



Control Number: 47897



Item Number: 257

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SOAH DOCKET NO. 473-18-3008.WS
PUC DOCKET NO. 47897

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APPLICATION OF FOREST GLEN §
UTILITY COMPANY FOR §
AUTHORITY TO CHANGE RATES §

BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

PUBLIC UTILITY COMMISSION
FILING CLERK

UNOPPOSED STIPULATION AND SETTLEMENT AGREEMENT

This Unopposed Stipulation and Settlement Agreement (Agreement) is entered into by the Staff of the Public Utility Commission of Texas (Commission Staff) and Forest Glen Utility Company (Forest Glen) (collectively, Signatories). Dennis Brown, Van Johnson, Fleming Mitchell, and Cecil Perkins (collectively, Intervenor) are unopposed to the Agreement, which is submitted to the Commission as a just and reasonable disposition of all issues in this docket consistent with the public interest.

I. BACKGROUND

On December 21, 2017, Forest Glen filed an application for authority to change rates under sewer certificate of convenience and necessity No. 21070 in Medina County, Texas. Order No. 3, issued February 2, 2018, admitted Fleming Mitchell and Van Johnson as parties. Order No. 3, issued March 27, 2018,¹ found Forest Glen's supplemented application administratively complete and suspended the proposed effective date of the requested rate change for not more than 265 days.

On April 3, 2018, this docket was referred to the State Office of Administrative Hearings (SOAH), and the SOAH Administrative Law Judge (ALJ) convened a prehearing conference on May 18, 2018. Dennis Brown and Cecil Perkins appeared at the prehearing conference and were admitted as parties. SOAH Order No. 2, issued on May 21, 2018, adopted the procedural schedule proposed by the parties.

At the open meeting held on May 25, 2018, the Commission ordered Forest Glen to issue a second statement of intent with a new proposed effective date. Forest Glen mailed the new statement of intent to customers on June 1, 2018, with a proposed effective date of July 6, 2018. On June 15, 2018, Forest Glen filed a Motion for Interim Rates requesting that the interim rate be

¹ Both the order granting the motions to intervene (AIS Item No. 89) and the order finding Forest Glen's application administratively complete and suspending the proposed effective date (AIS Item No. 96) are titled Order No. 3.

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set at \$65 per connection per month. SOAH Order No. 4, issued on August 2, 2018, granted Forest Glen's request and established July 6, 2018, as the effective date for interim rates.

On September 13, 2018, this docket was referred to mediation. As evidenced by SOAH Order No. 5 Mediator's Report, issued on September 17, 2018, the Signatories have reached the agreement reflected herein. The Signatories believe that a resolution of this docket pursuant to the terms stated below is reasonable and in the public interest. Settlement will also conserve the resources of the parties and the Commission and will mitigate litigation expense.

The Signatories jointly request approval of this Agreement and entry of the Joint Proposed Order, including findings of fact and conclusions of law, attached hereto as Exhibit A. By this Agreement, the Signatories resolve all issues among them related to Forest Glen's application as follows:

II. STIPULATION AND AGREEMENT

1. Agreements as to Rate/Tariff Changes.

- a. Retail Sewer Utility Rates.** The Signatories agree that Forest Glen should be allowed to implement the retail sewer utility rates contained in Section 1.0 of the tariff included as Exhibit B to this Agreement. The Signatories agree that the attached rates are just and reasonable and are consistent with the public interest. The Signatories further agree that the effective date for the final rates is July 6, 2018.
- b. Revenue Requirement and Rate of Return.** The Signatories agree that Forest Glen's revenue requirement and rate of return is not being determined or approved in this docket. Nonetheless, the Signatories agree that the stipulated rate will recover \$209,820 at the current customer count of 269 connections.
- c. Contributions in Aid of Construction.** The Signatories agree that, beginning with the 257th lot sold in the Potranco Ranch subdivision, Forest Glen shall record the \$2,950 connection fee charged at closing as a contribution in aid of construction. Forest Glen shall continue this accounting practice through the sale of the 366th lot. Should Forest Glen

lower this fee at any point before the 366th lot is sold, the Signatories further agree that Forest Glen shall continue to record the connection fee as a contribution in aid of construction in the amount of \$2,950 per lot.

d. Rate-Case Expenses. The Signatories agree that Forest Glen shall be allowed to recover rate-case expenses over a period of no longer than 24 consecutive months as follows:

- i. \$5 surcharge per connection per month beginning on July 6, 2019; and
- ii. \$10 surcharge per connection per month beginning on July 6, 2020.

