

Control Number: 47628



Item Number: 1

Addendum StartPage: 0



PURSUANT TO PUC CHAPTER 24, SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER
SERVICE PROVIDERS, SUBCHAPTER G: CERTIFICATES OF CONVENIENCE AND NECESSITY

Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)

Docket Number: **47628**

(this number will be assigned by the Public Utility Commission after your application is filed)

7 copies of the application, including the original, shall be filed with

Public Utility Commission of Texas
Attention: Filing Clerk
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

RECEIVED
2017 SEP 20 PM 1:34
PUBLIC UTILITY COMMISSION
FILING CLERK

If submitting digital map data, two copies of the portable electronic storage medium (such as CD or DVD) are required.

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Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)

Purpose of Application		
<input type="checkbox"/> Obtain	<input type="checkbox"/> New Water CCN	<input checked="" type="checkbox"/> New Sewer CCN
<input type="checkbox"/> Amend	<input type="checkbox"/> Water CCN# (s) _____	
<input checked="" type="checkbox"/> Amend	<input checked="" type="checkbox"/> Sewer CCN#(s) <u>20713</u>	

1. Applicant Information

Applicant	
Utility name: Johnson County Special Utility District	
Certificate number: 20713	
Street address (City/ST/ZIP/Code): 2849 HWY 171 S Cleburne, TX 76031	
Mailing address(City/ST/ZIP/Code): PO Box 509 Cleburne, TX 76033	
Utility Phone Number and Fax: (817) 760-5200	
Contact information	
Please provide information about the person(s) to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant manager, or other title related to the applicant.	
Name: Dana Collier	Title: System Development Coordinator
Mailing address: PO Box 509 Cleburne, TX 76033	
Email: dcollier@jcsud.com	Phone and Fax: (817) 760-5226
List all counties in which service is proposed: Johnson	

A. Check the appropriate box and provide information regarding the legal status of the applicant:

- ☐ Investor Owned Utility ☐ Individual ☐ Partnership
- ☐ Home or Property Owners Association ☐ For-profit Corporation
- ☐ Non-profit, member-owned, member-controlled cooperative corporation
(Water Code Chapter 67, Water Supply or Sewer Service Corporation)
- ☐ Municipality ☒ District ☐ Other - Please explain:

B. If the applicant is a For-Profit business or corporation, please include the following information:

- i. A copy of the corporation's "Certification of Account Status" from the Texas State Comptroller of Public Accounts.
- ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State: _____
- iii. A listing of all stockholders and their respective percentages of ownership.
- iv. A copy of the company's organizational chart, if available.
- v. A list of all directors and disclose the title of each individual.
- vi. A list of all affiliated organizations (if any) and explain the affiliate's business relationship with the applicant.

C. If the applicant is a Texas Water Code (TWC) Chapter 67 water supply or sewer service corporation please provide:

- i. A copy of the Articles of Incorporation and By-Laws.
- ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State.
- iii. Identification of all board members including name, address, title, and telephone number.
- iv. A copy of the corporation's *Certificate of Account Status* from the Texas Comptroller of Public Accounts.

2. Location Information

- A. Are there people already living in the proposed area? ☒ Yes ☐ No
- If YES, are any currently receiving utility service? ☒ Yes ☐ No
- If YES, from WHOM? Johnson County Special Utility District

B. Demonstrate the Need for Service by providing the following:

Have you received any requests for service in the requested service area?

☐ Yes ☐ No

If YES, provide the following:

- i. Describe the service area and circumstances driving the need for service in the requested area. Indicate the name(s) and address(es) of landowner(s), prospective landowner(s), tenant(s), or resident(s) that have requested service; and/or
- ii. Describe the economic need(s) for service in the requested area (i.e. plat approvals, recent annexation(s) or annexation request(s), building permits, septic tank permits, hospitals, etc.); and/or
- iii. Discuss in detail the environmental need(s) for service in the requested area (i.e. failing septic tanks in the requested area, fueling wells, etc.); and/or
- iv. Provide copies of any written application(s) or request(s) for service in the requested area; and/or
- v. Provide copies of any reports and/or market studies demonstrating existing or anticipated growth in the requested area.
- vi. If none of these items exist or are available, please justify the need for service in the proposed area in writing.

Note: Failure to demonstrate a need for additional service in the proposed service area may result in the delay and /or possible denial of the application.

C. Is any portion of the proposed service area inside an incorporated city or district?

☒ Yes ☐ No

If YES, within the corporate limits of: City of Burleson

Provide a copy of any franchise, permit, or consent granted by the city or district. If not available please explain:

D. Is any portion of the proposed service area inside another utility's CCN area?

☐ Yes ☒ No

If YES, has the current CCN holder agreed to decertify the proposed area?

If NO, are you seeking dual or single certification of the area? Explain why decertification of the area is in the public interest:

JCSUD is seeking Dual certification for a portion of the proposed area where the City of Burleson has applied for CCN. Along with the Dual Certification, we are also seeking Single Certification in an area where we already have utilities in place.

3. Map Requirements

Attach the following hard copy maps with each copy of the application:

- A. A location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
- B. A map showing only the proposed area by:
 - i. metes and bounds survey certified by a licensed state or register professional land surveyor; or
 - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled). Also, a data disk labeled with the applicant's name must be provided; or
 - iii. following verifiable natural and man-made landmarks; or
 - iv. a copy of recorded plat map with metes and bounds.
- C. A written description of the proposed service area.
- D. Provide separate and additional maps of the proposed area(s) to show the following:
 - i. all facilities, illustrating separately facilities for production, transmission, and distribution of the applicant's service(s); and
 - ii. any facilities, customers or area currently being served outside the applicant's certificated area(s).

Note: Failure to provide adequate mapping information may result in the delay or possible denial of your application.

Digital data submitted in a format other than ArcView shape file or Arc/Info E00 file may result in the delay or inability to review applicant's mapping information.

For information on obtaining a CCN base map or questions about sending digital map data, please visit the Water Utilities section of the PUC website for assistance.

4. New System Information or Utilities Requesting a CCN for the First Time

- A. Please provide the following information:
 - i. a list of public drinking water supply system(s) or sewer system(s) within a 2 mile radius of the proposed system;
 - ii. copies of written requests seeking to obtain service from each of the public drinking water systems or sewer systems listed in a. 1 above or documentation that it is not economically feasible to obtain service from each entity;
 - iii. copies of written responses from each system or evidence that they did not reply; and
 - iv. for sewer utilities, documentation showing that you have obtained or applied for a wastewater discharge permit.
- B. Were your requests for service denied? ☐ Yes ☐ No

W	Q	1	4	3	5	0	-	0	0	1
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W	Q							-		
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W	Q						-			
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W	Q						-			
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W	Q						-			
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- iii. Date of last TCEQ water and/or sewer system inspection(s): 6/16/2016
- iv. Attach a copy of the most recent TCEQ water and/or sewer inspection report letter(s).
- v. For each system deficiency listed in the TCEQ inspection report letter; attach a brief explanation listing the actions taken or being taken by the utility to correct the listed deficiencies, including the proposed completion dates.

B. Provide the following information about the utility's certified water and/or sewer operators

Name	Classes	License Number
Jesse Thompson	A	WW0048444
Tyler Lyles	B	WW048721
Nicholas Opinker	D	WW0052004
Frankie Garcia	D	WW0053684
Ronnie Nichols	C	WW0047121
James Alexander	C	WW0053668
Richard Fadeley	C	WW0051292
Danny Armstrong	C	WW0039994
Doug McCullough	III	WW0034717

- Attach additional sheet(s) if necessary -

- C. Using the current number of customers, is any facility component in systems named in #5A above operating at 85% or greater of minimum standard capacity?

- ☐ Yes
☒ No

Attach a copy of the 85% rule compliance document filed with the TCEQ if the system is operating at 85% or greater of the TCEQ's minimum standard capacity requirements.

- D. In the table below, the number of existing and/or proposed metered and non-metered connections (by size). The proposed number should reflect the information presented in the business plan or financial **documentation** and reflect the number of service requests identified in Question 2.b in the application.

TCEQ Water System			TCEQ Sewer System		
Connection	Existing	Proposed	Connection	Existing	Proposed
5/8" or 3/4" meter	14,716	511	Residential	2,324	511
1" meter or larger	296	6	Commercial	145	6
Non-Metered	0	0	Industrial	0	0

TCEQ Water System			TCEQ Sewer System		
Other:	0	0	Other:	54	0
Total Water	15,012	517	Total Sewer	2,523	517

E. If this application is for a water CCN only, please explain how sewer service is or will be provided:

F. If this application is for a sewer CCN only, please explain how water service is or will be provided:

Water service is and or will be serviced by Johnson County Special Utility District (CCN#10081).

G. Effect of Granting a Certificate Amendment.

Explain in detail the effect of granting of a certificate or an amendment, including, but not limited to regionalization, compliance and economic effects on the following:

- i. the applicant,
- ii. any retail public utility of the same kind already serving the proximate area; and
- iii. any landowner(s) in the requested area.

H. Do you currently purchase or plan to purchase water or sewer treatment capacity from another source?

i. ☒ No, (skip the rest of this question and go to #6)

ii. ☐ Yes, Water

Purchased on a ☐ Regular ☐ Seasonal ☐ Emergency basis?

Water Source	% of Total Treatment
	0.00%

Water Source	% of Total Treatment
	0.00%
	0.00%

iii. ☐ Yes, Sewer treatment capacity

Purchased on a ☐ Regular ☐ Seasonal ☐ Emergency basis?

Sewer Source	% of Total Treatment
	0.00%
	0.00%
	0.00%

iv. Provide a signed and dated copy of the most current water or sewer treatment capacity purchase agreement or contract.

I. Ability to Provide Adequate Service.

Describe the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking both of the following items into consideration:

- i. the current and projected density; and
- ii. the land use of the requested area.

J. Effect on the Land. Explain the effect on the land to be included in the certificated area.

6. Financial Information

A. For new water and/or sewer systems and for applicants with existing CCNs who are constructing a new stand-alone water and/or sewer system:

- i. the applicant must provide an analysis of all necessary costs for constructing, operating, and maintaining the system, and the source of that capital (such as a financial statement for the developing entity) for which the CCN is requested for at least the first five years. In addition, if service has been offered by an existing retail water service provider as stated in #4.A., but the applicant has determined that the cost of service as finally offered renders the project not economically feasible, the applicant must provide a comparison analysis of all necessary costs for acquiring and continuing to receive service from the existing system for the same period.
- ii. Attach projected profit and loss statements, cash flow worksheets, and balance sheets (projected five year financial plan worksheet is attached) for each of the first five years of operation. Income from rates

should correlate to the projected growth in connections, shown on the projected profit and loss statement.

- iii. Attach a proposed rate schedule or tariff. Describe the procedure for determining the rates and fees and indicate the date of last change, if applicable. Attach copies of any cost of service studies or rate analysis worksheets.
- B. For existing water and/or sewer systems:
 - i. Attach a profit and loss statement and current balance sheet for existing businesses (end of last fiscal year is acceptable). Describe sources and terms for borrowed capital such as loans, bonds, or notes (profit and loss and balance sheet worksheets are attached, if needed).
 - ii. Attach a proposed rate schedule or tariff.
- ❖ **Note: An existing water and/or sewer system may be required to provide the information in 6.A.i. above during the technical review phase if necessary for staff to completely evaluate the application**
- C. Identify any funds you are required to accumulate and restrict by lenders or capital providers.
- D. In lieu of the information in #6.A. thru #6.C., you may provide information concerning loan approvals within the last three (3) years from lending institutions or agencies including the most recent financial audit of the applicant.
- ❖ **Note: Failure to provide adequate financial information may result in the delay or possible denial of your application.**

7. Notice Requirements

- A. All proposed notice forms must be completed and submitted with the application. Do not mail or publish the notices until you receive written approval from the commission to do so.
- B. The commission cannot grant a CCN until proper notice of the application has been given. Commission rules do not allow a waiver of notice requirements for CCN applicants.
- C. It is the applicant's responsibility to ensure that proper notice is given to all entities that are required to receive notice.
- D. Recommended notice forms for publication, neighboring cities and systems, landowners with 25 acres or more, and customers are included with this application for use in preparing proposed notices. (Notice forms are available in Spanish upon request.)
- E. After reviewing and, if necessary, modifying the proposed notice, the commission will send the notice to the applicant after the application is accepted for filing along with instructions for publication and/or mailing. Please review the notice carefully before providing the notice.
- F. Notice For Publication:

The applicant shall publish the notice in a newspaper with general circulation in the county(ies) where a CCN is being requested. The notice must be published once each week for two consecutive weeks beginning with the week after the notice is received from the commission. Proof of publication in the form of a publisher's affidavit shall be submitted to the commission within 30 days of the last publication date. The affidavit shall state with specificity each county in which the newspaper is of general circulation.
- G. Notice To Neighboring Utilities:
 - i. List all neighboring retail public utilities and cities providing the same utility service within the following vicinities of the applicant's proposed certificate area.
 - ii. For applications for the issuance of a NEW CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within five (5) miles of the requested service area.

- iii. For applications for the AMENDMENT of a CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within two (2) miles of the requested service area.
- H. Notice to Customers:
Investor Owned Utilities (IOUs) that are currently providing service without a CCN must provide individual mailed notice to all current customers. The notice must contain the current rates, the date those rates were instituted and any other information required in the application.
- I. The commission may require the applicant to deliver notice to other affected persons or agencies.

Do not publish or send copies of the proposed notices to anyone at the time you submit the application to the commission. Wait until you receive written authorization to do so. Authorization occurs after the commission has reviewed the notices for completeness, and your application has been accepted for filing. Once the application is accepted for filing, you will receive written authorization to provide notice. Please check the notices for accuracy before providing them to the public. It is the applicant's burden to ensure that correct and accurate notice is provided.

OATH

STATE OF Texas
COUNTY OF Johnson

I, Terry D. Kelley, being duly sworn, file this application as General Manager (indicate relationship to Applicant, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the maps and financial information filed with this application, and have complied with all the requirements contained in this application; and, that all such statements made and matters set forth therein are true and correct. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Public Utility Commission of Texas.

I further represent that the application form has not been changed, altered or amended from its original form.

I further represent that the Applicant will provide continuous and adequate service to all customers and qualified applicants for service within its certificated service area.

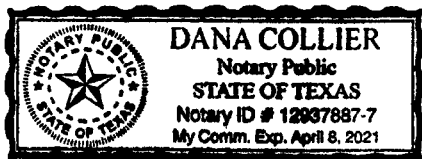
Terry D. Kelley
AFFIANT
(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,
This day 18th of September 20 17

SEAL

Dana Collier
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS



Dana Collier
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES April 8, 2021

Notice for Publication

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN

Johnson COUNTY(IES), TEXAS

Name of Applicant Johnson County Special Utility has filed an application for a CCN to obtain or amend CCN No. (s) 20713 and to decertify a portion(s) of _____ with the _____
(Name of Decertified Utility)

Public Utility commission of Texas to provide

Sewer
(specify 1) water or 2) sewer or 3) water & sewer)

utility service in

Johnson

County
(ies).

The proposed utility service area is located approximately 2 miles West [direction] of downtown Joshua, [City or Town] Texas, and is generally bounded on the north by CR 913; on the east by City of Joshua; on the south by FM 917; and on the west by Chisum Trail Hwy 121

The total area being requested includes approximately 805 acres and 81 current customers.

A copy of the proposed service area map is available at (Utility Address and Phone Number): 2849 S. Hwy 171 Cleburne TX 76033 (817) 740-5200

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Persons who wish to intervene or comment should file with the PUC at the following address:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the commission will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

Si desea informacion en Espanol, puede llamar al 1-888-782-8477

Notice to Neighboring Systems, Landowners and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO
PROVIDE WATER/SEWER UTILITY SERVICE IN

Johnson COUNTY(IES), TEXAS

To: _____ Date Notice Mailed _____ 20 _____
(Neighboring System, Landowner or City)

(Address)

City State Zip

Name of Applicant Johnson County Special Utility has filed an application for a
CCN to obtain or amend CCN No. (s) 20713 and to
decertify a portion(s) of _____ with the
(Name of Decertified Utility)

Public Utility Commission of Texas to provide Sewer
(specify 1) water or 2) sewer or 3) water & sewer)
utility service in Johnson County(ies).

The proposed utility service area is located approximately 2 miles West
[direction] of downtown Joshua, [City or Town] Texas, and is
generally bounded on the north by CR 913; on the east by
City of Joshua; on the south by FM 917; and on the west by Chisolm Trail Hwy 121

See enclosed map of the proposed service area.

The total area being requested includes approximately 805 acres and 81
current customers.

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

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Si desea informacion en Espanol, puede llamar al 1-888-782-8477

**CCN Application
Landowners**

#	Property Owner:	Mailing Address	Physical Address
1	Hawpe, Richard M	9025 Crosswind Fort Worth TX 76179	0 FM 1902
2	Hawpe, Mary	5913 Winifred Dr Fort Worth TX 76141	0 FM 1902
3	Hawpe, William R	10901 FM 1902 Crowley TX 76036	7226 FM 1902
4	Hairston, Randall L	7108 FM 1902 Joshua TX 76058	7112 FM 1902
5	Segovia, Juan A	1908 Caddo Peak Rd Joshua TX 76058	1908 Caddo Peak Rd
6	Getz, Cal	1904 Caddo Peak Rd Joshua TX 76058	1904 Caddo Peak Rd
7	Baskett, Charles R & Hazel B	2826 CR 2850 Kopperl TX 76652	1816 Caddo Peak Rd
8	Firm, James D Jr	1808 Caddo Peak Rd Joshua TX 76058	1808 Caddo Peak Rd
9	Freeman, Roland A	9501 Cherrycrest Dr Apt 4213 Benbrook TX 76126	0 Caddo Peak Rd
10	Pray, Bert & Joyce	7029 Many Oaks Joshua TX 76058	7033 & 7029 Many Oaks
11	Graham, Christopher N	7025 Many Oaks Joshua TX 76058	7025 Many Oaks
12	Lemaster, Dustin & Lindsay	7013 Many Oaks Joshua TX 76058	7013 Many Oaks
13	Wilson, James D	7005 Many Oaks Joshua TX 76058	7005 Many Oaks
14	Falcon, Raymond Jr	7001 Many Oaks Joshua TX 76058	7001 Many Oaks
15	Lambeth, Jody W & Leanna L	7028 Many Oaks Joshua TX 76058	7028 Many Oaks
16	Sparks, Larry	PO Box 1153 Joshua TX 76058	7024 Many Oaks
17	Pongratz, Michael D	7020 Many Oaks Joshua TX 76058	7020 Many Oaks
18	Miller, Larry	7016 Many Oaks Joshus TX 76058	7016 Many Oaks
19	Cornell, Robert M	7012 Many Oaks Josuha TX 76058	7012 Many Oaks
20	Wheeler, Jimmy D	7008 Many Oaks Joshua TX 76058	7008 Many Oaks
21	Locke Robert W & Crystal L	7000 Many Oaks Joshua TX 76058	7004 Many Oaks
22	Jennings, Vicki N	1621 Caddo Peak Rd Joshua TX 76058	1621 Caddo Peak Rd
23	Nance, Robert	6909 Hatcher Rd Joshua TX 76058	6909 Hatcher Rd
24	Gaspar, Eujenio	6901 Hatcher Rd Joshua TX 76058	6901 Hatcher Rd
25	Perez, Roland S Jr & Fidencia S	6813 Hatcher Rd Joshua TX 76058	6813 Hatcher Rd
26	Lawrey, MartinW & Glenda C	6801 Hatcher Rd Joshua TX 76058	6801 Hatcher Rd
27	Watts, Elbert B	6709 Hatcher Rd Joshua TX 76058	6709 Hatcher Rd
28	Allen, Corey W	6701 Hatcher Rd Joshua TX 76058	6701 Hatcher Rd
29	Garrett, Joe D & Sherry Ann	6601 Hatcher Rd Joshua TX 76058	6609 Hatcher Rd
30	Grove, Mastin	PO Box 118 Burleson TX 76097	6569 Hatcher Rd
31	Madigan, Sharon L	1705 Caddo Peak Rd Joshua TX 76058	1705 Caddo Peak Rd
32	Mitchell, Jerry	1709 Caddo Peak Rd Joshua TX 76058	0 Caddo Peak Rd
33	Hulcy, Alvin	PO Box 1668 Joshua TX 76058	1801 Caddo Peak Rd
34	Kelly, Travis W & Karen A	1815 Caddo Peak Rd Joshua TX 76058	1815 Caddo Peak Rd
35	Valentino, Rick	1821 Caddo Peak Rd Joshua TX 76058	1821 Caddo Peak Rd
36	Daugirda, John	1009 Briar Creek Dr Arlington TC 76012	1901 Caddo Peak Rd
37	Jackson, Tommy W & Donna F	1913 Caddo Peak Rd Joshua TX 76058	1913 Caddo Peak Rd
38	Pennington, Ronda	6900 FM 1902 Joshua TX 76058	FM 1902
39	Matthews, Ronda	6900 FM 1902 Joshua TX 76058	6900 FM 1902
40	Scott, Jackie W	6840 FM 1902 Joshua TX 76058	6840 FM 1902
41	Ross, Dorothy P	6201 FM 1902 Joshua TX 76058	1825 CR 910
41A	Cross, Craig A	1701 CR 910 Joshua TX 76058	1701 CR 910
41B	Ross, Jerald L	6201 FM 1902 Joshua TX 76058	6201 FM 1902
42	Sidawi, Ghassan Y	2032 W FM 917 Joshua TX 76058	2120 W FM 917
43	Le Noir Thomas & Pauline	PO Box 1031 Joshua TX 76058	5941 FM 1902

