



Control Number: 47275



Item Number: 389

Addendum StartPage: 0

RECEIVED

2017 DEC 12 PM 3:07

PROCESSED

**DOCKET NO. 47275**

<b>APPLICATION OF COMMONS</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>WATER SUPPLY, INC. FOR</b>	<b>§</b>	
<b>AUTHORITY TO CHANGE RATES</b>	<b>§</b>	<b>OF TEXAS</b>

**COMMONS WATER SUPPLY, INC.'S RESPONSES TO  
COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION  
QUESTION NOS. STAFF 5-1 THROUGH STAFF 5-9**

TO: Public Utility Commission of Texas, by and through its attorney of record, Margaret Uhlig Pemberton, Karen S. Hubbard and Eleanor D'Ambrosio, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326.

COMES NOW, Commons Water Supply, Inc. ("Commons"), by and through their attorney of record, and files these responses to Commission Staff's Fifth Request for Information.

Respectfully submitted,

**COZEN O'CONNOR**

By: /s/ Tammy Shea  
Tammy Wavle Shea  
State Bar No. 24008908  
1221 McKinney, Suite 2900  
Houston, Texas 77010  
Phone: (713) 750-3148  
Fax: (832) 214-3905  
Email: [tshea@cozen.com](mailto:tshea@cozen.com)

**ATTORNEYS FOR COMMONS WATER  
SUPPLY, INC.**

384 1

## **CERTIFICATE OF SERVICE**

I, Tammy Shea, certify that a copy of this document was served on all parties of record in this proceeding on December 12, 2017, by regular mail, facsimile transmission, e-mail or hand-delivery.

/s/Tammy Shea  
Tammy Wavle-Shea

**PUBLIC UTILITY COMMISSION OF TEXAS**

**Docket No. 47275**

**REQUEST NUMBER: QUESTION NO. STAFF 5-1**

**COMPANY NAME:** Commons Water Supply, Inc.

**INFORMATION REQUESTED:**

STAFF 5-1 Please provide a copy of the most current contract between The Commons and Gulf Utility Services. If this was not the contract in place during the test year, provide a copy of that contract as well.

**REQUESTED BY:** Commission Staff

**RESPONSE:** See Attachment 5-1

**SUPPORTING WITNESS:**

Will De La Rosa

*The foregoing response to the above information request is accurate and complete, and contains no material misrepresentations or omissions based upon present facts known to the undersigned. The undersigned agrees to immediately inform the Requestor if any matters are discovered which would materially affect the accuracy or completeness of the information provided in response to the above information request.*

**Signature of Company Representative**

/s/ Will De La Rosa

**5-1**

## SERVICE CONTRACT

This Service Contract (this "Contract") is entered into as of this 19th day of June, by and between **The Commons Water Supply, Inc.** (the "District") a subdivision of the State of Texas organized and operating under the provisions of Chapters 49 and 54, Texas Water Code, and **Gulf Utility Service, Inc.**, a Texas corporation ("GULF").

## RECITALS

The District owns and operates a water production and distribution system, as described in Exhibit 'A' (the "Facilities") and desires to obtain services for the competent operation, maintenance and management of such Facilities. GULF is in the business of operating, maintaining and managing water production and distribution systems, and storm water collection systems and desires to enter into this Contract with the District.

## AGREEMENT

In consideration of the premises and the mutual undertakings herein contained and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the District and GULF agree as follows:

### I.

#### BASIC SERVICES TO BE PERFORMED BY GULF

**Section 1.01. General.** GULF shall operate the Facilities to serve the purposes for which they are intended in compliance with all applicable laws and regulations, equipment manufacturers' recommendations and the provisions of this Contract. GULF will perform all of the basic services stated in this Article I. All such services shall be performed during regular working hours unless otherwise specified in this contract. The cost for the basic services to be performed by GULF is included in the compensation to be paid by the District in accordance with Paragraph I of Exhibit 'C'. All services shall be of good quality and be performed in a professional manner. The standard of care for all professional and related services performed or furnished by GULF under this Contract will be the care and skill ordinarily used by members of GULF's profession practicing under similar conditions at the same time in the same general locality.

**Section 1.02. Staff/Hours of Operation.** GULF will provide a staff including no less than one operator holding a Texas Commission on Environmental Quality ("TCEQ") water and wastewater licenses, customer service/work-order representative physically located at 12337 Jones Rd #320 (supported by other Customer Service representatives and other needed laborers/support personnel) each Monday through Friday (except holidays as defined in Exhibit 'F') between the hours of 8:00 a.m. and 5:00 p.m. GULF staff will provide tools and equipment necessary to service the Facilities efficiently.

**Section 1.03. Certified Personnel.** The District's Facilities shall be operated by GULF at all times only under the direct supervision of personnel possessing valid licenses and

certificates of competency issued by the State of Texas in accordance with the rules and regulations of the TCEQ.

**Section 1.04. Facilities Inspections.** GULF will inspect the District's Facilities (i.e. Water plant) as required by the TCEQ, and will maintain a written log of each inspection and related maintenance activities, in a form approved by the District, as part of the District's permanent records (including such inspections and written logs maintained relative to the District's water plants as set forth in Exhibit 'B'). GULF shall perform a weekly drive-by inspection (windshield inspection) of the District's other Facilities to check for leaks, broken or damaged meter boxes, broken or damaged valves or valve boxes and other potential damage to District Facilities.

**Section 1.05. Routine Maintenance.** GULF will perform, as required, routine maintenance on equipment at the Facilities, including, but not limited to, exercise of emergency equipment and redundant components, lubrication, cleaning and replacing filters, replacement of control lamps or light bulbs, and other maintenance. In the performance of such routine preventive maintenance, GULF shall provide appropriate personnel, tools, equipment and supplies as necessary; however, GULF shall invoice the District actual costs for expendable items or supplies. GULF will maintain permanent records for the District of the maintenance performed on the District's equipment and any associated costs.

**Section 1.06. Service Center.** GULF will maintain/operate Service Centers (Barker Cypress and Jones Road) and have operators available twenty-four (24) hours a day, each and every day of the year, including holidays. The telephone number of the Service Center(s) will be clearly displayed on each monthly bill sent to the District's customers as well as on the District's web site, if any, and in any District newsletter or other communication as reasonably directed by the District. Service Centers and support personnel will provide a communications interface between the District's customers, GULF management and field personnel. All GULF field personnel will utilize hand-held mobile devices for communication with various Service Centers. After-hours response time for initial contact for an emergency shall not exceed thirty (30) minutes from the time the call is placed to the Service Center. The Service Center will maintain, to the extent reasonably possible, the ability to operate during natural disasters.

**Section 1.07. Telemetric Monitoring.** From its service center(s), GULF will monitor telemetric signal devices which may be installed at or in the Facilities. Installation of such devices will be at the District's discretion.

