



Control Number: 44512



Item Number: 46

Addendum StartPage: 1

**PUC DOCKET NO. 44512**

**APPLICATION OF OAK FOREST  
HIGHLANDS, INC. AND FOREST  
OAKS MOBILE HOMES FOR SALE,  
TRANSFER, OR MERGER OF  
FACILITIES AND CERTIFICATE OF  
CONVENIENCE AND NECESSITY IN  
TRAVIS COUNTY**

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**PUBLIC UTILITY**

**RECEIVED**

**2016 MAY 16 PM 2:30**  
**PUBLIC UTILITY COMMISSION**  
**OF FILING CLERK**

**TEXAS**

**JOINT MOTION FOR ADMISSION OF EVIDENCE AND ADOPTION OF PROPOSED  
NOTICE OF APPROVAL**

**COMES NOW** the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, on behalf of itself, Oak Forest Highlands, Inc, Forest Oaks Mobile Homes (collectively, the Parties) and files this Joint Motion for Admission of Evidence and Adoption of Proposed Notice of Approval. In support thereof, the Parties show the following:

**I. BACKGROUND**

On March 6, 2015, Oak Forest Highlands, Inc. (Oak Forest or Seller) and Forest Oaks Mobile Homes, LLC (Forest Oaks or Purchaser) filed an application (Application) for the sale, transfer, or merger (STM) of facilities and certificate of convenience and necessity rights in Travis County. Specifically, Forest Oaks seeks approval to acquire all of the water system assets of Highlands. Highlands's water certificate of convenience and necessity (CCN) No. 12086 would also be transferred to Forest Oaks.

Due to changes that the parties noted needed to be made to the tariff, Staff sent out new consent forms and related documents, so that the parties were consenting to the tariff that is attached. Therefore, the consent forms filed on May 12, 2016 supersede those filed on March 22, 2016.

**II. JOINT MOTION TO ADMIT EVIDENCE**

The Parties move to admit the following evidence into the record of this proceeding:

- a. The Applicants' Application (Commission's automated interchange system [AIS] Item No. 1, filed March 6, 2015);

- b. Affidavit dated June 23, 2015, attesting to notice mailed on June 3, 2015 (AIS Item No. 14, filed June 26, 2015);
- c. Bill of sale (AIS Item No. 31, filed December 29, 2015);
- d. Commission Staff's Final Recommendation and attachments thereto (AIS Item No. 27, filed September 25, 2015);
- e. Recommendation on Sufficiency of Closing Documents and Proposed Procedural Schedule and attachment thereto (AIS Item No. 32, filed January 27, 2015);
- f. Consent form for tariff, map, and certificate (AIS Item No. 44 and 45, filed on May 12, 2016);
- g. Attached memorandum of Emily Sears;
- h. Attached tariff;
- i. Attached certificate
- j. Attached map; and

### **III. JOINT MOTION FOR ADOPTION OF PROPOSED NOTICE OF APPROVAL**

The attached Proposed Notice of Approval would grant the Applicants' Application to sell/transfer Oak Forest's service area served under its Certificate of Convenience and Necessity (CCN) No. 12086 to Forest Oak's.

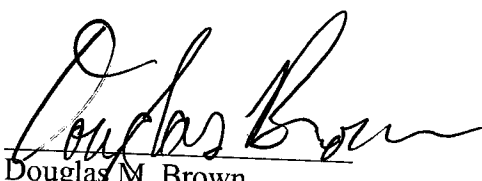
### **IV. CONCLUSION**

Therefore, the Parties respectfully request that the Commission grant the joint motions to admit the evidence specified above and adopt the attached proposed Notice of Approval.

Respectfully Submitted,

Margaret Uhlig Pemberton  
Division Director  
Legal Division

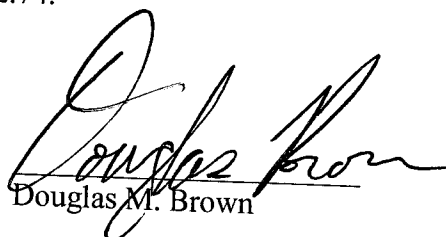
Stephen Mack  
Managing Attorney  
Legal Division



Douglas M. Brown  
Attorney, Legal Division  
State Bar No. 24048366  
(512) 936-7203  
(512) 936-7268 (facsimile)  
Public Utility Commission of Texas  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326

**DOCKET NO. 44512**  
**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on May 16, 2016 in accordance with 16 Tex. Admin. Code § 22.74.



