

Violation Start Date: Unknown

Violation End Date: 10/7/2010

30 TAC Chapter 290.46(v)

Alleged Violation:

Investigation: 152121

Comment Date: 08/28/2003

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.

Investigation: 614432

Comment Date: 01/12/2008

Failed to provide all plant wiring in an approved electrical conduit.

Investigation: 866703

Comment Date: 10/07/2010

Failure to provide all plant wiring in an approved electrical conduit.

Recommended Corrective Action: Submit letter, photo or work-order to verify compliance.

Resolution: This violation is a duplicate of violation track No. 401148; therefore, this violation is being resolved.

Signed

Marguerite S. Amato
Environmental Investigator

Date

10/7/10

Signed

in Rev
Supervisor

Date

10/7/10

Attachments: (in order of final report submittal)

☐ Enforcement Action Request (EAR)
☐ Letter to Facility (specify type) : _____
Investigation Report
☐ Sample Analysis Results
☐ Manifests
☐ NOR

☐ Maps, Plans, Sketches
☐ Photographs
☐ Correspondence from the facility
☐ Other (specify) :

ATTACHMENT C

**COMPLIANCE AGREEMENT
COMPREHENSIVE IMPROVEMENTS PLAN**

for the

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

21 January 2013



J.G.S.
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



Southwest Engineers

Civil · Environmental · Planning

307 Saint Lawrence Street
Gonzales, Texas 78629

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Fax (830) 672-2034

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.



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 <u>Connections</u>	Required for 159 Connections	<u>Proposed</u>
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 Connections	Required for 39 Connections	Proposed
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.

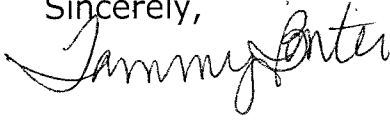
Assuming the surcharge rate case will be filed by February 2013 and assuming no adverse reactions are received, then the new rates are anticipated to go into effect by April 2013 and revenues from said new rates will be available by May 2013. With that, and applying estimated timeframes to the above 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 ~

Mr. Les Romo, attorney
Page 2
April 16, 2013

If you have any further questions, please call Ms. Mary Damron at (512)239-4667, by email at mary.damron@tceq.texas.gov, by fax at (512) 239-0030. If you contact our office by correspondence, please include MC-153 in the address.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tammy Benter".

Tammy Benter, Manager
Utilities & Districts Section
Water Supply Division
Texas Commission on Environmental Quality

TB/MD/mmg

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



RECEIVED

2014 DEC 22 AM 7:27

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
FILING CLERK

Protecting Texas by Reducing and Preventing Pollution

April 16, 2013

Mr. Les Romo, attorney
307 Shannon Lane
Georgetown, Texas 77383

NOTICE OF DEFICIENCY

Re: Water Rate/Tariff Change Application for Community Utility Company
in Harris and Montgomery Counties, Certificate of Convenience and
Necessity No. 10350; Application No. 37526-R

CN: 603180696; RN: 101458933

Dear Mr. Romo:

Your capital improvement surcharge request received on January 29, 2013, has been assigned Application No. 37526-R, but has not been accepted for filing. Please refer to this number in future correspondence.

Based on an administrative review of your application, it appears the notice to customers contains deficiencies and the application is incomplete. To continue processing the application, you must submit a complete rate change application and notice:

1. The entire application and notice of proposed rate change must be completed. You only submitted a partial application and notice.
2. Please note in your Notice you incorrectly referenced TAC 291.21(I). The correct reference is TAC 291.32 D 1 (Surcharges/Capital Improvement).

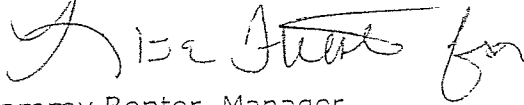
The effective date of your rate change is hereby suspended until the deficiencies are corrected and your customers are re-noticed. Your new effective date must be at least 60 days following the date the completed application is mailed to us, and correct notice is mailed or delivered to the customers. It must also be the first day of a billing period. If you have collected the new proposed rates, you are required to refund the excess amount collected.

