



Control Number: 44001



Item Number: 8

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 7:29

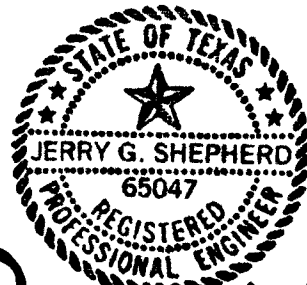
PUBLIC UTILITY COMMISSION
FILING CLERK

**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

Phone (830) 672-7546
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 Connections	Required for 159 Connections	Proposed
Supply	63 gpm	96 gpm	100 gpm & 46 gpm
Ground Storage	21,000 gallons	31,800 gallons	33,000 gallons
Pumps	210 gpm	318 gpm	2 @ 160 gpm
Pressure Tank	2,100 gallons	3,180 gallons	4,000 gallons

The following are the planned improvements for this System.

Proposed Improvements

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



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

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

Table II.B.2
Estimated Cost of Proposed Improvements

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

C. Sweetgum Forest (PWS #1700113)

Narrative

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

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



**Table II.C.1
Facility Design Capacity Table**

	Required for 22 Active 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 ~

**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 Phone (830) 672-7546
Gonzales, Texas 78629 Fax (830) 672-2034
www.swengineers.com



Handwritten signature
A handwritten signature in dark ink, appearing to be "D. J. ...". Below the signature, there is a small, faint rectangular stamp or mark.



Southwest Engineers

Civil · Environmental · Planning

307 Saint Lawrence Street
Gonzales, Texas 78629

Phone (830) 672-7546
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

	<u>Required for 105 Active Connections</u>	<u>Required for 159 Connections</u>	<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 ~

B & D ENVIRONMENTAL, INC.
UTILITY MANAGEMENT, OPERATIONS, AND CONSULTING

P.O. Box 500264
Austin, Texas 78750

Email: bretfenner@yahoo.com

Phone: (512) 264-9124
Fax: (512) 692-1967

March 31, 2011

Ms. Tammy Benter, Section Manager
Texas Commission On Environmental Quality
Water Supply Division
Utilities & Districts Section, MC-153
P. O. Box 13088
Austin, Texas 78711-3088

Re: A Water Pass Through Rate Adjustment for Community Water Company (Community) to Recognize A Groundwater Reduction Program (GRP) Fee Increase from the City of Houston (Houston) in Harris County, Certificate of Convenience and Necessity No. 10350

Dear Ms. Benter:

We are requesting to use the approved water pass through adjustment clause in our current tariff to reflect an increase in the fee charged by Houston for Community's participation in its GRP. This fee will affect customers in the Forest Manor, PWS No. 1010264 and Heathergate, PWS No. 1011302 subdivisions. The \$0.583 increase requested reflects the difference in the amount approved in Community's last Rate/Tariff Change Application, No. 36103-R (\$ 1.884 per 1000 gallons pumped) and the GRP fee amount effective January 1, 2011(\$ 2.467 per 1000 gallons pumped). Enclosed please find copies of the notice from Houston regarding the fee charged in 2009 and notice of the fee increase effective at the start of 2011. Also, enclosed is a copy of the notice mailed to affected customer regarding this increase. Please revise our approved water tariff to reflect this gallonage rate increase for the affected subdivision.

Should you have any further questions concerning these pass through increases, please do not hesitate to contact me at (512) 264-9124.

Sincerely,

Bret W. Fenner, P.E.
B & D Environmental, Inc.

Enclosures

NOTICE OF PASS THROUGH RATE PROVISION INCREASE

Community Utility Company

10350

Company Name

CCN Number

is increasing the gallon rate by \$0.69 per 1000 gallons for your subdivision. This tariff change is being implemented in accordance with the utility's approved purchased water and/or district fee pass through adjustment clause to recognize an increase in the fee for participation in the City of Houston's Groundwater Reduction Plan Program for these subdivisions. The cost to customers will not exceed the increased cost of the groundwater reduction plan program fee.

Forest Manor PWS# 1010264 | Heathergate PWS # 1011302

Subdivisions /Systems Affected by Pass Through Provision

77336

77532

Zip Codes Affected by Pass Through Provision

P.O. Box 58

Spring

TX

77383

281-444-7747

Company Address

City

State

Zip

Phone#

April 1, 2011

May 1, 2011

Date Customer Notice Mailed

Effective Date of the Increase

Various dates through the month

Date Meters Typically Read

Calculation of Gallonage Rate Adjustment:

Adjusted Gallonage Rate (AG) = $G + [B/(1 - L)]$, Where:

AG = adjusted gallonage charge, rounded to nearest one cent;

G = approved gallonage charge, per 1,000 gallons;

B = change in fee (per 1,000 gallons);

L = water or sewer line loss for preceding 12 months, not to exceed 0.15 (15%)

$$AG = \$ 2.40 + [\$ 0.583 / (1 - 0.15)]$$

$$AG = \$ 2.40 + [\$ 0.69]$$

$$AG = \$ 3.09$$

Pass Through Rate Provision For Forest Manor & Heathergate Subdivisions:

\$ 0.69 per 1000 gallon additional fee will be added as a Pass Through charge for participation in the City of Houston Groundwater Reduction Plan (GRP) for the customers in the Forest Manor and Heathergate Subdivisions only.

Counties

Code	County Name	Primary
101	HARRIS	Y
170	MONTGOMERY	N

Activity

Activity Status: **ACTIVE**
Start Date: **06/07/2011**
End Date: **12/31/3000**
Activity Date: **06/07/2011**

[Run Utility Cases Report](#)
[Run Utility Summary Report](#)
[Show Map](#)

Utility successfully retrieved.

For questions or comments regarding information on this page, contact the
[TCEQ iWUD Web Manager](#)

Version V2.5.2



[IWUD Main](#) [Districts](#) [Utilities](#) [PWS](#) [Reports](#) [Documents](#) [Maps](#)

Utility details for COMMUNITY UTILITY COMPANY (10350)

Affiliations
 Documents
 Site Visits
 Schedules

Properties

CR Regulated Entity Number: **RN101458933**
 CCEDS Status: **NO ACTIVE NOE EXISTS**
 Utility Type: **WATER UTILITY**
 Ownership Type: **INVESTOR**
 Primary County: **HARRIS**
 County Code: **101**

Customers

Reference Number	Name	Role
CN603180696	MARTIN, MITCHELL M	RESPONSIBLE PARTY

Comments

Comment Date	Text	Staff Name
08/16/2011	37112-S MBC WATER SYSTEMS INC TO PUR. FAC. & TRANSFER CCN	
12/07/2010	36894-S MBC Water Systems Inc A1945, receive STM from Community Utility Co 10350	GINA SCHILDWACHTER
11/09/2010	MITCHELL MARTIN DBA COMMUNITY UTILITY COMPANY	
06/14/2001	POR DUAL DECERT TO 12625-HERITAGE OAKS POA INC	

Occurrences retrieved.

Official Address / Phone

Address: **PO BOX 58**
SPRING , TEXAS 77383-0058
 Telephone: **(281) 444-7747**

PWS for this Utility

PWS Name	PWS ID	Status	District(Number)
<u>FOREST MANOR SUBDIVISION</u>	1010264	A	
<u>HEATHERGATE ESTATES</u>	1011302	A	
<u>SWEETGUM FOREST</u>	1700113	A	

Water System occurrences retrieved.

SECTION 1.0 - RATE SCHEDULE (Continued)

PASS-THROUGH ADJUSTMENT CLAUSE:

THE UTILITY MAY PASS ON ONLY TO THOSE CUSTOMERS SERVED BY A SYSTEM SUBJECT TO THE JURISDICTION OF ANY REGIONAL WATER AUTHORITY AND/OR ANY GROUNDWATER REDUCTION PLAN, ANY INCREASE OR DECREASE IN ITS UNDERGROUND WATER DISTRICT PUMPAGE FEE OR PURCHASED WATER FEE, THIRTY DAYS AFTER NOTICING OF ANY CHANGE TO ALL EFFECTED CUSTOMERS AND FILING NOTICE WITH THE TCEQ AS REQUIRED BY 30 TAC 291.21(L). THE CHANGE PER CUSTOMER SHALL BE CALCULATED AS FOLLOWS:

$$\frac{(A \times B)}{C} + L \left[\frac{(A \times B)}{C} \right] = \text{INCREASE OR DECREASE TO EXISTING GALLONAGE RATE}$$

WHERE:

- A = UTILITY'S ANNUALIZED CHANGE IN COST OF WATER SUBJECTED TO DISTRICT'S FEE
- B = AVERAGE NUMBER OF GALLONS
- C = 1000 GALLONS
- L = PERCENTAGE SYSTEM WIDE LINE LOSS FOR THE PROCEEDING 12 MONTHS, NOT TO EXCEED 15%

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

SECTION 1.0 – RATE SCHEDULE (Continued)

METER TEST FEE..... \$25.00
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

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

- a) Non-payment of bill (Maximum \$25.00)..... \$25.00
b) Customer's request that service be disconnected \$50.00

TRANSFER FEE \$35.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)..... 10%
TCEQ RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE..... \$25.00
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE
WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [30 TAC 291.21(K)(2)]

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

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

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

A flat rate of \$42.50 will be in effect until the first billing month in which all meters have been installed and are being read.

Meter Size	Monthly Minimum Charge	Gallonge Charge
5/8" or 3/4"	\$29.57 (Includes 0 gallons)	\$2.40 per 1000 gallons thereafter
1"	\$73.93	
1½"	\$147.85	
2"	\$236.56	
3"	\$443.55	
4"	\$650.54	

*Pass Through Fees for Aqua Texas, Inc.: (The Pass Through fee is adjusted based on line loss and affects the Sweetgum Forest Subdivision only)

Regional Pass Through Gallonge Charge.....\$1.31

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

Cash X, Check X, Money Order X

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

REGULATORY ASSESSMENT 1.0%
TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE \$600.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Unique costs)..... Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large meter) Actual Cost
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

METER RELOCATION FEE Actual Relocation Cost, Not to Exceed Tap Fee
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

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

**WATER UTILITY TARIFF
FOR**

Community Utility Company
(Utility Name)

P.O. Box 58
(Business Address)

Spring, Texas 78383
(City, State, Zip Code)

(512) 264-9124
(Area Code/Telephone)

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

10350

This tariff is effective in the following counties:

Harris and Montgomery

This tariff is effective in the following cities or unincorporated towns (if any):

None

This tariff is effective in the following subdivisions and public water systems:

Adams Oaks Section 1 & 2, Pinecrest, Sweetgum Forest: PWS #1700113
Forest Manor Subdivision, Montgomery Terrace: PWS #1010264,
Heathergate Estates, Heathergate Public Utility Company, Holiday: PWS #1011302

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE.....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES.....	3
SECTION 3.0 -- EXTENSION POLICY.....	9
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN.....	11
APPENDIX A -- SAMPLE SERVICE AGREEMENT	
APPENDIX B -- APPLICATION FOR SERVICE	

NOTICE OF PROPOSED RATE CHANGE

Community Utility Company

10350

Company Name

CCN Number

has submitted a rate change application to the Texas Commission on Environmental Quality (Commission). The proposed rates listed on the next page will apply to service received after the effective date provided below. 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 Subdivision, Heathergate Public Utility Co & Sweetgum Forest

Subdivisions or Systems Affected by Rate Change

P.O. Box 58	Springs	Texas	78383	(281)444-7747
Company Address	City	State	Zip	Telephone
\$76,500				On or before June 30, 2008
Annual Revenue Increase				Date Customer Notice Mailed
April 14, 1989				1st & 2nd weeks of the month
Date of Last Rate Change				Date Meters Typically Read

EFFECTIVE DATE OF PROPOSED INCREASE: September 1, 2008

BILLING COMPARISON

Water:	Existing	10,000 gallons:	<u>\$ 12.50/mo</u>	Existing	30,000 gallons:	<u>\$ 12.50 /mo</u>
	Proposed	10,000 gallons:	<u>\$ 56.27/mo</u>	Proposed	30,000 gallons:	<u>\$ 109.67 /mo</u>

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.

CURRENT RATES

PROPOSED RATES

Meter Size: Residential

Monthly base rate including 0 gallons

Meter Size: Residential

All Connections:

Flat Rate of \$ 12.50 per month

Unmetered Rate: \$ 45.59 per month per connection until all service meters are installed.

5/8" or 3/4" •	\$	29.57
1"	\$	73.93
1 1/2"	\$	147.85
2"	\$	236.56
3"	\$	443.55
4"	\$	650.54

Gallonge Charge:

\$ 2.67 for each additional 1000 gallons over the minimum

Miscellaneous Fees

Miscellaneous Fees

Tap fee	\$	250.00
Reconnection fee	\$	0.00
Non-payment (Maximum - \$25.00)	\$	0.00
Customer's request	\$	0.00
Transfer fee	\$	0.00
Late charge	\$	1.00 or 5.0%
Returned check charge	\$	0.00
Deposit	\$	0.00
Meter test fee	\$	0.00

Tap fee	\$	600.00
Reconnection fee	\$	25.00
Non-payment (Maximum - \$25.00)	\$	25.00
Customer's request	\$	50.00
Transfer fee	\$	35.00
Late charge (Indicate either \$5.00 or 10%)	\$	10 %
Returned check charge	\$	25.00
Deposit (Maximum \$50.00)	\$	50.00
Meter test fee	\$	25.00

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

Pass Through Adjustment Clause:

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

$(AxB) / C + L [(AxB) / C]$ = increase or decrease to existing gallonge rate

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

B = Average number of gallons

C = 1000 gallons

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

VERIFIED
FOIA
WATER SUPPLY DIV.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

2008 JUL 22 PM 8 52 July 17, 2008

WATER SUPPLY DIVISION

UTILITIES 7 DISTRICTS SECTION, MC153

PO BOX 13087

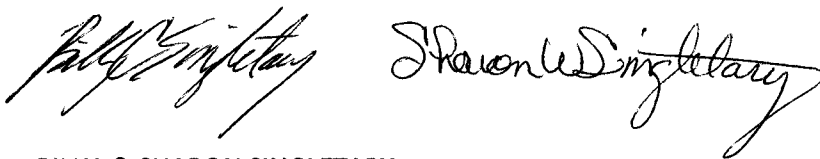
AUSTIN, TX 78711

TO WHOM IT CONCERNS,

PLEASE EXCEPT THIS LETTER AS A WRITTEN PROTEST ON PRICE INCREASE FOR SUBDIVISION FOREST MANOR IN HUFFMAN TEXAS. WE FEEL THIS DOES NOT APPLY TO US BECAUSE OF THE BAD QUALITY OF WATER WE HAVE AND THE FACT THAT WE HAVE POWER OUTAGES QUITE OFTEN AND WHEN WE DO WE DO NOT HAVE WATER FOR EVER HOW MANY HOURS THE ELECTRICITY IS OFF. WE HAVE TO BUY DRINKING WATER AND EXTRA WATER FOR WHEN WE HAVE NO SERVICE. WE HAVE THE EXTRA EXPENSE FOR FILTERS AND ALSO FOR SHOWERHEADS AND WATER FAUCET SCREENS DUE TO ALL THE PARTICALS THAT ARE IN THE WATER. WE HAVE HAD TO REPLACE CLOTHING ITEMS DUE TO THE WATER THAT IS BROWN AND TURNING OUR WHITES TO THE COLOR OF TEA.

WE FEEL THAT THERE ARE MONTHS THAT WE HAVE BAD WATER OR NO WATER FOR HOURS THAT WE SHOULD GET A CREDIT ON OUR BILL. FOR SURE NOT A INCREASE

RESPECTFULLY,



BILLY & SHARON SINGLETARY

1814 OAK MANOR DR.

HUFFMAN, TEXAS 77336

281-324-2197