Douglas M. Brown

**PUC DOCKET NO. 44512**

**APPLICATION OF OAK FOREST  
HIGHLANDS, INC. AND FOREST  
OAKS MOBILE HOMES, LLC FOR  
SALE, TRANSFER, OR MERGER OF  
FACILITIES AND CERTIFICATE OF  
CONVENIENCE AND NECESSITY IN  
TRAVIS COUNTY**

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**PUBLIC UTILITY COMMISSION**

**OF**

**TEXAS**

**JOINT PROPOSED NOTICE OF APPROVAL**

This Notice addresses the application (Application) of Oak Forest Highlands, Inc. (Oak Forest) and Forest Oaks Mobile Homes, LLC (Forest Oaks) for the sale, transfer, or merger of facilities and certificated service area in Travis County. The Public Utility Commission of Texas (Commission) Staff (Staff) recommends approval of the application. The Application is approved.

The Commission adopts the following findings of fact, conclusions of law, and ordering paragraphs:

**I. Findings of Fact**

1. On March 6, 2015, Oak Forest and Forest Oaks filed an Application for Sale, Transfer, or Merger of Facilities and Certificate of Convenience and Necessity in Travis County pursuant to Tex. Water. Code Ann. §13.246(c) and § 13.301 (TWC) and 16 Tex. Admin. Code Subchapter G (TAC).
2. On March 6, 2015, a Partnership Agreement of Acquiring Entity for CCN transfer was filed.
3. On March 11, 2015 Order No. 1 was issued requiring Commission Staff comments and recommendation on the sufficiency of the Application.
4. On April 8, 2015, Order No. 2 was issued, finding the application incomplete and deficient.
5. On April 17, 2015, Forest Oaks filed supplemental documentation to cure deficiencies.
6. On May 5, 2015, Forest Oaks filed additional supplemental documentation to cure deficiencies.
7. On May 21, 2015, Staff recommended the Application be found sufficient.
8. On May 26, 2015. Order No. 3. was issued, deeming the Application sufficient for filing.
9. On June 25, 2015, Forest Oaks filed proof of notice.

10. On July 2, 2015, Professional Contract Services, Inc. (PCSI) filed objections to the Application and requested a conditional public hearing.
11. On July 10, 2015, Order No. 4 was issued and required Forest Oaks and Staff file responses to PCSI's objections.
12. On July 20, 2015, Forest Oaks filed a response to PCSI's objections.
13. On August 11, 2015, Staff filed a response to PCSI's objections.
14. On August 13, 2015, Order No. 5 was issued and requested that PCSI clarify whether PCSI intended to withdraw PCSI's request for a hearing.
15. On August 20, 2015, PCSI filed a response withdrawing its hearing request.
16. On September 25, 2015, Staff recommended the Applicants be approved to proceed with the proposed sale.
17. On September 28, 2015, Order No. 9 was issued allowing the sale to proceed and be consummated.
18. On November 3, 2015 and December 4, 2015, Forest Oaks filed status updates.
19. On December 29, 2015, Forest Oaks filed a bill of sale.
20. On January 27, 2016, Staff filed recommended the closing document be deemed sufficient.
21. On January 29, 2016, Order No.10 was issued, deeming the closing documents sufficient.
22. On March 22, 2016, Delores Griffin of Oak Forest filed a form consenting to the map, certificate, and tariff.
23. On March 22, 2016, Palmer Stevens of Forest Oaks filed a form consenting to the map, certificate, and tariff.
24. On May 12, 2016, revised consent forms were filed, superseding those filed on March 22,2016.
25. The following items have been admitted into evidence: Applicants' Application The Applicants' Application (Commission's automated interchange system [AIS] Item No. 1, filed March 6, 2015); affidavit dated June 23, 2015, attesting to notice mailed on June 3, 2015 (AIS Item No. 14, filed June 26, 2015); bill of sale (AIS Item No. 31, filed December 29, 2015); Staff's Final Recommendation and attachments thereto (AIS Item No. 27, filed September 25, 2015); Recommendation on Sufficiency of Closing Documents and Proposed Procedural Schedule and attachment thereto (AIS Item No. 32, filed January 27, 2015); Consent form for tariff, map, and certificate (AIS Item No. 44 and 45, filed on May, 12,2016);

and the memorandum of Emily Sears; the tariff, map, certificate, and consent forms.