**CCN Application
Landowners**

#	Property Owner:	Mailing Address	Physical Address
44	Mize, Myles E	5933 FM 1902 Joshua TX 76058	5933 FM 1902
45	Russell, Victor W	315 Gatrix Ave Cleburne TX 766033	W FM 917
46	Lewis, Donna S	8013 Hulen Park Cr Fort Worth TX 76123	6316 FM 1902
47	Domock, Gene E	6208 FM 1902 Joshua TX 76058	FM 1902
48	Kornegay, Jerry W	3064 CR 1104c Cleburne TX 76031	1900 W FM 917
49	Driskill, Meredith K	1820 W FM 917 Joshua TX 76058	1820 W FM 917
50	Stephens, Joyce	613 Parkview Dr Burleson TX 76028	1800 W FM 917
51	Landau, Sarah E	613 Parkview Dr Burleson TX 76028	W FM 917
52	Schneck, Henry K & Barbara	2201 Timber Top Tr Joshua TX 76058	1704 W FM 917
53	Pastorino, Michael & Felicia	1624 W FM 917 Joshua TX 76058	1624 W FM 917
54	Shuler, Evelyn	1616 W FM 917 Joshua TX 76058	1616 W FM 917
55	Yandell, Jerry T & Brenda	1612 W FM 917 Joshua TX 76058	1612 W FM 917
56	Briscoe, Timothy D	101 San Medina Ln Joshua TX 76058	1600 W FM 917
57	Graham, Tommy A & Jennifer	1532 W FM 917, Joshua TX 76058	1532 W FM 917
58	Klein James S & Pamela K	1500 W FM 917 Joshua TX 76058	1500 W FM 917
59	Abel, Cathryn M	PO Box 417 Joshua TX 76058	1017 CR 910
60	Humane Society of North Texas	1840 E Lancaser Ave FT Worth TX 76103	1033 CR 910
61	Thomas, Michael A	1045 CR 910 Joshua TX 76058	1045 CR 910
62	Phelps, William S	1225 CR 910 Joshua TX 76058	CR 910

CCN Application
Neighboring Cities

#	Property Owner:	Mailing Address	City	State	Zip
1	City of Burleson	141 W Renfro St	Burleson	TX	76028

Notice to Customers of IOUs in Proposed Area

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN

Johnson COUNTY(IES), TEXAS

Dear Customer: _____ Date Notice Mailed _____ 20 _____

Name of Applicant _____ has filed an application for a CCN to obtain or amend CCN No. (s) _____ and to decertify a portion(s) of _____ with the
(Name of Decertified Utility)

Public Utility commission of Texas to provide

utility service in Johnson Sewer County(ies).
(specify 1) water or 2) sewer or 3) water & sewer)

The proposed utility service area is located approximately 2 miles West
[direction] of downtown Joshua, [City or Town] Texas.

A copy of the proposed service area map is available at (Utility Address and Phone Number): 2849 S Hwy 171 Cleburne TX 76031 (817) 760-5200

The current utility rates which were first effective on January 1 20 17

Monthly Flat Rate of \$ 21.00 Per connection
-OR-

Monthly Base Rate Including per _____ gallons connection for:

5/8" meter \$ _____
1" meter \$ _____
1 1/2" meter \$ _____
2" meter \$ _____

Other\$ _____

Gallage charge of \$ 4.00 Per 1,000
Gallons above minimum (same for all meters sizes)

Miscellaneous Fees

Regulatory Assessment

Tap Fee (Average Actual Cost) \$ _____

Reconnecting fee:

- Non Payment (\$25.00 max) \$ _____
- Transfer \$ _____
- Customer's request \$ _____

Late fee

Returned Check charge

Customer Deposit (\$50.00 max) \$ _____

Meter test fee

(Actual Cost not Exceed \$25.00) \$ _____

Other Fees

1%

Your utility service rates and fees cannot be changed by this application. If you are currently paying rates, those rates must remain in effect unchanged. Rates may only be increased if the utility files and gives notice of a separate rate change application.

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Persons who wish to intervene or comment should write the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Commission will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

IF A HEARING IS HELD, it is important that you or your representative attend to present your concerns. Your request serves only to cause a hearing to be held and is not used during the hearing.

If you are a landowner with a tract of land at least 25 acres or more, and is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

Si desea informacion en Espanol, puede llamar al 1-888-782-8477



Texas Commission On Environmental Quality

By These Presents Be It Known To All That

Johnson County Special Utility District

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

Certificate of Convenience and Necessity No. 20713

to provide continuous and adequate sewer utility service to that service area or those service areas in Johnson County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from the conversion of Johnson County Rural Water Supply Corporation to Johnson County Special Utility District are on file at the Commission offices in Austin, Texas; and are a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Johnson County Special Utility District 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 SEP 24 2004

A handwritten signature in dark ink, appearing to be "D. White", written over a horizontal line.

For the Commission

JOHNSON COUNTY SPECIAL UTILITY DISTRICT BYLAWS

(as amended on 9/16/2008)

MISSION STATEMENT

The Board of Directors and staff are united in the long-term commitment to provide adequate safe drinking water to its customers, and appropriately plan for the future growth of the district. The standard for performing this duty is to provide quality service at the fairest reasonable cost while conserving resources.

PREFACE

The Johnson County Special Utility District was created out of the transformation from a water supply corporation after 38 years of operation. In 2003, the 78th legislature of the state of Texas approved Senate Bill-5 that enabled Johnson County Rural Water Supply Corporation to become a Special Utility District. A confirmation vote was passed on November 4, 2003 by voters in the district to consummate the conversion. The reason for transforming to a district was to take full advantage of the economy and financing opportunities to enhance the ability to maintain the stated mission.

ARTICLE I – PURPOSE

Special Utility Districts are created under and subject to the authority, conditions, and restrictions of, and is considered a conservation and reclamation district under Article XVI, Section 59, of the Texas Constitution. The district maintains the rights to purchase, own, hold, lease, and otherwise acquire sources of water supply; to build, operate, and maintain facilities for the transportation of water; and to sell water to towns, cities, and other political subdivisions of this state, to private business entities, and to individuals;

Also, for the protection, preservation, and restoration of the purity and sanitary condition of water within the district. **(Gen. Law Dist. Ch. 65.012)**

ARTICLE II – DIRECTORS AND OFFICERS

A. Director

1. The Board of Directors shall consist of nine (9) Directors, a majority of whom shall constitute a quorum. For the sake of uniformly staggered elected terms, there will be three (3) groups with (3) directors in each. The terms of the Directors of the first group will expire on the first regular board meeting date after the designated general election day for JCSUD. The terms of the Directors of the second group shall expire the following year and terms of the Directors of the third group shall expire the next year. A full term shall be three (3) years. The Directors shall serve without pay, but may be compensated for actual expenses incurred in performing the duty as director.

To be qualified to serve as a director, a person must be:

- a) at least 18 years old;
 - b) a resident citizen of this state; and
 - c) either own land subject to taxation in the district, be a user of the facilities of the district, or be a qualified voter of the district. **(Gen. Law Dist. Ch. 65.102)**
2. Except as otherwise provided in this code, all vacancies on the board and in other offices shall be filled for the unexpired term by appointment of the board.
 3. In the event of a failure to elect one or more members of the board of a district, resulting from the absence of, or failure to vote by, the qualified voters in the district, the current members of the board holding the positions not filled at such election shall be deemed to have been re-elected and shall serve an additional term of office. **(Gen. Law Dist. Ch. 49.105)**

B. Officers

1. The officers of the district shall maintain the titles: President, Vice-President, Secretary-Treasurer, and Assistant Secretary-Treasurer.
2. After each election, or annually, the board shall meet and elect officers.
3. The president is the chief executive officer of the district, and shall execute documents on behalf of the district unless the board by resolution authorizes the general manager or other employee of the district to execute a document or documents on behalf of the district. The vice-president shall act as president in case of the absence or disability of the president. The secretary is responsible for seeing that all records and books of the district are properly kept. The

secretary shall execute documents as appropriate and may attest the president's signature on documents. The position of the Secretary-Treasurer and other positions entrusted with receipt and disbursement of funds shall be placed under a fidelity bond in an amount which shall be set from time to time, but not less than once each year.

The Assistant Secretary/Treasurer shall assist and/or act as Secretary/Treasurer in case of the absence or disability of the Secretary/Treasurer. Any such person shall be entitled to be a signatory for check disbursement and to certify as to the authenticity of any record of the district, including but not limited to all proceedings relating to bonds, contracts, or indebtedness of the district. **(Gen. Law Dist. Ch. 49.054)**

ARTICLE III – DISQUALIFICATION OF A DIRECTOR

- A. A person is disqualified from serving as a member of the board if that person:
1. is related within the third degree of affinity or consanguinity to a developer of property in the district, any other member of the board, or the manager, engineer, attorney, or other person providing professional services to the district;
 2. is an employee of any developer of property in the district or any director, manager, engineer, attorney, or other person providing professionals services to the district or a developer of property in the district in connection with the district or property located in the district;
 3. is a developer of property in the district;
 4. is serving as an attorney, consultant, engineer manager, architect, or in some other professional capacity for the district or a developer of property in the district in connection with the district or property located in the district;
 5. a) is a party to a contract with or along with the district except for the purchase of public services furnished by the district to the public generally; or
b) is a party to a contract with or along with a developer of property in the district relating to the district or to property within the district, other than a contract limited solely to the purpose of purchasing or conveying real property in the district for the purpose of either establishing a permanent residence, establishing a commercial business within the district, or qualifying as a director; or

6. during the term of office, fails to maintain the qualifications required by law to serve as a director.
- B. Within 60 days after the board determines a relationship or employment exists which constitutes a disqualification under Section A, it shall replace the person serving as a member of the board with a person who would not be disqualified.
- C. Any person who willfully occupies an office as a member of a board and exercises the powers and duties of that office when disqualified under the provisions of Section A is guilty of a misdemeanor and, on conviction, shall be fined not less than \$100 nor more than \$1,000.
- D. As used in this section, "developer of property in the district" means any person who owns land located within a district covered under this section and who has divided or proposes to divide the land into two or more parts for the purpose of laying out any subdivision or any tract of land or any addition to any town or city, or for laying out suburban lots or building lots, or any lots, streets, alleys, or parks or other portions intended for public use, or the use of purchasers or owners of lots fronting thereon or adjacent thereto.
- E. Any rights obtained by any third party through official action of a board covered by this section are not impaired or affected by the disqualification under this section of any member of the board to serve, provided that the third party had no knowledge at the time the rights were obtained of the fact that the member of the board was disqualified to serve.
- F. A board by unanimous vote of its remaining members may remove a board member only if that board member has missed one-half or more of the regular meetings scheduled during the prior 12 months. Any board member so removed may file a written appeal with the TCEQ within 30 days after receiving written notice of the board action. The commission may reinstate a removed director if the commission finds that the removal was unwarranted under the circumstances, including the reasons for absences, the time and place of the meetings missed, the business conducted at the meetings missed, and any other facts or circumstances the commission may deem relevant. **(Gen. Law Dist. Ch. 49.052)**

ARTICLE IV – MEETINGS AND NOTICE

Regular meetings of the Board of Directors shall be held monthly, at the office or other location as the Board may determine, and shall include posting notice of the meeting as required by the Texas Open Meetings Act, Texas Government Code, Chapter 551. Parliamentary procedure shall be observed and followed according to Robert's Rules of Order.

The board shall hold such regular and special meetings as may be necessary for the proper conduct of the district's business. All meetings shall be conducted in accordance with the open meetings law, Chapter 551, Government Code. A meeting of a committee of the board, or a committee composed of representatives of more than one board, where less than a quorum of any one board is present is not subject to the provisions of the open meetings law, Chapter 551, Government Code. **(Gen. Law Dist. Ch. 49.064)**

ARTICLE V – MANAGEMENT AND CONDUCT OF DUTY

A. Management

1. The board shall be responsible for the management of all the affairs of the district. The district shall employ or contract with all persons, firms, partnerships, corporations, or other entities, public or private, deemed necessary by the board for the conduct of the affairs of the district, including, but not limited to, engineers, attorneys, financial advisors, operators, bookkeepers, tax assessors and collectors, auditors, and administrative staff.

The board shall adopt an annual budget. All district employees are employed at the will of the district unless the district and employee execute a written employment contract. **(Gen. Law Dist. Ch. 49.057)**

2. The board may employ or contract with a person to perform such services as general manager for the district as the board may from time to time specify. The board may delegate to the general manager full authority to manage and operate the affairs of the district subject only to orders of the board. **(Gen. Law Dist. Ch. 49.056a)**
3. The board may delegate to the general manager the authority to employ all persons necessary for the proper handling of the business and operation of the district and to determine the compensation to be paid all employees other than the general manager. **(Gen. Law Dist. Ch. 49.056b)**
4. Two signatures are needed for payments made by check. Authorized signatories are the General Manager, Controller and Directors that are so designated on the Bank's authorization list.
For checks over \$5,000, at least one of the signatures must be that of a Director.

(Sept. 16, 2008- Amended Article V, A-4)

B. Conduct of Duty

In conducting their duties as members of the board, each director:

1. shall be entitled to rely, in good faith and with ordinary care, on information, opinions, reports, or statements, including financial statements and other financial data, concerning the district or the district's affairs, that have been prepared or presented by one or more officers or employees of the district; or by legal counsel, public accountants, or other persons retained by the district for the development of professional advice and information falling within such person's professional or expert competence;
2. may believe, in good faith and with ordinary care, that the assets of the district are at least that of their book value; and
3. in determining whether the district has made adequate provision for the discharge of its liabilities and obligations; may rely in good faith and with ordinary care on the financial statements of, or other information concerning any person or entity obligated to pay, satisfy or discharge some or all of the district's liabilities or obligations.

ARTICLE VI – INVESTMENTS AND RESERVE FUNDS

A. Investments

1. All district deposits and investments shall be governed by Subchapter A, Chapter 2256, Government Code (Public Funds Investment Act). **(Gen. Law Dist. Ch. 49.157)**
2. The district will manage all of its investments according to the district's investment policy.
3. The board may provide that an authorized representative of the district may invest and reinvest the funds of the district and provide for money to be withdrawn from the appropriate accounts of the district for the investments on such terms as the board considers advisable. **(Gen. Law Dist. Ch. 49.157b)**

B. Reserve Fund

The district shall establish and maintain, so long as the district is indebted to the Government, in an institution insured by the State or Federal Government, or invested in readily marketable securities backed by the full faith and credit of the United States of America, a reserve account separate and apart from other fund accounts of the district. There shall be deposited in such fund the sum as required by a total annual payment sum of all loan resolutions executed by the district. Such deposits shall be made monthly and shall continue until the total

amount deposited equals the sum as required by the executed loan resolutions provided, however, that after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to the sum as required by the executed loan resolutions.

ARTICLE VII – DISSOLUTION

If the board unanimously determines from the evidence that the best interests of the persons and property in the district will be served by dissolving the district, the board shall enter the appropriate findings and order in its records dissolving the district. Otherwise the board shall enter its order providing that the district has not been dissolved. **(Gen. Law Dist. Ch. 65.730)**

ARTICLE VIII – FISCAL YEAR

The fiscal year of the district shall be January 1 through December 31.

The district may change its fiscal year at any time, provided, however, it may not be changed more than once in any 24-month period. After any change in the district's fiscal year, the district shall notify the TCEQ executive director of the changed fiscal year within 30 days after adoption.

ARTICLE IX – RURAL DEVELOPMENT (formerly FmHA) LOAN COVENANTS

For so long as the district is indebted for a loan or loans made to it by the USDA Rural Development agency, the district shall insure with a reputable insurance company such of its properties and in such amounts as is required by the State Director of the USDA Rural Development agency.

The following provisions apply to be consistent with existing Rural Development Loan Covenants:

1. If at the end of the fiscal year, or in the event of emergency repairs, the Board of Directors determines the total amount derived from the collection of water charges to be insufficient for the payment of all costs incident to the operation of the district during the year in which such charges are collected, the Board shall make and levy an assessment against each customer as the Board may determine or as may be required by Rural Development, so that the sum of such assessments and the amount collected from water and other charges

is sufficient to fully pay all costs of operation, maintenance, replacement and repayment on indebtedness for the year's operations, but this provision shall not operate for the benefit of any third party creditor other than Rural Development without a favorable vote of the majority of the board. Any assessments levied to make up operational deficits in any year shall be levied against the district.

2. In the event a customer of the district should surrender his service agreement properly endorsed, the obligation to pay such assessments shall be limited to assessments made and levied prior to the date of such surrender, provided, however, that this paragraph and the provisions of the service policy shall not apply to relieve a customer of his obligation under special agreements covering multiple deposits held by one customer which may have been required or approved by the USDA Rural Development.

ARTICLE X – DUTY TO AUDIT AND RECORDS

A. Audit

The board shall have the district's fiscal accounts and records audited annually at the expense of the district. In all areas of conflict, the provisions of the Texas Water Code shall take precedence over all prior statutory enactments.

1. The person who performs the audit shall be a certified public accountant or public accountant holding a permit from the Texas State Board of Public Accountancy. The audit required by this section shall be completed within 120 days after the close of the district's fiscal year. **(Gen. Law Dist. Ch. 49.191)**
2. After the board has approved the audit, it shall submit a copy of the report to the TCEQ executive director for filing within 135 days after the close of the district's fiscal year. If the board does not approve the annual audit report, the board shall submit a copy of the report to the TCEQ executive director for filing within 135 days after the close of the district's fiscal year, accompanied by a statement from the board explaining the reasons for not approving the report. **(Sec. 49.194)**

B. Records

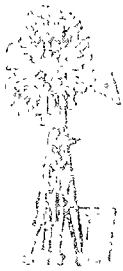
1. The board shall keep a complete account of all its meetings and proceedings and shall preserve its minutes, contracts, records, notices, accounts, receipts, and other records in a safe place.

The records of each district are the property of the district and are subject to the open records law, Chapter 552, Government Code.

The preservation, microfilming, destruction, or other disposition of the records of each district is subject to the requirements of Chapter 201, Local Government Code, and rules adopted under that chapter.
(Gen. Law Dist. Ch. 49.065)

2. With prior written request, corporate records, books, and annual reports, subject to exceptions provided by the Texas Open Records Act, Texas Government Code Ann., Section 552, et seq., including any amendments thereto, shall be available for public inspection and copying by the public or their duly authorized representatives during normal business hours subject to a reasonable charge for the preparation of copies. In the event of any conflict between the provisions of the Texas Open Records Act, Texas Open Meetings Act and the Texas Water Code and the provisions of these by-laws, the provisions of the state law shall prevail.

Amended Article V, A-4 as approved on 6/18/2008 at a Regular Board of Directors Meeting



Johnson County Special Utility District

"Quality and Service since 1965"

RE: Location Information 2.B.

The proposed service includes an area located around the new Chisolm Trail Parkway, FM 1902 and FM 917. The New Chisolm Trail Parkway is the new toll road located at the western most portion of the proposed service area. The new parkway connects downtown Fort worth to Cleburne, the County Seat of Johnson County. Through the center of the proposed service area lies FM 1902. FM 1902 connects to FM 917 and runs north to FM 1187 in Crowley.

With the new Parkway in place and FM 1902, another quick access route to the Motorplex, the population is expected to increase in these highway corridors'. As the City of Burleson continues to annex both City Limits and Extraterritorial Jurisdiction, requirements for smaller lot densities and more efficient utility services are imposed. Smaller lots leave the septic tanks as an insufficient way to provide waste water services.

In 2006 what was once Johnson County Fresh Water Services, extended their waste water collection system service only the Bluebird Meadows development and the Joshua ISD Schools along FM 1902, both properties situated outside of the existing Waste Water CCN that basically overlays the City of Joshua.

Below are subdivisions and potential developments that are currently located in the subject area and have outside of our CCN and have requested sewer service from Johnson County Special Utility District:

- All State Properties 2004 W FM 917
- Joshua ISD Ag Barn 6801 FM 1902
- Bluebird Meadows PH 2-5 FM 1902 and CR 910 (Caddo Rd)
- Thomas Family Living Trust FM 1902 and CR 913

In the proposed area, the topography allows future developments to gravity flow into the existing system, without adding lift stations. It will allow for the potential of approximately 807 acres of development to connect to an existing collection system in the most efficient and cost effective way. Connecting to another service provider will likely come at a higher cost to the land owner.