Should the number of connections exceed 269 at any time after July 6, 2019, the Signatories agree that Forest Glen shall collect no more than \$46,080 in total rate-case expenses from the above surcharges. If necessary, Forest Glen may adjust the surcharge to be collected for the final month to an amount that is less than \$10 per connection to prevent an over-collection.

2. Agreements Regarding Future Rate/Tariff Change Applications.

- a. Notice.** The Signatories agree that Forest Glen will provide customers with a minimum of 60-days' notice, in the form required by Texas Water Code (TWC) § 13.1871(b), of any future proposed rate change.
- b. Rate Design.** The Signatories agree that the next rate/tariff change application Forest Glen files with the Commission will propose a rate design that includes both a fixed charge and a variable rate.
- c. Revenue Shortfall.** The Signatories agree that Forest Glen shall not seek to recover any revenue shortfall it incurs as a result of the rates contained in Section 1.0 of Exhibit B in any future base rate proceeding.

3. Agreements as to Additional Matters. The Signatories agree that the provisions contained in subparagraphs 3.a. and 3.b. shall remain in effect until construction is complete on any and

all homes that will receive wastewater service from Forest Glen, including any development made possible by a future amendment to CCN No. 21070.

a. Quarterly Newsletter. The Signatories agree that Forest Glen shall provide customers with a quarterly newsletter. Once per year, the newsletter shall include a copy of Forest Glen's Annual Report after it is filed with the Commission in accordance with TWC § 13.136.

b. Attendance at Regular HOA Meetings. The Signatories agree that a representative of Forest Glen shall attend all regular meetings of the Potranco Ranch Home Owners' Association for the purpose of updating residents on the utility's recent activities and future plans related to the provision of wastewater or other service provided by Forest Glen.

4. Proposed Order. The Signatories jointly propose a final order in the form attached as Exhibit A. The Signatories submit the stipulated and agreed-upon findings of fact and conclusions of law in the proposed order for inclusion in a final order in this case implementing the terms of this Agreement.

III. IMPLEMENTATION OF AGREEMENT

1. Obligation to Support this Agreement. The Signatories agree to support this Agreement and will take reasonable steps to support expeditious entry of orders fully consistent with this Agreement. This provision shall not preclude any party from taking action that is mandatory and nondiscretionary pursuant to a law enacted after the date this Agreement is filed with the Commission.

2. Effect of Agreement.

- a. The Agreement does not adopt any particular methodology underlying the settlement rates or rate design reflected in the Agreement.
- b. The failure to litigate any specific issue in this docket does not waive any Signatory's rights to contest that issue in any other current or future proceeding. The failure to litigate an

issue cannot be asserted as a defense or estoppel, or any similar argument, by or against any Signatory in any other proceeding.

- c. The terms of this Agreement may not be used either as an admission or concession of any sort or as evidence in any proceeding except to enforce the terms of this Agreement. Oral or written statements made during the course of the settlement negotiations may not be used for any purposes other than as necessary to support the entry by the Commission of an order implementing this Agreement. All oral or written statements made during the course of the settlement negotiations are governed by Tex. R. Evid. 408.
- d. The Signatories arrived at this Agreement through extensive negotiation and compromise. This Agreement reflects a compromise, settlement, and accommodation among the Signatories, and the Signatories agree that the terms and conditions herein are interdependent. The Signatories agree that this Agreement is in the public interest. All actions by the Signatories contemplated or required by this Agreement are conditioned upon entry by the Commission of a final order fully consistent with this Agreement. If the Commission does not accept this Agreement as presented or enters an order inconsistent with any term of this Agreement, any Signatory shall be released from all commitments and obligations, and shall have the right to seek hearing on all issues, present evidence, and advance any positions it desires, as if it had not been a Signatory.
- e. This Agreement is binding on each of the Signatories only for the purpose of settling the issues as set forth herein and for no other purposes. It is acknowledged that a Signatory's support of the matters contained in this Agreement may differ from the position taken or testimony presented by it in this proceeding or other proceedings. To the extent that there is a difference, a Signatory does not waive its position in any other proceedings. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Agreement in other proceedings, whether those proceedings present the same or a different set of circumstances, except as may otherwise be explicitly provided in this Agreement.