**Section 1.08. Board Meetings.** A representative of GULF will attend scheduled meetings of the District.

**Section 1.09. Monthly Operations Report.** GULF will submit to the District in a format acceptable to the District a monthly operations report that will include at least the following information:

1. Total service connections and number of service connections by categories:
  - (a) Single family residential connections;

- (b) Builder connections;
  - (c) Commercial connections; and
  - (d) Irrigation connections;
  - (e) Multi Family
2. Total water produced, purchased and sold and comparison to amount of water allocated under permit;
  3. Total water accounted for;
  4. Total water usage as indicated by current customer billings;
  5. New meter orders and installations;
  6. Current cash receipts from customer billings;
  7. A listing of all delinquent customer accounts to which termination notices have been sent, including an explanation of any appeals or protests filed by those customers;
  8. Current billings to customers;
  9. Current receivables from customer billings;
  10. Aged receivables from customer billings;
  11. Summary of maintenance and repair back charges;
  12. Insurance claims filed or pending disposition;
  13. Summary of maintenance and repair by facility classification;
  14. A certification of the date that required bacteriological tests were performed; and
  15. Copies of all reports and correspondence made by GULF to or received by GULF from local, state or federal regulatory agencies on behalf of the District, including but not limited to, permit reports, any notices of violation or other non-compliance matters and responses to same.

A clear audit record of all GULF transactions on behalf of the District will be maintained by GULF. Records of such transactions will be available to the District's Board and auditor during normal working hours. GULF will cooperate in and provide adequate working space for the conduct of audits.

**Section 1.10. Compliance Reports.** GULF will prepare and submit all operational and compliance reports required by the TCEQ, the United States Environmental Protection



Agency, and any other local, state or federal agency. GULF will coordinate all responses to violation or other non-compliance notices on behalf of the District in consultation with the District engineer and/or Attorney.

**Section 1.11. Operational Budgeting.** GULF will coordinate with the District bookkeeper to prepare an annual operations budget for review and approval by the District each year as part of the District's annual budgeting process. GULF will work with the District's bookkeeper or other accountant to review and report the District's budget performance at least quarterly throughout the District's fiscal year. Additionally, GULF will work with the District in the preparation of, and annual updates of, a five-year operations and capital improvements budget.

**Section 1.12. Correspondence and Inquiries.** GULF will respond to all correspondence and/or inquiries from the District's Board, consultants or customers in a prompt and professional manner. For calls requiring a response from GULF's field representatives, GULF shall note the caller's name, time of call, and location of issue and shall report this information at the District's next Board meeting.

**Section 1.13. Customer Relations.** GULF will render to the District any and all reasonable assistance in the promotion of good relations with the District's customers.

**Section 1.14. Billing and Collections Services.** GULF will bill each District customer in accordance with the District's then current official Rate Order. Adjustments to billing are from time to time necessary and appropriate and therefore, GULF may make adjustments to billings for up to \$100.00 without prior authorization from the District's Board, for clerical errors, over or under registration by water meters, erroneous meter readings, establishment of water usage during a time when the meter has been inoperative, and other similar situations. Adjustments in excess of \$100.00 will be referred to the Board for settlement. GULF will exercise due diligence and good business practice in making such adjustments.

**Section 1.15. Deposit of District Funds.** GULF will deposit daily all funds received from the District's customers into an account designated as the District's "Operating Account" at a bank or other qualified depository selected by the District. All funds which GULF collects on behalf of the District are public funds and are pledged to the payment of the debts and/or operating expenses, as appropriate, of the District. GULF has no right to set-off, counterclaim, abatement, suspension or diminution rights against such funds.

**Section 1.16. Meter Reading.** GULF will read water meters served by the District's water system once each calendar month. GULF will maintain a quality assurance program to maintain reading accuracy. GULF shall re-read a meter at the request of the District or when an apparent discrepancy appears.

**Section 1.17. Red Flag Identity Theft Protection.** GULF hereby agrees to implement the District's Identity Theft Prevention Program, a copy of which has been provided to GULF, and to act as the District's Program Administrator with respect to same.

**Section 1.18. Cooperation with District Representatives.** GULF will cooperate fully with all representatives of the District such as engineers, attorneys, accountants and auditors, in our efforts to help the District find the best solution.

## **II.**

### **OTHER OPERATIONAL SERVICES TO BE PERFORMED BY GULF**

**Section 2.01. General.** GULF will provide the other operational services stated in this Article II. All such services shall be performed during regular working hours unless otherwise specified in this contract. For such services, the District will pay GULF the rates as reflected in Exhibit "D", as applicable, unless otherwise noted in this Article II.

**Section 2.02. Emergency Repairs.** GULF will respond to any emergency (as hereinafter defined) throughout the year, regardless of the day or the time of day, within the time period specified in Section 1.06 above and with personnel specified in Section 1.03 above. In all cases where, in the opinion of GULF, the estimated costs of repair will exceed the dollar amount specified as "Authorized Maintenance Level" in Paragraph II of Exhibit 'C', GULF will contact the authorized District Board member or, if unavailable, any other Board member to notify the District of the particular situation. GULF will simultaneously notify the District engineer. The fact that said notification cannot be made in a timely manner will neither relieve GULF of its responsibility to perform the required repair, nor limit the cost of repairs billed in accordance with the pricing covenants of this Contract.

Emergencies are defined as, but are not limited to:

1. A hazardous condition;
2. A loss of water pressure, or serious degradation of water quality at one or more customer locations; or any event related to the water system which would violate regulatory requirements; or
3. A blockage or overflow of any type in the sanitary sewer collection system; or
4. A condition that, in the opinion of GULF, or any authorized District representative, poses an immediate threat to develop into one of the three emergencies listed above.

**Section 2.03. Non-Emergency Repairs.** GULF will, during its regular workday, perform repairs that are not emergencies, as defined in Section 2.02 above. GULF will schedule such non-emergency repairs on a first-call, first-served basis, unless specifically asked to accelerate its response to a particular item by an authorized District representative. GULF must receive approval from the authorized District representative prior to performing non-emergency repairs when, in GULF's opinion, the estimated cost of said repair will exceed the dollar amount specified as "Authorized Maintenance Level" in Paragraph II of Exhibit 'C'. Where appropriate, GULF must consult with the District engineer prior to performing non-emergency repairs.

**Section 2.04. Chemical Inventories.** GULF will manage and maintain an inventory of chemicals routinely used in the operation of the Facilities. Chemical inventories will be stored at the Facilities in quantities sufficient to assure continuous operation of the Facilities and maintain regulatory compliance related to such storage.