An original and three (3) copies of the customer notice, notarized affidavit, and other documents referenced above must be submitted to our office by **May 16, 2013**. If these items are not received by this date, the application will be returned for failure to prosecute.

An original and three (3) copies of the customer notice, notarized affidavit, and other documents referenced above must be submitted to our office by July 29, 2013. If these items are not received by this date, the application will be returned for failure to prosecute.

If you have any further questions, please call Ms. Mary Damron at (512)239-4667, by email at mary.damron@tceq.texas.gov, by fax at (512) 239-6145. If you contact our office by correspondence, please include MC-153 in the address.

Sincerely,

A handwritten signature in black ink, appearing to read "Tammy Benter", followed by a stylized flourish.

Tammy Benter, Manager
Utilities & Districts Section
Water Supply Division
Texas Commission on Environmental Quality

TB/MD/sd

cc: Mr. Bret W. Fenner, P.E. B&D Environmental, Inc.
Community Utility Company

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 27, 2013

Mr. Les Romo, attorney
307 Shannon Lane
Georgetown, Texas 78628

NOTICE OF DEFICIENCY

Re: Water Rate/Tariff Change Application for Community Utility Company
in Harris and Montgomery Counties, Certificate of Convenience and
Necessity No. 10350; Application No. 37628-R

CN: 603180696; RN: 101458933

Dear Mr. Romo:

Your rate application received on June 10, 2013, for Forest Manor and Heathergate subdivisions, has been assigned Application No. 37637-R, but has not been accepted for filing. Please refer to this number in future correspondence.

Based on an administrative review of your application, it appears the notice to customers contains deficiencies. To continue processing the application, you must complete and revise the following portions of the notice:

1. The notice to customers indicates that the utility is collecting \$3.09 for each 1,000 gallons over the minimum. However, the TCEQ approved tariff for Forest Manor and Heathergate subdivisions is \$2.40. Please provide us documentation that TCEQ approved the fees you are currently collecting from the customers. Also, please provide the date when the utility began charging these fees. If these fees are not authorized by TCEQ, you are required to refund the unauthorized fees collected.
2. The 10,000 and 30,000 gallon calculation of your billing comparison for the current and proposed rates were not included in the application. Please ensure the comparison is included in your application and the notice to customers.

The effective date of your rate change is hereby suspended until the deficiencies are corrected and your customers are re-noticed. Your new effective date must be at least 60 days following the date the completed application is mailed to us, and correct notice is mailed or delivered to the customers. It must also be the first day of a billing period. If you have collected the new proposed rates, you are required to refund the excess amount collected.

TCEQ Interoffice Memorandum

To: Elizabeth Nichols
Business Support Section

Thru: *LF* Lisa Fuentes, Team Leader
5/29/13 Utilities Financial Review Team
Utilities & Districts Section

From: Mary Damron, Auditor
Utilities Financial Review Team
Utilities & Districts Section *mal*

Date: May 29, 2013

Subject: Return of Rate Change Application
Applicant Name: Community Utility Company
CCN Number(s): 10350
Application(s)/Docket Number(s): 37526-R

RECEIVED

JUN 03 2013

TCEQ
CENTRAL FILE ROOM

On April 16, 2013, the Texas Commission on Environmental Quality (TCEQ) sent a Notice of Deficiency letter, regarding the above referenced application. To date we have not received the items we requested. Per paragraph four of our April 16, 2013 letter, if the items we requested are not received by May 16, 2013, the application will be returned for failure to prosecute. Therefore, we are closing the file for failure to prosecute.

To complete the closure of the application, please do the following:

- Forward the original application to Central Records;
- Forward the attached letter and copy of the application to the applicant;
- Update the database to reflect the completion and closure of this application as of the date of this memo.