INTERLOCAL AGREEMENT

This Interlocal Agreement ("the Agreement") is made and entered into this 24th day of May, 2017, by and between the City of Burleson, Texas, a municipal corporation ("the City") and the Johnson County Special Utility District ("the District"), each organized and existing under the laws of the State of Texas, and acting by, through and under the authority of their respective governing bodies and officials in accordance with the "Interlocal Cooperation Act," Chapter 791 of the Texas Government Code (the "Act").

WHEREAS, the City and the District are both governmental entities engaged in providing public utility service under the provisions of Texas law, which service is a recognized governmental function; and

WHEREAS, on July 1, 2014, the City submitted to the Texas Commission on Environmental Quality an application for the expansion of its existing Sanitary Sewer Certificate of Convenience and Necessity (CCN); and

WHEREAS, said CCN expansion application was transferred to the Public Utility Commission (PUC) on October 1, 2014 and is currently pending before the PUC; and

WHEREAS, said CCN expansion application includes service to the area identified in Map Exhibit "A", attached hereto and incorporated herein for all purposes; and

WHEREAS, the City and the District each plan to provide public sanitary sewer utility service to various areas located within the City of Burleson and its extraterritorial jurisdiction as identified in Map Exhibit "B" attached hereto and incorporated herein for all purposes; and

WHEREAS, in order to expedite approval of its CCN expansion application, the City has voluntarily excluded from its CCN expansion application an area in which the District currently provides wastewater services without a CCN, said area described as "Area 1" on Map Exhibit B: and

WHEREAS, the City and the District have agreed that they would support "dual" certification within an area currently included in the City's pending CCN expansion application, the area being identified as "Area 2" in Map Exhibit "B", if appropriate applications are filed by the District, prosecuted and ultimately approved by the Public Utility Commission; and

WHEREAS, the City and the District desire to establish a joint agreement as to how a potential retail customer seeking sanitary sewer utility service in the area identified as "Area 2" in Map Exhibit "B" would be served during the period to be covered by this Agreement and the City and the District have agreed to the following service arrangement; and

WHEREAS, the City and the District agree that participation in this Agreement will be highly beneficial to the customers of both entities and both entities have current funds available to satisfy any costs incurred pursuant to this Agreement.

NOW THEREFORE, the CITY and the DISTRICT, for and in consideration of the premises and mutual covenants set forth in this Agreement, and pursuant to the authority granted by the governing bodies of each of the parties hereto, do hereby agree as follows:

1. The parties recognize and acknowledge that the City of Burleson currently has pending an application for the expansion of its existing Sanitary Sewer Certificate of Convenience and Necessity to serve the area identified in Map Exhibit "A". The application has been pending for over twenty-four (24) months and it is anticipated by the parties that it will be approved by the Public Utility Commission in the near future.
2. On or before October 1, 2017, in conformance with paragraph b, Section 7216.102, Subchapter C, Title 6, Special District Local Laws, State of Texas, Johnson County Special Utility District will prepare, file and prosecute a CCN application to be a retail sanitary sewer service provider in Areas 1 and 2 of Map Exhibit "B".
3. The parties have agreed and represented to the Public Utility Commission staff that they would agree to and support dual sanitary sewer CCN certification for Area 2 identified in Map Exhibit "B," provided that such CCN application is prepared, filed and prosecuted by District on or before October 1, 2017.
4. The parties anticipate that the City of Burleson's CCN expansion application will be approved prior to final PUC action on the Johnson County Special Utility District Application required above. The purpose of this Interlocal Agreement is to establish an agreed procedure for satisfying property owner requests for sanitary sewer public utility service within Area 2 in Map Exhibit "B" during the period following the approval of the City of Burleson's CCN expansion application currently pending but prior to the approval of Johnson County Special Utility District's application.
5. In order to permit sufficient time for the District to prepare, file and prosecute an application for a CCN as required herein and the PUC to review and make a final decision to approve or deny said application, subject to the termination provisions of paragraph 6 below, the parties have agreed any property owner or customer in Area 2 of Map Exhibit "B" may choose to request sanitary sewer utility service from either the City of Burleson or Johnson County Special Utility District. The parties herein agree that they each voluntarily consent to the provision of sanitary sewer service to the requesting property owner by the entity to whom the request is made. The selection of service provider will be solely at the discretion of the property owner or prospective customer.
6. This Agreement shall terminate October 1, 2019 or sooner as provided below:
 - (a) October 1, 2017, if the District fails to file an application for a Sanitary Sewer CCN to include Areas 1 and 2 in Map Exhibit "B"; OR
 - (b) the date on which the PUC approves/denies the District's application for

expansion of its CCN provided said date occurs prior to October 1, 2019. The termination date may be extended if mutually agreed in writing by the Parties, said extension to be approved by the governing bodies of the parties on or before September 1, 2019.

7. The undersigned officer and/or agents of the parties hereto are duly authorized officials and possess the requisite authority to execute this Agreement on behalf of the parties;
8. This Agreement may be executed separately by the parties, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.
9. The laws of the State of Texas shall govern the interpretation, validity, performance and enforcement of this Agreement.
10. The provisions of this Agreement are severable. If any paragraph, section, subdivision, sentence, clause or phrase of this Agreement is for any reason held by a Court of competent jurisdiction to be contrary to the law, or contrary to any rule or regulation having the force and effect of law, the remaining portions of the Agreement shall be enforced as if the invalid provision had never been included.
11. This Agreement embodies the entire agreement between the parties and may only be modified in writing executed by both parties.
12. This Agreement shall be binding upon the parties hereto, their successors, heirs, personal representatives and assigns. Neither party will assign or transfer any interest in this Agreement without the written consent of the other party.
13. It is expressly understood and agreed that in the execution of this Agreement, neither party waives nor shall be deemed hereby to have waived any immunity or defense that would otherwise be available to it against claims arising in the exercise of governmental powers and functions. By entering into this Agreement, the parties do not create any obligations, express or implied other than those set forth herein, and this Agreement shall not create any rights in parties nor signatories thereto.
14. The declaration, determinations and findings declared, made and found in the preamble to this Agreement are hereby adopted, restated and made part of the operative provisions hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective

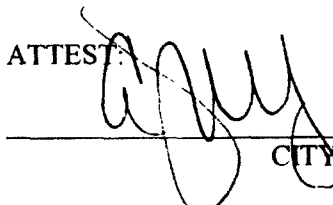
upon the execution and dating by each party, the Agreement shall be effective from the last date signed and marked on this Agreement by a party.

APPROVED BY THE CITY COUNCIL OF THE CITY OF BURLESON, TEXAS:

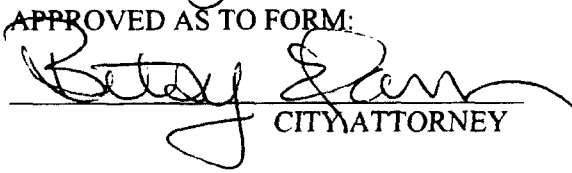
BY: 

MAYOR

DATE: 5/8/17


ATTEST: 

CITY SECRETARY

APPROVED AS TO FORM:


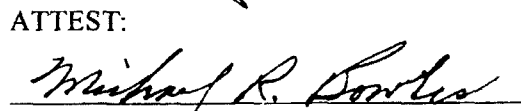
CITY ATTORNEY

APPROVED BY THE BOARD OF DIRECTORS OF THE JOHNSON COUNTY SPECIAL UTILITY DISTRICT:


BY: 

PRESIDENT

DATE: 4-18-2017

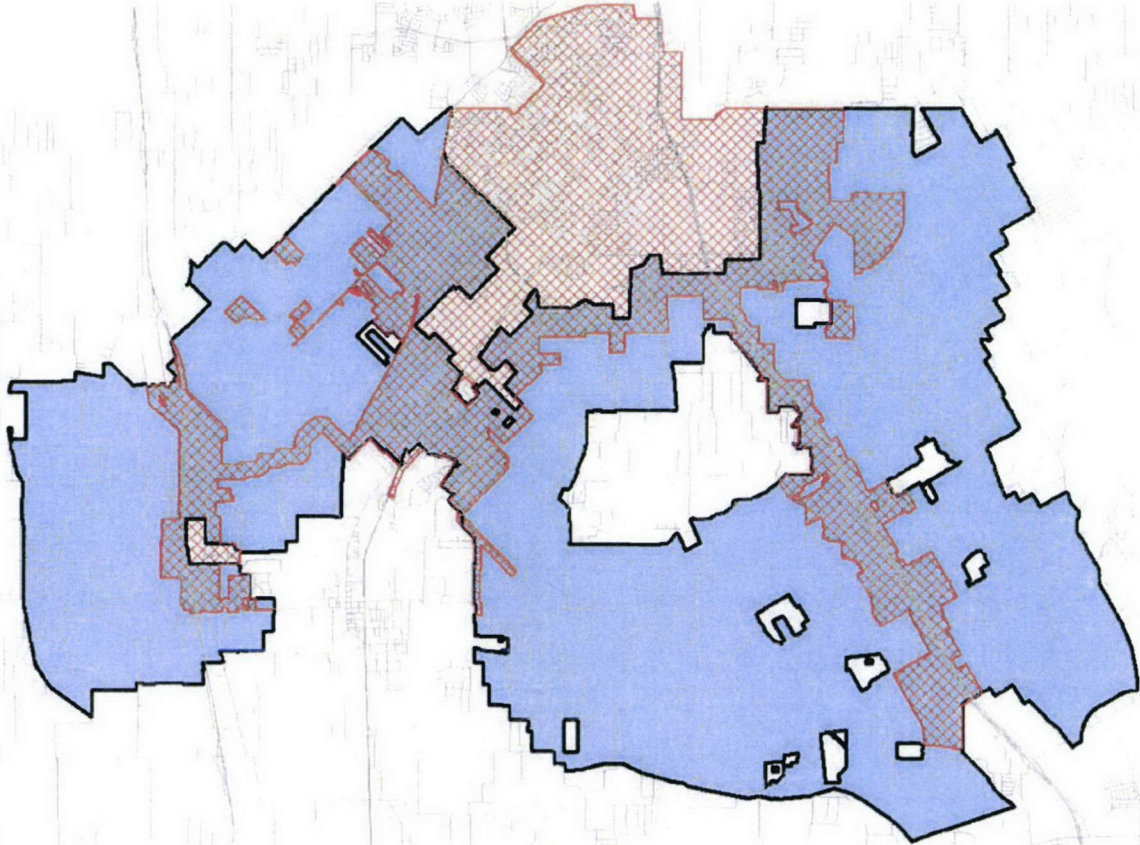
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
SEC-TREAS

APPROVED AS TO FORM AND LEGALITY:


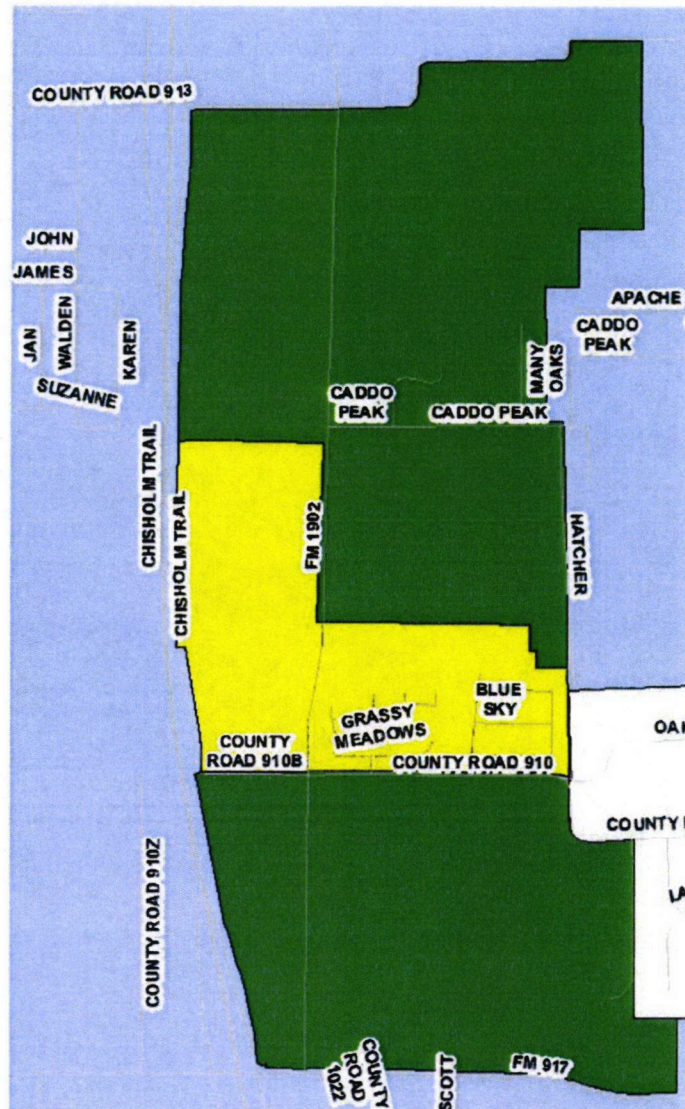
Scott Cain, ATTORNEY

Map Exhibit A



Legend	
Name	
	Burleson City Limits
	Burleson CCN Application Pending

Map Exhibit B



Legend

- Area 1: Excluded from COB CCN Application (future JCSUD CCN)
- Area 2: Future Dual CCN Area (included in COB CCN Application Pending)
- Burleson CCN Application Pending

Metes and Bounds of AREA 2:

BEGINNING AT A POINT being the intersection of the east right-of-way line of the Chisholm Trail Parkway (CT121) with the south right-of-way line of County Road 913 (CR913), then

Southerly along the east right-of-way line of CT121 a distance of approximately 9,155 feet to its intersection with the north right-of-way line of Farm-to-Market Road 917 (FM917), then

Easterly along the north right of way line of FM917 a distance of approximately 3,990 feet to the southwestern most corner of Tract 40B, Abstract 827, E M Thomason survey, then

Northerly along the west boundary of said Tract 40B a distance of approximately 701 feet to the southern boundary of the Meadow Lands subdivision, then

Westerly along the southern boundary of said Meadow Lands subdivision a distance of approximately 411 feet, then

Northerly along the west boundary of said Meadow Lands subdivision a distance of approximately 1675 to an intersection with the south right-of-way line of County Road 910 (CR910), then

Following the south right-of-way of CR910 to and through a curve turning northerly along the east right-of-way of CR910, a distance of approximately 1,153 feet, to a point in the north right-of-way of said CR910, said point also being the southeastern most corner of Lot 1, Block 1, Bluebird Meadows Addition Phase 1, then

Northerly a distance of approximately 1,278 feet along the east boundary of said Bluebird Meadows Addition Phase 1, the east boundary of Tract 30, Abstract 827, EM THOMPSON survey, the east boundary of Lot 1, Block 1, Grove Addition, and the east boundary of Tract 30A, Abstract 827, EM THOMPSON survey to a point in the east right-of-way of Hatcher Road, then

Northerly along the east right-of-way of Hatcher Road a distance of 2,095 feet to a point in the south right-of-way of Caddo Peak Road, then

Westerly along the north right-of-way of said CR910 a distance of approximately 162 feet to a point located at the southeastern most corner of Lot 19, Caddo Peak Estates Phase 1 Addition, then

Northerly following the east boundary of Lots 19, 18, 17, 16, 15, 14, 13, 12, 11 and 10 of said Caddo Peak Estates Phase 1 Addition, a distance of approximately 1,266 feet to the southern boundary of Tract 4, Abstract 366, EM HEATH survey, then

East along the southern boundary of said Tract 4 a distance of 313 feet to its southeastern most corner, then

North along the east boundary of said Tract 4 a distance of approximately 551 feet to the southern boundary of Tract 1, Abstract 235, W DOUGLAS survey, then

East along the southern boundary of said Tract 1 a distance of approximately 603 feet to its southeastern most corner, then

North along the east boundary of said Tract 1 a distance of approximately 1,780 feet to its intersection with the south right-of-way line of CR913, then

Following the south and east right-of-way line of CR913, along its various curves and turns, a distance of approximately 4,678 feet to the POINT OF BEGINNING, said area containing approximately 807.35 acres.

SAVE AND EXCEPT FOR (EXCLUDED FROM AREA 2) IS THE FOLLOWING AREA (AREA 1):

BEGINNING AT A POINT in the east right-of-way of CT121, said point being at the northwestern most corner of Lot 1R, Block 1, Joshua School Addition, then

Southerly along the east right-of-way of CT121 a distance of approximately 3,231 feet to a point of intersection with the north right-of-way of County Road 910B (CR910B), then

East along the north right-of-way of CR910B a distance of approximately 1,039 feet across the right of way of Farm-to-Market Road 1902 (FM1902) to a point lying at the intersection of the east right-of-way of FM1902 and the north right-of-way of CR910, then

East along the north right-of-way of CR910 a distance of approximately 2432 feet to the southeastern most corner of Lot 1, Block 1, Bluebird Meadows Addition Phase 1, then

Northerly a distance of approximately 1,042 feet along the east boundary of said Bluebird Meadows Addition Phase 1 and the east boundary of Tract 30, Abstract 827, EM THOMPSON survey to a point on the easternmost boundary of said Tract 30, said point also lying at the southeastern most corner of Lot 1, Block 1, Grove Addition, then

Following the boundary of said Tract 30 westerly a distance of approximately 290 feet, then northerly a distance of approximately 150 feet, westerly a distance of approximately 53 feet, then northerly a distance of approximately 246 feet to the northern boundary of said Tract 30, said boundary also being the southern boundary of Lot 11, THE BRAUNER PLACE, then

Westerly along the northern boundary of said Tract 30 a distance of approximately 1,003 feet to the northeastern most corner of Tract 23, Abstract 855, J WEST Survey, then Westerly along said Tract 23 a distance of approximately 903 feet and then continuing is a straight line across the FM1902 right of way to a point lying on the west right-of-way line of FM1902 and the east boundary of Lot 2, Block 1, Joshua School Addition, said point being approximately 247 feet north of the southeastern most corner of said Lot 2, then

Northerly along the west right-of-way of FM1902 a distance of approximately 1,700 feet to the northeastern most corner of Lot 1R, Block 1, Joshua School Addition, then

Westerly along the northern boundary of said Lot 1R a distance of approximately 1,384 feet to the POINT OF BEGINNING said area containing approximately 165.51 acres.