## **II. Conclusions of Law**

1. The Commission has jurisdiction over this proceeding pursuant to TWC §§ 13.041, 13.246, 13.251, and 13.301.
2. Oak Forest is a water utility as defined in TWC § 13.002(24).
3. Public notice of the application was provided as required by TWC § 13.301(a)(2).
4. The application was processed in accordance with the requirements of the Administrative Procedures Act,<sup>1</sup> TWC, and the Commission's rules.
5. Oak Forest and Forest Oaks completed the sale within 365 days from the date of the Commission's approval of the sale, consistent with 16 TAC § 24.112(e).
6. A public hearing on the Application was not requested and was not necessary, consistent with TWC § 13.301(f) and 16 TAC § 24.109(f).
7. After consideration of the factors in TWC § 13.246(c), Forest Oaks has demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to every consumer within its Forest Oaks' service area, and approval of the Application serves the public interest.
8. Oak Forest and Forest Oaks have demonstrated that the certificate transfer requested in this application is necessary for the service, accommodation, convenience, and safety of the public.
9. The requirements for informal disposition pursuant to 16 TAC § 22.35 have been met in this proceeding.

## **III. Ordering Paragraphs**

In accordance with these findings of fact and conclusions of law, the Commission issues the following Order:

1. The Application is approved.
2. Oak Forest's CCN No. 12086 water system and service area is transferred to Forest Oaks.
3. Forest Oaks shall serve every customer and applicant for service within the area covered by its CCN No. 12086, and such service shall be continuous and adequate.

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<sup>1</sup> Administrative Procedure Act, Tex. Govt's Code §§ 2001.001-.902 (West 2012 & Supp. 2014).

4. All other motions, requests for entry of specific findings of fact or conclusions of law, and any other requests for general or specific relief, if not expressly granted herein, are hereby denied.

SIGNED AT AUSTIN, TEXAS the \_\_\_\_\_ day of \_\_\_\_\_, 2016.

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ADMINISTRATIVE LAW JUDGE



# *Public Utility Commission of Texas*

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## **Memorandum**

**To:** Douglas brown, Attorney  
Legal Division

**Thru:** Tammy Benter, Director  
Water Utilities Division

**From:** Emily Sears, Financial Analyst  
Water Utilities Division

**Date:** March 31, 2016

**Subject:** **Docket No. 44512;** *Application of Oak Forest Highlands, Inc. and Forest Oaks Mobile Homes, LLC for Sale, Transfer, or Merger of Facilities and Certificate of Convenience and Necessity in Travis County*

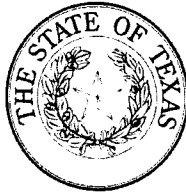
On March 6, 2015 Forest Oaks Mobile Homes, LLC (Purchaser or Forest Oaks) and Oak Forest Highlands, Inc. (Seller or Highlands) (collectively, Applicants) filed an application to purchase facilities and transfer Certificate of Convenience and Necessity (CCN) No. 12086 of Highlands in Travis County, Texas. Specifically, Forest Oaks seeks approval to acquire all of the water system assets, customers and service area of Highlands. As a result of the proposed transaction, CCN No. 12086 will be transferred to Forest Oaks and Highlands will no longer be in the utility business. The application was filed pursuant to the criteria in Tex. Water Code § 13.301 (TWC), and 16 Tex. Admin. Code §§ 24.106, 24.109, and 24.112 (TAC).

Signed consent forms were received from the Purchaser for the map, tariff, and certificate attached.

Staff recommends approval of the final transaction. If the proposed transaction is approved, then these attached documents would effectuate the requested transaction.

Staff recommends the Commission do the following:

- 1) Issue an order transferring water CCN No. 12086 from Highlands to Forest Oaks; and
- 2) Provide the attached map, tariff, and certificate to Forest Oaks.



# **Public Utility Commission Of Texas**

## **By These Presents Be It Known To All That Forest Oaks Mobile Homes, LLC.**

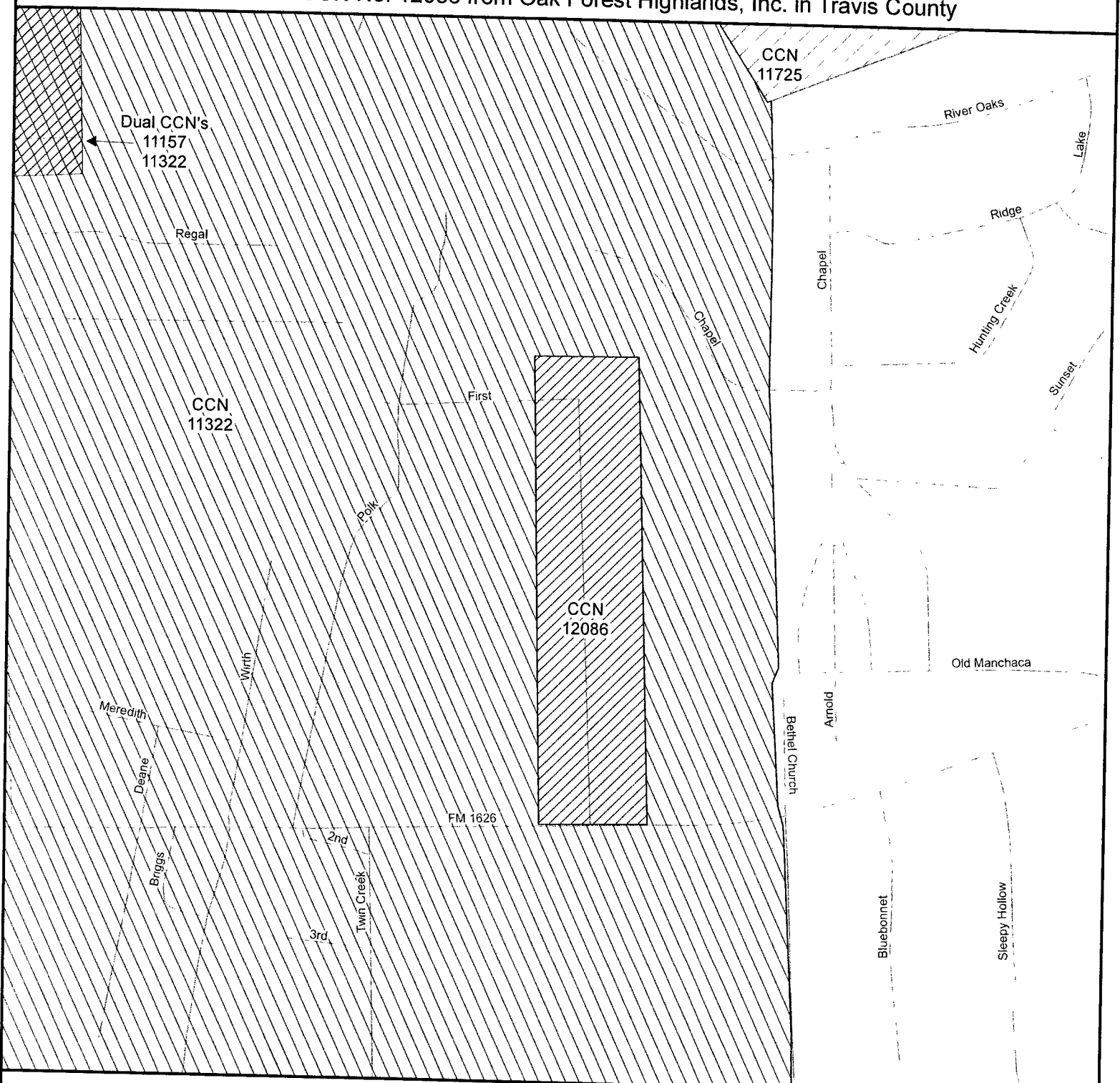
having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

### **Certificate of Convenience and Necessity No. 12086**




to provide continuous and adequate water utility service to that service area or those service areas in Travis County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 44512 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Forest Oaks Mobile Homes, LLC, to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Forest Oaks Mobile Homes, LLC  
 Water Service Area  
 CCN No. 12086  
 PUC Docket No. 44512  
 Transferred CCN No. 12086 from Oak Forest Highlands, Inc. in Travis County



**Water CCN Service Areas**

-  12086 - Forest Oaks Mobile Homes, LLC
-  11322 - City of Austin
-  11157 - Aqua Texas, Inc

0 275 550  
 Feet



Map by: Komal Patel  
 Date created: February 29, 2016  
 Project Path: n:\finalmapping\44512ForestOaks.mxd



# WATER UTILITY TARIFF

Docket Number: 44512

Forest Oaks Mobile Homes, LLC.  
(Utility Name)

724 West F.M. 1626, TRLR 4  
(Business Address)

Austin, Texas 78748  
(City, State, Zip Code)

512-282-7188  
(Area Code/Telephone)

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

12086

This tariff is effective in the following counties:

Travis

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:

Forest Oaks Village Mobile Home Community; PWS 2270271

## 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 .....	8

APPENDIX A -- DROUGHT CONTINGENCY PLAN

APPENDIX B -- APPLICATION FOR SERVICE

## SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size:</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	\$18.00 (including 3,000 gallons)	\$2.50 per 1,000 gallons from 3,001 to 7,000 gallons
1"	\$25.00	\$3.00 per 1,000 gallons from 7,001 to 15,000 gallons
1½"	\$35.00	\$4.00 per 1,000 gallons thereafter
2"	\$45.00	

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

Cash\_\_\_\_, Check\_\_\_\_, Money Order\_\_\_\_, Credit Card\_\_\_\_, Other (specify)\_\_\_\_  
 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%  
 PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL  
 MONTHLY BILL AND TO REMIT THE FEE THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$0.00  
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A  
 STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS  
 PERMITTED IF LISTED ON THIS TARIFF.

## 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) .....\$15.00
- b) Customer's request that service be disconnected .....\$15.00

LATE CHARGE (EITHER \$1.00 OR 5% OF THE BILL) .....  
 PUC 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 .....\$15.00  
 RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50).....\$25.00

## GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY  
 MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND  
 TESTING 16 TAC 24.21(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.

## SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission (PUC or Commission) Rules, Chapter 24, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

### Section 2.01 - Application for Water Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

### Section 2.02 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the PUC Rules. In the event that the utility refuses to serve an applicant, the utility will inform the applicant in writing of the basis of its refusal. The utility is also required to inform the applicant that a complaint may be filed with the Commission.

### Section 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected

#### (A) Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit as provided for in Section 1.02 - Miscellaneous Fees of this tariff. The utility will keep records of the deposit and credit interest in accordance with PUC Rules.

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the utility or another water utility which accrued within the last two years.

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

Refund of deposit - If service is not connected, or after disconnection of service, the utility will promptly refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund the deposit at any time prior to termination of utility service but must refund the deposit plus interest for any customer who has paid 18 consecutive billings without being delinquent.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

(B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

Fees in addition to the regular tap fee may be charged to cover unique costs not normally incurred as permitted by §24.86(a)(1)(C) if they are listed on this approved tariff. For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

(C) Easement Requirement

Where recorded public utility easements on the service applicant's property do not exist or public road right-of-way easements are not available to access the applicant's property, the Utility may require the applicant to provide it with a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant. Such easement(s) shall not be used for the construction of production, storage, transmission or pressure facilities unless they are needed for adequate service to that applicant.

Section 2.04 - Utility Response to Applications for Service

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap and utility cut-off and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the utility will provide the applicant with a written explanation of the construction required and an expected date of service.

Except for good cause where service has previously been provided, service will be reconnected within one working day after the applicant has met the requirements for reconnection.

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the tap location to the place of consumption. Customers will not be allowed to use the utility's cutoff.

Section 2.06 - Access to Customer's Premises

All customers or service applicants shall provide access to utility cutoffs at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.07 - Back Flow Prevention Devices

No water connection shall be made to any establishment where an actual or potential contamination or system hazard exists without an approved air gap or mechanical backflow prevention assembly. The air gap or backflow prevention assembly shall be installed in accordance with the American Water Works Association (AWWA) standards C510, C511 and AWWA Manual M14 or the University of Southern California Manual of Cross-Connection Control, current edition. The backflow assembly installation by a licensed plumber shall occur at the customer's expense.

The back flow assembly shall be tested upon installation by a recognized prevention assembly tester and certified to be operating within specifications. Back flow prevention assemblies which are installed to provide protection against high health hazards must be tested and certified to be operating within specifications at least annually by a recognized back flow prevention device tester. The maintenance and testing of the back flow assembly shall occur at the customer's expense.

Section 2.10 - Billing

(A) Regular Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

(B) Late Fees

A late penalty of either \$5.00 or 10.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

(C) Information on Bill

Each bill will provide all information required by the PUC Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a local or toll-free telephone number (or numbers) to which customers can direct questions about their utility service.

(D) Prorated Bills

If service is interrupted or seriously impaired for 24 consecutive hours or more, the utility will prorate the monthly base bill in proportion to the time service was not available to reflect this loss of service.



SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.11- Payments

All payments for utility service shall be delivered or mailed to the utility's business office. If the business office fails to receive payment prior to the time of noticed disconnection for non-payment of a delinquent account, service will be terminated as scheduled. Utility service crews shall not be allowed to collect payments on customer accounts in the field.

Payment of an account by any means that has been dishonored and returned by the payor or payee's bank, shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid money order. If a customer has two returned payments within a twelve month period, the customer shall be required to pay a deposit if one has not already been paid.

Section 2.12 - Service Disconnection

(A) With Notice

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered.

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

Notice of termination must be a separate mailing or hand delivery in accordance with the PUC Rules.

(B) Without Notice

Utility service may also be disconnected without notice for reasons as described in the PUC Rules.

Section 2.13 - Reconnection of Service

Utility personnel must be available during normal business hours to accept payments on the day service is disconnected and the following day unless service was disconnected at the customer's request or due to a hazardous condition.

Service will be reconnected within 24 hours after the past due bill, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are corrected.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.14 - Service Interruptions

The utility will make all reasonable efforts to prevent interruptions of service. If interruptions occur, the utility will re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, the utility will keep a complete record of all interruptions, both emergency and scheduled and will notify the Commission in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice will explain the cause of the interruptions.

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain and operate production, treatment, storage, transmission, and collection facilities of sufficient size and capacity to provide continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge effluent of the quality required by its discharge permit issued by the Commission. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the PUC Rules.

Section 2.16 - Customer Complaints and Disputes

If a customer or applicant for service lodges a complaint, the utility will promptly make a suitable investigation and advise the complainant of the results. Service will not be disconnected pending completion of the investigation. If the complainant is dissatisfied with the utility's response, the utility must advise the complainant that he has recourse through the PUC complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

The utility will maintain a record of all complaints which shows the name and address of the complainant, the date and nature of the complaint and the adjustment or disposition thereof, for a period of two years after the final settlement of the complaint.

In the event of a dispute between a customer and a utility regarding any bill for utility service, the utility will conduct an investigation and report the results to the customer. If the dispute is not resolved, the utility will inform the customer that a complaint may be filed with the Commission.

Section 2.17 - Customer Liability

Customer shall be liable for any damage or injury to utility-owned property shown to be caused by the customer.

## SECTION 3.0 -- EXTENSION POLICY

### Section 3.01 - Standard Extension Requirements

Contributions in aid of construction shall not be required of individual residential customers for production, storage, treatment or transmission facilities.

The utility will bear the cost of the first 200 feet of water main necessary to extend service to an individual residential customer. The utility shall bear the full cost of any oversizing of water mains to serve other residential customers in the area. If the specific utility extension policy stated in Section 3.20 of this tariff requires, residential customers may be required to pay for additional main beyond the first 200 feet.

The extension policy may not be applied to requests for service where the utility already has a line in place, even though the line may be overloaded.

Individual residential customers who place a unique or non-standard service demand on the system may be charged the actual costs of any additional transmission or storage facilities required over and above the standard requirements.

If specifically stated in Section 3.20 of this tariff, developers may be required to provide contributions in aid of construction in amounts to furnish the system with facilities compliant with Texas Department of Health minimum design criteria for facilities used in the production, transmission, pumping, storage or treatment of water.

### SECTION 3.20 – SPECIFIC UTILITY EXTENSION POLICY

This section contains a specific extension policy in addition to the standard policy already stated under Section 3.0. It must be reviewed by the PUC to be effective.

APPENDIX A – DROUGHT CONTINGENCY PLAN  
(Utility Must Attach TCEQ-Approved Plan)

APPENDIX B -- APPLICATION FOR SERVICE  
(Utility Must Attach Blank Copy)