Case Status: D

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

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 29, 2013

Mr. Les Romo, Attorney
307 Shannon Lane
Georgetown, Texas 77383

Re: Water Rate/Tariff Change Application for Community Utility Company in
Harris and Montgomery Counties, Certificate of Convenience and Necessity
No. 10350; Application No. 37526-R

CN: 603180696; RN: 101458933

Dear Mr. Romo:

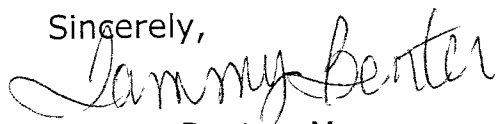
On April 16, 2013, the Texas Commission on Environmental Quality (TCEQ) sent you a Notice of Deficiency letter regarding the above referenced application. To date, we have not received the items we requested; therefore we are retuning the application for failure to prosecute.

Enclosed is a copy of the application that was submitted. The original application will be placed in the TCEQ's official file in Central Records under CCN No. 10350 for information purposes.

Lastly, if the proposed rates were collected from your customers, **you must refund the excess amounts collected.** By July 1, 2013, please provide documentation showing how the amounts collected were refunded.

Thank you for your attention to this matter. If you have any questions, please contact Ms. Mary Damron at (512) 239-4667, by e-mail at mary.damron@tceq.texas.gov, or if by correspondence, include MC 153 in the address.

Sincerely,



Tammy Benter, Manager
Utilities & Districts Section
Water Supply Division

TB/MD/mmg

bc: TCEQ Region 12 Office
Ms. Elizabeth Flores, Auditor MC-153
Ms. Heidi Graham, Staff Engineer, MC-159

**Law Office of
LES ROMO
Attorney at Law and Mediator**

307 Shannon Lane
Georgetown, Texas 78628

(512) 868-5600
Fax: (512) 591-7815
lesomo.lawoffice@gmail.com

April 29, 2013

Ms. Benter, Manager
Texas Commission on Environmental Quality
Utilities & Districts Section
Water Supply Division
P.O. Box 13087, MC0153
Austin, Texas 78711-3087

*Re: Water Rate/Tariff Change Application for Community Utility Company in Harris and Montgomery
Counties; Certificate of Convenience and Necessity No. 10350; Application No. 37526-R*

CN: 603180696; RN: 101458933

Dear Ms. Benter:

Lisa Fuentes

I am writing to follow-up on the conversation I had with you and ~~Elisabeth Flores~~ last week about my client Community Utility Company's surcharge application. In your letter of April 16, 2013 you state that an "entire application and notice of proposed rate change must be completed" by my client, and you claim that my client only "submitted a partial application and notice." I pointed out to you both that the surcharge application form my client filed with the Commission was one provided to Community's representatives by TCEQ staff, and therefore, it obviously was in a form approved by the Commission as required by TCEQ Rules. Also, the notice my client sent to its customers about the surcharge application contained all of the information that would have been required by TCEQ Rules had my client filed a "complete application" or not. . Since my client used an application form approved by the Commission, neither my client's representatives nor I see why you now want my client to file a "complete application," nor to re-notice the customers. In addition, I informed you that my client and other utilities had used the form of the surcharge application filed by Community, and that TCEQ staff had approved these applications forms as being administratively complete. You and Ms. Flores stated that some of the applications I referenced were related to the MBC Water Systems, Inc.'s loan application with the Texas Water Development Board ("TWDB"), and that you some how would get the required information in the course of the loan processing. Since at least a year and one-half passed during the course of MBC's attempt to get a loan from the TWDB, and since no one at the Commission requested the additional information required by a "complete application" during this period, and since the Commission never announced that the applications were not administratively complete during this period of time, I must conclude that the application form used by these utilities was proper and approved by the Commission. This being so, it is very reasonable for my client and I to take the position that the application form Community used for its current surcharge application was approved by the Commission.