- f. There are no third party beneficiaries of this Agreement. Although this Agreement represents a settlement among the Signatories with respect to the issues presented in this docket, this Agreement is merely a settlement proposal submitted to the Commission, which has the authority to enter an order resolving these issues.
 - g. This Agreement supersedes any prior written or oral agreement in this docket regarding the subject matter of this Agreement.
 - h. The final resolution of this docket does not impose any conditions, obligations, or limitations on Forest Glen's right to file a future rate application and obtain rate relief in accordance with the Texas Water Code.
 - i. Except to the extent that this Agreement expressly governs a Signatory's rights and obligations for future periods, this Agreement shall not be binding or precedential upon a Signatory outside this docket, and Signatories retain their rights to pursue relief to which they may be entitled in other proceedings.
3. **Execution.** The Signatories agree that this Agreement may be executed in multiple counterparts and filed with facsimile or computer-image signatures.

Executed as shown below:

FOREST GLEN UTILITY COMPANY

By: Helm S. Gilbert for
Randall Wilburn

Date: 11-12-18

STAFF OF THE PUBLIC UTILITY COMMISSION OF TEXAS

By: Eleanor D'Ambrosio
Eleanor D'Ambrosio

Date: 11/12/18

EXHIBIT A

PUC DOCKET NO. 47897
SOAH DOCKET NO. 473-18-3008.WS

APPLICATION OF FOREST GLEN	§	PUBLIC UTILITY COMMISSION
UTILITY COMPANY FOR	§	
AUTHORITY TO CHANGE RATES	§	OF TEXAS

JOINT PROPOSED ORDER

This Joint Proposed Order addresses the application of Forest Glen Utility Company (Forest Glen) for authority to increase the rates charged to its customers for sewer service in Medina County. Forest Glen and the Staff of the Public Utility Commission of Texas (Commission Staff), entered into an Unopposed Stipulation and Settlement Agreement (Agreement) resolving all of the issues in this docket. Dennis Brown, Van Johnson, Fleming Mitchell, and Cecil Perkins (collectively, Intervenor) are unopposed to the Agreement. The Commission approves Forest Glen's change in sewer rates, as modified by the Agreement to the extent provided in this Order.

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

I. Findings of Fact

Applicant

1. Forest Glen is a subchapter S corporation that provides sewer service to the Potranco Ranch subdivision in Castroville, Texas.
2. Earl Holdings, LLC, Hausman Holdings, LTD, and BVRT, LP each own 1/3 of Forest Glen.
3. Forest Glen is authorized to serve the public in its certificated service area in Medina County, Texas under sewer certificate of convenience and necessity (CCN) number 21070.
4. Forest Glen constructs and owns facilities used to collect, transport, and treat sewage.
5. Forest Glen holds Texas Pollutant Discharge Elimination System permit WQ No. 1503-0001 and an authorization under 30 Texas Administrative Code (TAC) Chapter 210 to produce and provide reclaimed water.
6. Forest Glen served 149 active metered connections on December 31, 2016, and currently serves 269 active metered connections.
7. The plans for the first phase of construction in the Potranco Ranch subdivision include a total of 366 homes.