**Section 2.05. Water Main Flushes.** GULF will flush the water distribution system at least once each year. Additionally, GULF will routinely flush dead-end water mains, not looped back to the system, within the District's water distribution system in accordance with state requirements to minimize the potential for taste, odor or turbidity problems associated with low flows in such dead-end water mains. GULF shall, as needed, grease flushing valves, caps and fittings at the time of the flushing required in this section. After flushing the water distribution system as required in this section, GULF shall report the flushing at a District meeting, including a report as to the observed condition of lines, flushing valves and water quality. In addition, GULF will promptly investigate each water quality concern or complaint received from District customers and will take appropriate action to address such complaints including, if appropriate, flushing the related water main(s).

**Section 2.06. Bacteriological Analysis.** GULF will submit water samples to an authorized Department of Health laboratory in compliance with TCEQ regulations. All test results will be kept as part of the District's records. The District will reimburse GULF for the actual cost of these tests without mark-up.

**Section 2.07. Other Laboratory Testing.** GULF will perform, or have performed, all other sampling and laboratory analysis necessary to maintain a safe water supply. Additionally, GULF will perform, or have performed, other tests, including, but not limited to, those requested by the District, the TCEQ, the Environmental Protection Agency, or any other governmental agency with jurisdiction over the District's facilities. The District will reimburse GULF for the actual laboratory expenses incurred by GULF for laboratory analysis without mark-up.

**Section 2.08. Materials Purchasing.** With the exception of materials used for installation of new taps and meters, GULF will purchase and deliver material required to provide services under this Contract, and will bill the District for such materials at cost plus 10%. Materials shall include, but not be limited to, oils, lubricants, chemicals (except chlorine or other water disinfectant), fuel for generators and other materials that may be required to meet regulatory requirements, perform maintenance or provide a quality water supply. GULF shall be responsible for arranging to have sufficient amounts of chlorine or other water disinfectant chemical delivered so that the System (i.e. Water Plants, Wastewater Treatment Plant, and Lift Stations) may be operated by GULF in accordance with this Contract. The District will reimburse GULF for the expenses incurred by GULF for the purchasing of said water disinfectant chemical without mark-up.

**Section 2.09. Single-Family Meter Installations.** GULF will install a meter to serve a single-family residence within ten (10) working days after receipt of the residential tap and inspection fees specified in the District's then current official Rate Order. Meter installations will meet American Water Works Association standards and applicable District requirements. The District will pay GULF for these meter installations in accordance with

Exhibit 'E'. Upon authorization from the Board, meter installation may be withheld from a person or an entity which has an overdue account balance with the District.

**Section 2.10. Commercial Meter Installations.** Following the District engineer's approval of the site plan, GULF will install all commercial and other non-single family residential meters within ten (10) working days after receipt of the tap and inspection fees specified in the District's then current official Rate Order. The District will pay GULF for said meter installations in accordance with Exhibit 'E'. Upon authorization from the Board, meter installation may be withheld from a person or an entity which has an overdue account balance with the District.

**Section 2.11. Utility Charges.** Electric and telephone service accounts for the Facilities shall be in the name of the District and charges for such service shall be paid directly by the District.

**Section 2.12. Printing and Postage.** GULF will charge the District the then current USPS rate for all postage. GULF will charge the District for billing stock in accordance with Exhibit 'D'.

**Section 2.13. Delinquent Accounts.** GULF will collect delinquent accounts under such terms and conditions as may, from time to time, be set by the District's then current Rate Order. GULF will charge the District for services related to delinquent accounts in accordance with Exhibit 'D'.

**Section 2.14. Inspections.** GULF will inspect each connection to the District's Facilities to assure compliance with all applicable TCEQ rules and regulations and District policies, including the District's then current Rate Order and Rules and Regulations Governing Sewer House Lines and Sewer Connections. GULF shall also perform the inspections listed in Exhibit 'D' at the rates set forth therein and shall also perform such other inspections as the District may request.

**Section 2.15. Meter and Meter Box Replacements.** GULF will replace faulty and stuck meters. Meters with over 1 million gallons usage will be reported to the District and replaced if directed by the District or in accordance with any meter replacement policy adopted by the District. In addition, GULF will replace damaged meter boxes as directed by the District. GULF will charge the District for services related to meter and meter box replacements in accordance with Exhibit 'D'.

**Section 2.16. Grounds Keeping and Mowing.** GULF will be responsible for overseeing the grounds keeping and mowing of the District's Facilities if authorized by the District. Facilities will be maintained to an appearance appropriate to a residential neighborhood, including mowing, edging, trimming, and cleaning of buildings, equipment and driveways as required. If requested by the District, GULF will solicit proposals from contractors acceptable to the District, and shall administer, inspect and direct the mowing activities of the contractor selected by the District. The District shall pay such contractor directly.

**Section 2.17. Contractor Work on System.** A GULF representative shall provide on-site assistance and consultation when any component of the Facilities, such as a motor or

pump, is being removed from or returned to the System (i.e. Water plants, Wastewater Treatment Plant, and Lift Stations) by a third party contractor. A GULF representative shall provide on-site assistance and consultation when any new equipment or component is being added to the Facilities by a third party contractor.

**Section 2.18. Equipment Appearance.** To maintain a neat appearance of the Facilities, GULF shall provide painting touch-up services for pumps and piping. GULF shall not, however, be required to repaint major pieces of equipment in the Facilities. The District shall reimburse GULF for the actual cost of paint provided by GULF to perform touch-up services.

**Section 2.19. Fire Hydrants.** GULF will visually inspect and flow-test all fire hydrants within the District at least once annually, and will submit a written status report to the District and, if required, any fire department serving the District. Any repairs necessary shall be described in the status report and will be considered non-emergency repairs as defined by Section 2.02 unless a fire hydrant is non-operational. If a fire hydrant is found to be non-operational, GULF will make necessary repairs so that the fire hydrant can be operated. With prior approval from the District, GULF will paint each fire hydrant within the District. Except as otherwise provided herein and in compliance with applicable law, GULF will paint all non-operational fire hydrants black, or if scheduled for repair within seven (7) days, place a black covering over the fire hydrant, unless otherwise directed by the Board. Additionally, GULF will replace or install blue dot reflectors on the roadway adjacent to each hydrant as necessary.

**Section 2.20. Valves.** GULF will perform ongoing water distribution valve inspections and submit a written report of inspections to date to the District at least once annually. Any repairs necessary will be considered non-emergency repairs covered by Section 2.03.

**Section 2.21. Backcharge Damage.** In accordance with the District's then current Rate Order, GULF will send invoices and service order documentation and photographs, if required, to each party responsible for the damage to any of the Facilities once per month for a period of up to six (6) consecutive months until the balance is paid. Upon authorization from the Board, GULF will coordinate with the District's designated collection attorney or agent in an attempt to collect any outstanding back charges and will terminate service if authorized by the District in accordance with the then current Rate Order.