This being said, in order to address your concerns, I am hereby notifying you and Ms. Flores that my client will submit and file a "complete application" for the instant surcharge application. Please note, that my client's agreement to do this is not an admission that the application previously submitted by Community for the surcharge was deficient. We are taking this action in an effort to work with you and TCEQ staff. Please note that although my client will

Ms. Tammy Benter Manager
Texas Commission on Environmental Quality
Utilities& District Section
Water Supply Division
April 29, 2013
Page 2

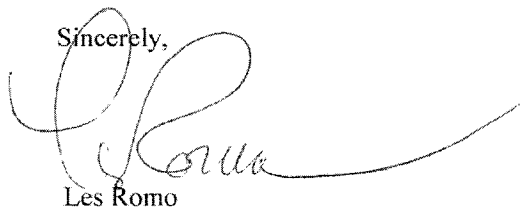
agree to accommodate you and your staff by submitting a "complete application," my client will not suspend the surcharges to its customers, nor will we agree to send a new notice of the surcharge to the utility's customers. You and your staff did not provide my client with notice of any alleged objection to Community's surcharge until after the sixty (60) day effective deadline for the surcharge had passed. Accordingly, the surcharge became effective on the sixtieth (60th) day after the notice was provided to the utility's customers. Notice to the customers was sent to the customers on January 29, 2013, and so the effective date of the surcharge was April 1, 2013. Moreover, as stated above, since the customers were provided with all required information in the notice my client sent to them, we cannot agree to suspend the surcharge rates to Community's customers, nor can we agree to re-notice the customers. In addition to the above, the cost of re-noticing the customers is cost prohibitive to my client, and just as important, an additional notice would be confusing to the utility's customers.

As to item number 2. in your letter regarding the section of the Administrative Code cited in the notice my client sent to the customers about the surcharge, this is a mere clerical error, and my client will send the customers notice of the correct provision of the Administrative Code in the next set of bills that will be sent to Community's customers.

I hope this addresses the concerns raised in your Notice of Deficiency letter of April 16, 2013. As it stands, we have attempted to do everything necessary to comply with TCEQ Rules in this matter, and submit, that except for a minor clerical matter, that can be quickly resolved, and which your staff has permitted in past applications, both the application and notice my client utilized in this matter are in compliance with TCEQ Rules and regulations, and with applicable state statutes. If we cannot reach an agreement to resolve your concerns as set forth above, I submit that we will be left with no other recourse but to take this matter directly to the Executive Director for resolution. We hope to not to have to take this action, but this option is what we may have to pursue if we cannot resolve this matter as set forth above.

Please let me know if you have any further questions or need any additional information regarding the surcharge application. I look forward to your reply. Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Les Romo", with a long horizontal flourish extending to the right.

Les Romo

LDR/slcr

cc: Mitchell M. Martin, Jr., Board President, Community Utility Company
Elisabeth Flores, TCEQ
Bret Fenner, P.E., Environmental, Inc.

Lisa Fuentes

To: Bret Fenner
Cc: Mary Damron; Les Romo; Mike Martin; Mitch Martin; Heidi Graham; Tammy Benter
Subject: RE: Community Utility Surcharge for Capital Improvement

Hi Bret,
I spoke with Les earlier. I confirmed that in order to proceed with your capital improvement request, a complete rate application needs to be submitted. In your email, you mention that the Commission has accepted the same amended application previously. If you can show which applications were similarly filed, we would be happy to take that into consideration. In the meantime, the revised customer notice, notarized affidavit, and complete rate application are expected by May 16, 2013.
Sincerely,

Lisa Fuentes
Team Leader
Utilities Financial Review Team
Water Supply Division
512/239-6117
512/239-6972 fax

From: Bret Fenner [<mailto:bretfenner@yahoo.com>]
Sent: Friday, April 19, 2013 3:33 PM
To: Heidi Graham
Cc: Mary Damron; Lisa Fuentes; Les Romo; Mike Martin; Mitch Martin
Subject: Re: Community Utility Surcharge for Capital Improvement

Heidi,

The email address I have for Les is: lesromolawoffice@gmail.com

In regards to your letter, your Commission has accepted the same amended application previously. In fact I was given this application from your staff. Also, it has taken more than 75 days for your review of this application? The utility can start charging the rate sixty days after notice being given. I will try to contact Mr Romo. However, I would suggest you review your decision concerning this application as I see an issue of discrimination and non consistent action against this utility.

