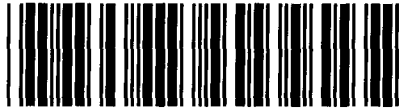


Control Number: 46215



Item Number: 14

Addendum StartPage: 0

RECEIVED

PETITION OF THE COMMONS §  
 WATER SUPPLY, INC. TO §  
 DECERTIFY AREA FROM ITS §  
 CERTIFICATE OF CONVENIENCE §  
 AND NECESSITY IN HARRIS COUNTY §

PUBLIC UTILITY COMMISSION

 2017 JAN 21 AM 10:48  
 PUBLIC UTILITY COMMISSION  
 FILING CLERK

OF TEXAS

### COMMISSION STAFF'S RECOMMENDATION ON FINAL DISPOSITION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Recommendation on Final Disposition. In support thereof, Staff shows the following:

#### I. Background

On July 26, 2016, The Commons Water Supply, Inc. (The Commons) filed a petition to decertify area from its water certificate of convenience (CCN) No. 12781 in Harris County. On September 23, 2016, The Commons filed a form 10362 petition to amend its water CCN and supplement its application. On November 14, 2016, Order No. 4 was issued requiring Staff to file a final recommendation by January 24, 2017. Accordingly, this pleading is timely filed.

#### II. Recommendation on Final Disposition

Staff has reviewed the application and recommends the application be approved. Proper notice was published on October 21, 2016 and October 28, 2016 in the *Houston Chronicle*. Proper notice was also provided to current customers, neighboring systems, cities, other affected parties and landowners in Harris County in accordance with 16 TAC § 24.112(c) on October 21, 2016. Affidavits of notice were filed by The Commons on November 3, 2016. The notice comment period ended November 28, 2016, and the Commission did not receive any protests.

Staff has completed its formal review of the application on the merits and, as supported by the attached memorandum of Debbie Reyes Tamayo, Program Specialist, Gary Horton, GIS Specialist, Patty Garcia, Engineering Specialist, and Kristy Nguyen, GIS Specialist in the Commission's Water Utilities Division, Staff recommends approval of the application. The

Commons meets all of the statutory requirements of TWC Chapter 13 and 16 TAC Chapter 24 rules and regulations. Approving this application to amend and decertifying a portion of The Commons's water CCN's No. 12781 in Harris County is necessary for the service, accommodation, convenience and safety of the public pursuant to 16 TAC § 24.102(c). The Commons filed consent to the attached map, certificate, and tariff on January 6, 2017. Staff recommends the Commission approve the application and issue the certificate and attached map and tariff to The Commons. Staff further recommends that The Commons file a certified copy of the attached CCN map along with a written description of the CCN service areas in the county clerk's office in Harris County pursuant to TWC §§ 13.257 (r)-(s).

### **III. Conclusion**

Staff respectfully requests that an order be issued consistent with this Recommendation.


**Dated: January 24, 2017**

Respectfully Submitted,

#### **PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Karen S. Hubbard  
Managing Attorney

  
\_\_\_\_\_  
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**DOCKET NO. 46215**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on January 24, 2017, in accordance with 16 TAC § 22.74.

  
\_\_\_\_\_  
Ralph J. Daigneault

## PUC Interoffice Memorandum

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**To:** Ralph Daigneault, Attorney  
Legal Division

**Thru:** Tammy Benter, Director  
Lisa Fuentes, Manager  
Debi Loockerman, Manager  
Heidi Graham, Manager  
Water Utilities Division

**From:** Debbie Reyes Tamayo, Program Specialist  
Gary Horton, GIS Specialist  
Patty Garcia, Engineering Specialist  
Kristy Nguyen, GIS Specialist  
Water Utilities Division

**Date:** January 24, 2017

**Subject:** **Docket No. 46215**, *Application of the Commons Water Supply, Inc. to Decertify a Portion of Area from its Certificate of Convenience and Necessity in Harris County*

On July 26, 2016, The Commons Water Supply, Inc. ("Applicant") filed a petition to decertify a portion of an area from its water Certificate of Convenience and Necessity (CCN) No. 12781 in Harris County pursuant to Texas Water Code Ann. (TWC), §§ 13.242 to 13.250 and the 16 Tex. Admin Code (TAC) §§ 24.101 to 24.107.