The Application

8. On December 21, 2017, Forest Glen filed a class B application for authority to increase sewer rates and revise the associated tariff for areas it serves in Medina County.
9. The application is based on an historic test year that ended on December 31, 2016.
10. Forest Glen's current rate structure includes a flat rate of \$35 per month and does not include a gallonage charge.
11. Forest Glen proposed a \$30 increase to the flat rate for a total of \$65 per month.
12. The requested rate will generate revenues of \$209,820 per year at Forest Glen's current customer count of 269 connections.
13. When a lot is sold in Potranco Ranch, Forest Glen charges a \$2,950 connection fee to the builder at closing.
14. The application records the \$2,950 connection fee as "other revenue" and Forest Glen uses this fee to pay for capital-related costs and to cover operating cost structural deficits.
15. The requested rate will allow Forest Glen to cover all of its costs once Forest Glen is serving 315 connections; based on the current rate of customer growth, Forest Glen estimates that it will reach this break-even point in 2019 and become profitable in 2020.
16. Forest Glen will use the increased cash flow generated by the \$65 rate, the connection fees collected at closing, infusions of equity and debt, and revenues from the sale of reclaimed water to offset its losses.
17. Forest Glen's existing utility plant has the capacity to serve 366 connections.
18. In Order No. 1 issued on January 3, 2018, the Commission administrative law judge (ALJ) required Commission Staff to comment on the administrative completeness of the application and notice and to propose a procedural schedule, if appropriate.
19. On January 19, 2018, Commission Staff recommended that the application be found administratively incomplete and deficient because Forest Glen failed to: (a) include expenses for the year ending December 31, 2014 on Schedule II; (b) provide an explanation why Scheduled II-7 was completed as not applicable; (c) provide legible copies of Schedule II-3 and a page of the rate design; (d) complete Schedule IV(a); (e) correctly calculate the amount for working cash on Schedule II-2; and (f) provide a copy of its most recently approved tariff. Commission Staff also recommended suspension of the proposed effective date.

20. In Order No. 2 issued on January 31, 2018, the Commission ALJ found the application administratively incomplete and deficient, established deadlines and an opportunity to cure and for Commission Staff to file a supplemental recommendation on administrative completeness, and suspended the proposed effective date of the rate increase in accordance with 16 TAC § 24.33(a).
21. On February 23, 2018, Forest Glen filed an amended application curing the deficiencies identified by Commission Staff.
22. On February 28, 2018, Forest Glen filed additional information to cure the deficiencies, including confidential customer information.
23. On March 22, 2018, Commission Staff recommended that the application be deemed sufficient, that the proposed effective date remain suspended, and that the docket be referred to the State Office of Administrative Hearings (SOAH) for an evidentiary hearing based upon more than 10% of the affected ratepayers objecting to the proposed rate increase.
24. In Order No. 3 issued on March 27, 2018, the Commission ALJ found the application, as supplemented, administratively complete and continued the suspension of the effective date of the proposed rate increase.

Notice

25. On December 27, 2017, Forest Glen sent a Notice of Proposed Rate Change to each customer or other party affected by the proposed rate increase via United States mail.
26. On January 11, 2018, Forest Glen filed the affidavit of Harry Hausman, Forest Glen's authorized representative, attesting that notice of the proposed rate change was mailed by United States mail to each customer or affected party on or about December 27, 2017.
27. On April 27, 2018, Forest Glen sent a Notice of Prehearing Conference to each customer via United States mail.
28. On May 2, 2018, Forest Glen filed the affidavit of Harry Hausman, Forest Glen's authorized representative, attesting that notice of the prehearing conference to be conducted by SOAH was mailed by United States mail to each customer on or about April 27, 2018.
29. On May 25, 2018, the Commission ordered Forest Glen to file a revised Notice of Proposed Rate Change with a new proposed effective date.

30. On June 1, 2018, Forest Glen sent a revised Notice of Proposed Rate Change to each customer or other party affected by the proposed rate increase via United States mail.
31. On June 1, 2018, Forest Glen filed the affidavit of Steven Greenberg, Forest Glen's authorized representative, attesting that notice of the proposed rate change was mailed by United States mail to each customer or affected party on or about June 1, 2018.