The total acreage of Area 2 then, is approximately 641.84 acres (807.35 gross less 165.51 in Area 1)

OVERSIZED MAP(s) or DOCUMENT(s)

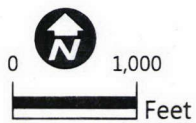
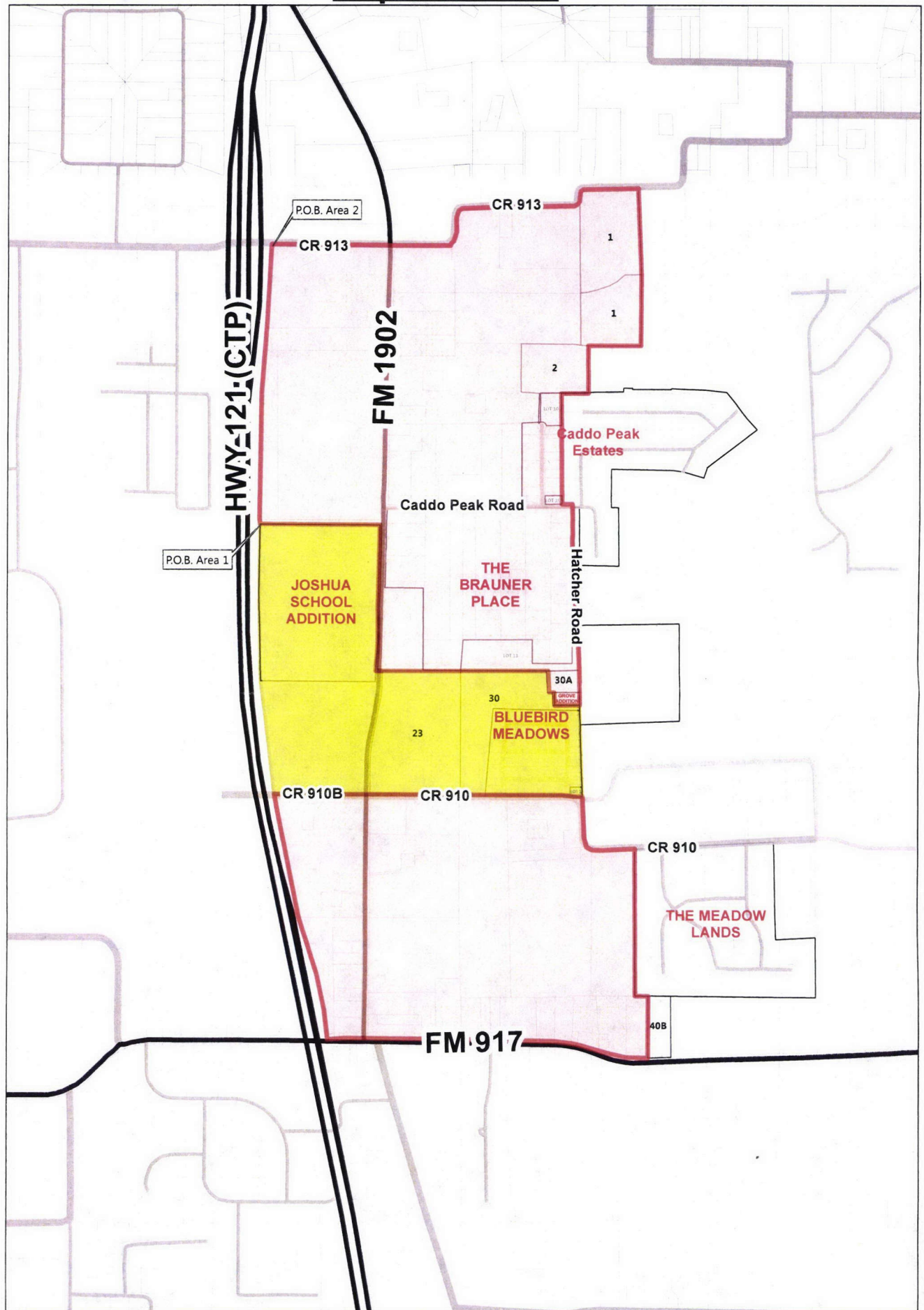
TO VIEW

OVERSIZED MAP(s) or DOCUMENT(s)

**PLEASE CONTACT
CENTRAL RECORDS
512.936.7180**

Thank you

Map Exhibit 3.B



Legend

- JCSUD Proposed Sewer CCN (Area 1)
- JCSUD Proposed Dual Certification (Area 2)

Metes and Bounds of AREA 2 (Dual CNN):

BEGINNING AT A POINT being the intersection of the east right-of-way line of the Chisholm Trail Parkway (CT121) with the south right-of-way line of County Road 913 (CR913), then

Southerly along the east right-of-way line of CT121 a distance of approximately 9189.99 feet to its intersection with the north right-of-way line of Farm-to-Market Road 917 (FM917), then

Easterly along the north right of way line of FM917 a distance of approximately 3707.91 feet to the southwestern most corner of Tract 40B, Abstract 827, E M Thomason survey, then

Northerly along the west boundary of said Tract 40B a distance of approximately 712.01 feet to the southern boundary of the Meadow Lands subdivision, then

Westerly along the southern boundary of said Meadow Lands subdivision a distance of approximately 151.26 feet, then

Northerly along the west boundary of said Meadow Lands subdivision a distance of approximately 1685.62 to an intersection with the south right-of-way line of County Road 910 (CR910), then

Following the south right-of-way of CR910 to and through a curve turning northerly along the east right-of-way of CR910, a distance of approximately 1147.88 feet, to a point in the north right-of-way of said CR910, said point also being the southeastern most corner of Lot 1, Block 1, Bluebird Meadows Addition Phase 1, then

Northerly a distance of approximately 1448.80 feet along the east boundary of said Bluebird Meadows Addition Phase 1, to a point in the northeastern most corner of Tract 30A, Abstract 827, EM THOMPSON survey, also a point in the west right-of-way of Hatcher Road, then

Northerly along the west right-of-way of Hatcher Road a distance of approximately 1906.99 feet to a point in the north right-of-way of Caddo Peak Road, then

Westerly along the north right-of-way of said Caddo Peak Road a distance of approximately 121.60 feet to a point located at the southeastern most corner of Lot 19, Caddo Peak Estates Phase 1 Addition, then

Northerly following the east boundary of Lots 19, 18, 17, 16, 15, 14, 13, 12, 11 and 10 of said Caddo Peak Estates Phase 1 Addition, a distance of approximately 1265.27 feet to the southern boundary of Tract 2, Abstract 366, EM HEATH survey, then

East along the southern boundary of said Tract 2 a distance of approximately 312.855 feet to its southeastern most corner, then

North along the east boundary of said Tract 2 a distance of approximately 543.71 feet to the southern boundary of Tract 1, Abstract 235, W DOUGLAS survey, then

East along the southern boundary of said Tract 1 a distance of approximately 602.67 feet to its southeastern most corner, then

North along the east boundary of said Tract 1 a distance of approximately 1795.17 feet to its intersection with the south right-of-way line of County Road 913 (CR913), then

West, following the south and east right-of-way line of CR913, along its various curves and turns, a distance of approximately 3200.74 feet to a point lying at the intersection of the west right-of-way of FM 1902 and the south right-of-way of CR913, then

West, across the right-of-way of FM 1902, along the south side of CR913 approximately 1477.37 feet to the POINT OF BEGINNING, said area containing approximately 805.05 acres.

SAVE AND EXCEPT METES AND BOUNDS FOR AREA 1 (Single CCN):

BEGINNING AT A POINT in the east right-of-way of CT121, said point being at the northwestern most corner of Lot 1R, Block 1, Joshua School Addition, then

Southerly along the east right-of-way of CT121 a distance of approximately 3096.33 feet to a point of intersection with the north right-of-way of County Road 910B (CR910B), then

East along the north right-of-way of CR910B a distance of approximately 1101.98 feet across the right of way of Farm-to-Market Road 1902 (FM1902) to a point lying at the intersection of the east right-of-way of FM1902 and the north right-of-way of CR910, then

East along the north right-of-way of CR910 a distance of approximately 2443.3 feet to the southeastern most corner of Lot 1, Block 1, Bluebird Meadows Addition Phase 1, then

Northerly a distance of approximately 1041.55 feet along the east boundary of said Bluebird Meadows Addition Phase 1 and the east boundary of Tract 30, Abstract 827, EM THOMPSON survey to a point on the easternmost boundary of said Tract 30, said point also lying at the southeastern most corner of Lot 1, Block 1, Grove Addition, then

Following the boundary of said Tract 30 westerly a distance of approximately 290.57 feet, then northerly a distance of approximately 150 feet, westerly a distance of approximately 58.11 feet, then northerly a distance of approximately 250 feet to the northern boundary of said Tract 30, said boundary also being the southern boundary of Lot 11, THE BRAUNER PLACE, then

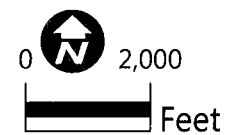
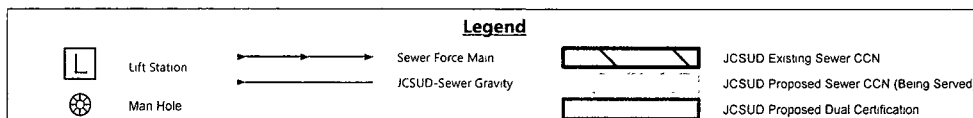
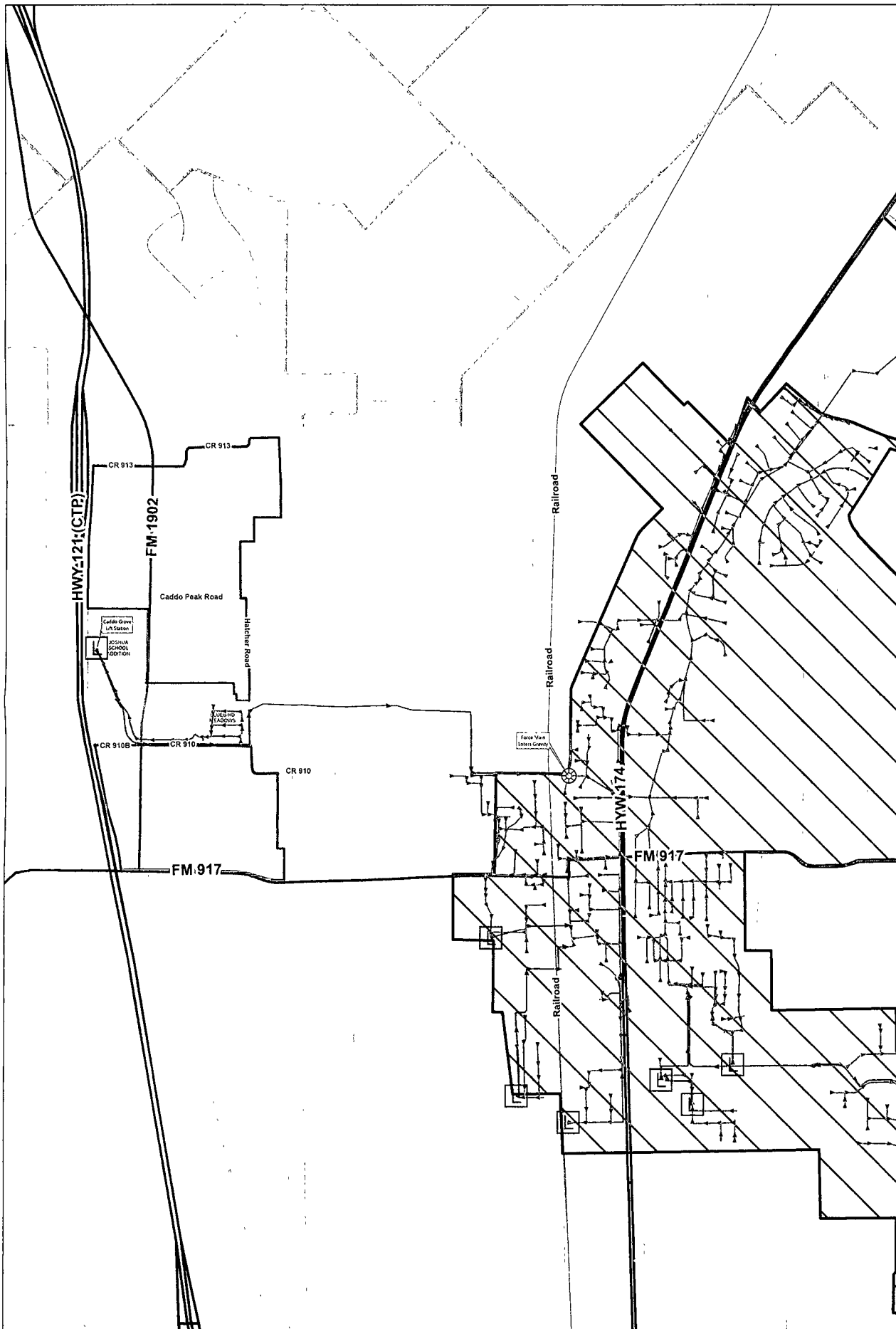
Westerly along the northern boundary of said Tract 30 a distance of approximately 1008.92 feet to the northeastern most corner of Tract 23, Abstract 855, J WEST Survey, then Westerly along said Tract 23 a distance of approximately 894.89 feet and then continuing in a straight line across the FM1902 right of way to a point lying on the west right-of-way line of FM1902 and the east boundary of Lot 2, Block 1, Joshua School Addition, said point being approximately 125.09 feet north of the southeastern most corner of said Lot 2, then

Northerly along the west right-of-way of FM1902 and the eastern boundary line of the Joshua School Addition, a distance of approximately 1672.18 feet to the northeastern most corner of Lot 1R, Block 1, Joshua School Addition, then

Westerly along the northern boundary of said Lot 1R a distance of approximately 1373.98 feet to the POINT OF BEGINNING said area containing approximately 166.43 acres.

The total acreage of Area 2 then, is approximately 638.62 acres
(805.05 gross less 166.43 in Area 1)

Sewer Infrastructure 3.D



MWD_WQ0014 0001_CO_20160825_CCI/

Texas Commission on Environmental Quality
Investigation Report

The TCEQ is committed to accessibility. If you need assistance in accessing this document, please contact ocs@tceq.texas.gov

Customer: Johnson County Special Utility District
Customer Number: CN601368756

Regulated Entity Name: JOHNSON COUNTY SUD WWTF

Regulated Entity Number: RN101992089

COPY

Investigation # 1350685

Incident Numbers

Investigator: AUDREY ARINGO

Site Classification DOMESTIC MINOR

Conducted: 06/16/2016 -- 06/16/2016

SIC Code: 4952

NAIC Code: 221320

Program(s): WASTEWATER

Investigation Type: Compliance Investigation

Location: APPROX 2.5 MILES NE OF INTERSECTION OF
SH 174 AND FM 917

Additional ID(s): WQ0014350001
R14350001
TX0023256
TX0124923

Address: PO BOX 39,
JOSHUA, TX , 76058

Local Unit: REGION 04 - DFW METROPLEX

Activity Type(s): WWCCIMDMIN - WWCCI Mandatory
Minor

Principal(s):

Role	Name
RESPONDENT	JOHNSON COUNTY SUD

Contact(s):

Role	Title	Name	Phone
REGULATED ENTITY MAIL CONTACT	WASTEWATER SUPERINTENDENT	MR JESSE THOMPSON	Phone (817) 760-5200 Fax (817) 760-5238 Work (817) 504-4648

PARTICIPATED IN	OPERATOR	MR TYLER LYLES
-----------------	----------	----------------

Other Staff Member(s):

Role	Name
QA Reviewer	GREG DIRHL
Supervisor	GREG DIRHL

6/16/2016 Inv. # - 1350685

Page 3 of 4

compliant with the permit limits. At the time of the investigation, the receiving stream appeared normal.

Sludge Handling/Transporter

Republic-Itasca Hauling, Transporter #22769, hauls sludge from this facility to Itasca Landfill permit #241D for disposal. The total amount of sludge hauled during the most recent reporting period was 92 Dry Metric Tons (DMT). TCLP analysis is required once during the term of the permit and was last performed on January 3, 2012 by Oxidor Laboratories, Inc.

Hauled waste is not accepted at the treatment facility or at a designated location in the collection system.

BACKGROUND

A record review was conducted prior to the investigation. No violations are pending. The last CCI was conducted November 9, 2010 resulting in two violations and three additional issues. Please refer to investigation report #877138 for complete investigation findings. The permittee has reported six sanitary overflows (SSO) since the last inspection. This is addressed as a violation in this report. The permittee has not maintained compliance with the permitted effluent limits since the last CCI. These effluent violations are addressed as an additional issue in this report.

ADDITIONAL INFORMATION

The current authorization for the facility will expire on September 1, 2016. Any permittee with an effective permit shall submit a new application at least 180 days before the expiration date of the effective permit. The TCEQ DFW Region Office received a copy of the permit renewal application on April 5, 2016 from JOCO SUD.

The facility is compliant with the emergency power requirements. According to the onsite representative, the facility has adequate retention capacity to ensure untreated or inadequately treated wastewater is not discharged during period of extended power failure.

NOV Date	07/29/2016	Method	WRITTEN
ALLEGED VIOLATION(S) NOTED AND RESOLVED			
ASSOCIATED TO A NOTICE OF VIOLATION			

Track Number: 612252

Resolution Status Date: 8/16/2016

Violation Start Date: 6/16/2016

Violation End Date: 6/22/2016

2D TWC Chapter 26.121(a)(1)
30 TAC Chapter 305.125(1)

Alleged Violation:

Investigation: 1350685

Comment Date: 08/16/2016

Failure to prevent the unauthorized discharge of wastewater. The regulated entity has reported six sanitary sewer overflows since the last inspection on November 9, 2010. The main causes were attributed to equipment failures and blockages.

Recommended Corrective Action: There shall be no unauthorized discharge of wastewater. Submit the steps taken to prevent the recurrence of unauthorized discharges from the collection system.

Resolution: At the time of each overflow, the Regulated Entity took necessary corrective actions to stop the overflows and remediate the impacted areas.

Additional Issues

Description

Was the permittee compliant with the self-monitored effluent limits?

Additional Comments

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Jon Niermann, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



COPY

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

August 25, 2016

Jesse Thompson, Wastewater Superintendent
Johnson County SUD
P.O. Box 509
Cleburne, Texas 76033

Re: Notice of Violation and Resolution for Comprehensive Compliance
Investigation at: Johnson County SUD WWTF, approx. 2.5 mi NE of SH74
and FM 917, Joshua (Johnson County), Texas
Regulated Entity No.: 101992089, TCEQ ID No.: WQ0014350-001, EPA ID
No.: TX0124923

Dear Mr. Thompson:

On June 16, 2016, Ms. Audrey Aringo of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (DFW) Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for wastewater treatment. During the investigation, a certain outstanding alleged violation was identified which has been resolved. Therefore, no further action is required.

In the listing of the alleged violations, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled Obtaining TCEQ Rules (GI 032) are located on our agency website at <http://www.tceq.texas.gov> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the DFW Region Office at (817) 588-5800 or the Central Office Publications Ordering Team at 512-239-0028.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violations documented in this notice. Should you choose to do so, you must notify the DFW Region Office within 10 days from the date of this letter.

Summary of Investigation Findings

JOHNSON COUNTY SUD WWTF

Investigation # 1350685

PO BOX 39

Investigation Date: 06/16/2016

JOSHUA, JOHNSON COUNTY, TX 76058

Additional ID(s): WQ0014350001
R14350001
TX0023256
TX0124923

ALLEGED VIOLATION(S) NOTED AND RESOLVED ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 612252

2D TWC Chapter 26.121(a)(1)

30 TAC Chapter 305.125(1)

Alleged Violation:

Investigation: 1350685

Comment Date: 08/16/2016

Failure to prevent the unauthorized discharge of wastewater. The regulated entity has reported six sanitary sewer overflows since the last inspection on November 9, 2010. the main causes were attributed to equipment failures and blockages.

Recommended Corrective Action: There shall be no unauthorized discharge of wastewater. Submit the steps taken to prevent the recurrence of unauthorized discharges from the collection system.

Resolution: At the time of each overflow, the Regulated Entity took necessary corrective actions to stop the overflows and remediate the impacted areas.

ADDITIONAL ISSUES

Description

Was the permittee compliant with the self-monitored effluent limits?

Additional Comments

The regulated entity has not maintained compliance with the permitted effluent limits. Specifically during the record review period of December 2010 to May 2016, the permittee reported the following number of effluent exceedances: TSS mg/l (daily avg. concentration) 1; Ammonia Nitrogen mg/l (daily avg. concentration) 3; Ammonia Nitrogen mg/l (daily max. concentration) 3. Self reported effluent violations may be subject to formal enforcement, including penalties, upon review by the Enforcement Division.



Johnson County Special Utility District

"Quality and Service since 1965"

RE: Existing System Information 5.G.

The effect of granting a certificate amendment are as follows:

We the applicant would stay compliant with TCEQ's regionalization policy in that we already have a treatment facility to handle the added service area as well as a lift station and gravity sewer in close proximity to the area in the amendment. Currently there are no other retail public utilities of the same kind serving the area.

In regards to landowners in the amended service area it would give them an opportunity to connect to a public sewer system rather than relying on septic or aerobic systems which tend to fail over time or be inadequately maintained by the landowner. These failures ultimately lead to groundwater and stream channel water quality issues. This amendment as explained above is one of both necessity for the protection of the environment as well as convenience for the landowners.



**JOHNSON COUNTY
SPECIAL UTILITY DISTRICT
SERVICE POLICY
RATE ORDER**



*Johnson County Special Utility District
2849 South Hwy. 171
P.O. Box 509
Cleburne, TX 76033
Phone: 817-760-5200
www.jcsud.com*

JOHNSON COUNTY SPECIAL UTILITY DISTRICT

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SERVICE RULES AND REGULATIONS	Section E	Pages 1-8
DEVELOPER, SUBDIVISION AND NON-STANDARD SERVICE REQUIREMENTS	Section F	Pages 1-6
RATES AND SERVICE FEES	Section G	Pages 1-5

**RESOLUTION BY JOHNSON COUNTY SPECIAL UTILITY DISTRICT
ADOPTING A SERVICE POLICY AND ESTABLISHING RATES, FEES,
ADOPTING RULES AND REGULATIONS RELATING TO THE
ADMINISTRATION OF ITS UTILITY SERVICES, AND PROVIDING FOR
ENFORCEMENT FOR VIOLATING THIS SERVICE POLICY**

WHEREAS, the Johnson County Special Utility District (the "District") has provided facilities for the production and distribution of potable water to residential and business users within its authorized service areas;

WHEREAS, Section 49.212, Texas Water Code, authorizes the District to adopt and enforce all necessary charges, rates, fees, or rentals, and other terms and conditions for providing any district services;

WHEREAS, the Board of Directors has carefully considered the matter and is of the opinion that the following fees, charges, rates, rules, regulations, and enforcement procedures are necessary for the safe and efficient management of the District's utility facilities; NOW THEREFORE,

BE IT ORDERED BY THE BOARD OF DIRECTORS OF JOHNSON COUNTY SPECIAL UTILITY DISTRICT, JOHNSON COUNTY, TEXAS, that the following Service Policy is adopted and establishes the fees, charges, rules, regulations, and enforcement procedures for the District's water system.