The application was accepted for filing by the PUC Commission on October 12, 2016. Proper public notice was provided on October 21, 2016 and October 28, 2016, with the Houston Chronicle. Notice was provided on October 21, 2016, to neighboring systems, landowners, cities and affected parties in Harris County in accordance with 16 TAC § 24.112(c). The affidavit was received by the PUC Commission on November 3, 2016, and was sufficient.

In determining whether to grant or amend a CCN, the Commission shall ensure that the Applicant possesses the financial, managerial, and technical capability to provide continuous and adequate service pursuant to TWC § 13.241(a) and 16 TAC § 24.102(a). The Commission shall also consider the nine elements as stated in TWC § 13.246(c) and 16 TAC § 24.102(d). Staff has reviewed the above referenced application, and has found that it has met the requirements to amend a water CCN, as detailed below.

**TWC § 13.246(c)** requires the Commission to consider nine criteria when granting or amending a CCN. The following criteria were considered:

**TWC §13.246(c)(1)** requires the Commission to consider the adequacy of service currently provided to the requested area. This section is not applicable since the applicant is not currently providing service to the area to be decertified. The purpose of the application is to decertify 144 acres that serves 0 current customers.

**TWC § 13.246(c)(2) and 16 TAC § 24.102(d)(2)**

In considering whether to grant or amend a certificate, the Commission shall consider the need for additional service in the proposed area. The Applicant was already certificated to serve the area. Upon approval of this application, Applicant's CCN No. 12781 will be amended by decertifying the proposed area.

**TWC §13.246(c)(3)** requires the Commission to consider the effect of granting an amendment on the recipient, on the landowners in the area, and on any other retail water utility servicing the proximate area. Only the Applicant's CCN No. 12781 will be affected by this application. The CCN boundaries will be amended to reflect the decertification of the proposed area. No other retail utilities or landowners will be affected by this application.

**TWC §13.246(c)(4)** requires the Commission to consider the ability of the applicant to provide adequate service. The Applicant has the technical capability to provide continuous and adequate service as required in 16 TAC § 24.102(a) to remainder of their current customers and its certificated area. These conclusions are based on information provided by the Applicant prior to this date and may not reflect any changes in their status subsequent to this date.

The Commons Water Supply, Inc. has a TCEQ approved public water system, (PWS) No. 1012978. The Commons Water Supply, Inc. currently serves approximately 837 water connections. The Commons Water Supply, Inc. meets the requirements of 16 TAC § 24.105(a)(14)(B). The Commons Water Supply, Inc. has access to an adequate supply of water and has the capacity to serve their current customers. A review of TCEQ's Central Registry database and Drinking Water Watch indicates that the PWS has no unresolved violations.

**TWC §13.246(c)(5)** requires the Commission to consider the feasibility of obtaining service from an adjacent retail public utility. Not applicable. The purpose of the application is to decertify a portion of the applicant's CCN area.

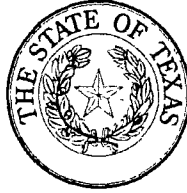
**TWC §13.246(c)(6)** requires the Commission to consider the financial ability of the applicant to pay for facilities necessary to provide continuous and adequate service. Not applicable. The CCN boundary changes will not have a material impact on the Applicant's financial or managerial capabilities.

**TWC §§13.246(7) and (9)** requires the Commission to consider the environmental integrity and the effect on the land to be included in the CCN. Not applicable. The CCN boundary change will not have a material impact on the environmental integrity of the land in the proposed areas.

**TWC § 13.246(8)** requires the Commission to consider the probable improvement in service or lowering of cost to consumers. Not applicable. The purpose of the application is to decertify a portion of the applicant's CCN area.