Intervenors

32. On January 10, 2018, Fleming Mitchell and Van Johnson each filed a Motion to Intervene.
33. In Order No. 3 issued on February 2, 2018, the Commission ALJ granted the intervention of Fleming Mitchell and Van Johnson.
34. On May 21, 2018, Dennis Brown and Cecil Perkins attended the prehearing conference and requested to intervene in the proceeding.
35. In SOAH Order No. 2 issued on May 21, 2018, the SOAH ALJ granted the intervention of Dennis Brown and Cecil Perkins.
36. On June 18, 2018, Forest Glen filed a Motion to Align Intervenors and Require Electronic Service.
37. On June 22, 2018, the Intervenors jointly filed a response opposing Forest Glen's request to align the intervenors.
38. On June 28, 2018, Commission Staff filed a Request for Additional Intervention Date.
39. On July 6, 2018, Forest Glen filed a response opposing Commission Staff's request for an additional intervention date.
40. In SOAH Order No. 4 issued on August 2, 2018, the SOAH ALJ denied Commission Staff's request for an additional intervention date, and denied Forest Glen's request to align the Intervenors.

Interim Rates

41. On June 15, 2018, Forest Glen filed a Motion for Interim Rates.
42. On June 22, 2018, Commission Staff filed a response stating it was not opposed to Forest Glen's request for interim rates.
43. In SOAH Order No. 4 issued on August 2, 2018, the SOAH ALJ granted Forest Glen's request for interim rates and established July 6, 2018, as the effective date.

44. On October 25, 2018, Commission Staff filed a copy of the tariff including the interim rates that was stamped *Approved* and placed in the Commission's tariff book.

Prefiled Testimony

45. On July 18, 2018, Forest Glen filed the direct testimonies and exhibits of Steven A. Greenberg and Jimmy Alan Hall.
46. On August 9, 2018, Fleming Mitchell filed direct testimony and exhibits.
47. On August 10, 2018, Cecil Perkins, Van Johnson, and Dennis Brown filed direct testimony and exhibits.
48. On August 23, 2018, Commission Staff filed the direct testimonies and attachments of Andrew Novak, Fred Bednarski, III, Debi Loockerman, and Greg Charles.
49. On August 23, 2018, Commission Staff filed the workpapers to the direct testimonies of Andrew Novak and Fred Bednarski, III.
50. On September 10, 2018, Forest Glen filed the rebuttal testimony and exhibits of Steven A. Greenberg.

Agreement

51. On November 12, 2018, Forest Glen and Commission Staff jointly filed an Agreement with an attached proposed order and agreed tariff.
52. On November 12, 2018, Commission Staff filed the affidavit of Fred Bednarski, III of the Commission's Water Utility Regulation Division in support of the Agreement.
53. On November 12, 2018, Forest Glen filed the testimony of Steven A. Greenberg in support of the Agreement.
54. The Intervenor is unopposed to the Agreement.
55. Under the Agreement, Forest Glen is authorized to charge a flat rate of \$65 per connection per month as shown in the revised tariff for sewer CCN No. 21070 attached to the Agreement as Exhibit B.
56. The effective date of the rate increase is July 6, 2018, which is the effective date of Forest Glen's interim rate of \$65 per month under SOAH Order No. 4.

57. Under the Agreement, Forest Glen will record the \$2,950 connection fee collected at closing as a contribution in aid of construction beginning with the sale of the 257th lot and will continue this accounting practice through the sale of the 366th lot.
58. Under the Agreement, Forest Glen is authorized to recover no more than \$46,080 in rate-case expenses over a period not to exceed 24 consecutive months through the rate-case expense rider, which is a part of the revised tariff.
59. Forest Glen will provide customers with a minimum of 60-days' notice of any future proposed rate change.
60. The next application for a rate/tariff change that Forest Glen files with the Commission will propose a rate design that includes both a fixed charge and a variable rate.
61. Forest Glen will not seek to recover any revenue shortfall it incurs while the \$65 rate is in effect in a future base rate proceeding.
62. Until construction is complete on any and all homes that will receive sewer service from Forest Glen, including any development made possible by a future amendment to CCN No. 21070, Forest Glen will provide customers with a quarterly newsletter that will include one time per year a copy of the Annual Report that Forest Glen files with the Commission as required by Texas Water Code (TWC) § 13.136.
63. Until construction is complete on any and all homes that will receive sewer service from Forest Glen, including any development made possible by a future amendment to CCN No. 21070, Forest Glen will send a representative to all regular meetings of the Potranco Ranch Home Owners' Association for the purpose of updating residents on the utility's recent activities and future plans related to the provision of sewer or other service provided by Forest Glen.
64. The rates, terms, and conditions of the tariff resulting from the agreement are just and reasonable.
65. The rates contained in the tariff are not unreasonable, preferential, prejudicial, or discriminatory, and are sufficient, equitable, and consistent in application to each class of customers.

