

Control Number: 47854



Item Number: 56

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DOCKET NO. 47854

APPLICATION OF COUNTRYSIDE ACRES HOMEOWNERS ASSOCIATION, INC. FOR A WATER CERTIFICATE OF CONVENIENCE AND NECESSITY IN MIDLAND COUNTY §
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PUBLIC UTILITY COMMISSION OF TEXAS

COMMISSION STAFF’S SUPPLEMENTAL FINAL RECOMMENDATION, MOTION TO ADMIT EVIDENCE, AND JOINT PROPOSED FINAL ORDER

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Commission Staff’s Supplemental Final Recommendation, Motion to Admit Evidence, and Joint proposed Final Order. In support, Staff would show the following:

I. BACKGROUND

On December 12, 2017, Countryside Acres Homeowners Association, Inc. (Countryside) filed an application with the Public Utility Commission of Texas (Commission) to obtain a water Certificate of Convenience and Necessity (CCN) in Midland County, Texas under Texas Water Code Ann. (TWC) §§ 13.241-13.250 and 16 Texas Administrative Code (TAC) §§ 24.225-24.237. The requested area for which Countryside seeks a CCN includes 132 acres and sixty future customers.

On August 23, 2019, the administrative law judge (ALJ) issued Order No. 14, which required Staff to provide a recommendation as to whether Countryside had provided all of the information required by 16 TAC §§ 24.25 (b)(B)(i)-(vi).

On August 23, 2019, Countryside filed a document entitled “Supplemental Letter to Tariff”¹, which included a rate study that provided a rate comparison of water utility providers in a similar market within the vicinity of Countryside; the rate study considered the water rates of the Cities of Midland, Stanton, and Odessa, Texas.

The ALJ issued Order No. 16 on January 6, 2020, which set a deadline of January 13, 2020 for Staff to file a supplemental final recommendation and a supplemental joint proposed final order. Therefore, this pleading is timely filed.

¹ Supplemental Letter to Tariff (August 23, 2019).

II. RECOMMENDATION ON FINAL DISPOSITION

As detailed in the attached memorandum of Leila Guerrero of the Commission's Water Utility Regulation Division (Attachment A), Staff has reviewed the application and recommends that it be approved. Staff's review indicates that Countryside meets the applicable technical, managerial, and financial requirements of Chapter 13 of the Texas Water Code and Title 16, Chapter 24 of the Texas Administrative Code, and is capable of providing continuous and adequate service. Additionally, Staff's review suggests that approval of Countryside's application, and the issuance of water CCN No. 13272, is necessary for the service, accommodation, convenience, and safety of the public.

The final map, certificate, and tariff (Attachments B, C, and D) were consented to by Countryside via a consent form filed with the Commission on February 8, 2019.

Staff further recommends that Countryside file a certified copy of the CCN map, along with a written description of the CCN service area in the county clerk's office of Midland County, pursuant to Texas Water Code (TWC) §§ 13.257(r)-(s). Additionally, Staff recommends that the rates in the tariff be approved on an interim basis until final and reconcilable rates are approved in a future rate case.

III. MOTION TO ADMIT EVIDENCE

The Parties respectfully request that the following documents be admitted into evidence in this proceeding for the purpose of supporting a Commission notice of approval or final order consistent with Staff's recommendation.

1. Countryside's application and attachments filed on December 12, 2017
2. Countryside's supplements to the application filed on February 12, 2018;
3. Countryside's supplements to the application filed on March 23, 2018;
4. Countryside's amendment to the application filed on April 13, 2018;
5. Countryside's affidavits of proof of notice filed on November June 20, 2018;
6. Countryside's response to Commission Staff's first request for information filed on July 20, 2018;
7. Countryside's tariff and draft of Appendix A-Drought Contingency Plan (DCP) filed on September 7, 2018;

8. Countryside's TCEQ DCP letter filed on October 22, 2018;
9. Countryside's signed consent form filed on February 8, 2019;
10. Countryside's TCEQ Conditional Approval Letter filed on May 13, 2019; and
11. Commission Staff's final recommendation and attachments filed on June 6, 2019.

IV. MOTION TO ADOPT PROPOSED ORDER GRANTING A CCN

The attached Proposed Order would grant Countryside's request for water CCN 13272. Staff and Countryside have reviewed and agree to the attached Proposed Order (Attachment E). This docket was processed in accordance with applicable statutes and Commission rules. Notice of the application was issued pursuant to applicable Commission rules. Staff and Countryside are the only parties to this proceeding. The parties jointly request that the attached Proposed Order be adopted.

V. CONCLUSION

The Parties have agreed that Staff is authorized to file this pleading on their behalf. Therefore, the Parties respectfully request that the Commission approve Countryside's application, grant the Joint Motion to Admit Evidence, and adopt the Joint Proposed Order below.

Dated: January 13, 2020

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Thomas S. Hunter
Division Director

Rachelle Nicolette Robles
Managing Attorney

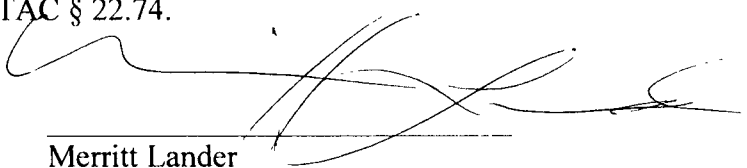


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DOCKET NO. 47854

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record
January 13, 2020, in accordance with 16 TAC § 22.74.



Merritt Lander

DOCKET NO. 47854

APPLICATION OF COUNTRYSIDE	§	PUBLIC UTILITY COMMISSION
ACRES HOMEOWNERS	§	
ASSOCIATION, INC. FOR A WATER	§	OF TEXAS
CERTIFICATE OF CONVENIENCE	§	
AND NECESSITY IN MIDLAND	§	
COUNTY	§	

JOINT PROPOSED ORDER

This order addresses the December 12, 2019 application of Countryside Acres Homeowners Association, Inc. (Countryside) for a water certificate of convenience and necessity (CCN). Commission Staff recommends approval of the application. This Order approves Countryside’s application and grants CCN No. 13272

I. FINDINGS OF FACT

Applicant

1. Applicant Countryside Acres Homeowners Association, Inc. is a non-profit entity registered with the Texas Secretary of State under charter number 802627569.
2. Countryside is a retail public utility.
3. Countryside operates under public water system identification number 1650174 issued by the Texas Commission on Environmental Quality (TCEQ).

Application

4. On December 12, 2017, Countryside filed an application for a water CCN in Midland County to cover the area within the residential real estate subdivision it would service.
5. The requested area is currently unserved and includes 132 acres and 60 future customers.
6. The proposed service area is located approximately 14.5 miles east of Midland, Texas and is bounded to the north by FM 307, the east by CR 1040, the south by CR 120, and the west by CR 150.
7. No requests to be excluded from the proposed CCN were filed.
8. On December 13, 2017, the administrative law judge (ALJ) issued Order No. 1, which required Staff to file comments on administrative completeness and notice.
9. On January 10, 2018, Staff recommended that the application be found incomplete.

10. On January 12, 2018, the ALJ issued an Order No. 2, which found the application incomplete and ordered the applicant to cure deficiencies.
11. On February 12, 2018, Countryside filed supplemental documents that included its source of financing for construction and updated maps.
12. On March 23, 2018, Staff filed a supplemental recommendation in which it recommended that the application be deemed incomplete.
13. On the same day, the ALJ issued Order No. 3, which found the application incomplete and established a deadline to cure any deficiencies.
14. On March 23, April 10, 13, and 17, 2018, Countryside filed additional materials in response to Staff RFI 1-1, which was filed on March 20, 2018.
15. On May 11, 2018, Staff filed a supplemental recommendation on administrative completeness and recommended the application be found administratively complete.
16. On May 14, the ALJ issued Order No. 4, which found the application to be administratively complete and set a deadline of June 25, 2018 for Countryside to file proof of notice.

Notice

17. On June 20, 2018, Countryside provided the necessary proof of notice.
18. Staff filed a recommendation that notice be found sufficient on July 11, 2018.
19. The ALJ issued Order No. 6, which found notice sufficient and established a deadline of September 17, 2018 for Staff to file a final recommendation.

Initial Final Recommendation

20. Subsequent to the order finding notice sufficient, Countryside filed the following additional documents: Item 27, Tariff and Draft of Appendix A- Drought Contingency Plan; Item 31, TCEQ DCP Letter; Item 35, Cover Letter and Signed Consent Form; Item 37, TCEQ Conditional Approval Letter; and Item 41, TCEQ 4-5-19 Cond Approval.
21. On June 6, 2019, following review of Countryside's supplemental materials, Staff filed its final recommendation, which recommended that the application be approved.

Initial Joint Motion to Admit Evidence and Joint Proposed Order

22. On July 18, 2019, Staff filed a Joint Motion to Admit Evidence, which included a Joint Proposed Order.

23. On August 23, 2019, the administrative law judge ALJ issued Order No. 14, which denied Staff's motion and required Staff to provide a supplemental final recommendation and joint proposed order that evaluated whether Countryside had provided all the information required by 16 TAC §§ 24.25 (b)(B)(i)-(vi).
24. On August 23, 2019, Countryside filed Item No.48, which included a rate study that provided a rate comparison of water utility providers in a similar market within the vicinity of Countryside such as the water rates of the Cities of Midland, Stanton, and Odessa, Texas.
25. The ALJ issued Order No. 16 on January 6, 2020, which extended the deadline for Staff to file a supplemental final recommendation and a supplemental joint proposed final order to January 13, 2020.

Evidentiary Record

26. On January 13, 2020, Staff and Countryside filed a motion to admit evidence.
27. In order No.____, issued on _____, 2020, the ALJ admitted the following evidence into the record of the proceeding:
 - a. Countryside's application and attachments filed on December 12, 2017;
 - b. Countryside's supplements to the application filed on February 12, 2018;
 - c. Countryside's supplements to the application filed on March 23, 2018;
 - d. Countryside's amendment to the application filed on April 13, 2018;
 - e. Countryside's affidavits of proof of notice filed on November June 20, 2018;
 - f. Countryside's response to Commission Staff's first request for information filed on July 20, 2018;
 - g. Countryside's tariff and draft of Appendix A-Drought Contingency Plan (DCP) filed on September 7, 2018;
 - h. Countryside's TCEQ DCP letter filed on October 22, 2018;
 - i. Countryside's signed consent form filed on February 8, 2019;
 - j. Countryside's TCEQ Conditional Approval Letter filed on May 13, 2019;
 - k. Commission Staff's final recommendation and attachments filed on June 6, 2019; and
 - l. Countryside's August 23, 2019 Supplemental Letter to Tariff.

Adequacy of Existing Service-TWC § 13.246(c)(1), 16 TAC § 24.227(d)(1)

28. No water service is currently being provided to the area subject to this application.
29. Additional construction is necessary for Countryside to serve the requested area.

Need for Service-TWC § 13.246(c)(2), 16 TAC § 24.227(d)(2)

30. The real estate developer, Texas 240 Partners, is an affiliate of Countryside and proposes to develop the requested area into 60 single family homes, with each home on a two-acre tract.
31. The development will be constructed in three phases.
32. The requested area generally encompasses the area of the subdivision.

Effect of Granting the Certificates-TWC § 13.246(c)(3), 16 TAC § 24.227(d)(3)

33. There will be no effect on any retail public utility servicing the proximate area as there are no other water providers within the requested area.
34. The Commission received no protests or concerns from any other adjacent retail public utility.
35. Granting Countryside the certificate would enable Countryside to provide water service to future residents of the subdivision.

Ability to Serve: Managerial and Technical-TWC §§ 13.241(a), 13.246(c)(4), 16 TAC §§ 24.227(a), 24.227(d)(4)

36. Countryside's public water system (PWS) was conditionally approved for construction on April 5, 2019, by TCEQ and registered under PWS No. 1650174.
37. Countryside filed the TCEQ construction conditional approval letter on May 13, 2019.
38. Countryside will employ licensed water operators as soon as the construction of the water facilities has been completed.

Ability to Serve: Financial Ability and Stability-TWC §§ 13.241(a), 13.246(c)(6), 16 TAC §§ 24.227(a), 24.227(d)(6), 24.11(e)

39. Countryside has a debt to equity ratio of 0.0, which is less than one, because it does not have long-term debt.
40. Texas 240 Partners, Countryside's affiliate, provided a guarantee to provide adequate funding for the water system infrastructure constructions, operations, and maintenance, as necessary.

41. Countryside's projections did not show any operations and maintenance shortages for the next five years.
42. Countryside has demonstrated that it has the financial ability to finance the facilities necessary to operate and manage the utility and to provide continuous and adequate service to the proposed service area.

Financial Assurance-TWC 5 13.246(d); 16 TAC § 24.227(e)

43. There is no need to require Countryside to provide financial assurances to ensure continuous and adequate utility service is provided.

Ability to Serve: Water Utility Service-TWC § 13.241(b), 13.246(c)(4), 16 TAC § 24.227(a)(1)

44. Countryside has been conditionally approved by TCEQ to construct three groundwater wells, pressure, storage and disinfection facilities, and a distribution system.

Regionalization or Consolidation-TWC § 13.241(d), 16 TAC § 24.227(b)

45. Countryside intends to construct a new, physically separate water system to serve the area.

Service from Other Utilities-TWC § 13.246(c)(5), 16 TAC § 24.227(d)(5)

46. Currently, there are no other water providers in the requested area.

Environmental Integrity-TWC § 13.246(c)(7), 16 TAC § 24.227(d)(7)

47. Granting Countryside's CCN will minimally impact the environmental integrity of the requested area as the area is already developed.

Improvement in Service-TWC § 13.246(c)(8), 16 TAC § 24.227(d)(8)

48. Granting Countryside a CCN will provide service to potential future customers because there are currently no water providers in the requested area.

Lowering of Cost-TWC § 13.246(c)(8), 16 TAC § 24.227(d)(8)

49. This is not applicable because there are no current customers in the requested area.

Effect on Land-TWC § 13.246(c)(9), 16 TAC § 24.227(d)(9)

50. Additional construction is necessary to provide service in the requested area.

Rate Study-16 TAC § 24.25(b)(1)(B)(i)

51. Countryside provided a basis for its proposed rates.

Calculations Supporting Proposed Rates-16 TAC § 24.25(b)(1)(B)(ii)

52. Countryside has provided all calculations supporting its proposed rates.

Assumptions for Projections Included in Rate Study-16 TAC § 24.25(b)(1)(B)(iii)

53. Countryside has provided all assumptions for any projections included in its rate study.

Estimated Completion Date(s) for Physical Plant(s)-16 TAC § 24.25(b)(1)(B)(iv)

54. The estimated completion date of the physical plant is January 15, 2020.

Estimated Service Start Dates for All Phases of Construction-16 TAC § 24.25(b)(1)(B)(v)

55. Service and billing will commence upon the approval of this application by the Commission.

Notice to Commission Once Billing for Service Begins-16 TAC § 24.25(b)(1)(B)(vi)

56. Countryside is required to provide notice to the Commission once billing for service begins.

Maps and Certificate

57. On February 4, 2019, Commission Staff emailed its proposed map and certificate to Countryside.

58. On February 8, 2019, Countryside filed its consent to the proposed map and certificate.

59. On June 6, 2019, Commission Staff filed the proposed map and certificate as an attachment to its recommendation

Informal Disposition

60. More than 15 days have passed since the completion of notice provided in this docket.

61. Commission Staff and Countryside are the only parties to this proceeding.

62. Commission Staff recommended approval of the application.

63. This decision is not adverse to any party.

64. No party requested a hearing and no hearing is necessary.

II. CONCLUSIONS OF LAW

The Commission adopts the following conclusions of law:

1. The Commission has jurisdiction over the application under TWC §§ 13.241 and 13.246.
2. Countryside is a retail public utility as defined in TWC § 13.002(19) and 16 TAC § 24.3(59).
3. Notice of the application complies with TWC § 13.246 and 16 TAC § 24.235.

4. The Commission processed the application in accordance with the requirements of the Administrative Procedure Act², the TWC, and Commission rules.
5. Countryside possesses the financial, managerial, and technical capability to provide continuous and adequate service to the requested area as required by TWC § 13.241(a) and 16 TAC § 24.227.
6. After considering the factors in TWC § 13.246(c) and 16 TAC § 24.227(d), approval of the application is necessary for the service, accommodation, convenience, or safety of the public as required by TWC § 13.246(b) and 16 TAC § 24.227(c).
7. Countryside must record a certified copy of the approved map for the certificate amendment, along with a boundary description of the service area, in the real property records of Midland County within 31 days of receiving this Order and submit to the Commission evidence of the recording as required by TWC § 13.257(r)-(s).
8. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

III. ORDERING PARAGRAPHS

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

1. The Commission grants Countryside water CCN number 13272 to include the requested area described in the Order and shown on the map attached to this Order.
2. The Commission grants the certificates attached to this Order.
3. Countryside HOA must serve every customer and applicant for service within the areas certificated under water CCN number 13272, and such service shall be continuous and adequate.
4. Countryside must comply with the recording requirements in TWC § 13.257(r) and (s) for the area in Midland County affected by the application.
5. Countryside must file in this docket proof of the recording required in ordering paragraph 4 not later than 45 days after the date of this Order.

² Tex. Gov't Code §§ 2001.001-902.

6. Countryside must file a rate application in order to true-up the rates approved in this docket with the Commission within 18 months from the date service begins pursuant to 16 TAC § 24.25.(b)(1)(C).
7. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the _____ day of January 2020.

PUBLIC UTILITY COMMISSION OF TEXAS

DEANN T. WALKER, CHAIRMAN

ARTHUR C. D'ANDREA, COMMISSIONER

SHELLY BOTKIN, COMMISSIONER

Attachment A

PUC Interoffice Memorandum

To: Merritt Lander, Attorney
Legal Division

From: Leila Guerrero, Regulatory Accountant/Auditor
Rate Regulation Division

Date: January 2, 2020

Subject: **Docket No. 47854:** *Application of Countryside Acres Homeowners Association, Inc. for a Water Certificate of Convenience and Necessity in Midland County*

Background

On December 12, 2017, Countryside Acres Homeowners Association, Inc. (Countryside) filed an application with the Public Utility Commission of Texas (Commission) to obtain a water Certificate of Convenience and Necessity in Midland County, Texas under Texas Water Code Ann. (TWC) §§ 13.241-13.250 and 16 Texas Administrative Code (TAC) §§ 24.225-24.237. Specifically, Countryside seeks to obtain a water CCN for the requested area, which includes 132 acres and sixty future customers.

On August 23, 2019, the administrative law judge (ALJ) issued Order No. 14, which required Staff to provide a recommendation as to whether Countryside had provided all of the information required by with 16 TAC §§ 24.25 (b)(B)(i)-(vi).

On August 23, 2019, Countryside filed Item No.48, in which it provided a rate study that provided a rate comparison of water utility providers in a similar market within the vicinity of Countryside; the rate study considered the water rates of the Cities of Midland, Stanton, and Odessa, Texas.

Notice

The comment period ended July 8, 2018, and the Commission did not receive any protests or landowner opt out requests.

Criteria Considered

When applying for a CCN for an area that would require construction of a physically separate water or sewer system, 16 TAC § 24.227(b) requires the applicant to demonstrate that regionalization or consolidation with another retail public utility is not economically feasible. As there are no other water providers within one half mile of the outer boundary of the requested area, neither regionalization nor consolidation is feasible.

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

TWC § 13.246(c)(1) and 16 TAC § 24.227(d)(1) require the Commission to consider the adequacy of service currently provided to the requested area.

Staff did not consider these criteria, as water service is not currently being provided in the requested area.

TWC § 13.246(c)(2) and 16 TAC § 24.227(d)(2) requires the Commission to consider the need for service in the requested area.

The real estate developer, Texas 240 Partners, is an affiliate of Countryside and proposes to develop the requested area into 60 single family homes with each home on a two-acre tract. The development will be constructed in three phases.

TWC § 13.246(c)(3) and 16 TAC § 24.227(d)(3) requires the Commission to consider the effect of granting certificate or an amendment on the recipient and on any other retail public utility servicing the proximate area.

There will be no effect on any retail public utility servicing the proximate area as there are no other water providers within the requested area.

TWC § 13.246(c)(4) and 16 TAC § 24.227(d)(4) requires the Commission to consider the ability of Countryside to provide adequate service.

Countryside's public water system (PWS), consisting of three groundwater wells, pressure, storage and disinfection facilities and a distribution system, was approved for construction on April 5, 2019, by the Texas Commission on Environmental Quality and registered under PWS No. 1650174. The construction approval letter was filed in this docket by Countryside on May 13, 2019. The construction of the public water system is pending.

TWC § 13.246(c)(5) and 16 TAC § 24.227(d)(5) requires the Commission to consider the feasibility of obtaining service from an adjacent retail public utility.

Currently, there are no other water providers in the requested area.

TWC § 13.246(c)(6) and 16 TAC § 24.227(d)(6) requires the Commission to consider the financial ability of Countryside to pay for facilities necessary to provide continuous and adequate service.

The financial criteria and tests are listed in 16 TAC § 24.11 including leverage tests and an operations test.

Countryside meets three out of the five leverage tests with a debt to equity ratio of zero which is less than one because they do not have any long-term debt. Countryside's projected balance sheet shows that there will be no long-term debt from 2019 to 2023.¹ Since Countryside does not have any long-term debt, they passed the debt service coverage ratio, and they are not required to reserve cash to cushion for two years debt service. Countryside is only required to meet one leverage test.

¹ Introductory Letter Including Source of Financing of Construction and Updated Maps Requested (February 12, 2018).

Countryside meets the operations test. Countryside has submitted a projected financial statement with its application for the years 2019 to 2023.² The owner or operator must demonstrate sufficient cash is available to cover any projected operations and maintenance shortages in the first five years of operations. The projected income statement does not show any operations and maintenance shortages for the next five years. In addition, the affiliate, Texas 240 Partners, a Texas General Partnership and the sole shareholder of Countryside, provided a written promise and guarantee to provide adequate funding for the water system infrastructure construction, operations, and maintenance as necessary³ to satisfy 16 TAC § 24.11(e)(3). Thus, there are no shortages to cover.

TWC §§ 13.246(7) and (9) and 16 TAC § 24.227(d)(7) and (9) require the Commission to consider the environmental integrity and the effect on the land to be included in the certificate.

The environmental integrity will be minimally affected as the requested area is developed.

TWC § 13.246(8) and 16 TAC § 24.227(d)(8) requires the Commission to consider the probable improvement in service or lowering of cost to consumers.

This is not applicable because there are no homes currently receiving service in the requested area. Staff recommends that the rates are reasonable with respect to the projected financial information provided by Countryside. In order to true-up the proposed rates. Staff recommends that Countryside file a rate application with the Commission within 18 months from the date service begins per 16 TAC § 24.25(b)(1)(C).

Countryside consented to the attached map, certificate, and tariff on February 4, 2019.

16 TAC §§ 24.25(b)(1)(B)(i)-(vi) requires Countryside to satisfy six criteria, which the ALJ required Staff to evaluate in Order No. 14.

16 TAC § 24.25(b)(1)(B)(i) requires that Countryside provide a rate study supporting the proposed rates, which may include the costs of existing invested capital or estimates of future invested capital.

Countryside provided a basis for its proposed rates.

16 TAC § 24.25(b)(1)(B)(ii) requires that Countryside provide all calculations supporting the proposed rates.

Countryside has provided all calculations supporting its proposed rates.

16 TAC § 24.25(b)(1)(B)(iii) requires that Countryside provide all assumptions for any projections included in the rate study.

Countryside has provided all assumptions for any projections included in its rate study.

² *Id.*

³ Response to Staff RFI 1-1 to 1-9 (July 20, 2019) (Countryside provided a copy of the financial statements (balance sheet, income statement, and cash flow statement) for the years 2016, 2017, and up to May 31, 2018 of the affiliate, Texas 240 Partners. In addition, the Partners of Texas 240 provided an Affidavit signed by the owner operator of the Countryside Acres HOA, Inc. and partner of Texas 240 as a written guarantee to cover any operations and maintenance cash shortages in order to satisfy 16 TAC § 24.11(e)(3)).

16 TAC § 24.25(b)(1)(B)(iv) requires that Countryside provide an estimated completion date(s) for the physical plant(s).

The estimated completion date of the physical plant is September 30, 2020.

16 TAC § 24.25(b)(1)(B)(v) requires that Countryside provide an estimate of the date(s) service will begin for all phases of construction.

Service and billing will commence upon the approval of this application by the Commission.

16 TAC § 24.25(b)(1)(B)(vi) requires that Countryside provide notice to the Commission once billing for service begins.

Staff recommends that Countryside be required to provide notice to the Commission once billing for service begins.

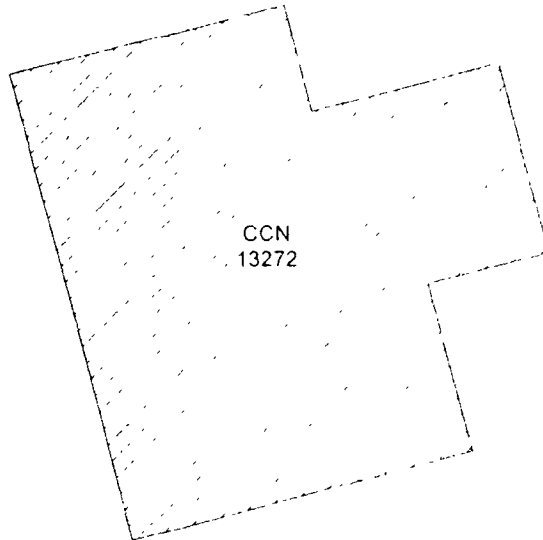
Recommendation

Based on the above information, Staff recommends that:

- The Commission find that Countryside meets all of the statutory requirements of TWC Chapter 13 and the Commission's Chapter 24 rules and regulations and is capable of providing continuous and adequate service.
- The Commission find that issuance of water CCN No. 13272 is necessary for the service, accommodation, convenience, and safety of the public;
- The Commission require Countryside to file a rate application with the Commission under 16 TAC § 24.25(b)(1)(C) within 18 months from the date service begins;
- The Commission require Countryside to provide notice to the Commission once billing for service begins, as required by 16 TAC § 24.25(b)(1)(B)(vi);
- The Commission issue an order approving the application and provide the attached map, certificate, and tariff to Countryside; and
- The Commission require Countryside to file certified copies of their CCN maps along with a written description of the CCN service area in the county clerk's office under TWC §§ 13.257(r)-(s).

Attachment B

Countryside Acres Homeowners Association, Inc.
Water CCN No. 13272
PUC Docket No. 47854
Obtained New CCN in Midland County



Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78701

Water CCN



13272 - Countryside Acres Homeowners Association, Inc

0 500 1,000
feet



Map by: Komal Patel
Date created: August 15, 2018
Project Path: n:\mra\mapping\
47854\CountrysideAcresHOA.mxd

Attachment C



Public Utility Commission of Texas

By These Presents Be It Known To All That

Countryside Acres Homeowners Association, Inc.

having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Countryside Acres Homeowners Association, Inc. is entitled to this

Certificate of Convenience and Necessity No. 13272

to provide continuous and adequate water utility service to that service area or those service areas in Midland County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 47854 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Countryside Acres Homeowners Association, Inc., to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____ day of _____, 2020

Attachment D



WATER UTILITY TARIFF
Docket No. 47854

Countryside Acres Homeowners Association, Inc.
(Utility Name)

1981 State Highway 137
(Business Address)

Stanton, Texas 79782
(City, State, Zip Code)

(432) 425-1194
(Area Code/Telephone)

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

13272

This tariff is effective in the following counties:

Midland

This utility provides service in the following cities or unincorporated towns (if any):

N/A

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

Countryside Acres H.O.A., Inc. PWS ID No. 1650174

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

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APPENDIX A -- DROUGHT CONTINGENCY PLAN	
APPENDIX B -- SAMPLE SERVICE AGREEMENT	
APPENDIX C -- APPLICATION FOR SERVICE	

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Base Rate</u>	<u>Gallage Charge</u>
5/8 "	<u>\$28.00</u> (Includes 0 gallons)	<u>\$2.00</u> per 1000 gallons

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

Check X, Check X, Money Order X, Other (specify) Debit Card

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

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$150.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

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

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

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

METER TEST FEE\$25.00

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

RECONNECTION FEE

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

- a) Non-payment of bill (Maximum \$25.00).....\$25.00
- b) Customer's request that service be disconnected\$0.00

TRANSFER FEE\$25.00

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

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) 10%

PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING

RETURNED CHECK CHARGE\$35.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING [16 § TAC 24.21(b)(2)(F)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 2.0 -- SERVICE RULES AND POLICIES

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

Section 2.01 - Application for Water Service

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

Section 2.02 - Refusal of Service

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

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

(A) Customer Deposits

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

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

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

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

(B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

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

Fees in addition to the regular tap fee may be charged if listed specifically in Section 1 to cover unique costs not normally incurred as permitted by 16 TAC § 24.86(a)(1)(C). For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

(C) Easement Requirement

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

Section 2.04 - Utility Response to Applications for Service

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

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

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will not be allowed to use the utility's cutoff valve on the utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers may be required to install and maintain a cutoff valve on their side of the meter.

No direct connection between a public water supply system and any potential source of contamination or between a public water supply system and a private water source (ex. private well) will be allowed. A customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.06 - Customer Service Inspections

Applicants for new service connections or facilities which have undergone extensive plumbing modifications are required to furnish the utility a completed customer service inspection certificate. The inspection certificate shall certify that the establishment is in compliance with the Texas Commission on Environmental Quality (TCEQ) Rules and Regulations for Public Water Systems, 30 TAC § 290.46(j). The Utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

Section 2.07 - Back Flow Prevention Devices

All non-residential customers requiring a greater than 1” meter or any customer with irrigation or firefighting systems, must install back flow prevention devices which have been approved by the utility or its consulting engineers on each of their customer service lines.

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

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

Section 2.08 - Access to Customer’s Premises

The utility will have the right of access to the customer's premises at all reasonable times for the purpose of installing, testing, inspecting or repairing water mains or other equipment used in connection with its provision of water service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the utility and its personnel access to the customer's property to conduct any water quality tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours and the utility personnel will attempt to notify the customer that they will be working on the customer’s property. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

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

Section 2.09 - Meter Requirements, Readings, and Testing

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

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

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

Section 2.10 - Billing

(A) Regular Billing

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

(B) Late Fees

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

(C) Information on Bill

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

(D) Prorated Bills

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

Section 2.11- Payments

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

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

Section 2.12 - Service Disconnection

(A) With Notice

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

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

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

(B) Without Notice

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

Section 2.13 - Reconnection of Service

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

Service will be reconnected within 36 hours after the past due bill, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are corrected.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.14 - Service Interruptions

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

Section 2.15 - Quality of Service

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

Section 2.16 - Customer Complaints and Disputes

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

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

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

Section 2.17 - Customer Liability

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

SECTION 3.0 -- EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

Line Extension and Construction Charges: No Contribution in Aid of Construction may be required of any customer except as provided for in this approved extension policy.

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

Unless an exception is granted by the PUC, the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution and pressure wastewater collection lines and 6" in diameter for gravity wastewater lines

Exceptions may be granted by the PUC if:

- adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
- or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

If an exception is granted, the Utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

The utility shall bear the cost of any over-sizing of water distribution lines or waste water collection lines necessary to serve other potential service applicants in the immediate area.

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers. A service applicant requesting a one inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection beyond 200 feet and throughout his property including the cost of all necessary transmission facilities.

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

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.02 - Costs Utilities Shall Bear

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

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

The Utility is not required to extend service to any applicant outside of its certified service area and will only do so under terms and conditions mutually agreeable to the Utility and the applicant, in compliance with PUC rules and policies, and upon extension of the Utility's certified service area boundaries by the PUC.

Section 3.03 - Contributions in Aid of Construction

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

Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction for the actual costs of any additional facilities required to maintain compliance with the TCEQ minimum design criteria for water production, treatment, pumping, storage and transmission.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC § 24.86(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by 16 TAC § 24.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

SECTION 3.0 -- EXTENSION POLICY (Continued)

A utility may only charge a developer standby fees for unrecovered costs of facilities committed to a developer's property under the following circumstances:

- Under a contract and only in accordance with the terms of the contract; or
- if service is not being provided to a lot or lots within two years after installation of facilities necessary to provide service to the lots has been completed and if the standby fees are included on the utility's approved tariff after a rate change application has been filed. The fees cannot be billed to the developer or collected until the standby fees have been approved by the commission or executive director.
- For purposes of this section, a manufactured housing rental community can only be charged standby fees under a contract or if the utility installs the facilities necessary to provide individually metered service to each of the rental lots or spaces in the community.

Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy of this tariff shall be subject to appeal as provided in this tariff, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall be informed of the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located.

Section 3.05 - Applying for Service

The Utility will provide a written service application form to the applicant for each request for service received by the Utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant.

Service application forms will be available at the Utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to Utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers.

SECTION 3.0 -- EXTENSION POLICY (Continued)

If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, the applicant may refer the matter to the PUC for resolution.

Section 3.06 - Qualified Service Applicant

A "qualified service applicant" is an applicant who has: (1) met all of the Utility's requirements for service contained in this tariff, PUC rules and/or PUC order, (2) has made payment or made arrangement for payment of tap fees, (3) has provided all easements and rights-of-way required to provide service to the requested location, (4) delivered an executed customer service inspection certificate to the Utility, if applicable, and (5) has executed a customer service application for each location to which service is being requested.

The Utility shall serve each qualified service applicant within its certified service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by PUC rules once the applicant has met all conditions precedent to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The PUC service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by PUC rules.

Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, the Utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property.

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

APPENDIX B -- SAMPLE SERVICE AGREEMENT**Error! Bookmark not defined.**
From 30 TAC Chapter 290.47(b), Appendix B
SERVICE AGREEMENT

- I. **PURPOSE.** The NAME OF WATER SYSTEM is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF WATER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the water system will not re-establish service unless it has a signed copy of this agreement.
- II. **RESTRICTIONS****Error! Bookmark not defined.**. The following unacceptable practices are prohibited by State regulations.
 - A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
 - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
 - C. No connection which allows water to be returned to the public drinking water supply is permitted.
 - D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
 - E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.
- III. **SERVICE AGREEMENT****Error! Bookmark not defined.**. The following are the terms of the service agreement between the NAME OF WATER SYSTEM (the Water System) and NAME OF CUSTOMER (the Customer).
 - A. The Water System will maintain a copy of this agreement as long as the Customer and/or the premises is connected to the Water System.
 - B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Water System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Water System's normal business hours.
 - C. The Water System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic re-inspection.
 - D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.
 - E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Water System. Copies of all testing and maintenance records shall be provided to the Water System.
- IV. **ENFORCEMENT****Error! Bookmark not defined.**. If the Customer fails to comply with the terms of the Service Agreement, the Water System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

CUSTOMER'S SIGNATURE: _____

DATE: _____

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