**Section 2.22. Lift Station Inspection and Cleaning.** At least three (3) times per week, GULF will inspect each of the District's lift stations, cycle each pump and record the run time. At least once every six (6) months (or more often if necessary), GULF will pressure wash, remove and dispose of accumulated solids, debris, and grease from each of the District's lift stations.

**Section 2.23. Sanitary Sewer Manhole Inspection.** Subject to the District's prior approval of the cost for and frequency of same, GULF will perform an ongoing sanitary sewer manhole inspection program, with subsequent reports submitted to the District. This program shall include a visual inspection of the top of the sanitary sewer manhole and the surrounding area and a visual inspection of the inside of the sanitary sewer manhole as can be seen from the

top without physically entering. Any repairs necessary will be presented to the District for prior approval and be considered non-emergency repairs as defined by Section 2.02. GULF shall charge for time and materials as described in the Contract for this inspection program.

**Section 2.24. Well Testing.** GULF will perform the following tests on the District's water wells. A written report of the test results will be submitted to the District and become part of the District's records. The District's engineer shall be notified in advance of the date and time any such tests will be performed.

**Section 2.24.1. Production Evaluation.** Water well production evaluation tests will be performed semi-annually, and more often in exceptional circumstances with the District's prior approval, to measure the following: Capacity (GPM), pumping level, drawdown (feet), specific capacity, field head (feet), overall efficiency, connected horsepower, utilized horsepower, kilowatt input, KWH per million gallons, amperage draw, pump speed (RPM), sand production, pump submergence, and well meter accuracy.

**Section 2.24.2. Vibration Analysis.** An annual vibration analysis will be performed on the well pump and related rotating equipment.

### **III.**

#### **INSURANCE**

GULF shall procure and maintain throughout the term of this Contract, at its sole cost and expense, insurance of the types and in the minimum amounts set forth below. GULF shall furnish certificates of insurance to the District evidencing compliance with the insurance requirements hereof upon execution of this Contract and annually thereafter to evidence renewal. Certificates shall name GULF, name of insurance company, policy number, term of coverage, and limits of coverage. GULF shall obtain such insurance from such companies having a Best's rating of A/VII or better, licensed or approved to transact business in the State of Texas in which the Services shall be performed, and shall obtain such insurance of the following types and minimum limits:

1. Worker's Compensation insurance in accordance with the laws of the State of Texas, and Employer's liability coverage with a limit of not less than \$1,000,000 each accident, each employee and policy limit
2. Commercial General Liability insurance including coverage for Products/Completed Operation, Blanket Contractual, Contractors' Protective Liability Broad Form Property Damage, Personal Injury/Advertising Liability, and Bodily Injury and Property Damage with limits of not less than:
  - a. \$2,000,000 General Aggregate Limit
  - b. \$2,000,000 Products Completed Operations Aggregate Limit
  - c. \$1,000,000 Each Occurrence
  - d. \$1,000,000 Personal and Advertising Injury Each Occurrence
  - e. \$1,000,000 Pollution

3. Business Automobile Liability coverage applying to owned, non-owned and hired automobiles with limits not less than \$1,000,000 each occurrence combined single limit for Bodily Injury and Property Damage combined.
4. Umbrella Excess Liability insurance written as excess of Employer's Liability, with limits not less than \$2,000,000 per occurrence and in the aggregate.

The District shall be added as additional insured to all coverages required above, except those in Paragraph (1). All policies written on behalf of GULF shall contain a waiver of subrogation in favor of the District and the District's agents and employees. In the event of a reduction in coverage or lapse or cancellation of any required insurance it is the specific responsibility of GULF to notify the District immediately and to immediately reinstate the insurance at the coverages required herein or to purchase replacement insurance that meets the requirements of this Contract. Failure by GULF to immediately reinstate or replace said insurance shall be a material breach of this Contract and the District shall have the right to immediately terminate this Contract upon written notice. GULF's failure to provide insurance as required hereunder or to supply the required evidence of insurance, or the failure of the District to require evidence or to notify GULF of any breach by GULF of the requirements of this provision or deficiencies in the insurance obtained, shall not constitute a waiver by the District of any of these insurance requirements, or a waiver of any other terms or conditions of this Contract, including GULF's obligations to defend, indemnify and hold harmless the District as required in this Contract.

#### IV.

#### GUARANTIES, INDEMNITY AND LIMITATIONS

**Section 4.01. Guaranties.** GULF will use generally accepted business practices in procuring materials and equipment. GULF will be neither responsible nor liable for any manufacturer's guaranty or guaranties of or in connection with such materials or equipment. GULF will use reasonable efforts to obtain the standard guaranties applicable in the particular industry manufacturing such materials or equipment, and will assign same to the District. GULF will provide a one-year warranty on workmanship for all materials or equipment installed by GULF personnel or GULF subcontractors. GULF will develop a list of recommended spare parts to be maintained at the Facilities and will deliver inventory and replenish said parts on a regular basis.

**SECTION 4.02. Indemnity.** AS PART OF THE CONSIDERATION FOR THE CONTRACT, GULF, FOR ITSELF AND ITS EMPLOYEES, SUCCESSORS AND ASSIGNS, AGREES TO INDEMNIFY AND HOLD HARMLESS THE DISTRICT AND ITS OFFICERS, DIRECTORS, REPRESENTATIVES AND AGENTS (THE "DISTRICT INDEMNITEES") FROM EVERY LOSS, DAMAGE, INJURY, COST, EXPENSE, CLAIM, JUDGMENT OR LIABILITY OF EVERY KIND OR CHARACTER, WHETHER IN CONTRACT, TORT OR OTHERWISE, WHICH ARISES DIRECTLY OR INDIRECTLY FROM GULF'S WILLFUL, INTENTIONAL, RECKLESS OR NEGLIGENT (WHETHER ACTIVE, PASSIVE OR GROSS) ACTS OR OMISSIONS

RELATED TO OR ARISING FROM THIS CONTRACT. THIS INDEMNITY AND HOLD HARMLESS AGREEMENT WILL APPLY WHETHER SUCH ACTS OR OMISSIONS ARE BY GULF, ITS EMPLOYEES, OR ANY SUBCONTRACTOR OR AGENT OF GULF. ADDITIONALLY, GULF SHALL INDEMNIFY THE DISTRICT INDEMNITEES FROM ANY AND ALL LIABILITY, LOSS OR DAMAGE THAT ONE OR MORE OF THE DISTRICT INDEMNITEES MAY SUFFER AS A RESULT OF CLAIMS, DEMANDS, COSTS OR JUDGEMENTS AGAINST SUCH DISTRICT INDEMNITEE ARISING OUT OF THE FAILURE OF GULF, ITS EMPLOYEES, SUCCESSORS, ASSIGNS, SUBCONTRACTORS OR AGENTS, TO CONFORM TO THE STATUTES, ORDINANCES, OR OTHER REGULATION OR REQUIREMENTS OF ANY GOVERNMENTAL AUTHORITY IN CONNECTION WITH THE OPERATION OF THE FACILITIES UNDER THIS CONTRACT, UNLESS FAILURE TO SO CONFORM WAS A DIRECT RESULT OF GULF FOLLOWING THE EXPRESS WRITTEN INSTRUCTION OF THE BOARD OF DIRECTORS OF THE DISTRICT. THE PROVISIONS OF THIS SECTION 4.02 SHALL SURVIVE ANY TERMINATION OF THIS CONTRACT.