Evidence

66. In SOAH Order No. ____ issued on _____, 2018, the SOAH ALJ admitted the following evidence into the record:

- a. Application of Forest Glen Utility Company for Authority to Change Rates filed December 21, 2017;
- b. Notice of Proposed Rate Change filed January 11, 2018;
- c. Forest Glen Utility Company Response to Oral Comments filed February 23, 2018;
- d. proof of notice of prehearing conference filed May 2, 2018;
- e. proof of second Notice of Proposed Rate Change filed June 1, 2018;
- f. Direct testimony and exhibits of Forest Glen witness Steven A. Greenberg filed July 18, 2018;
- g. Direct testimony and exhibits of Forest Glen witness Jimmy Alan Hall filed July 18, 2018;
- h. Direct testimony and exhibits of intervenor Fleming D. Mitchell filed August 9, 2018;
- i. Direct testimony and exhibits of intervenor Cecil Perkins filed August 10, 2018;
- j. Direct testimony and exhibits of intervenor Van Johnson filed August 10, 2018;
- k. Direct testimony and attachments of intervenor Dennis M. Brown filed August 10, 2018;
- l. Direct testimony and attachments of Staff witness Debi Loockerman filed August 23, 2018;
- m. Direct testimony and attachments of Staff witness Greg Charles filed August 23, 2018;
- n. Direct testimony and attachments of Staff witness Andrew Novak filed August 23, 2018;
- o. Direct testimony and attachments of Staff witness Fred Bednarski, III filed August 23, 2018;
- p. Unopposed Stipulation and Settlement Agreement and attachments filed November 12, 2018;
- q. Affidavit of Fred Bednarski, III in Support of Unopposed Stipulation and Settlement Agreement filed November 12, 2018; and
- r. Testimony of Steven A. Greenberg in Support of Unopposed Stipulation and Settlement Agreement filed November 12, 2018.

Informal Disposition

- 67. More than 15 days have passed since completion of the notice provided in this docket.
- 68. This docket does not contain any remaining contested issues of fact or law.

Referral to SOAH

69. On April 3, 2018, the Commission referred this matter to SOAH for assignment of an ALJ to conduct a hearing and issue a proposal for decision, if necessary.
70. In SOAH Order No. 1 issued on April 12, 2018, the SOAH ALJ described jurisdiction, set a date for a prehearing conference, directed Forest Glen to provide notice of the prehearing conference, and provided notice of procedural requirements related to filing and service, motions, and discovery.
71. On May 21, 2018, the SOAH ALJ convened a prehearing conference and entered appearances by Forest Glen, Commission Staff, Fleming Mitchell, Van Johnson, Dennis Brown, and Cecil Perkins.
72. In SOAH Order No. 2 issued on May 21, 2018, the SOAH ALJ memorialized the prehearing conference, adopted a procedural schedule, and provided notice of the hearing on the merits.
73. On April 18, 2018, Commission Staff filed a list of issues.
74. On April 20, 2018, Forest Glen filed a list of issues.
75. On June 14, 2018, the Commission issued a Preliminary Order.
76. In SOAH Order No. 5 issued on September 13, 2018, the SOAH ALJ referred this docket to mediation.
77. On September 13, 2018, Forest Glen, Commission Staff, Dennis Brown, Van Johnson, and Cecil Perkins, on behalf of himself and Fleming Mitchell, participated in a mediation.
78. In SOAH Order No. 5 issued on September 17, 2018, the SOAH mediator reported that the parties reached an agreement during mediation and signed a term sheet.
79. On September 17, 2018, the Parties filed an Agreed Motion to Abate.
80. In SOAH Order No. 6 issued on September 18, 2018, the SOAH ALJ abated this proceeding and directed the parties to file settlement documents or a status report by October 4, 2018.
81. On October 4, 2018, Commission Staff filed a status update and reported that the Parties were continuing to finalize a settlement agreement and requested a deadline of November 1, 2018, to file a status report or an agreement, proposed order and supporting evidence.
82. In SOAH Order No. 7 issued on October 10, 2018, the SOAH ALJ continued the abatement of this proceeding and directed the parties to file settlement documents or a status report by November 1, 2018.

83. On November 1, 2018, Commission Staff filed a status update and requested a deadline of December 1, 2018, to file a status report or an agreement, proposed order and supporting evidence.
84. In SOAH Order No. 8 issued on November 8, 2018, the SOAH ALJ continued the abatement of this proceeding and directed the parties to file settlement documents or a status report by December 1, 2018.
85. On November 12, 2018, Commission Staff and Forest Glen jointly filed the Agreement with attachments, and a motion to admit evidence and remand the proceeding to the Commission. In support of the Agreement, Commission Staff filed the affidavit of Fred Bednarski, III and Forest Glen filed the testimony of Steven A. Greenberg.
86. In SOAH Order No. ____ issued on _____, 2018, the SOAH ALJ admitted evidence, remanded the case to the Commission, and dismissed the case from the SOAH docket.

II. Conclusions of Law

1. The Commission has jurisdiction to consider Forest Glen's application for a sewer rate increase under TWC §§ 13.041, 13.181 through 13.185, and 13.1871 and 16 TAC §§ 24.12 through 24.49.
2. Forest Glen is a retail public utility as defined in TWC § 13.002(19) and 16 TAC § 24.3(59).
3. Forest Glen is a class C utility as defined in TWC § 13.002(4-c) and 16 TAC § 24.3(17).
4. Forest Glen gave notice of the application in accordance with the requirements of TWC § 13.1871 and 16 TAC §§ 24.27 and 24.35.
5. The Commission processed this docket in accordance with the requirements of the TWC, Texas Administrative Procedure Act,¹ and Commission Rules.
6. The rates approved in this proceeding are just and reasonable as required by TWC § 13.182(a).
7. The rates established by this Order are not unreasonable, preferential, prejudicial, or discriminatory, and are sufficient, equitable, and consistent in application to each class of customers as required by TWC § 13.182(b).
8. The recoverable rate-case expenses are just, reasonable, necessary, and in the public interest as required by 16 TAC § 24.44(a).

¹ Tex. Gov't Code Ann. §§ 2001.001-.902.

9. This application does not constitute a major rate proceeding, as defined by 16 TAC § 22.2(27).
10. The requirements for informal disposition in 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 approves Forest Glen's change in sewer rates, as modified by the Agreement to the extent provided in this Order.
2. The Commission approves the rates and terms included in the tariff attached to the Agreement as Exhibit B.
3. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the Agreement and shall not be regarded as precedential as to the appropriateness of any principle or methodology underlying the Agreement.
4. All other motions and any other requests for general or specific relief, if not expressly granted in this Order, are denied.

SIGNED IN AUSTIN, TEXAS the _____ day of _____, 2018.

PUBLIC UTILITY COMMISSION OF TEXAS

DEANN T. WALKER, CHAIRMAN

ARTHUR C. D'ANDREA, COMMISSIONER

SHELLY BOTKIN, COMMISSIONER

EXHIBIT B



SEWER UTILITY TARIFF
Docket Number 47897

Forest Glen Utility Company
(Utility Name)

15720 Bandera Road, # 103
(Business Address)

Helotes, Texas 78023
(City, State, Zip Code)

(210) 695-5490
(Area Code/Telephone)

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

21070

This tariff is effective in the following county:

Medina

This tariff is effective in the following cities or unincorporated towns (if any):

N/A

This tariff is effective in the following subdivisions or systems:

Potranco Ranch Subdivision (WQ 15030-001)

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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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SECTION 3.0 -- EXTENSION POLICY	9

APPENDIX A -- SAMPLE SERVICE AGREEMENT

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - RatesMonthly Charge

Flat Rate of \$65.00 per connection.

Rate-Case Expense Surcharge which shall end at the earlier of when \$46,080 is recovered or July 6, 2021, and shall be charged to customers as follows:

\$5.00 per connection per month, beginning on July 6, 2019

\$10.00 per connection per month, beginning on July 6, 2020

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

Cash X, Check X, Money Order X, Credit Card X, Other (specify) _____
THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

REGULATORY ASSESSMENT1.0%
PUBLIC UTILITY COMMISSION (PUC) RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND TO REMIT FEE TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (TCEQ).

TAP FEE\$300.00
TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" METER PLUS UNIQUE COSTS AS PERMITTED BY PUC RULE AT COST.

TAP FEE (Large Connection Tap).....Actual Cost
TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" METERS.

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\$50.00
or other reasons listed under Section 2.0 of this tariff

TRANSFER FEE\$50.00
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%
COMMISSION RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE.....\$25.00
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees

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

COMMERCIAL AND NON-RESIDENTIAL DEPOSIT 1/6TH EST. ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

WHEN AUTHORIZED IN WRITING BY THE COMMISSION AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC § 24.25(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 REGULATIONS

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

Section 2.01 - Application for Sewer 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 commission 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 and 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 commission 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 that 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. Deposits from non-residential customers may be held as long as that customer takes service.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)**(B) Tap or Reconnect Fees**

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

Fees in addition to the regular tap fee may be charged to cover unique costs not normally incurred as permitted by 16 TAC § 24.163(a)(1)(C) if they are listed on this approved tariff. For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

(C) Easement Requirement

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

Section 2.04 - Utility Response to Applications for Service

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

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

Section 2.05 - Customer Responsibility

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

Section 2.06 Access to Customer's Premises

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

Section 2.07 - Back Flow Prevention Devices

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

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

Section 2.10 - Billing

(A) Regular Billing

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

(B) Late Fees

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

(C) Information on Bill

Each bill will provide all information required by the commission 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 REGULATIONS (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 commission rules.

(B) Without Notice

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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

Section 2.14 - 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 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 commission rules and policies, and upon extension of the utility's certified service area boundaries by the commission.

The applicant for service 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.

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

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.

Residential customers will be charged the equivalent of the costs of extending service to their property from the nearest collection 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.

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 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.

SECTION 3.0 - EXTENSION POLICY (Continued)

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.

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.

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.

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

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 the TCEQ minimum design criteria for facilities used in the production, collection, transmission, pumping, or treatment of sewage or the 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 § 24.163(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 § 24.163(d)(4), 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 utilities 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, commission 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 commission 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 (are) 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. 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.

SECTION 3.0 - EXTENSION POLICY (Continued)

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 commission 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, commission rules and/or 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 commission 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 commission service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by commission 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 -- SAMPLE SERVICE AGREEMENT
From TCEQ Rules, 30 TAC § 290.47(b), Appendix B
SERVICE AGREEMENT

- I. **PURPOSE.** The Forest Glen Utility Company 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 Forest Glen Utility Company will begin service. In addition, when service to an existing connection has been suspended or terminated, the sewer system will not re-establish service unless it has a signed copy of this agreement.
- II. **RESTRICTIONS.** The following unacceptable practices are prohibited by State regulations.
- A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
 - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
 - C. No connection which allows water to be returned to the public drinking water supply is permitted.
 - D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
 - E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.
- III. **SERVICE AGREEMENT.** The following are the terms of the service agreement between the NAME OF SEWER SYSTEM (the Sewer System) and NAME OF CUSTOMER (the Customer).
- A. The Sewer System will maintain a copy of this agreement as long as the Customer and/or the premises are connected to the Sewer 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 Sewer 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 Sewer System's normal business hours.
 - C. The Sewer 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 Sewer System. Copies of all testing and maintenance records shall be provided to the Sewer System.
- IV. **ENFORCEMENT.** If the Customer fails to comply with the terms of the Service Agreement, the Sewer 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