Adopted on April 20, 2004.

President

Secretary

SECTION A.
RESOLUTION & AUTHORITY

1. This Service Policy was originally adopted by resolution by the Board of Directors of Johnson County Special Utility District on April 20, 2004. This Service Policy supersedes all utility service policies, rules and tariffs adopted or passed by the Board of Directors prior to January 01, 2004.
2. The adoption of this Service Policy shall not affect any violation or act committed or done, or any penalty or forfeiture incurred, or any contract or vested right established or accrued under any prior Service Policy.
3. An original of this Service Policy as approved shall be maintained in the records of the District and all additions, deletions and changes thereto shall be clearly exhibited.
4. Rules and regulations of state and federal agencies having applicable jurisdiction, promulgated under any applicable state or federal law, shall supersede all terms of the Service Policy that directly conflict with such state and federal rules or regulations. If any section, paragraph, sentence, clause, phrase, word or words of the Service Policy are declared unconstitutional or in violation of law, the remainder of the Service Policy shall not be affected thereby and shall remain in full force and effect.
5. This Service Policy is immediately effective upon the date of adoption unless otherwise specified.

SECTION B. **STATEMENTS**

1. **Organization.** The Johnson County Special Utility District is a Political Subdivision of the State of Texas organized under Chapters 49 of the Texas Water Code and Senate Bill 5, as passed by the 78th Legislature, Regular Session, of the State of Texas, for the purpose(s) of furnishing potable water service to Johnson County and portions of Hill, Ellis, and Tarrant Counties. The management of the District is controlled by the Board of Directors who is responsible for adopting the District Service Policy, rates, and regulations. The members of the Board of Directors are elected by the registered voters residing within the District's boundaries.
2. **Non-Discrimination Policy.** Service is provided to all Applicants who comply with the provisions of this Service Policy regardless of race, creed, color, national origin, gender, disability, or marital status.
3. **Policy and Rule Application.** These policies, rules, and regulations apply to the water (and/or sewer) services provided by the District. Failure on the part of the Customer or Applicant to observe these policies, rules and regulations gives the District the authority to deny or discontinue service according to the terms of this Policy.
4. **Fire Protection Responsibility.** The District is not the provider of record for fire protection to the community. Generally all hydrants or flush valves are installed for the benefit of water operation and maintenance of the system. However, hydrants may be used by authorized fire departments for fire suppression activities in accordance with the adopted District Rule on Fire Flow Residual. The District reserves the right to designate any hydrant as unavailable for fire suppression as determined by the District, at any time without notice. A black plastic bag placed over the hydrant indicates its temporary "out of service" status. Repairs may be outsourced or performed by in-house force and will be returned to service as soon as practical.
5. **Liability.** The District is not liable for damages caused by service interruptions, events beyond its control, and for normal system failures.
6. **Information Disclosure.** The records of the District shall be kept in the District's office in Cleburne, Texas. All information collected, assembled, or maintained by or for the District shall be disclosed to the public in accordance with the Texas Public Information Act. A reasonable charge as established pursuant to the Texas Public Information Act may be assessed to any person requesting copies of District records. An individual customer may request in writing that their address, telephone number, account record of water use or social security number be kept confidential. Such confidentiality does not prohibit the utility from disclosing this information to an official or employee of the state or a political subdivision of the state acting in an official capacity or an employee of the District acting in connection with the employee's duties.
7. **Customer Notice Provision.** The District will post written notice at the District office of a water or sewer rate change including a website publication, and notice on the monthly bill of a rate change at least thirty (30) days prior to the effective date of the new rate. The notice shall contain the new rates and the effective date. Failure of the District to give the notice shall not invalidate the effective date of the change, the amount of the newly adopted rate nor any charge incurred based on the new rate.

8. ***Customer Service Inspections.*** The District requires that a Customer Service Inspection certification be completed prior to providing permanent water service to: 1) new construction, 2) on any existing service when the District has reason to believe that cross-connections or other potential contaminant hazards exist, or 3) after any material improvement, correction, or addition to the private water distribution facilities. This inspection is limited to the identification and prevention of cross connections, potential contaminant hazards and illegal lead materials. (30 TAC 290.46(i-j))
9. ***Sub-metering Responsibility.*** Submetering and Non-Submetering by Master Metered Accounts may be allowed in the District's water distribution (or sewer collection) system. Master Metered Account customers are advised to comply with the Texas Commission on Environmental Quality Chapter 291 Subchapter H rules pertaining to Submetering. The District has no jurisdiction over or responsibility to the tenants. Tenants receiving water under a Master Metered Account are not considered customers of the District. Any interruption or impairment of water service to the tenants is the responsibility of the Master Metered Account Customer. Any complaints regarding submetering should be directed to the Texas Commission on Environmental Quality.

SECTION C. **DEFINITIONS**

Applicant – A person, corporation, organization, government or governmental subdivision or agency, business trust, estate, trust, partnership, association, or any other legal entity applying for service with the District.

Authorized Representative or District Representative -- The General Manager of the District or his designated representative or employee of the District engaged in carrying out the terms of or performing services prescribed by this Policy pursuant to either general or specific authorization to do so from the General Manager or the Board of Directors of the District.

Board of Directors -- The governing body of the District elected by the registered voters within the District's boundaries in accordance with the applicable election laws.

Customer – Any person, corporation, organization, government or governmental subdivision or agency, business trust, estate, trust, partnership, association, or any other legal entity having District's service at any specified premises.

Defined Service Area – That area within which water and sewer services are provided to customers and that includes the area certificated by the State to the District and described within water CCN Number 10081 and sewer CCN Number 20713.

Deposit – A non-interest bearing fee as set by the Board of Directors based upon the size of the water meter which is held by the District as security for service being rendered.

Developer – Any person, partnership, cooperative corporation, corporation, agency, or public or private organization who subdivides land or requests two (2) or more water or sewer service connections on a single contiguous tract of land [as defined in Chapter 13.2502 (e)(1) of the Water Code].

Disconnection of Service -- The discontinuance of water (or sewer) service to a customer of the District.

District -- The Johnson County Special Utility District.

District's Water Utility System – The water production and distribution facilities; also sewer treatment and collection system operated or to be constructed by the District as currently operating and any water system extensions or improvements which may be built by the District in the future.

Easement -- A perpetual right-of-way dedicated to the District for the installation of water pipelines and necessary facilities which allows access to property for future operation, maintenance, facility replacement, facility upgrades, and/or installation of additional pipelines for both service to a customer/applicant and system-wide service. This may also include restrictions on the adjacent area to limit the installation of sewer lines or other facilities that would restrict the use of any area of the easement. The District maintains and occasionally updates a standard easement which must be provided prior to service to a new customer or new service connection.

System Development Fee -- Applicants shall be required to contribute capital in an amount projected to defray the cost of up-grading system facilities in order to meet the customer growth needs of the District. This fee shall be charged for each meter equivalent or lot/tap for which service has been requested.

Final Plat -- A complete and exact plan which represents the full use for the subdivision of a tract of land which has been approved by all regulatory agencies having jurisdiction over approval of the design, planning and specifications of the facilities of such subdivision.

Hazardous Condition -- A condition that poses a material potential threat to the health and welfare of the customers of the District as determined by the District or any other regulatory authority with jurisdiction.

Indication of Interest Fee -- A fee paid by a potential customer of the District for the purpose of aiding the District in determining the feasibility of a construction and/or expansion project.

Master Meter -- A meter that serves two or more connections and is installed in accordance with the requirements set forth in Section E 2. c.(3) of this Order.

Re-Service -- Providing service to an Applicant at a location at which service previously existed and at which there is an existing tap and box for a meter. Costs of such re-servicing shall be as established in the District's Service Policy or based on justifiable expenses in connection with re-activating service.

Revenues -- Any funds received for water service, tap fees, service charge fees, disconnect fees, reconnection fees or any and all other charges except for service deposits that may be charged and collected by the District from the ownership and operation of its water systems.

Service Application and Agreement -- A written agreement on the current service application and agreement form between the Applicant and the District defining the specific type of service requirements requested, and the responsibilities of each party regarding the service to be provided.

Service Classification/Unit -- The type of water service required by an Applicant as may be determined by the District based on specific criteria such as usage, meter size, demand, type application, and other relevant factors related to the Applicant's request. The base unit of water service used by the District in facilities design and rate making in this Rate Order is a 5/8" X 3/4" water meter.

Subdivide -- To divide the surface area of land into lots or tracts. (Local Government Code Chapter 232, Section 232.021 Definitions)

Sub-divider -- An individual, firm, corporation, or other legal entity that owns any interest in land and that directly or indirectly subdivides land into lots as a part of a common promotional plan in the ordinary course of business. (Local Government Code Chapter 232, Section 232.021 Definitions)

Subdivision -- An area of land that has been subdivided into lots or tracts. (Local Government Code Chapter 232, Section 232.021 Definitions)

Temporary Service -- This classification of service is pending the status change to "permanent" until full compliance with the District Service Policy is approved for standard service. A request for temporary water service at a location generally where occupancy is pending inspection, cleaning, testing water and

water facilities, plumbing fixtures, etc. This could also apply to service awaiting satisfactory results of a Customer Service Inspection.

Texas Commission on Environmental Quality (TCEQ) -- State regulatory agency having jurisdiction of water and sewer service utilities and appellate jurisdiction over the rates and fees charged by the District.

DEFINITIONS Regarding Wholesale Water Customers:

Wholesale Customer – The District’s water service provided to a public water system, political subdivision, or municipality that is not the ultimate consumer of the service.

Wholesale Customer (Distribution System) – Water supplied from the JCSUD distribution system to the customer for resale to the public for human consumption. Terms for sale and delivery are set forth in a standard Water Purchase Agreement whereby cost calculations are directly attributable to distribution system related elements. New connections for such are not subject to the system development fee. However installation costs are subject to the Non-Standard Service Requirements in Section F.

Wholesale Customer (Low Volume) – Water supplied from the distribution system to the customer via a meter no larger than 1 inch and requiring no more than 30 gallons per minute. New connections are subject to the system development fee and other fees as required and commensurate with the meter size. Terms of sale and delivery are set forth in a standard Water Purchase Agreement of whereby cost calculations are commensurate with a low volume supply and directly attributable to distribution system related elements.

Wholesale Customer (Transmission Line System) – Water supplied directly from the JCSUD transmission line facilities and delivered to the customer’s take point location into a ground storage tank for distribution and resale to the public for human consumption. Terms of sale and delivery are set forth in a standard Water Purchase Agreement whereby cost calculations are directly attributable to transmission facilities and wholesale water rates to the District. New connections for such are not subject to the system development fee. However installation costs are subject to the Non-Standard Service Requirements in Section F.

Wholesale Public Water Supplier – An individual or entity that for compensation supplies water to another for resale to the public for human consumption.

SECTION D.

GEOGRAPHIC AREA SERVED

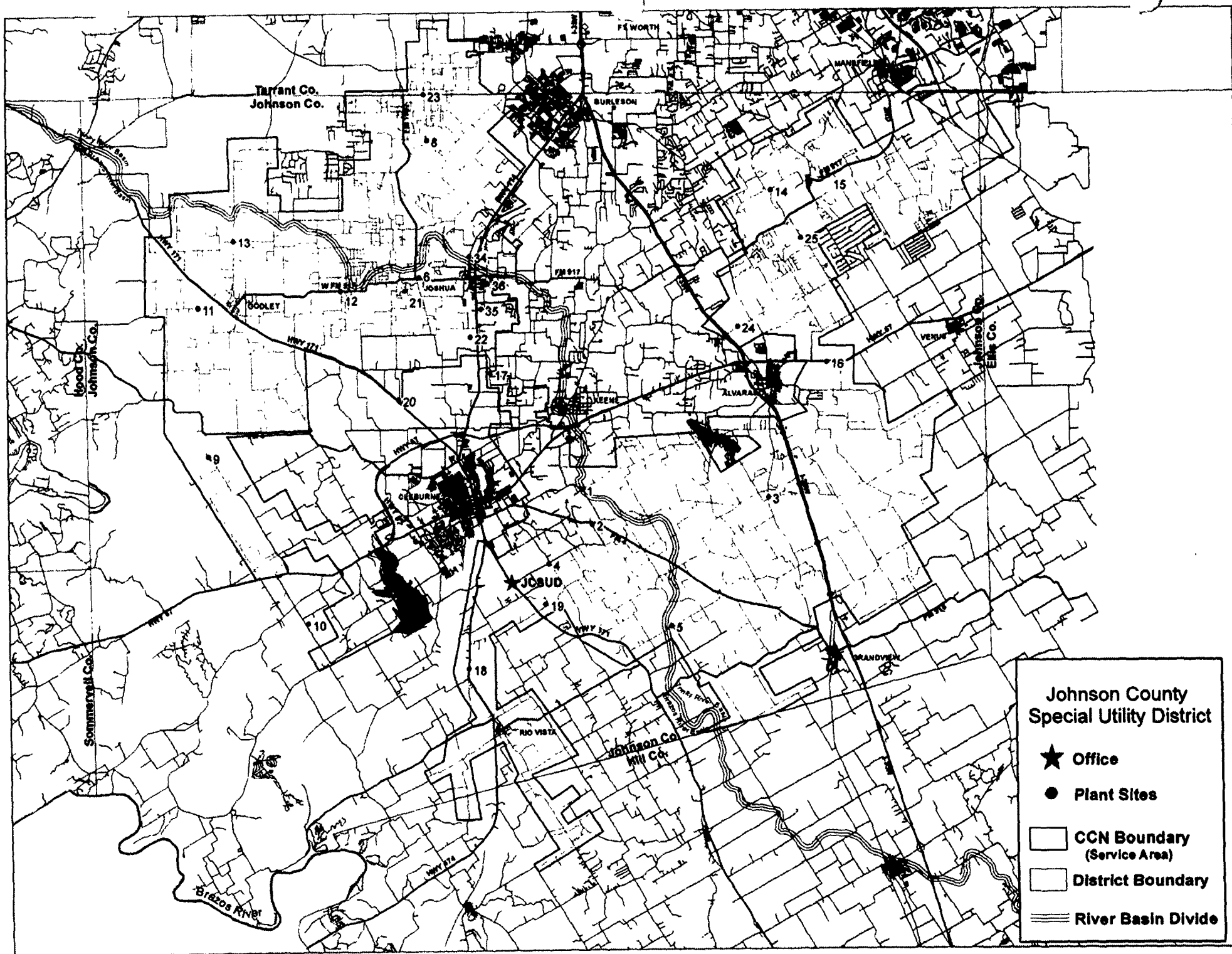
The Certificate of Convenience and Necessity (CCN) No. 10081 (water) and CCN No. 20713 (sewer) was issued by the Texas Commission on Environmental Quality in the name of Johnson County Special Utility District.

Johnson County Special Utility District is located primarily in Johnson County, but also extends into Hill, Tarrant, and Ellis Counties, Texas, with a total approximate area of 324 square miles with 850 miles of water-main piping. The District is within portions of the extra-territorial jurisdictions of the Cities of Alvarado, Burleson, Cleburne, Fort Worth, Godley, Joshua, Keene, Mansfield, and Rio Vista.

A comprehensive map on the following page illustrates specified boundaries among other details.

—— The JCSUD Authorized Service Area (CCN Boundary) outlined in bold.

The yellow highlighted area defines the District.



SECTION E.

SERVICE RULES AND REGULATIONS

1. ***Service Entitlement.*** An Applicant requesting service within the boundaries of the District or the District's defined service area shall be considered qualified and entitled to water (and or sewer) utility service when proper application has been made, terms and conditions of service have been met and continue to be met, and all fees have been paid as prescribed. An Applicant requesting service outside the District's boundaries or defined service area shall be considered for service in accordance with current District policies on providing service outside the District boundaries or CCN service area.
2. ***Application Procedures and Requirements.*** For the purposes of this Service Policy, service shall be divided into the following two classes:
 - a. **Standard Service** is defined as service on an existing pipeline where pipeline or service facility extensions are not required and special design and/or engineering considerations are not necessary. Typically, this would include our 5/8" X 3/4" sized water meter services set on existing pipelines.
 - b. **Non-Standard Service** is defined as any service request which requires a larger meter, service to a Master Metered Account (see E. 2. c. (3) of this section), or an addition to the supply, storage and/or distribution/collection system. The service requirements as prescribed by Section F of this Service Policy shall be required of the Non-Standard Service Applicant prior to providing service.
 - c. **Requirements for Standard and Non-Standard Service.**
 - 1) The District's Service Application and Agreement Form shall be completed in full and signed by the Applicant.
 - 2) A Right-of-Way Easement Form, Sanitary Control Easement, or other such easement form, approved by the District, must be completed by the Applicant for the purpose of providing water and sewer service to the applicant and to allow for future facility additions.
 - 3) The District shall consider master metering to apartments, condos, mobile home/RV parks, or business centers and other similar type enterprises at an Applicant's request provided the total number of units to be served are all:
 - (a) owned by the same person, partnership, cooperative, corporation, agency, public or private organization of any type but not including a family unit,
 - (b) directly inaccessible to public right-of-way, and
 - (c) considered a commercial enterprise; i.e. for business, rental, or lease purposes.
 - 4) Notice of application approval and costs of service determined by the District shall be presented to the Applicant in writing and shall remain in effect for a period not to exceed thirty (30) days. After that time the Applicant must re-apply for service
 - 5) There are instances where the water main has been located in the public right-of-way and is adjacent to Applicant's property due to the current or previous landowner's refusal to grant an easement to the District for the purpose of installing the water main and appurtenances, and the District has documentation of such refusal. Prior to receiving the requested service, the applicant shall grant the easements required under this Service Policy, and in addition to the normally required fees for new customer service, shall pay such sums as are reasonably necessary to construct the appropriate line or lines within that easement for the District's system-wide service. (See Miscellaneous Transaction Forms.)

3. **Activation of Standard Service.**

- a. **New Tap** -- The District shall charge a non-refundable service installation fee and a refundable deposit as required under Section G of this Service Policy. The service installation fee shall be quoted in writing to the Applicant. All fees shall be paid or a deferred payment contract signed in advance of installation. (30 TAC 291.86 (a)(1)(A))
- b. **Location of Meter** -- In accordance with 30 TAC 291.86(a)(3), a standard meter shall be located on the customer's property in which the application for service originally arose. In so far as practical, the meter will be readily accessible and nearest to the water main or public right of way for reading, maintenance, etc. The District will install the tap and meter equipment to be reasonably secure from potential damage.
- c. **Re-Service** -- For re-service the District shall charge the deposit fee and other costs necessary to restore service. When re-service is requested by an applicant owing any delinquent charges on previous service received from the District, all delinquent charges must be paid before re-servicing procedures can begin. In no event will a system development fee be charged for a re-service event.
- d. **Performance of Work** -- After approval is granted by proper authorities, all tap and equipment installations specified by the District shall be completed by the District staff or designated representative. No person, other than the properly authorized agent of the District, shall be permitted to tap or make any connection with the mains or distribution pipes of the district's water system, or make any repairs or additions to or alterations in any tap, pipe, cock or other fixture connected with the water service pipe. After payment is made, the tap shall be completed within 5 working days after approval is received from the county or TxDOT (if applicable). When a road bore or other construction is required, this time may be extended; also if other construction is required. (see Section E, 30 TAC 291.85)
- e. **Inspection of Customer Service Facilities** -- The property of and the facilities at the service connection shall be inspected to insure compliance with state required Minimum Acceptable Operating Practices for Public Drinking Water Systems as promulgated by the Texas Commission on Environmental Quality or successor agency. The customer must, at his or her expense, properly install any backflow prevention device required by the District. (30 TAC 290.46(j))

4. **Changes in Service Classification.** If at any time the District determines that the customer service demands have changed from those originally applied for to a different service classification and the District determines that additional or different facilities are necessary to provide adequate service, the District shall require the Customer to re-apply for service under the terms and conditions of this Service Policy. Customers failing to comply with this provision shall be subject to the Disconnection with Notice Provisions of this Service Policy, Sub-Section 11.a.

5. **Denial of Service.** The District may deny service for the following reasons:

- a. Failure of the Applicant to complete all required easements and forms and to pay all required fees and charges;
- b. Failure of the Applicant to comply with rules, regulations, policies, and bylaws of the District;
- c. Existence of a hazardous condition at the Applicant's property which could jeopardize the welfare of other customers of the District upon connection;
- d. Failure of Applicant to provide representatives or employees of the District reasonable access to property for which service has been requested;
- e. Applicant's service facilities are known to be inadequate or of such condition that satisfactory service cannot be provided.