**Section 4.03. Reasonable Diligence.** GULF agrees to use due diligence and good business practices in the operation of the Facilities. GULF will be liable for any direct or indirect loss, injury or damages resulting from the diminution or interruption of service within the Facilities that is caused by the willful misconduct or negligence (whether active, passive or gross) of GULF, its employees, representatives, agents or subcontractors.

**Section 4.04. Force Majeure.** Neither the District nor GULF will be in default if performance of their respective obligations under this Contract is delayed, disrupted or becomes impossible because of any act of God, war, hurricane, earthquake, fire, strike, work stoppages, accident, civil commotion, epidemic, act of government, its agencies or offices, or any other cause similar beyond the control of the party affected (collectively, "Force Majeure"). Upon occurrence of any such event, GULF will operate the Facilities to the best of its ability under the circumstances, and GULF will not be responsible for any damages, fines, penalties or claims resulting therefrom. If any additional expense is incurred by GULF in such operation, that expense will be deemed to be an extraordinary expense, all of which will be paid by the District to GULF in accordance with Paragraph V of Exhibit 'C'. No event of Force Majeure will allow for the delay or disruption of the respective financial obligations of GULF or the District except in the event of widespread economic collapse or banking failures within the United States of America.

**Section 4.05. Compliance with Applicable Laws.** GULF will operate the Facilities in compliance with all applicable local, state, and federal laws, rules and regulations.

**Section 4.06. Fines and Penalties.** Provided that (a) this Contract is in force, (b) the Facilities meet the TCEQ design criteria, and (c) the District has not rejected or otherwise failed to approve any of GULF's operational recommendations which would have prevented the violation, GULF will pay any and all fines or penalties assessed against the District as a result of actions taken by TCEQ or the Environmental Protection Agency. The District's failure to approve GULF's operational recommendations that would have prevented the violation(s) which



result in fines or penalties will relieve GULF of any responsibility under this Section 4.06 to pay the applicable fines or penalties.

## V.

### PAYMENTS

The District will pay GULF for services to be rendered under this Contract in accordance with the fee schedules contained in Exhibit 'C', Exhibit 'D' and Exhibit 'E' and as otherwise specifically provided in this Contract. GULF shall provide its invoices to the District bookkeeper at least five (5) business days prior to the next scheduled meeting of the Board. To the extent permitted by law, payment of invoices by the District shall be governed solely by the Texas Prompt Payment Act, Chapter 2251 of the Texas Government Code. GULF hereby waives any other rights or remedies it may have with respect to payment of invoices.

## VI.

### TERM, TERMINATION, AND RECORDS

**Section 6.01.** **Term.** This Contract commences on \_\_\_\_\_, and will remain in effect for one (1) year and thereafter on a year to year renewal, subject to the rights of either party to terminate the Contract at any time in accordance with Section 6.02.

**Section 6.02.** **Termination.** Either party to this Contract may terminate this Contract, either with or without cause, by delivering thirty (30) days prior written notice to the other party in accordance with and to the address in Section 7.07 below. Upon termination of this Contract, the District shall pay GULF within the time period provided above any outstanding payment due and owing to GULF for work performed prior to the termination date; provided, however, the District shall have the right to reduce such final payment as a set-off for any direct damages incurred by the District related to GULF's willful, intentional, reckless or negligent (whether active, passive or gross) acts or omission in connection with the services performed under this Contract.

**Section 6.03.** **District Records.** GULF will retain records that GULF initiates or receives on behalf of the District in compliance with the District's Records Management Policy, the District's adopted Records Retention Schedules and the Texas Local Government Records Act. If this Contract is terminated, GULF will deliver to the District or the District's designated agent, all of said records at no cost to the District not later than thirty (30) days following the effective date of termination, with the exception of all records related to billing and other items necessary for the continued operation of the Facilities, which shall be delivered no later than the effective date of termination. GULF may make copies, at GULF's expense, of those records.

**VII.**  
**MISCELLANEOUS**

**Section 7.01. Record Drawings.** The District will provide GULF with three (3) sets of record drawings of the Facilities. GULF will maintain these drawings in a manner that allows their efficient and effective use in solving problems related to the Facilities.

**Section 7.02. Identification.** GULF employees will readily identify themselves when communicating within the District and with District customers. GULF maintenance and operating personnel will possess pictured I.D. cards and wear distinctive clothing bearing GULF's name. GULF vehicles will display GULF's name. All other GULF employees will possess pictured I.D. cards.

**Section 7.03. Modification.** Modification of this Contract may be made only by a written document signed by GULF and the District.

**Section 7.04. Assignability.** Neither GULF nor the District may assign its interest in this Contract without the prior written consent of the other party.

**Section 7.05. Subcontract Repairs.** With the District's best interest in mind and acting in good faith with the requirements of this Contract, GULF may subcontract any repairs and/or services that GULF is to perform under this Contract, all as GULF deems appropriate. However, such subcontracting shall not relieve GULF of any of its obligations under this Contract, and subcontractors shall be considered to be employees of GULF for the purposes of delineating those responsibilities. GULF shall require all subcontractors to carry insurance of the types and in the minimum amounts set forth in Article III of this Contract. GULF shall supervise and inspect all subcontracted repairs or services performed under the terms of this Contract. The District may, at its discretion, engage its own contractor for certain repair services. In that event, the District agrees that GULF shall not be responsible for the quality or timeliness of those services. GULF will invoice the District for managing subcontractors as set forth in Paragraph IV of Exhibit 'C'.

**Section 7.06. Independent Contractor.** GULF, its employees, agents and subcontractors are not the District's employees. GULF serves the District solely as an independent contractor.

**Section 7.07. Notice.** Any notice required under this Contract will be in writing and sent by certified mail with return receipt or by hand delivering with return receipt to the intended party's address of record. Notice will be deemed given as of the date of the return receipt when mailed or delivered to the following addresses:

GULF: Gulf Utility Service, Inc.  
P.O. Box 691008  
Houston, Texas 77269

The parties may change the respective address by giving the other party fifteen (15) days written notice.