Thanks Bret

From: Heidi Graham <heidi.graham@tceq.texas.gov>
To: Bret Fenner <bretfenner@yahoo.com>
Cc: Mary Damron <Mary.Damron@tceq.texas.gov>; Lisa Fuentes <lisa.fuentes@tceq.texas.gov>
Sent: Friday, April 19, 2013 3:17 PM
Subject: Community Utility Surcharge for Capital Improvement

Bret,
We are receiving calls from the utility's customers regarding a \$60 charge for capital improvements on their bill. We issued a NOD on 4/16/13 for additional information and the letter also included a suspension of the effective date of the surcharge. I've attached the NOD and one of the customer's bills I called Les Romo and left a message, but I have not heard from him. Do you have an email address for Les?

Heidi Graham, EIT
Utilities Technical Review Team, MC-159
Water Supply Division

Mary Damron

From: Heidi Graham
Sent: Friday, April 19, 2013 3:18 PM
To: Bret Fenner
Cc: Mary Damron; Lisa Fuentes
Subject: Community Utility Surcharge for Capital Improvement
Attachments: Community Utility customer's bill.pdf; 37526-R NOD.pdf

Bret,

We are receiving calls from the utility's customers regarding a \$60 charge for capital improvements on their bill. We issued a NOD on 4/16/13 for additional information and the letter also included a suspension of the effective date of the surcharge. I've attached the NOD and one of the customer's bills. I called Les Romo and left a message, but I have not heard from him. Do you have an email address for Les?

Heidi Graham, EIT
Utilities Technical Review Team, MC-159
Water Supply Division
Texas Commission on Environmental Quality
512-239-0844
heidi.graham@tceq.texas.gov

Mary Damron

From: Bret Fenner <bretfenner@yahoo.com>
Sent: Friday, April 19, 2013 3:33 PM
To: Heidi Graham
Cc: Mary Damron; Lisa Fuentes; Les Romo; Mike Martin; Mitch Martin
Subject: Re: Community Utility Surcharge for Capital Improvement

Heidi,

The email address I have for Les is: lesromo.lawoffice@gmail.com

In regards to your letter, your Commission has accepted the same amended application previously. In fact I was given this application from your staff. Also, it has taken more than 75 days for your review of this application? The utility can start charging the rate sixty days after notice being given. I will try to contact Mr Romo. However, I would suggest you review your decision concerning this application as I see an issue of discrimination and non consistent action against this utility.

Thanks Bret

From: Heidi Graham <heidi.graham@tceq.texas.gov>
To: Bret Fenner <bretfenner@yahoo.com>
Cc: Mary Damron <Mary.Damron@tceq.texas.gov>; Lisa Fuentes <lisa.fuentes@tceq.texas.gov>
Sent: Friday, April 19, 2013 3:17 PM
Subject: Community Utility Surcharge for Capital Improvement

Bret,

We are receiving calls from the utility's customers regarding a \$60 charge for capital improvements on their bill. We issued a NOD on 4/16/13 for additional information and the letter also included a suspension of the effective date of the surcharge. I've attached the NOD and one of the customer's bills. I called Les Romo and left a message, but I have not heard from him. Do you have an email address for Les?

Heidi Graham, EIT
Utilities Technical Review Team, MC-159
Water Supply Division
Texas Commission on Environmental Quality
512-239-0844
heidi.graham@tceq.texas.gov