6. ***Applicant's Recourse.*** In the event the District refuses to serve an Applicant under the provisions of this Service Policy, upon request, the District will notify the Applicant, in writing, of the basis of its refusal. The Applicant may file for an appeal, in writing, with the Board of Directors of the District.
7. ***Insufficient Grounds for Refusal of Service.*** The following shall not constitute sufficient cause for the refusal of service to an Applicant:
- a. Delinquency in payment for service by a previous occupant of the premises to be served;
 - b. Failure to pay a bill to correct previous underbilling due to misapplication of rates more than six (6) months prior to the date of application;
 - c. Violation of the District's rules pertaining to operation of non-standard equipment or unauthorized attachments which interferes with the service of others, unless the customer has first been notified and been afforded reasonable opportunity to comply with said requirements;
 - d. Failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill; or
 - e. Failure to comply with regulations or rules for anything other than the type of utility service specifically requested including failure to comply with septic tank regulations.
8. ***Deferred Payment Agreement.*** The District may offer a deferred payment plan for the system development fee (up to \$1,000) to a customer who cannot pay in full at time of applying for new service, and is willing to pay the balance in reasonable installments as determined by the District, including any Late Penalty Fees or interest on the monthly balance, as per agreement. Also the District may offer a deferred payment plan to a Customer who cannot pay a balance in full due to a leak, and is willing to pay the balance in reasonable installments as determined by the District. (See Miscellaneous Transaction Forms.)
9. ***Charge Distribution and Payment Application.***
- a. **The Monthly Minimum Charge (also known as the Service Availability Charge)** is billed on a monthly basis. Charges are applied from the first day of the billing period to the last day of the billing period. Billings for this amount shall be mailed on the applicable billing cycle date for usage in the preceding month for which this charge is due.
 - b. **Gallonge Charge** shall be billed at the rate specified in Section G and billing shall be calculated in one thousand (1000) gallon increments. Water charges are based on monthly meter readings and are calculated from reading date to reading date. Readings used in all billing calculations shall be taken by the District's employees or designated representative.
 - c. **Posting of Payments** -- All payments shall be posted against previous balances prior to posting against current billings.
10. ***Due Dates, Delinquent Bills, and Service Disconnection Date.*** All bills shall be due by the date indicated on the bill allowing approximately sixteen (16) days to pay, after which time a penalty shall be applied as described in Section G. A bill is delinquent if not paid by the due date. Payment made by mail will be considered late if received after the due date. Final notices shall be mailed allowing eight (8) additional days for payment prior to disconnection. The eight (8) additional days shall begin on the day the final notice is deposited with the U.S. Postal Service with sufficient postage. If the due date for the regular or final billing is on a weekend or holiday, the next due date for payment purposes shall be the next day the District office is open for business after said weekend or holiday.

11. **Rules for Disconnection of Service.** The following describes the rules and conditions for disconnection of service. For the purposes of disconnecting sewer service under these policies, water service will be terminated in lieu of disconnecting sewer service.

a. **Disconnection with Notice** -- Water utility service may be disconnected for any of the following reasons after proper notification has been given.

- 1) Returned Checks -- The District shall mail or email a notice requiring redemption of the returned instrument within ten (10) days of the date of the notice to be made in the District office. Redemption of the returned instrument shall be made by cash, money order, or certified check. Failure to meet these terms shall initiate disconnection of service.
- 2) Failure to pay a delinquent account for utility service, failure to timely provide a deposit or failure to comply with the terms of a deferred payment agreement (Miscellaneous Transaction Forms);
- 3) Violation of the District's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of non-standard equipment if a reasonable attempt has been made to notify the Customer and the Customer is provided with a reasonable opportunity to remedy the situation;
- 4) Failure of the Customer to comply with the terms of the District's Service Agreement, Service Policy, Bylaws, or Special Contract provided that the District has given notice of said failure to comply, and Customer has failed to comply within a specified amount of time after notification.
- 5) Failure to provide access to the meter under the terms of this Service Policy or to property at which water service is received when there is reason to believe that a hazardous condition or policy violation exists for which access is necessary to verify.
- 6) Misrepresentation by any Applicant of any fact on any form, document, or other agreement required to be executed by the District.
- 7) Failure of Customer to re-apply for service upon notification by the District that Customer no longer meets the terms of the service classification originally applied for under the original service application.
- 8) Failure to pay a delinquent account billed by the District for sewer utility service provided by a Retail Public Utility pursuant to the District's Agreement with the Retail Public Utility.

b. **Disconnection Without Notice** Water utility service may be disconnected without notice for any of the following conditions:

- 1) A known dangerous or hazardous condition exists for which service may remain disconnected for as long as the condition exists, including but not limited to a violation of the Texas Sanitation and Health Protection Law 4477-1, or there is reason to believe a dangerous or hazardous condition exists and the Customer refuses to allow access for the purpose of confirming the existence of such condition and/or removing the dangerous or hazardous condition (Section E. 3. d., 30 TAC 290.46 (j));
- 2) Service is connected without authority by a person who has not made application for service or who has reconnected service without authority following termination of service for nonpayment; and
- 3) In instances of tampering with the District's meter or equipment, by-passing the meter or equipment, or other diversion of service.
- 4) The customer remits a check as payment to unlock or reconnect service, and the check is determined to be of non-sufficient funds.

NOTE: Where reasonable, given the nature of the reason for disconnection, a written statement providing notice of disconnection and the reason therefore shall be posted at the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected.

- c. **Disconnection Prohibited** -- Utility service may not be disconnected for any of the following reasons:
- 1) Failure of the Customer to pay for merchandise or charges for non-utility service provided by the District, unless an agreement exists between the Applicant and the District whereby the Customer guarantees payment of non-utility service as a condition of service;
 - 2) Failure of the Customer to pay for a different type or class of utility service unless a fee for such service is included in the same bill;
 - 3) Failure of the Customer to pay charges arising from an underbilling occurring due to any misapplication of rates more than six (6) months prior to the current billing;
 - 4) Failure of the Customer to pay the account of another Customer as guarantor thereof, unless the District has in writing the guarantee as a condition precedent to service;
 - 5) Failure of the Customer to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due under the Inoperative Meters subsection E. 15. of this Service Policy.
 - 6) Failure of the Customer to pay estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the District is unable to read the meter due to circumstances beyond its control.
- d. **Disconnection on Holidays and Weekends** -- Unless a potentially hazardous condition exists, service shall not be disconnected on a day, or on a day preceding a day, when personnel of the District are not available to the public for the purpose of making collections and reconnecting service.
- e. **Disconnection Due to Utility Abandonment** -- The District may not abandon a Customer or a Certificated Service Area without written notice to its Customers and all similar neighboring utilities and approval from the Texas Commission on Environmental Quality.
- f. **Disconnection for Ill and Disabled** -- The District may not discontinue service to a delinquent residential Customer permanently residing in an individually metered dwelling unit when that Customer establishes that discontinuance of service will result in some person at that residence becoming seriously ill or more seriously ill if service is discontinued. Each time a Customer seeks to avoid termination of service under this Sub-section, the Customer must have the attending physician call or contact the District within sixteen (16) days of issuance of the bill. A written statement must be received by the District from the physician within twenty-six (26) days of the issuance of the utility bill. The prohibition against service termination shall last sixty-three (63) days from the issuance of the utility bill or such lesser period as may be agreed upon by the District and Customer's physician. The Customer shall enter into a Deferred Payment Agreement. (see Miscellaneous Transaction Forms).
- g. **Disconnection of Master-Metered Accounts** -- When a bill for water utility services is delinquent for a master-metered service complex (defined as a complex in which a single meter serves multi-end users) or any other cause as stipulated in the Policy to warrant service disconnect, the following shall apply: (30 TAC Subchapter H. 291.126.)
- 1) The District shall send a notice to the Customer as required. This notice shall also inform the Customer that notice of possible disconnection will be provided to the tenants of the service complex within five (5) days if compliance is not achieved or if payment is not rendered before that time.
 - 2) At least five (5) days after providing notice to the Customer and at least five (5) days prior to disconnection, the District shall post notice stating "Termination Notice" in a public area of the service complex notifying the residents of the scheduled date for disconnection of service. The District shall charge the Customer a fee for such postings.

3) The tenants may pay the District for any delinquent bill on behalf of the owner to avert disconnection or to reconnect service to the complex.

h. **Disconnection of Temporary Service** -- When an account with the designation of Temporary service fails to comply with the conditions of the Service Application, Agreement Form, or other Service Policy requirements, service may be terminated with or without notice. (see Temporary Service Policy)

12. **Billing Cycle Changes.** The District reserves the right to change its billing cycles if the workload requires such practice. After a billing period has been changed, the billings shall be sent on the new change date unless otherwise determined by the District.

13. **Back-billing.** The District may back-bill a Customer for up to forty-eight (48) consecutive months for meter error, misapplied meter multiplier, incorrect meter readings, or error in computing a Customer's bill. Failure to pay the most recent six (6) months billing may result in disconnection of service.

14. **Disputed Bills.** In the event of a dispute between the Customer and the District regarding any bill, the District shall promptly conduct an investigation. The District is responsible to contact the customer regarding the results and/or submit the same in writing to the customer. All disputes under this Subsection must be submitted to the District, in writing, subject to the due date posted on said bill.

15. **Inoperative Meters.**

a. Water meters found inoperative will be repaired or replaced within a reasonable time. If a meter is found not to register properly for any period, unless by-passed or tampered with, the District shall make a charge for units used, but not metered, for a period not to exceed three (3) months, based on amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.

b. When it is observed that a meter registers "0" usage where service is known to be active, the following is used to estimate the billing adjustment for the water consumed but not metered. The account's historical-use data is utilized to find the lowest usage observed for the subject month(s). This same amount will be used in estimating the usage for the month it was not metered. If there is insufficient historical data for the subject month, use the best available data.

16. **Bill Adjustment.**

a. Suspected Meter Error: *Note: The District's radio-read type meters are equipped with two separate mechanisms in reporting usage. The electronic mechanism enables readings to be remotely retrieved. These meters also have the conventional flow-measurement mechanism; the same as those meters that are not radio-read types. Standard meters have a "direct read" register on the face which is made up of six wheel odometers. The prevailing usage report of accuracy shall be in reading the odometer register.* The District shall test any Customer's meter upon written request of the Customer. In the event the meter tests within the accuracy standards of The American Water Works Association, a test fee as prescribed in Section G of this Service Policy shall be imposed. In the event the test results indicate that the meter is faulty or inaccurate, the test fee shall be waived, the meter shall be calibrated or replaced, and a billing adjustment may be made as far back as six (6) months. The billing adjustment shall be made to the degree of the meter's inaccuracy as determined by the test. The Customer shall complete a Meter Test Request Form prior to the test. (See Misc. Transaction Forms.)

b. Due to Water Leak: - The District shall allow a bill adjustment in the event of a water leak. The customer must sign a form stating acknowledgment that this adjustment is subject to be made only once in a 24 month period. As outlined in the Leak Adjustment Policy dated 1/13/15, to calculate the adjustment, a standard formula will be used with the customer's average water usage and the high usage bill. A portion of the leak will be absorbed by the District. The remaining balance will be the current bill owed by the customer. (See Miscellaneous Transaction Forms)

17. ***Meter Tampering and Diversion.*** Meter-tampering, by-passing, or diversion are strictly prohibited, including any tampering with the District's service equipment, by-passing the same, or other instances of diversion, such as:

- a. removing a locking or shut-off device used by the District to discontinue service;
- b. physically disorienting the meter,
- c. attaching objects to the meter to divert service or to by-pass;
- d. inserting objects into the meter; or
- e. other electrical or mechanical means of tampering with, by-passing, or diverting service.

Photographic evidence or any other reliable and credible evidence may be used to establish that a violation of this prohibition has occurred and to justify appropriate action by the District. A court finding of meter tampering may be used instead of photographic or other evidence, if applicable. Violation of this prohibition may be prosecuted to the extent allowed by law under the Texas Penal Code 28.03.

18. ***Service Facility Relocation.*** Relocation of service facilities on the same or adjacent property shall be allowed by the District provided that:

- a. An easement for the proposed location has been granted to the District; and
- b. The Customer pays the actual cost of relocation plus administrative fees, and
- c. The property of the new location requested is owned by the current customer of the meter to be moved, and
- d. Service capacity is available at proposed location.

19. ***Prohibition of Multiple Connections To A Single Tap.*** No more than one (1) residential, commercial, or industrial service connection is allowed per meter. The District may consider allowing an apartment building, mobile home/RV park, or other qualifying multi-family or commercial structure to apply as a "Master Metered Account" and have a single meter (Referring to Section E. 2. c. (3)). Service may exist in a case where a single separate structure is utilized as a dwelling unit and is occupied on a temporary basis without compensation. The customer shall provide the District information concerning the dwelling and its occupants, as it relates to water service, along with the length of time the dwelling will be occupied. Any unauthorized submetering or diversion of service shall be considered a Multiple Connection and subject to disconnection of service. If the District has sufficient reason to believe a Multiple Connection exists, the District shall discontinue service under the Disconnection with Notice provisions of this Service Policy.

20. ***Customer's Responsibility.***

- a. The Customer shall provide access to the meter as per the easement and service agreement. If access to the meter is hindered or denied preventing the reading of the meter, an estimated bill shall be rendered to the Customer for the month; and a notice shall be sent to the effect that access could not be gained. If access is denied for three (3) consecutive months after proper notification to the Customer, then service is subject to disconnection; up to and including being made inactive with no further notice. (Section E. 5. d.)

- b. The Customer shall be responsible for compliance with all utility, local, and state codes, requirements, and regulations concerning on-site service and plumbing facilities.
 - 1) All water service connections shall be designed to ensure against back-flow or siphonage into the District's water supply. In particular, livestock water troughs shall be plumbed above the top of the trough with air space between the discharge and the water level in the trough; or anti-back-siphon auto-fill device. (30 TAC 290.46)
 - 2) The use of pipe and pipe fittings that contain more than 8.0% lead or solder and flux that contain more than 0.2% lead is prohibited for any plumbing installation or repair of any residential or non-residential facility providing water for human consumption and connected to the District's facilities. Customer service pipelines shall be installed by the applicant. (30 TAC 290.46)
- c. The District's ownership and maintenance responsibility of water supply and metering equipment shall end at the meter or other service equipment. Therefore, all water usage registering upon and/or damages occurring to the metering equipment owned and maintained by the District shall be subject to charges as determined by this Service Policy.
- d. The District requires each Customer to have a cut-off valve on the Customer's side of the meter for purposes of isolating the Customer's service pipeline and plumbing facilities from the District's water pressure. The valve shall meet AWWA standards (a ball valve is preferred). The Customer's use of the District's valve in the box is prohibited. Any damage to the District's equipment shall be subject to service charges. (This cut-off valve may be installed as a part of the original meter installation by the District.)

21. ***Prohibited Plumbing Practices***

- a. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination will be isolated from the public water system by an air gap or an appropriate backflow prevention device.
- b. No cross-connection between the water supply and a private water system is permitted. These potential threats to the public drinking water supply must 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.

SECTION F.
DEVELOPER, SUBDIVISION AND NON-STANDARD SERVICE REQUIREMENTS

1. ***District's Limitations.*** All Applicants shall recognize that the District must comply with local, state, and federal rules and regulations as promulgated from time to time, and with covenants of current indebtedness.
2. ***Purpose.*** It is the purpose of this Section to define the process for which the specific terms and conditions for service to subdivisions and other kinds of Non-Standard Service are determined, including the Non-Standard Service Applicant's and the District's respective costs. The Applicant must be the same person or entity that is authorized to enter into a contract with the District setting forth terms and conditions pursuant to which Non-Standard Service will be furnished to a property or subdivision.
3. ***Application of Rules.*** This Section is applicable to subdivisions, additions to subdivisions, developments, or whenever additional service facilities are required for a single tract of property. Examples of non-standard services for a single tract of property include, but are not limited to, road bores and extensions to the distribution system. For the purposes of this Service Policy, Applications subject to this Section shall be defined as Non-Standard. The Board of Directors allows the General Manager or his designee to interpret on an individual basis whether or not the Applicant's service request shall be subject to all or part of the conditions of this Section.

This Section sets forth the general terms and conditions pursuant to which the District will process Non-Standard Service Requests. The specific terms and conditions pursuant to which the District will provide non-standard service in response to any request will depend upon the nature of such request and may be set forth in a legally enforceable, contractual agreement to be entered into by the District and the service Applicant. The agreement may not contain any terms or conditions that conflict with this Section.

4. ***Non-Standard Service Application.*** The Applicant shall meet the following requirements prior to the initiation of a Non-Standard Service Contract by the District:
 - a. The Applicant shall provide the District a completed Service Application and Agreement giving special attention to the item(s) on SPECIAL SERVICE NEEDS OF THE APPLICANT.
 - b. A final plat approved by the District must accompany the Application showing the Applicant's requested service area. The plat must be approved by all governmental authorities exercising jurisdiction over lot sizes, sewage control, drainage, right-of-way, and other service facilities. Plans, specifications, and special requirements of such governmental authorities shall be submitted with the plat. Applicants for single taps involving extension or upsizing of facilities shall be required to submit maps or plans detailing the location of the requested extension and details of demand requirements.
 - c. A Non-Standard Service Investigation Fee shall be paid to the District in accordance with the requirements of Section G for purposes of covering initial administrative, legal, and engineering costs. The District shall refund any balance that remains after it has completed its service investigation, and has completed all legal and engineering services associated with processing a request. In the event such a fee is not sufficient to pay all

expenses incurred by the District, the Applicant shall pay to the District all remaining expenses that have been, or will be incurred by the District and District shall have no obligation to complete processing of the request until all remaining expenses have been paid.

- d. If after the service investigation has been completed, the District determines that the Applicant's service request is for property located, in whole or in part, outside the area described in the District's defined service area, service may be extended provided that:

- 1) The service location is not in an area receiving similar service from another retail utility;
- 2) The service location is not within another retail utility's Certificate of Convenience and Necessity; and
- 3) Where applicable the District's defined service area shall be amended to include the entirety of Applicant's property for which service is requested. Applicant is subject to pay all costs incurred by District for annexation or for amending its CCN, including but not limited to engineering and professional fees. The District may extend service prior to completing the amendment to its CCN, but will do so only upon Applicant's legally enforceable agreement to fully support such amendment (including but not limited to payment of all professional fees, including legal, surveying and engineering fees incurred by District in securing the amendment). If the District determines to annex the property, the applicant shall secure written requests for annexation from all ownership interests in the property to be annexed, and shall pay all costs, including engineering and professional fees for the annexation.

5. **Design.** Upon receipt of the signed service application and Investigation Fee, the District shall study the design requirements of the Applicant's required facilities prior to initiation of a Non-Standard Service Contract by adopting the following schedule:

- a. The District's Engineer shall give a cost estimate, design, or review and approve design and/or plans for, all on-site and off-site service facilities for the Applicant's requested service within the District's specifications, incorporating any applicable municipal or other governmental codes and specifications.
- b. The District's Engineer shall ensure all facilities for any Applicant meet the demand for service as platted and/or requested in the plans or plat submitted in application for service. The District reserves the right to upgrade design of service facilities to meet future demands provided however, that the District shall pay the expense of such upgrading in excess of the Applicant's facility requirements.

6. **Non-Standard Service Contract.** Applicants requesting or requiring Non-Standard Service may be required to execute the District's Service Application and Agreement. Said agreement shall define the terms of service prior to construction of required service facilities. The service contract may include, but is not limited to:

- a. All costs associated with required administration, design, construction, and inspection of facilities for water/sewer service to the Applicant's service area and terms by which these costs are to be paid.
- b. Procedures by which the Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.
- c. Terms by which service capacity shall be reserved for the Applicant and duration of reserved service with respect to the impact the Applicant's service demand will have upon

- the District's system capability to meet other service requests, including assessment of any reserved service fee (if applicable).
- d. Terms by which the District shall administer the Applicant's project with respect to:
 - 1) Design of the Applicant's service facilities;
 - 2) Securing and qualifying bids;
 - 3) Execution of the Service Agreement;
 - 4) Selection of a qualified bidder for construction;
 - 5) Dispensing advanced funds for construction of facilities required for the Applicant's service;
 - 6) Inspecting construction of facilities; and
 - 7) Testing facilities and closing the project.
 - e. Terms by which the Applicant shall indemnify the District from all third party claims or lawsuits in connection with the project.
 - f. Terms by which the Applicant shall deed all constructed facilities to the District and by which the District shall assume operation and maintenance responsibility, including any enforcement of warranties in connection with construction of the Applicant's project.
 - g. Terms by which the Applicant shall grant title or easement for right-of-ways, constructed facilities, and facility sites and/or terms by which the Applicant shall provide for the securing of required right-of-ways and sites.
 - h. Terms by which the Board of Directors shall review and approve the Service Contract pursuant to current rules, regulations, and bylaws.
 - i. Agreement to enforceable remedies in the event applicant fails to comply with all contract obligations, including specific performance.

The District and the Applicant must execute a Non-Standard Service Contract prior to the initiation of construction of facilities by the Applicant. In the event that the Applicant commences construction of any such facilities prior to execution of a Contract with the District, then the District may refuse to provide service to the Applicant (or require full costs of replacing/repairing any facilities constructed without prior execution of a contract from any person buying a lot or home from Applicant), require that all facilities be uncovered by the Applicant for inspection by the District, require that any facilities not approved by the District be replaced, or take any other lawful action determined appropriate by the Board of Directors of the District.