**Section 7.08.**     **Place of Performance.** The place of performance of this Contract shall be Harris County, Texas.

**Section 7.09.**     **Venue; Attorney Fees and Costs.** Venue shall lie in Harris County, Texas. The prevailing party in any such suit shall be awarded reasonable attorney's fees and court costs.

**Section 7.10.**     **Parties in Interest.** This Contract shall be for the sole and exclusive benefit of the parties hereto and shall not be construed to confer any benefits or rights upon any other person or entity, including, without limitation, the customers of the District.

**Section 7.11.**     **Counterparts.** This Contract may be executed in one or more original, electronic or facsimile counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

**Section 7.12.**     **Severability.** The invalidity or unenforceability of any particular provision, or any part thereof, of this Contract shall not affect the other provisions hereof and this Contract shall be construed in all respects as if such invalid or unenforceable provision were omitted.

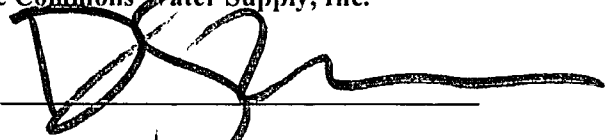
[SIGNATURES COMMENCE ON THE FOLLOWING PAGE]

Gulf Utility Service, Inc.

By: Chuck Peterson  
Chuck Peterson, President

The Commons Water Supply, Inc.

By:

A handwritten signature in black ink, appearing to read 'DS', written over a horizontal line.

Daniel Signorelli  
President

**EXHIBIT 'A'**

**FACILITIES**

The District's utility system consists of the following facilities:

**WATER PRODUCTION**

Water Plant (with ground storage tanks, booster pumps, hydro-pneumatic tanks and control rooms.

**WATER DISTRIBUTION**

A water distribution system capable of carrying water at adequate volume and pressure to each of the Districts's customers.

**EXHIBIT 'B'**

**WATER PLANT INSPECTIONS/WRITTEN LOGS**

The following is a list of inspections GULF will perform at the District's water plants at least seven (7) days per week, along with a description of the written logs GULF will maintain in connection with each such inspection:

1. Inspect and cycle each booster pump and air compressor and observe operation; record date, time of inspection and run time for each booster pump and air compressor.
2. Inspect and operate chlorinator; record dosage rate and supply remaining for use.
3. Inspect pressure tank and observe air/water ratio.
4. Inspect water plant site premises, perimeter fence and gate to confirm facility security.
5. Record in appropriate written log any remarks related to the conditions observed at the water plant and any action taken.

**EXHIBIT 'C'**  
**COMPENSATION FOR SERVICES**

- I. **BASE OPERATIONS FEE:** For and in consideration of basic services outlined in Article I of the Contract and rendered to and on behalf of the District by GULF, the District agrees to pay to GULF each month, the base operations fee set forth below.
  - A. \$2.25 times the total number of meters located in the District during the monthly billing period which serve a single-family residence or a facility owned by a religious or not-for-profit organization; plus
  - B. \$1.60 per 10,000 gallons of metered water usage during the monthly billing period for all irrigation meters located in the District; plus
  - C. \$2.00 per 10,000 gallons of metered water usage during the monthly billing period for all commercial (including multi-family) meters located in the District or any other meters located in the District during the monthly billing period which are not described in Sub-Paragraphs A or B above; plus
  - D. \$700.00 per month flat fee for operation of the District's Facilities.
- II. **AUTHORIZED MAINTENANCE LEVEL:** Consistent with the principles of effective cost containment, efficient maintenance and maximization of operational procedures, the District authorizes GULF to perform non-emergency repairs when, in GULF's opinion, the cost to the District of such repairs will not exceed \$2,500.
- III. **MATERIALS:** Cost of materials billed and/or sold to the District by GULF will include an administrative fee of 10% as provided in this Contract. Some materials are billed at cost as provided in this Contract.
- IV. **SUBCONTRACT (S):** GULF's supervision and inspection fees for subcontracts will be 10% of the dollar amounts of the subcontract as provided in this Contract. GULF will pass through the cost of the subcontractor and bill for time involved in supervision, assistance and inspection. For all repairs and/or services that GULF is qualified and capable to perform but have been performed by a subcontractor in accordance with Section 7.05 of this Contract, GULF shall invoice the District no more than if GULF had actually performed the work itself.
- V. **EXTRAORDINARY SERVICES:** GULF may render additional services not specified in this Contract. Extraordinary services not anticipated and not specified in this Contract may also be requested of GULF by the District. The District and GULF will in good faith negotiate the amount to be paid by the District to GULF for such extraordinary services.



**EXHIBIT 'D'**

**RATES**

**BILLING AND COLLECTIONS**

<u>Classification</u>	<u>Rate</u>
Envelopes	At cost
Copies	\$0.25 per page
Fax	\$1.00 per page
Office Supplies	At cost
Postage	At cost
Door Tag (Notice of Delinquency)	Cost plus time
Delinquent Letter	\$5.00 each
Disconnect/Reconnect (Delinquency)	\$20.00 each
Meter Removal/Reinstallation (Delinquency)	\$35.00 each
Water Meter Replacement (new ¾ x 5/8)	Cost plus \$35.00
Account Transfer/Set-up/Service Transfer	\$17.00 each
Non-Sufficient Fund Check Handling	\$15.00 each
Confidentiality Letter	\$5.00 each
Builder Billing	\$5.00 each
Hot Tub Inspection	\$25.00 each
Pool Inspection	\$50.00 each
Water Softener Inspection	\$50.00 each

**INSPECTIONS**

<u>Classification</u>	<u>Rate</u>
Customer Service Inspection	\$50.00 each
Pre-Construction Inspection	\$35.00 each
Post-Construction Inspection	\$35.00 each
Single-Family Residential (SFR) Sewer Tap Inspection	\$45.00 each
Residential Sewer Tap Inspection	\$45.00 each
Grease Trap Inspection	\$40.00 each
Backflow Prevention Device Inspection	\$50.00 each
Cross Connection Inspection	\$50.00 each

**METER AND METER BOX REPLACEMENTS**

<u>Classification</u>	<u>Rate</u>
SFR Meter Replacement	Cost plus \$35.00
Non-SFR Meter Replacement	Cost plus 10%
SFR Meter Box Replacement	\$55.00 each
Non-SFR Meter Box Replacement	Cost plus 10%

## **PERSONNEL**

<b><u>Classification</u></b>	<b><u>Straight Time Per Hour*</u></b>
Operations Supervisor/Compliance Manager	\$65.00
Equipment Operator	\$40.00
Licensed Operator	\$35.00
Foreman	\$40.00
Field Technician	\$27.50
Field Representative	\$27.50
Clerical/Administration	\$27.50
General Helper/Laborer	\$27.50
Mechanic	\$40.00
Skilled Labor	\$32.50
Electrician	\$65.00

## **MISCELLANEOUS**

<b><u>Classification</u></b>	<b><u>Straight Time Per Hour*</u></b>
Bacteria Sampling	Cost plus 10%
Sub-Contractors	Cost plus 10%
General Board Meeting Attendance	-
Records Storage/Month	\$75.00
Overtime Labor	x 1.5
Billing/Stock insert letter	Cost plus 10%

## **EQUIPMENT**

<b><u>Classification</u></b>	<b><u>Straight Time Per Hour*</u></b>
Backhoe & Rig	\$65.00
Mini Excavator	\$42.00
Portable Generator 15kW	\$60.00
Boring Machine	\$30.00
Air Compressor	\$35.00
1 and 2 ton truck	\$40.00
1 ton flatbed truck	\$40.00
2" Pump & Hoses	\$45.00
3" Utility Pump	\$45.00
Utility Truck	\$15.00
Utility Trailer	\$15.00
16' Trailer	\$25.00
Heavy Trailer	\$45.00

Electrical Vehicle	\$35.00
Crew Truck	\$35.00
Crane Truck	\$55.00
Shoring Equipment	\$50.00/Task
HydraJet	Cost + 10%
Lowboy Trailer	\$65.00
Welding Machine	\$45.00
Vactor + Tech	Cost + 10%

Material and Outside Contractors, Water and Wastewater analysis billed at cost plus 10%.

All work order time and labor is in ¼ hour increments.

\*Straight time will be charged for work performed from 8:00 a.m. to 5:00 p.m. Monday through Friday, except on Holidays as defined in Exhibit 'F'. Overtime will be charged for work performed at any time other than straight time and shall be 1.5 times straight time rate.

**EXHIBIT 'E'**  
**RATES FOR TAPPING & NEW METER INSTALLATION**

The following rates for meter taps include all labor, equipment, materials, meter and box.

**Single-Family Residential Meter Taps**

<u>Size</u>	<u>Rate</u>
3/4" or 5/8" meter (short, first 40')	\$425.00 each
1" meter	Per Quote each

Taps over 40 feet long and deeper than 5 feet will be charged at cost listed above plus \$2.00 per linear foot over the first 40 feet and excavation costs associated with work deeper than 5 feet depth.

**Other Taps**

Other taps and meters will be on a quoted basis for each installation based on customer requirements and specifications approved by the District's engineer.

**EXHIBIT 'F'**

**HOLIDAYS**

GULF and the District agree that the following days are will be recognized as holidays during each contract year:

New Year's Day (Actual Date)  
Good Friday (Actual Date)  
Memorial Day (Monday Observed)  
Fourth of July (Actual Date)  
Labor Day (Monday Observed)  
Thanksgiving (Actual Date)  
Friday after Thanksgiving (Actual Date)  
Christmas Eve (Actual Date)  
Christmas Day (Actual Date)

**PUBLIC UTILITY COMMISSION OF TEXAS**

**Docket No. 47275**

**REQUEST NUMBER: QUESTION NO. STAFF 5-2**

**COMPANY NAME:** Commons Water Supply, Inc.

**INFORMATION REQUESTED:**

STAFF 5-2 Please provide a list of the specific duties related to the operations and maintenance of The Commons that are performed by Gulf Utility Services, including any services provided on an as-needed basis rather than as part of the contract requested in Staff 5-1.

**REQUESTED BY:** Commission Staff

**RESPONSE:** Gulf Utility Services provides PP&E maintenance and billing services in coordination with our in-house personnel.

**SUPPORTING WITNESS:**

Will De La Rosa

*The foregoing response to the above information request is accurate and complete, and contains no material misrepresentations or omissions based upon present facts known to the undersigned. The undersigned agrees to immediately inform the Requestor if any matters are discovered which would materially affect the accuracy or completeness of the information provided in response to the above information request.*

**Signature of Company Representative**

Will De La Rosa

**PUBLIC UTILITY COMMISSION OF TEXAS**

**Docket No. 47275**

**REQUEST NUMBER: QUESTION NO. STAFF 5-3**

**COMPANY NAME:** Commons Water Supply, Inc.

**INFORMATION REQUESTED:**

**STAFF 5-3** Please provide a list of the specific duties related to the operations and maintenance of The Commons that are performed by any employee of The Signorelli Company grouped by employee.

**REQUESTED BY:** Commission Staff

**RESPONSE:** CEO – The CEO oversees all employees who handle anything for the Commons Water Supply. There are many regulatory and management reports and reviews that the CEO regularly is involved in. Due to the regulatory requirements of the operations and maintenance of a water facility the CEO generally spends more time.

Executive Vice President – The executive vice president deals directly with Gulf Utility at a management level to keep an eye on operations and maintenance costs as well as regularly visit facilities for reviews and inspections of plant operations and ensures regulatory requirements being met. The executive vice president also reviews and approves all work orders and invoices to ensure proper billing practices.

Development Manager – The development manager spends much of their time on-site reviewing work orders and maintenance and repairs of existing equipment. The development manager reports to the executive vice president and together they deal with keeping a low ceiling on O&M costs.

CFO – The CFO handles all financing for the CWS. This includes communication with the bank, regulatory requirements, reviewing of financial stability and reviewing of financial reporting to ensure proper cash management is in place. Due to the on-going operations of the business there is much more scrutiny of reporting than is the case with developing land to sell lots to builders.

Controller – The controller manages all internal process and controls for the handling of revenue, payments and general flow of managerial reporting. The controller also leads our general audit of financial information as it pertains to CWS. Due to the outsourcing of operations and management the controller has a

much more hands on job scrutinizing our 3<sup>rd</sup> party operators to ensure fraudulent activities are being prevented.

Project Accountant – The project account spends much time reconciling billing reports and bank statements. Also included in the project accountant's duties are the design of internal reports (i.e., cash flows, budgeting, etc.) for review by all parties. The project accountant

A/P Clerk – The A/P clerk provides payment services. Due to the higher than average invoice volume of the CWS operations the A/P clerk spends a great deal of time remitting payments and working with Gulf Utility to ensure proper invoices are being paid. The A/P clerk also posts journal entries as needed,

Receptionist – The receptionist handles the higher than average call volume as well as all incoming mail and inquiries.

PR Director – The PR director handles all customer interactions. The CWS has over 900 customers so interacting with customers and ensuring needs are met and complaints are fixed is a must for our company.

**SUPPORTING WITNESS:**

Will De La Rosa

*The foregoing response to the above information request is accurate and complete, and contains no material misrepresentations or omissions based upon present facts known to the undersigned. The undersigned agrees to immediately inform the Requestor if any matters are discovered which would materially affect the accuracy or completeness of the information provided in response to the above information request.*

**Signature of Company Representative**

Will De La Rosa



**PUBLIC UTILITY COMMISSION OF TEXAS**

**Docket No. 47275**

**REQUEST NUMBER: QUESTION NO. STAFF 5-4**

**COMPANY NAME:** Commons Water Supply, Inc.

**INFORMATION REQUESTED:**

STAFF 5-4 Reference the supplemental response to Staff RFI No. 3-10. Please provide a written job description for the position titled "Development Management."