Based on my review of the application, and for the reasons stated above, the Applicant is capable of providing continuous and adequate service. The Applicant meets all of the statutory requirements of TWC Chapter 13 and 16 TAC Chapter 24 rules and regulations. Approving this application to decertify a portion of its CCN No. 12781 in Harris County pursuant to 16 TAC §§ 24.102 through 24.105 and TWC § 13.246(c) is necessary for the service, accommodation, convenience and safety of the public pursuant to 16 TAC § 24.102(c). Staff recommends approval of the application.

The Applicant consented to the attached revised map, certificate, and tariff on January 4, 2017, and filed with PUC on January 6, 2017. Based on the above information, Staff recommends the Commission approve the application and issue the certificate and attached map and tariff to The Commons. Staff also recommends the Applicant file copies of the CCN map along with a written description of the CCN service area in the respective county clerks' offices in Harris County pursuant to Texas Water Code § 13.257 (r) and (s).



# **Public Utility Commission of Texas**

## **By These Presents Be It Known To All That Commons Water Supply Inc.**

having obtained 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, the Commons Water Supply Inc. is entitled to this

### **Certificate of Convenience and Necessity No. 12781**

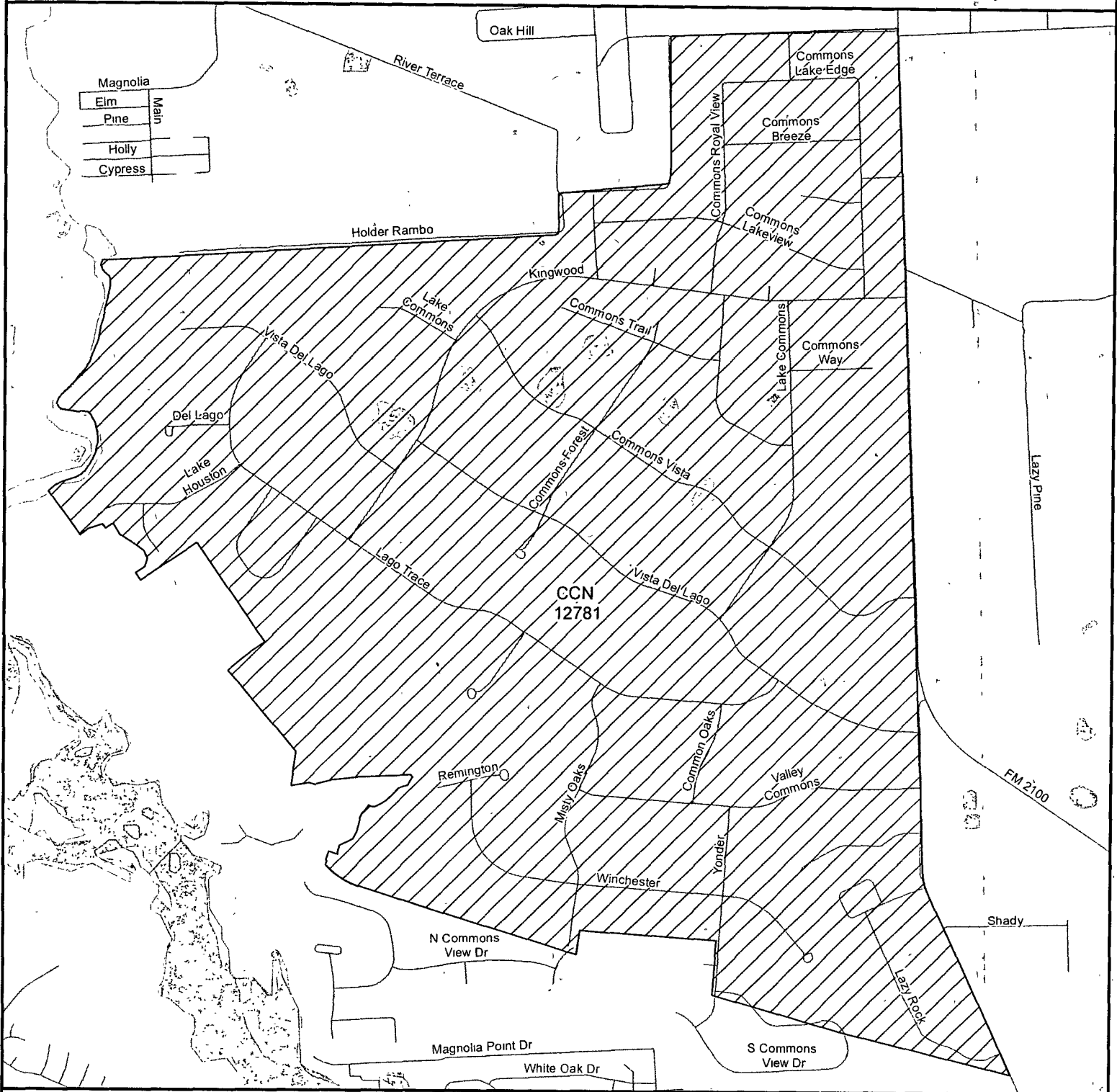
to provide continuous and adequate water utility service to that service area or those service areas in Harris County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 46215 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Commons Water Supply Inc., 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 \_\_\_\_\_ 2017.



The Commons Water Supply, Inc.  
 Water Service Area  
 CCN No. 12781  
 PUC Docket No. 46215

Decertified a Portion of The Commons Water Supply, Inc., CCN 12781 in Harris County



**Water CCN Service Area**



12781 - The Commons Water Supply Inc



## **WATER UTILITY TARIFF**

### **Docket Number: 46215**

The Commons Water Supply, Inc.  
(Utility Name)

235 Interstate 45 North  
(Business Address)

Conroe, Texas 77304  
(City, State, Zip Code)

(281) 540-1047  
(Area Code/Telephone)

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

12781

This tariff is effective in the following county:

Harris

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:

The Commons of Lake Houston  
The Commons Water Supply, Inc.: PWS #1012978

#### **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 .....	7

APPENDIX A -- DROUGHT CONTINGENCY PLAN

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"	\$35.50 (Includes 5,000 gallons)	*\$1.90 per 1,000 gallons, 5,001-10,000 gallons
1"	\$35.50	*\$3.05 per 1,000 gallons, 10,001-15,000 gallons
1 1/2"	\$35.50	*\$3.95 per 1,000 gallons, 15,001 gallons or more
2"	\$35.50	

**\*The City of Houston Groundwater Reduction Plan (GRP) fee for \$0.71/1,000 gallons or \$2.19 x 30%, adjusted for 8.4% water loss was included in the cost of service.**

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

Cash X, Check X, Money Order X, Credit Card 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%  
PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$1,100.00  
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.

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 \$25.00.

SECTION 1.0 -- RATE SCHEDULE (Continued)

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 ..... \$15.00

TRANSFER FEE ..... \$15.00

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%

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 ..... \$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 THE PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [30 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 1.0 -- RATE SCHEDULE (Continued)

**Pass Through Provision:**

For Utilities subject to changes in costs imposed by any non-affiliated provider of purchased water or sewer or a groundwater conservation district having jurisdiction over the Utility, these increases (decreases) shall be passed through as an adjustment to the gallonage charge according to the formula:

$$AG = G + B/(1-L)$$

Where:

AG = adjusted gallonage charge, rounded to nearest one cent

G = approved gallonage charge, per 1,000 gallons

B = changed in fee (per 1,000 gallons)

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

## SECTION 2.0 - SERVICE RULES AND REGULATIONS

### Section 2.01 – Public Utility Commission of Texas (PUC or Commission) Rules

The utility will have the most current PUC 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 2.02 - Application for and Provision of 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) and will be signed by the applicant before water service is provided by the utility. A separate application or contract will be made for each service location.

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, meter and utility cut-off valve 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.

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

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers may be required to install a customer owned cut-off valve on the customer's side of the meter or connection.

### Section 2.03 - 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 a complaint may be filed with the Commission.

### Section 2.04 - 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 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 or sewer 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.

## SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

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 2.05 - Meter Requirements, Readings, and Testing

All water sold by the utility will be billed based on meter measurements. The utility will provide, install, own and maintain meters to measure amounts of water consumed by its customers. One meter is required for each residential, commercial or industrial facility in accordance with the PUC Rules.

Service meters will be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period unless otherwise authorized by the Commission.

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible, the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

### Section 2.06 - Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the PUC. 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 work day after the due date.

A late penalty of either \$5.00 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.

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 telephone number (or numbers) which may be reached by a local call by customers. At the utility's option, a toll-free telephone number or the equivalent may be provided.

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 2.0 - SERVICE RULES AND REGULATIONS (CONT.)

### Section 2.07 - Service Disconnection

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.

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

Utility personnel must be available to collect payments and to reconnect service on the day of and the day after any disconnection of service unless service was disconnected at the customer's request or due to a hazardous condition.

### Section 2.08 - Reconnection of Service

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

### Section 2.09 - 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.

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 2.10 - Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the PUC Rules or in the Texas Commission on Environmental Quality (TCEQ) "Rules and Regulations for Public Water Systems."

### Section 2.11 - 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 Commission's 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.



**SECTION 2.20 - SPECIFIC UTILITY SERVICE RULES AND REGULATIONS**

This section contains specific utility service rules in addition to the rules previously listed under Section 2.0. It must be reviewed and approved by the Commission and in compliance with PUC Rules to be effective.

## SECTION 3.0 - EXTENSION POLICY

### Section 3.01 - Standard Extension Requirements

**LINE EXTENSION AND CONSTRUCTION CHARGES.** No contribution in aid of construction may be required of any customer except as provided for in this approved extension policy.

The customer will be given an itemized statement of the costs, options such as rebates to the customer, sharing of construction costs between the utility and the customer, or sharing of costs between the customer and other applicants prior to beginning construction.

The utility will bear the full cost of any oversizing of water mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional production, storage, or treatment facilities. Contributions in aid of construction may not be required of individual residential customers for production, storage, treatment or transmission facilities unless otherwise approved by the Commission under this specific extension policy.

**COST UTILITIES SHALL BEAR.** Within its certificate area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision. However, if the residential customer requesting service purchased the property after the developer was notified of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

Developers may be required to provide contributions in aid of construction in amounts to furnish the system with all facilities necessary to comply with the TCEQ's "Rules and Regulations for Public Water Systems."

This section contains the utility's specific extension policy which complies with the requirements already stated under Section 3.01. It must be reviewed and approved by the Commission and in compliance with PUC Rules to be effective.

Residential customers not covered under Section 3.01 will be charged the equivalent of the costs of extending service to their property from the nearest transmission or distribution line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the full cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

Developers will be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with TCEQ's minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or TCEQ minimum requirements. For purposes of this subsection, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

APPENDIX A -- DROUGHT CONTINGENCY PLAN  
(Utility must attach copy of TCEQ approved Drought Contingency Plan)

APPENDIX B -- SAMPLE SERVICE AGREEMENT  
From 30 TAC Chapter 290.47(b), Appendix B  
SERVICE AGREEMENT

I. **PURPOSE.** The NAME OF WATER SYSTEM is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF WATER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the water system will not re-establish service unless it has a signed copy of this agreement.

II. **RESTRICTIONS:** The following unacceptable practices are prohibited by State regulations.

- A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
- B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
- C. No connection which allows water to be returned to the public drinking water supply is permitted.
- D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
- E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

III. **SERVICE AGREEMENT:** The following are the terms of the service agreement between the NAME OF WATER SYSTEM (the Water System) and NAME OF CUSTOMER (the Customer).

- A. The Water System will maintain a copy of this agreement as long as the Customer and/or the premises is connected to the Water System.
- B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Water System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Water System's normal business hours.
- C. The Water System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic re-inspection.
- D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.
- E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Water System. Copies of all testing and maintenance records shall be provided to the Water System.

IV. **ENFORCEMENT:** If the Customer fails to comply with the terms of the Service Agreement, the Water System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

CUSTOMER'S SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

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