7. ***Property and Right-of-Way Acquisition.*** With regard to construction of facilities, the District shall require right-of-way easements or property dedicated to the District as per the following conditions:
- a. If the District determines that right-of-way easements or facility sites outside the Applicant's property are required, the Applicant shall secure easements or title to facility sites in behalf of the District. All right-of-way easements and property titles shall be researched, validated, and filed by the District at the expense of the Applicant.
 - b. All costs associated with facilities that must be installed in public right-of-ways on behalf of the Applicant, due to the inability of the Applicant to secure private right-of-way easements, shall be paid by the Applicant. Alternatively, Applicant shall pay all costs, including legal and other professional fees and the condemnation award in the event District secures such private easements or facility sites through eminent domain proceedings.

- c. The District shall require an exclusive dedicated right-of-way on the Applicant's property (as required by the size of the planned facilities and as determined by the District) and title to property required for other on-site facilities.
 - d. Easements and facilities sites shall be prepared for the construction of the District's pipeline and facility installations in accordance with the District's requirements and at the expense of the Applicant.
8. **Bids for Construction.** The District's Engineer shall advertise for bids for the construction of the Applicant's proposed facilities in accordance with generally accepted practices. Plans and specifications shall be made available, with or without charge, to prospective bidders. Although the District reserves the right to reject any bid or contractor, the District shall generally award the contract to the lowest and best bidder in accordance with the following criteria:
- a. The Applicant shall sign the Service Contract noting willingness to proceed with the project and shall pay all costs in advance of construction associated with the project;
 - b. The Contractor shall provide an adequate bid bond under terms acceptable to the District;
 - c. The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the District;
 - d. The Contractor shall supply favorable references acceptable to the District;
 - e. The Contractor shall qualify with the District as competent to complete the work; and
 - f. The Contractor shall provide adequate certificates of insurance as required by the District.
9. **Pre-Payment for Construction and Service.** After the Applicant has executed the Service Agreement, the Applicant shall pay to the District all costs necessary for completion of the project prior to construction and in accordance with the terms of the Non-Standard Service Contract.
10. **Construction.**
- a. All roadwork pursuant to state, county and/or municipal standards (as applicable) shall be completed prior to facility construction to avoid future problems resulting from road right-of-way completion and excavation. Subject to approval of the requisite authority, road sleeves may be installed prior to road construction to avoid road damage during construction of Applicant's facilities.
 - b. The District shall, at the expense of the Applicant, inspect the facilities to ensure compliance with District standards.
 - c. Construction plans and specifications shall be strictly adhered to, but the District reserves the right to change-order any specifications, due to unforeseen circumstances during the design phase, to better facilitate construction or operation of the Applicant's facility. All change-order amounts shall be charged to the Applicant.
11. **Service within Subdivisions.** The District's objective to provide service to any customer located within a subdivision governed by this section is strictly limited to the nonstandard service specified by the Applicant. The District is not required to extend retail utility service to an Applicant in a subdivision where the responsible party (Applicant/Developer) of the applicable property (subdivision) has failed to comply with the terms of this Service Policy. The Applicant is responsible for paying for all costs necessary for non-standard service to a subdivision as determined by the District under the provisions of this Service Policy and specifically the provisions of this Section; if the Applicant fails to pay these costs, the District

has the right to require payment of these costs by any one or more of the persons purchasing lots within such subdivision before the District is obligated to provide water/sewer service. In addition, District may elect to pursue any remedies provided by the Non-Standard Service Contract. Applicant is advised that purchasers of lots also may have legal recourse to the Applicant under Texas law.

12. *Fire Hydrant Installation Request.* All requests for fire hydrant installation must be provided in writing to JCSUD. JCSUD reserves the right to determine “good cause” for approving such requests. Fire hydrants will only be installed by JCSUD or their designated installer. All costs for materials and labor will be paid in advance by the requestor. Upon completion of installation, fire hydrant will become the property of JCSUD. This policy will be reviewed and updated as required.

13. *Portable Meter Request.* All requests for the use of portable meters that attach to fire hydrants for “quick-fill” needs shall be by written application. Portable meters are issued for the temporary use primarily during construction projects. These meters are not intended for use as an alternate source for water service to a single location on a continuous or regular basis as would be appropriately served according to the provisions of standard service. Approved applicants will furnish a deposit for the use of a portable meter if needed. The portable meter issued will remain the property of JCSUD. Upon return, any damage to the equipment will be grounds for retaining a reasonable portion of the deposit to cover the cost of repair.

Item 14. See next page

14. ***Pro-rata Reimbursement and Associated Fees.*** The District may from time to time enter into a pro-rata reimbursement agreement with a developer or applicant for remitting payment due to future connections that come onto the water utility line extended and funded by the developer/applicant.
- a. The developer/applicant (or “Constructing Applicant”) contemplating a line extension project is required to fund the construction of off-site facilities to the District’s utility system;
 - b. The District will determine the facility needs and the total connections on the Project line to be extended. This also corresponds to the number of pro-rata fees to be collected and used to determine the reimbursement amount to the Constructing Applicant;
 - c. The District shall assess a four percent administrative fee for each pro-rata fee collected from subsequent connecting applicants, which shall be deducted from the pro-rata reimbursement before remittance to the Constructing Applicant;
 - d. The Pro-rata Reimbursement Agreement shall contain the following items:
 - 1) The term of the agreement shall not exceed seven years;
 - 2) Given that a single residential-type meter is applicable, the cost may be calculated based on extending a 2 inch water line (the District reserves the right to fund the over sizing of the line);
 - 3) The total of reimbursements shall not be for more than 80 percent of the project cost for the off-site improvements; and
 - i. The pro-rata fee is the amount to be collected from future connections coming onto the Project line originally funded by the Constructing Applicant. This fee shall be based on an appropriate formula as determined at the onset of the Project by the District on a case by case basis. The following of which would be a likely scenario:

$$\text{Pro-rata fee} = [\text{PC} - (\text{PC}/\text{TC})] \div (\text{TC} - 1)$$

Where: PC is the project cost to the Constructing Applicant; and
TC is the total connections on the Project line.

EXAMPLE: Project Cost = \$14,000 Total Connections on Project = 5

$$\text{Then: } \frac{\$14,000 - (\$14,000 \div 5)}{5 - 1} = \frac{\$14,000 - 2,800}{4} = \$2,800$$

Pro-rata fee = \$2,800

SECTION G.

RATES AND SERVICE FEES

UNLESS SPECIFICALLY DEFINED IN THIS SERVICE POLICY, ALL FEES, RATES, AND CHARGES AS STATED HEREIN SHALL BE NON-REFUNDABLE.

1. ***Classes of Users*** -- All users of the District's water and/or sewer services shall be classified as either: standard or non-standard service, as further defined in Section E (2) of this Service Policy. Either class of users may be further classified into sub-classes according to the meter size by which service is provided.
2. ***Service Investigation Fee.*** The District shall conduct a service investigation for each service application submitted to the District. An initial determination shall be made by the District, without charge, as to whether the service request is Standard or Non-Standard. An investigation shall then be conducted and the results reported under the following terms:
 - a. All Standard Service requests shall be investigated without charge and all applicable costs for providing service is published on the District's website at www.jcsud.com
 - b. All Non-Standard Service requests shall be subject to a fee, appropriate to each project, of sufficient amount to cover all administrative, legal, and engineering fees associated with investigation of the District's ability to deliver service to the Applicant to:
 - (1) provide cost estimates of the project,
 - (2) develop detailed plans and specifications as per final plat,
 - (3) advertise and accept bids for the project,
 - (4) execute a Non-Standard Service Contract with the Applicant, and
 - (5) provide other services as required by the District for such investigation. A Non-Standard Service Contract will be presented to the Applicant within a suitable amount of time as determined by the complexity of the project. (See Section F)
3. ***Deposit & Application for Re-Service(Activation).*** At the time the application for service is approved, an Applicant shall pay an activation fee of \$50 for standard service. The Applicant shall also pay an account Deposit which will be held by the District, without interest, until settlement of the customer's final bill. The Deposit will be used to offset final billing charges of the account. In the event that a surplus of FIVE DOLLARS (\$5.00) or more exists after the final billing is settled, the balance will be paid to the customer within 45 days, when the District is provided with a suitable address. All requests for refunds must be filed within 90 days of termination. In the event that an outstanding balance exists after the Deposit is applied, the District shall attempt to collect the outstanding balance by all lawful means available.
 - a. The Deposit for standard water service is \$200.
 - (1) An applicant may provide a Letter of Reference in lieu of paying a security deposit if the Letter from the immediate past utility shows no penalties incurred in the previous 12 months, UNLESS:
 - i. the applicant was a previous customer of the District with active service throughout the last 12 months and having one or more penalties on record, the deposit is payable prior to service connection
 - ii. the applicant was a previous customer that left an outstanding bill, the deposit is due and payable
 - (2) Upon customer request, a deposit may be refunded as a credit to the active account provided that no penalty charge exists on the payment history ledger for the previous 12 months.
 - b. The Deposit for oversized or Master Metered Accounts shall be based on multiples of meter size equivalence or actual connections served.

4. **Easement Acquisition Fee.** When the District determines that dedicated easements and/or facilities sites are necessary to provide service to the Applicant, the Applicant shall be required to secure the necessary easements and/or sites in behalf of the District and/or pay all costs incurred by the District in validating, clearing, and retaining such easements or sites in addition to tap fees otherwise required pursuant to the provisions of this Service Policy. The costs may include all legal fees and expenses necessary to attempt to secure such easements and/or facilities sites in behalf of the District
5. **System Development Fee.** This charge appropriately assigns the system's capacity cost of growth to new customers. The fee applied to each new lot/tap is intended to provide funds to be used for capital improvements necessary to serve new customers.
The System Development fee shall be \$2,400 per meter for standard water service (5/8"x3/4" meter).
The System Development fee shall be \$2,480 per standard sewer service.

Non-Standard Service System Development Fees, according to meter size, are as follows:

<u>METER</u>	<u>WATER</u>	<u>SEWER</u>
3/4"	\$ 3,120	\$ 3,720
1"	\$ 5,280	\$ 6,200
1-1/2"	\$ 9,600	\$ 12,400
2"	\$ 24,000	\$ 19,840
3"	\$ 48,000	\$ 37,200
4"	\$ 96,000	TBD
6"	\$153,600	TBD

6. **Water Tap Fee-Installation Phase.** The District shall charge an installation fee for service as follows:
 - a. **Standard Service** shall include all current labor, materials, and administrative costs and filing fees necessary to provide individual metered water service which shall be charged on a per tap basis. This fee is \$1200.
 - b. **Non-Standard Service** shall include any and all construction labor and materials, inspection, administration, legal, and engineering fees, as determined by the District under the rules of Section F of this Service Policy. This fee shall be determined on a case-by-case basis.
 - c. **Standard and Non-Standard Service Installations** shall include all costs of any pipeline relocations as per Section E. 2.(c) (5) of this Service Policy or other system improvements.
- 6.5 **Sanitary Sewer Tap Fee - Available in the City of Joshua area only.** On occasion a request for sewer service is granted provided that it is feasible for the tap to be made with in-house forces on the existing collection system. The District may contract the sewer tap work to an approved contractor. The scope of work to do the tap is considered as Non-standard service since the cost may vary on a case by case basis. The policy is the same for sewer as in 6.b. and 6.c. above.
7. **Total Connection Fee.** This is the sum of the system development fee and the tap fee. *(If paid by credit card, a service charge of 1.5% will be added for the credit card fee incurred by the District) per TX Water Code Ch 49.2121*

Water service and sewer service each has their own respective fee amounts.

Water: The total connection fee for **water** standard service is \$3,600. For subdivision development with waterline, tap, box, angle curb valve, etc. are pre-installed, then the total connection fee for **water** service is \$2,900. (2400+500)

Sewer: For standard **sewer** service, where the tap has been made and a "stub-out" exists on the property to be served (as in new subdivision development), the **sewer** system development fee is \$2,480. Outside of new subdivision development where sanitary sewer service is readily available, the tap fee for standard sewer service is an additional \$1,240 (without pavement repairs). The total connection fee is \$2,480 + \$1,240 = \$3,720.

If pavement repairs *are* needed, \$600 adds to the tap fee (with pavement cut) so the total connection fee is \$2,480 + \$1,840 = \$4,320.

8. **Monthly Charges.**

a. **Water**

1) The monthly charge for standard metered water service is:

Monthly minimum - \$33.

2) Each charge is assessed based on the meter (as per American Water Works Association maximum continuous flow specifications) equivalent to the size of the meter and is used as a base multiplier for the monthly minimum charge.

The following table establishes equitable rates depending on the classification of service as suggested by the AWWA and the TRWA:

METER SIZE	5/8" METER EQUIVALENTS	MONTHLY RATE
5/8"	1.0	\$ 33.00
3/4"	1.3	\$ 42.90
1"	2.2	\$ 72.60
1-1/2"	4.0	\$ 132.00
2"	10.0	\$ 330.00
3"	20.0	\$ 660.00
4"	40.0	\$1,320.00
6"	64.0	\$2,112.00

b. **Gallonge Charge for Water** – In addition to the minimum charge, a gallonge charge shall be added at the following rates for usage during any one (1) billing period.

Up to 5K gal \$4.25 per thousand

5K to 10K gal \$5.25 per thousand

Over 10K gal \$6.25 per thousand

c. **Master Meter Charges** - Master metering is available upon application and must meet the criteria for qualification as prescribed in Section E.2.c.(3), and the fees charged will be as follows:

(1) Apartments, mobile home parks, recreational vehicle parks and other similar establishments will be billed based on the meter size equivalent as listed in Section G.8.a.(2). See Meter Equivalency Table to determine monthly minimum. If a master meter account is being adequately served with a standard meter, the rate for a 1" meter will apply. The monthly charge for metered water service is stated in Section G.8.b. Gallonge Charge.

(2) It shall be the responsibility of the owner/operator to notify the District of any additions in the number of units or spaces immediately upon completion of the additional units or spaces. Failure to make such notification to the District may result in additional charges or disconnection of service. The District may inspect the facilities for additions at any time it deems such inspection is necessary. The District reserves the right to determine the correct meter size.

d. Sewer Rates

(1) Sewer Rates (Monthly Charges)

Monthly minimum - \$21; In addition to the minimum charge, the usage charge shall be added at the following rate during any one (1) billing period:

\$4.00 per thousand gallons for residential accounts; which applies up to a maximum of 10,000 gallons water usage.

All non-residential accounts shall be charged for actual usage; this includes Mobile Home Parks and Multiple Dwelling Units.

(2) Sewer service only; no water service – for sewer service requests where another source of water is used other than that metered by the District (i.e. well water) the monthly rate will be determined on a case by case basis by the District according to the best means available.

e. Regulatory Assessment - The District shall, as required by Texas law and TCEQ regulations, Section 5.235, Water Code, collect from each of its retail customers a regulatory assessment equal to one-half of one percent (0.5%) of the charge for retail water/wastewater service. This charge shall be collected in addition to other charges for utility service. This fee is collected on all charges pertaining to Section G.8. Monthly Charges of this Service Policy.

f. Portable meters that are normally used for short-term needs that attach to fire hydrants or quick-fill projects will be assessed the following charge: A service availability fee of \$1,200 is paid up-front and a minimum per month bill is \$50 plus \$6.50 per 1,000 gallons used. See Section F.13.

9. Late Payment Fee. Once per billing period, a penalty of 10 % shall be applied to delinquent bills. This late payment penalty shall not be applied to any balance to which the penalty was applied in a previous billing, but shall be applied to any unpaid balance during the current billing period.

10. Returned Check Fee. In the event a check, draft, or any other similar instrument is given by a person, firm, District, or partnership to the District for payment of services provided for in this Service Policy, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason, the account(s) for which the instrument was issued shall be assessed a return check charge of \$25. (For one check payment covering more than one account, one NSF fee shall apply per that single instrument). After three (3) NSF checks occur during a year, the District can require only cash, money order or cashier's check from that customer.

11. Lock off Trip Fee. After a customer has received a second notice on the overdue account and the time allowed for payment has passed, a lock off trip fee of \$50 will be charged to the account at the time the work order is issued to disconnect service.

12. Reconnect/Re-Service (After Hours) Fee. The District shall charge a fee of \$50 for reconnecting service after regular office hours, after the District has previously disconnected the service for any reason provided for in this Service Policy except for activation of service under Section E.3.c. Re-Service. The customer requesting reconnection will be assessed this fee if the request is made after 4 pm and before 11 pm. This stipulation exists in an effort to complete the reconnect work order during regular working hours. If a call comes in after 11 pm to reconnect service, it will be scheduled for the next work day.

13. Service Trip Fee. The District shall charge a trip fee of \$50 for any service call or trip to the Customer's tap as a result of a request by the Customer or resident (unless the service call is in response to damage of the District's or another Customer's facilities) or for the purpose of disconnecting or collecting payment for services.

a. trip fee - \$50

b. angle curb repair - \$35 for labor plus parts

14. ***Fee for Unauthorized Actions (Tampering).*** If the District's facilities or equipment have been damaged by tampering, by-passing, installing unauthorized taps, reconnecting service without authority, or other service diversion, a fee shall be charged equal to the actual costs for all labor, material, and equipment necessary for repair or replacement of the District's facilities and shall be paid before service is re-established. The fee shall also include the actual costs for all labor, material, equipment, and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authorization. All components of this fee will be itemized, and a statement shall be provided to the Customer. If the District's facilities or equipment have been damaged due to unauthorized use of the District's equipment, easements, or meter shut-off valve, or due to other unauthorized acts by the Customer for which the District incurs losses or damages, the Customer shall be liable for all labor and material charges incurred as a result of said acts or negligence. *Note:* Payment of this fee will not preclude the District from requesting appropriate criminal prosecution for any act resulting in equipment damage or theft of service.
- A tampering fee of \$100 plus parts, incidentals, and a trip fee if applicable, will be assessed.
15. ***Meter Test Fee.*** The District shall test a Customer's meter upon written request of the Customer. Under the terms of Section E of this Service Policy, a charge of \$85 shall be imposed on the affected account.
16. ***Customer Service Inspection Fee.*** A fee of \$75 will be assessed each Applicant before permanent continuous service is provided to new construction or if the District suspects a cross-connection or other undesirable plumbing practices that may exist.
17. ***Franchise Fee Assessment.*** A fee as a percentage of the amount billed for water service will be assessed each customer whose meter is located inside the corporate limits of a City, as may be required by the City.
18. ***Posted Notice of Disconnection of Service.*** A fee of \$50 will be charged by the District whenever it is necessary to post Notice of Disconnection as required in Section E.11.g.
19. ***Additional Assessments.*** In the event any federal, state or local government imposes on the District a "per meter" fee or an assessment based on a percent of water/sewer use or charges, this fee or assessment will be billed and collected as a "pass through" charge to the customer.
20. ***Reuse or Reclaimed Water.*** Reuse water is taking the effluent water and converting it into something useful; as an industrial process that meets the applicable minimum standards as set in the TCEQ's rules titled Use of Reclaimed Water. A rate of \$2.50 plus an amount for electricity cost brings the charge to \$2.78 per thousand gallons. (*approved 02/19/2008 at a regularly scheduled Board of Directors Meeting.*)
21. ***Temporary Service.*** Temporary Water Service is a separate classification of water service made available generally for cleaning, testing wastewater facilities, etc. at an unoccupied location. Applicant shall complete a Temporary Service Application form. If meter at location is inactive, a \$100 activation fee will apply. If the meter is active, the applicant must provide a current meter reading; otherwise a service trip fee applies. Standard billing applies for water used. The District determines when and how long this classification is appropriate to exist.
22. ***Other Fees.*** The actual and reasonable costs for any services outside the normal scope of utility operations that the District may be compelled to provide at the request of a Customer shall be charged to the Customer.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Year Ended
December 31, 2016**



Johnson County Special Utility District

**2849 Hwy. 171 South
P.O. Box 509
Cleburne, TX 76033-0509**

**(817) 760-5200
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www.jcsud.com

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended
December 31, 2016

JOHNSON COUNTY SPECIAL UTILITY DISTRICT

Issued By
Accounting Department
Kathy Rice, Controller
Cleburne, Texas

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2016

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INTRODUCTORY SECTION

THE STATE OF TEXAS }

I, _____
(Name of Duly Authorized District Representative)

The filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

By: _____
(Signature of District Representative)

(Typed Name and Title of above District Representative)

(Seal)

(Signature of Notary)

2



Johnson County Special Utility District

"Quality and Service since 1965"

April 18, 2017

President Tommy Webb & Board of Directors
Johnson County Special Utility District
2849 S. Hwy 171
Cleburne, TX 76031

Dear Reader:

A comforting thought arises as 2017 begins. Reservoirs in north central Texas continue to remain nearer to full levels. A string of drought years had everyone worried until it ended in 2015 with a record rainfall at 74 inch; which was about twice as much as the normal annual rainfall. Amid Cleburne's 37 inch average in 2016 we were blessed with about 45 inches of rain. Last year's report described 2015's weather as "twisted" since twice the average rain fall fell on both sides of a hot and dry summer. In 2016 we had 22% more rainfall as compared to the average. Usually during a wet year, water-sales is markedly less than budgeted. However this was not the case because the District did well to meet its budgeted projection for utilities collection in a record rainfall year followed by another wet year in 2016.