**REQUESTED BY:** Commission Staff

**RESPONSE:** The title "Development Management" should have read "Development Manager." The Development manager is equivalent to a project manager and manages work performed by Gulf Utility Services.

**SUPPORTING WITNESS:**

Will De La Rosa

*The foregoing response to the above information request is accurate and complete, and contains no material misrepresentations or omissions based upon present facts known to the undersigned. The undersigned agrees to immediately inform the Requestor if any matters are discovered which would materially affect the accuracy or completeness of the information provided in response to the above information request.*

**Signature of Company Representative**

/s/ Will De La Rosa

**PUBLIC UTILITY COMMISSION OF TEXAS**

**Docket No. 47275**

**REQUEST NUMBER: QUESTION NO. STAFF 5-5**

**COMPANY NAME:** Commons Water Supply, Inc.

**INFORMATION REQUESTED:**

STAFF 5-5 Admit or deny that The Signorelli Company primarily provides real estate development services. If denied, provide a full list of the services provided by the Signorelli Company.

**REQUESTED BY:** Commission Staff

**RESPONSE:** Admit.

**SUPPORTING WITNESS:**

Will De La Rosa

*The foregoing response to the above information request is accurate and complete, and contains no material misrepresentations or omissions based upon present facts known to the undersigned. The undersigned agrees to immediately inform the Requestor if any matters are discovered which would materially affect the accuracy or completeness of the information provided in response to the above information request.*

**Signature of Company Representative**

/s/ Will De La Rosa

**PUBLIC UTILITY COMMISSION OF TEXAS**

**Docket No. 47275**

**REQUEST NUMBER: QUESTION NO. STAFF 5-6**

**COMPANY NAME:** Commons Water Supply, Inc.

**DATE DUE:** 12/11/17

**INFORMATION REQUESTED:**

STAFF 5-6 Please admit or deny that The Commons is the only company that The Signorelli Company provides management oversight to. If the answer is deny, please list all other companies receiving management oversight from The Signorelli Company and a description of the business services or products provided by each company.

**REQUESTED BY:** Commission Staff

**RESPONSE:** Admit.

**SUPPORTING WITNESS:**

Bret Fenner

*The foregoing response to the above information request is accurate and complete, and contains no material misrepresentations or omissions based upon present facts known to the undersigned. The undersigned agrees to immediately inform the Requestor if any matters are discovered which would materially affect the accuracy or completeness of the information provided in response to the above information request.*

**Signature of Company Representative**

/s/ Bret Fenner

**PUBLIC UTILITY COMMISSION OF TEXAS**

**Docket No. 47275**

**REQUEST NUMBER: QUESTION NO. STAFF 5-7**

**COMPANY NAME:** Commons Water Supply, Inc.

**INFORMATION REQUESTED:**

**STAFF 5-7** Please provide a hill list of the companies owned by Signorelli Holdings, LTD and a description of the business services or products provided by each company.

**REQUESTED BY:** Commission Staff

**RESPONSE:**

- The Signorelli Company – Manages all the Signorelli Holdings subsidiaries
- Signorelli Investment Company – owns and develops residential lots
- The Commons of Lake Houston – owns and develops residential lots
- Sig-Longmire – owns developed lots for retail sale
- Lake Houston Plantations - owns undeveloped residential land reserves for future development
- Sig-Valley Ranch - develops residential lots
- Ravella Sound – owns undeveloped residential land reserves for future development
- Montgomery Ridge - owns undeveloped residential land reserves for future development
- Commons Water Supply – operates water system for Commons of Lake Houston
- Sig-Broken Arrow – Develops commercial property
- Valley Ranch Town Center – Develops commercial property
- First America Homes – home building
- Tejas Creek – owns undeveloped residential reserves
- Signorelli Media – manages marketing services for TSC

**SUPPORTING WITNESS:**

Will De La Rosa

*The foregoing response to the above information request is accurate and complete, and contains no material misrepresentations or omissions based upon present facts known to the undersigned. The undersigned agrees to immediately inform the Requestor if any matters are discovered which would materially affect the accuracy or completeness of the information provided in response to the above information request.*

**Signature of Company Representative**

/s/ Will De La Rosa

**PUBLIC UTILITY COMMISSION OF TEXAS**

**Docket No. 47275**

**REQUEST NUMBER: QUESTION NO. STAFF 5-8**

**COMPANY NAME:** Commons Water Supply, Inc.

**INFORMATION REQUESTED:**

STAFF 5-8 Please provide balance sheets and income statements for the years 2015 and 2016 prepared for Signorelli Holdings, LTD. and each of the companies listed in the response to Staff RFI No. 5-7.

**REQUESTED BY:** Commission Staff

**OBJECTION:**

Commons has negotiated in good faith with staff to reach an agreement regarding its object to this RFI but has been unable to do so. Commons objects to this RFI because it is overbroad and unduly burdensome. Commons further objects because it is not relevant to the issues in this lawsuit, nor likely to lead to the discovery of admissible evidence.

**SUPPORTING WITNESS:**

Will De La Rosa

*The foregoing response to the above information request is accurate and complete, and contains no material misrepresentations or omissions based upon present facts known to the undersigned. The undersigned agrees to immediately inform the Requestor if any matters are discovered which would materially affect the accuracy or completeness of the information provided in response to the above information request.*

**Signature of Company Representative**

/s/ Will De La Rosa

**PUBLIC UTILITY COMMISSION OF TEXAS**

**Docket No. 47275**

**REQUEST NUMBER: QUESTION NO. STAFF 5-9**

**COMPANY NAME:** Commons Water Supply, Inc.

**INFORMATION REQUESTED:**

**STAFF 5-9** Please provide the tax returns filed by The Commons, or by the entity that included the operations of The Commons, for each year beginning in 2005 and ending in 2014 tax year.

**REQUESTED BY:** Commission Staff

**RESPONSE:** See Confidential Attachment 5-9. This attachment contains information that is confidential pursuant to the protective order issued in Docket 47275.

**SUPPORTING WITNESS:**

Will De La Rosa

*The foregoing response to the above information request is accurate and complete, and contains no material misrepresentations or omissions based upon present facts known to the undersigned. The undersigned agrees to immediately inform the Requestor if any matters are discovered which would materially affect the accuracy or completeness of the information provided in response to the above information request.*

**Signature of Company Representative**

Will De La Rosa

**5-9**  
**(CONFIDENTIAL)**