Every year management submits an annual financial report of the Johnson County Special Utility District (District). This documents the fiscal year ending December 31, 2016. This report provides the Board of Directors and the public with comprehensive reliable financial information about the District. The District's accounting department has prepared the annual financial report in accordance with generally accepted accounting principles (GAAP). Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District management. We believe the data as presented, is accurate in all material respects and that it is presented in a manner designed to fairly state the financial position and highlight the major initiatives of the operations of the District.

Financial statements for the fiscal year ending in 2016 have been audited by Yeldell, Wilson, Wood & Reeve, P.C., a firm of licensed certified public accountants. The independent auditors concluded based on the audit, that there was a reasonable basis for rendering an unmodified opinion and that the financial statements for 2016 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A. The District's MD&A can be found immediately following the Independent Auditor's Report.

PROFILE OF THE DISTRICT - A Look Back While Moving Forward

In 1965, the Johnson County Water Supply Corporation organized and chartered under state statutes as a non-profit corporation, much like many others of its kind in Texas during this era. The beginnings of these rural water suppliers arose throughout the country and were funded through loans from the Farmers Home Administration. The system began with 305 users and served a genuine need in supplying drinking water to the rural community. In 1972, the West Prairie Water Supply Corporation in the northern portion of the County was merged into the existing system. The merger of these two entities into one was named the Johnson County Rural Water Supply Corporation. In 1977, the Nolan River Water Supply Corporation in the southern portion of the County also merged with the Corporation. This public water supplier with such humble beginnings is steadily evolving into much more as time and growth progresses in Johnson County.

The summer of 1980 was a record year of heat with 69 days over 100 degrees. 4,500 thirsty connections strained the sole-source well water supply. The Corporation's problem to adequately supply during this severe drought prompted a moratorium on new connections pending improved facilities and acquiring additional water capacity. The Corporation drilled a few more wells but also started a search for a surface water source. They began discussions with the Brazos River Authority in the mid 80's and various studies supported a viable option to treat water from Lake Granbury and construct a 24-mile transmission line to reach the need. Partnering with the Brazos River Authority (BRA) triggered a bond issue to fund the construction of the Surface Water and Treatment System (SWATS) with an initial treatment capacity of 3.5 million gallons per day (MGD). Finally in 1988, Johnson County began receiving treated surface water from Lake Granbury. The Corporation was the largest user (6,400 connections) of the plant. Johnson County Fresh Water District, Acton Municipal Utility District (AMUD) and the City of Granbury also contracted to receive treated water. The SWATS plant is equipped with desalinization facilities to remove the salt which naturally exists in the upper basin of the Brazos River. In 1999, the SWATS plant capacity was increased to 5 MGD. Soon after, the SWATS participants agreed to consider expanding the plant to 15 MGD. A couple of years and \$30 million later, the SWATS plant expansion project was complete.

The 90's proved to be *the* decade of growth. In this interval an average annual 355 new connections came on to the system. It was also the most trying of times in meeting the peak season demand. The District struggled to keep up with constructing new system improvements to stay ahead of the new growth. However, from '99 to 2009 five elevated storage tanks were added, along with many miles of 24", 20", 18", 16", and 12" transmission lines.

BIG CHANGES IN THE NEW MILLENNIUM

In 2000, the system was serving 10,200 connections. The Board of Directors voted to convert Johnson County Rural Water Supply Corporation to a special utility district (SUD). Converting to a SUD allows water supply corporations to become a political subdivision. Benefits include being sales tax-exempt and eligible to participate in the state-sponsored insurance risk pool (TML) rather than paying higher private-sector liability insurance premiums. The largest cost-savings comes for governmental entities issuing tax-exempt bonds to fund capital projects. Finally in 2004, the Texas legislature approved the conversion and the organization began operating as the Johnson County Special Utility District (referred to as the District or JCSUD).

For many years the Joshua area was served by the Johnson County Fresh Water Supply District #1 (FWD for *freshwater district*). In 2005 the JCSUD staff had been approached to consult with the FWD as they were going through several years of tough economic times and mismanagement. The effort here was to help the FWD officials regain best management practices and streamline cost. It lead to discussions in measuring the merit of the FWD to consolidate the two systems. The next year, the FWD approved a resolution to conjoin with JCSUD and an application was made with the State to consummate the merger. In April 2007, the District began managing the day-to-day operation of the FWD. Merging the Joshua area water system with JCSUD helped to better maintain stable rates among all the domain of ratepayers which now totaled 14,738.

Looking back today, this merger event was the first giant step which foreshadowed a major transition of ownership and management of the SWATS plant on Lake Granbury. Over the next five years, the climate of relationships grew stressful among the SWATS participants and the Brazos River Authority. It was spurred on by rising treatment costs and BRA's recent legal battle over lost treatment capacity due to major failure of SWATS desalinization equipment. Until now Brazos basin water from the SWATS desalinization plant had been the District's only surface water source. The District's best strategy was to seek an alternative source. Dialog with the City of Mansfield began in 2005. After much discussion and engineering studies, four years later JCSUD was able to contract with Mansfield for 9 MGD over a 20-year term. The next year in 2010, another supply of 6 MGD was landed with a 40-year term water purchase agreement from the City of Grand Prairie. Securing water purchase agreements with the Cities of Mansfield and Grand Prairie for Trinity basin supplies was a milestone event to obtain a new primary source and to utilize SWATS water for peaking needs. It cleared a path to a brighter future to utilize this new source besides the Brazos River saline water supply.

ENTER THE BRAZOS REGIONAL PUA

2012 was quite a mile-marker year in the life of the District. The SWATS project which once served five municipal supplies was favorably reduced to only two. The ownership and management transferred from the Brazos River Authority to a newly created Brazos Regional Public Utility Agency (PUA). Only two owner-entities created and sustain the Brazos Regional Public Utility Agency today – JCSUD and AMUD. The five-member governing body of the PUA are also Board members of the sponsors. In this transition Granbury decided it worked best to construct their own treatment plant. Also, the City of Keene agreed to become a direct wholesale customer to JCSUD.

The Brazos Regional PUA has proven to be a great improvement as the new organization of record which provides more favorable results to the two owners/sponsors it serves. Having sources in both the Trinity and Brazos basin to draw from affords the District an extra measure of safety if and when one supplier has to suspend service.

WHOLESALE WATER PROVIDER

In the last 20 years, the number of connections has doubled to some 15,750 households today; an estimated 43,000 in population. Besides these retail connections, the District takes on a greater role as a regional wholesale water provider. The City of Alvarado, Keene, Bethany Special Utility District, and Monarch Utilities (each serving over 1,000 connections) have wholesale water contracts with the District for long-term water supply needs. The City of Joshua and the Lillian community looks to JCSUD as their water provider. Recently the City of Grandview, Rio Vista, and Godley expressed an interest to obtain supply capacity to supplement the depleting well water source. The City of Cleburne is currently developing a take-point pump station near the District's transmission line. In part, this effort demonstrates Cleburne's interest to become a wholesale customer for the purchase of 3 MGD within the next few years.

WATER SUPPLY AND DISTRIBUTION

The District contracts with the Brazos Regional PUA to have 7.2 MGD through the SWATS plant on Lake Granbury. In addition, the District water well supply varies from year to year; but more recently accounts for supplying around 1.5 MGD. Wholesale water contracts are in place with the City of Mansfield for 9 MGD and with the City of Grand Prairie for 6 MGD.

Johnson County is in the Region G Water Planning Area. In the 2016 Water Plan, JCSUD is projected to have surplus up to about 2060. The 2016 Plan accounts for JCSUD's projected retail supply needs, combined with the projected wholesale supply demand. The 2060 projected total supply demand of 14,681 acre ft. compares to the JCSUD's total treated water supply capacity in 2060 to be 14,002 acre ft. It also lists all 25 wholesale suppliers in the Region G planning area and JCSUD by far is positioned best for having an abundant surplus supply in the 2040 decade.

The system has about 867 miles of distribution pipeline and 46 miles of transmission lines and is divided into 15 separate pressure planes. The District operates 7 elevated storage tanks with a combined total of 5 million gallons in the system. The water CCN (certificate of convenience and necessity) service area of the District is approximately 320 square miles; predominately in Johnson County, but also serving in Tarrant, Hill and Ellis counties.

WASTEWATER COLLECTION AND TREATMENT FACILITIES

The District took ownership and operation of the Joshua wastewater collection and treatment facilities (permit # WQ0014350001) in 2007 from Johnson County Freshwater Supply District #1. The collection system has about 1,900 connections serving in and around the City of Joshua and a small portion within the Burleson city limits. This small system is uniquely challenged as it straddles the basin divide line between the Trinity River and Brazos River water shed areas. The District operates 8 lift stations among nearly 46 miles of sewer mains in this collection system. In 2013 the District completed improvements to the treatment plant which ramps up the discharge limit to .792 million gallons per day. Treatment method includes influent screening for two aeration basins, four clarifiers, three on-site lift stations and a chlorine contact basin. Treated effluent discharges into the "un-named" tributary which converges downstream with Village Creek that eventually flows into Lake Arlington. In 2017, TCEQ is expected to approve the District's permit request to expand its discharge volume to 800K gal/day.

ECONOMIC INDICATORS including DFW

The U.S. economy in 2016 was described as being choppy, prompted by the disruption from global events rather than U.S. domestic conditions. Global markets were agitated by oil price volatility, currency upheaval and plunging stock prices in some global markets. The European Union continued to experience stresses among its members that culminated with the United Kingdom voting to remove itself from the union in the historic vote that would come to be known as the "Brexit Vote." As these events have played out, the U.S. Dollar has increased in value and has constrained demand for U.S. exports (as prices for U.S. goods increased abroad). Global turmoil and terrorism battles have strained trading alliances. All of this put pressure on the U.S. economy and kept growth contained throughout the year. U.S. GDP grew 1.4% in the final quarter of calendar year 2015, but had a much weaker growth rate of 0.8% for the first quarter of 2016 before rising 1.4% during the second quarter.

Interest Rates: The Federal Open Market Committee (FOMC) remained on the sidelines after raising the Federal Funds Rate in December 2015. The markets are growing increasingly impatient with the FOMC to raise rates again and expectations are that increases are likely in 2017. The FOMC has stated that their decision will be data dependent, so the markets will continue to be somewhat volatile as speculation of an increase changes day-to-day. In most of 2016 the stock market was volatile during the fiscal year as it reacted to global economic news. But since last November the DOW has rallied and topped the 21,000 mark for the first time. It is likely that the FOMC will begin to raise the Federal Funds Rate and prevent the market from running too hot. In turn this will lead to improved investment rates for JCSUD positions.

The Texas economy continues to perform better than the national economy, but growth slowed during 2016 due in large part to declines in oil prices. The unemployment rate in Texas rose from 4.4% in August 2015 to 4.8% in August 2016. This compares to the current national average of 4.9%. However, since August 2015, Texas has added over 198,000 jobs, representing an increase of 1.6% over this time last year. Dallas led the Texas metros in 2016 job growth at 3.3%. Texas sales tax revenues were \$2.5 billion this year compared to \$2.6 billion last year. Yet, Texas is still enjoying a moderate increase in the housing sector. Latest reports indicate the DFW metro added 92K more jobs which accounted for nearly half of jobs created in the state. DFW shows stronger manufacturing output and higher service sector revenue as well as solid real estate activity. The energy sector continues to show signs of improvements. Overall, the Texas economy shows evidence that 2016's pickup is set to continue in 2017.

RELEVANT FINANCIAL POLICIES

Cash Management JCSUD maintains financial policies with regards to budget, investments and management, financial audit, debt financing, capital improvement plan, and reserve funds. None of these policies had a significant impact on the current period's financial statements. Interest rates for investments allowed by JCSUD's Investment Policy and State Law have risen during the year. Investment Pool rates were 0.40% at the end of December 2016, improved from the 0.19% yield at the end of December 2015. Rates for Certificates of Deposit (CD) were also improved. At the end of December 2016, a one-year CD yielded between .75% and 1.30% as compared to .30% and .75% at the end of December 2015. CDs and other financial institution deposits still remain significantly more attractive than alternative Treasury and Agency positions.

Additional information on the District's cash management activity can be found in Note 3 of the Notes to Financial Statements.

Budgetary Controls The annual budget serves as the basis for the District's financial planning and control. Comparative budget-to-actual expense statements are provided to the Board of Directors on a monthly basis throughout the fiscal year.

Internal Accounting Controls Internal accounting controls are designed to provide reasonable assurance regarding safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. We believe the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As part of the District's audit, tests were performed of its internal controls and compliance with certain provisions of laws, regulations, contracts, and grant agreements that could have a material effect on the District's financial statements. Although it was not an objective of the audit to provide an opinion on the compliance, the results of the test disclosed no material instance of noncompliance related to the audit for the year ended December 31, 2016.

MAJOR ACHIEVEMENTS

20" line from TST to FM 917 - Master Plan Project It was a big sigh of relief to finalize this project to extend 2,836 linear feet of transmission line from the 3 MG storage tank on Brushy Nob Hill west of Joshua to FM 917. A few years prior to 2015 when construction began, it was a worrisome thought contemplating how we would be able to implement this vital project and obtain a good route and acquire the easements in such a congested area as this built-out, older subdivision which wraps around the bottom of a hill surrounding the "crown jewel" pump station of the JCSUD system. It all fell into place seemingly without a hitch. Our operations staff did a fine job to craft a route and worked very well with local residents for their consensus where it was needed. We had a fine engineer to design the work and partner with our key staff to oversee the work through completion of construction totaling \$492K.

Redline Projects Each year meeting the demand to serve more and more connections is a growing challenge. Adding new meters today to the smaller water lines installed decades ago (but seemed adequately sized then) eventually become problematic. About one-third of the system consists of 3-inch and smaller diameter lines. JCSUD maintains a system hydraulic model tool that enables best management practice to predict system parameters based on proposed growth where it is anticipated. Line segments are identified and ranked in accordance with needing to be upsized or replaced. Lines designated as priority are called "redlines." The District's strategy is to replace or supplement existing lines with larger ones as soon as practical. Compared to normal construction projects requiring a higher level of engineering, design, and easement acquisition, the District staff manages redline projects. The preliminary planning work isn't as detailed as the construction of new subdivisions may require. However, the construction phase is outsourced to a selected contractor based on competitive pricing and their ability to perform the work over the course of several projects as long as pricing remains competitive and relatively constant.

Since 2013, the District has made good progress for this category of capital improvements. In 2015 we completed 9,400 linear feet of 8 inch and 12 inch pipe for \$546K. In 2016 some 4,653 linear feet of 6 inch line was installed on CR 305B. Over the last four years redline projects funded through 2016 totals \$1.38 million for about 7.6 miles (comparable to Cleburne courthouse to Joshua City Hall) of 6, 8, and 12 inch pipe. Future projects will be identified, ranked, and scheduled in subsequent years as the Master Plan stipulates.

Community Development Grant Project This wastewater project extended 3,712 feet of 4" and 6" force main (moving sewer uphill to a point where gravity carries it to the treatment plant) and was completed in 2016. The District submitted for this grant application in 2012. In 2014 the District was awarded a \$500,000 grant towards this important improvement project in the Joshua area. The grant was approved through the Community Development Block Grant program as administered by the Texas Department of Agriculture whereby federal HUD dollars are distributed throughout the states. The grant calls for JCSUD's match to be at least \$55,000 (depending on total construction cost). Upon completion the grant contribution funded 71% of this much needed improvement for JCSUD's relatively small sewer collection system with only 1,900 connections.

CURRENT INITIATIVES

Grand Prairie Water Supply Contract Transfer to Mansfield JCSUD contracted with the City of Grand Prairie in 2009 for 6 MGD of treated water. This supply capacity volume is JCSUD's element of "insurance" to meet growth projections beyond 2030. Last year this project was reported as a management strategy to extend a transmission line to a take-point location with Grand Prairie at U.S. Hwy 287 and U.S. Hwy 360. However, after careful thought and collaboration with key contacts from Grand Prairie and Mansfield, this project (estimated \$750K) will be replaced with a better plan. GP has a water purchase agreement with Mansfield to take an additional 6 MGD when JCSUD connects with GP. It works best for JCSUD to gain consensus with GP and Mansfield to "transfer" this same capacity volume directly to JCSUD. In this way, JCSUD would have a (closer) second take-point location with Mansfield and negate the need for extending a longer transmission line to the GP take-point location. To date, both GP and Mansfield are agreeable to make this change. Mansfield and the District have tentatively selected a second take-point location and they are currently reviewing the JCSUD water purchase agreement to eventually incorporate the proper language to commemorate the transfer in a newly updated contract document.

Redline Projects In 2017 the Capital Improvements Program is more robust to schedule five redline projects with a combined estimated cost of \$495K for approximately 22K linear feet of planned 6 and 8 inch pipe.

Relocate District Office/Service-Center Campus In 2012 a building fund account was set up towards the prospect of developing a new campus for a new central office and service center facilities. In January 2014, the District purchased property as the first big step towards this initiative. The current office location at 2849 S. Hwy. 171 was constructed in 1980 on a 5-acre tract in the southern part of the system. At the time, residential service was more populated in this part of Johnson County, mainly south of U.S. Hwy 67. Over the last 35 years, growth has shifted to make the northern half of the system the most dynamic in terms of water utility activities. New connections and capital improvements predominately occur in and around Joshua and the northern portion of the county. Also, the workforce has outgrown the existing work space. Inefficiency associated with workforce travel-time is eliminated in locating the new office/service-center campus to a more central location where the prevailing activity occurs in the system. The good news is that the funding model does not require issuing debt nor adjusting water rates to cover this project. As 2015 marked the 50-year anniversary of this organization's existence, moving ahead towards the next 50 years with a centrally located office complex affords proper amenities and enhances customer service. At the end of 2016, Phase 1 is substantially complete (about 45% of the total project) to have the Service Center and ancillary elements ready for the Operations department to mobilize and occupy in the Q1 2017. It is good to pass along that the building fund amount is sufficient to cover the remaining Phase 2 cost to complete the Administrative Office Building, parking and vehicular circulation for the new complex. Over half of the cost of the new office campus will be funded with non-operating revenues (other sources besides bill collections). Completion is expected mid-2018.

CONCLUSION

In terms of population served, JCSUD is the largest special utility district in the State of Texas. The District's Board of Directors consists of nine members elected at-large by the voting public within the District. Directors serve a 3-year, staggered term, with one-third being replaced or reinstated each year. The General Manager serves as the District's chief executive officer. All of these significant events, historical and current, are worth noting since it ties back to the District's mission. The focus being to appropriately plan for future growth while providing safe drinking water with the least interruption and the most reasonable cost. We as the managing team work to demonstrate our efforts daily; likewise in presenting annually the Consumer Confidence Report and the Annual Financial Report.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Johnson County Special Utility District for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparations of state and local government financial reports. This was the third consecutive year that JCSUD has achieved this prestigious award.

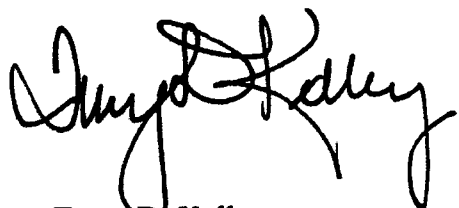
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Programs requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

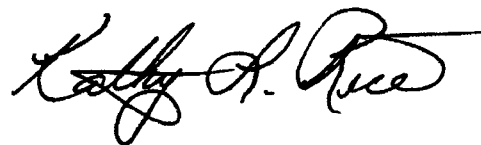
The preparation of this report could not be accomplished on a timely basis without the efficient and dedicated endeavors of the Finance Staff and the Independent auditors. We would like to express our sincere appreciation to all employees who contributed to the preparation. We would also like to thank the General Manager and the Board of Directors for their continued support in planning and conducting the financial operations of the District in a responsible and professional manner and for providing the tools and resources to ensure the integrity of the assets of the Johnson County Special Utility District.

A sincere word of "Thanks" goes to the Board of Directors in fulfilling their part as the governing branch; all of us working together with a teamwork spirit gets us farther along. On behalf of the managing staff of the District, we renew our pledge of stewardship to take on the tasks ahead in the continuum of our mission.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Terry D. Kelley". The signature is fluid and cursive, with the first name being the most prominent.

Terry D. Kelley
General Manager

A handwritten signature in black ink, appearing to read "Kathy A. Rice". The signature is cursive and elegant, with the last name being the most prominent.

Kathy Rice
Controller / Accounting Manager



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For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO