



Control Number: 49615



Item Number: 22

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DOCKET NO. 49615

RECEIVED

APPLICATION OF MSEC §
ENTERPRISES, INC. AND MSEC §
WASTE WATER, INC. FOR SALE, §
TRANSFER, OR MERGER OF §
FACILITIES AND CERTIFICATE §
RIGHTS IN MONTGOMERY COUNTY §

PUBLIC UTILITY COMMISSION JUN 3 2019
OF TEXAS

NOTICE OF APPROVAL

This Notice of Approval addresses the June 7, 2019, application of MSEC Enterprises, Inc. and MSEC Waste Water, Inc. for approval of a sale, transfer, or merger of facilities and certificate rights in Montgomery County. The Commission approves the transfer of all of MSEC Enterprises’s facilities and service area under sewer certificate of convenience and necessity (CCN) number 20984 to MSEC Waste Water.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. MSEC Enterprises is a domestic for-profit corporation registered with the Texas secretary of state under file number 145205000.
2. MSEC Enterprises is a retail public utility that provides sewer service in Texas under CCN number 20984 in Montgomery County.
3. MSEC Enterprises owns two sewer systems in Montgomery County permitted by the Texas Commission on Environmental Quality (TCEQ) under water quality discharge permit numbers WQ0014638001 and WQ0015341001.
4. MSEC Waste Water is a domestic for-profit corporation registered with the Texas secretary of state under file number 803298779.
5. MSEC Waste Water is a new sewer utility that does not hold a CCN.
6. Both MSEC Enterprises and MSEC Waste Water are wholly-owned subsidiaries of Mid-South Synergy, a member-owned electric cooperative.

Application

7. On June 7, 2019, MSEC Enterprises and MSEC Waste Water filed an application for approval of the sale of the sewer facilities owned and operated by MSEC Enterprises and the transfer of the corresponding service area held under CCN number 20984 in Montgomery County to MSEC Waste Water. After the proposed transaction, MSEC Waste Water would provide service to the requested area under CCN number 20984.
8. The requested service area subject to this transaction is located approximately five miles southeast of Montgomery, Texas and is composed of four separate parcels located along Farm-to-Market Road 2854 and Keenan Cut-Off Road.
9. The total area to be transferred comprises approximately 373 acres and three current customers.
10. In Order No. 3 filed on July 16, 2019, the administrative law judge (ALJ) deemed the application administratively complete.

Notice

11. On July 18, 2019, the applicants filed the affidavit of Troy Morris, First Vice President of MSEC Enterprises, attesting that notice was provided to current customers, neighboring utilities, counties, cities, and affected parties on July 18, 2019.
12. In Order No. 4 filed on July 30, 2019, the ALJ deemed the notice sufficient.

Evidentiary Record

13. On October 21, 2019, the parties filed a joint motion to admit evidence into the record and adopt a joint proposed order approving the sale and authorizing the transaction to proceed.
14. In Order No. 5 filed on October 25, 2019, the ALJ admitted the following evidence into the record: (a) the application, filed on June 7, 2019; (b) proof of notice, filed on July 18, 2019; and (c) Commission Staff's recommendation on final disposition, filed on September 19, 2019.
15. On February 7, 2020, the parties filed a joint motion to admit evidence and proposed notice of approval.
16. On February 14, 2020, Commission Staff filed a supplemental recommendation regarding map, certificate, and tariff, and requested that the attachments be considered alongside the

parties' joint motion to admit evidence and proposed notice of approval filed on February 7, 2020.

17. In Order No. 8, filed on February 28, 2020, the ALJ admitted the following evidence into the record: (a) applicants' bill of sale filed on November 12, 2019; (b) Commission Staff's recommendation on sufficiency of the closing documents filed on December 11, 2019; (c) MSEC Waste Water's consent form filed on January 23, 2020; and (d) the map, certificate, and tariff attached to Commission Staff's supplemental recommendation regarding map, certificate, and tariff filed on February 14, 2020.

Sale

18. In Order No. 6 filed October 30, 2019, the ALJ approved the transaction to proceed and required the applicants to file proof that the transaction had closed and that customer deposits had been addressed.
19. On November 12, 2019, MSEC Waste Water filed notice that the sale had closed on November 7, 2019, along with the attached bill of sale and the affidavit of MSEC Enterprises attesting that there were no customer deposits to be addressed.
20. In Order No. 7 filed on December 13, 2019, the ALJ found the closing documents sufficient.

System Compliance—Texas Water Code (TWC) § 13.301(e)(3)(A); 16 Texas Administrative Code (TAC) §§ 24.227(a), 24.239(j)(3)(A), (j)(5)(A)

21. MSEC Enterprises's facilities are currently in compliance with TCEQ design criteria and operation requirements and have no reported violations.
22. MSEC Enterprises has not been subject to any enforcement action by the Commission, the TCEQ, the Texas Health and Human Services Commission, the Office of the Attorney General, or the United States Environmental Protection Agency.
23. As a new sewer utility, MSEC Waste Water has no history of non-compliance with TCEQ requirements and has not been subject to any TCEQ enforcement action.

Adequacy of Existing Service—TWC § 13.246(c)(1); 16 TAC §§ 24.227(d)(1), 24.239(j)(5)(B)

24. The existing sewer facilities and sewer customers have been transferred to MSEC Waste Water.

25. As the existing facilities and service are adequate, there is no further construction necessary to provide service to the requested area.

Need for Additional Service—TWC § 13.246(c)(2); 16 TAC §§ 24.227(d)(2), 24.239(j)(5)(C)

26. There are three existing customers in the requested area who will continue to need service.

Effect of Approving the Transaction and Granting the Amendment—TWC § 13.246(c)(3); 16 TAC §§ 24.227(d)(3), 24.239(j)(5)(D)

27. MSEC Enterprises and MSEC Waste Water are the only utilities affected by this sale and transfer.

28. Because no construction or changes in service are anticipated, the transaction will not affect landowners or adjacent utilities in the vicinity of the requested area.

Ability to Serve: Managerial and Technical—TWC §§ 13.241(a), 13.246(c)(4), 13.301(b), (e)(2); 16 TAC §§ 24.227(a), (d)(4), 24.239(g), (j)(5)(E)

29. The operations, maintenance, management, and customer services for the facilities being transferred will continue to be provided by Mid-South Synergy via an operating agreement transferred from MSEC Enterprises to MSEC Waste Water. TCEQ-certified operators are currently employed to operate the sewer treatment plants in accordance with TCEQ licensing requirements and will continue to be employed for this purpose.

30. The service currently being provided is not expected to change as a result of the transaction.

31. MSEC Waste Water has the managerial and technical capability to provide continuous and adequate service to the requested area.

Ability to Serve: Financial Ability and Stability—TWC §§ 13.241(a), 13.246(c)(6), 13.301(b); 16 TAC §§ 24.11(e), 24.227(a), (d)(6), 24.239(g), (j)(5)(G)

32. MSEC Waste Water has a debt-to-equity ratio of less than one, satisfying the leverage test.

33. MSEC Waste Water has sufficient cash available to cover any projected operations and maintenance shortages during the first five years after the completion of the proposed sale and transfer, satisfying the operations test.

34. MSEC Waste Water has demonstrated the financial capability and stability to provide continuous and adequate water service to the requested area.

Financial Assurance—TWC §§ 13.246(d), 13.301(c); 16 TAC §§ 24.227(e), 24.239(h)

35. There is no need to require MSEC Waste Water to provide a bond or other financial assurance to ensure continuous and adequate service.

Feasibility of Obtaining Service from Adjacent Retail Public Utility—TWC §§ 13.246(c)(5); 16 TAC §§ 24.227(d)(5), 24.239(j)(5)(F)

36. It is not feasible for an adjacent utility to provide service to the requested area because MSEC Enterprises's existing facilities possess sufficient capacity to provide continuous and adequate service.

Regionalization or Consolidation—TWC §§ 13.241(d); 16 TAC § 24.227(b)

37. Because MSEC Waste Water does not anticipate building any new facilities to continue serving the requested area, it is not necessary to consider regionalization or consolidation.

Environmental Integrity—TWC § 13.246(c)(7); 16 TAC § 24.227(d)(7), 24.239(j)(5)(H)

38. The proposed transaction will not adversely impact the environmental integrity of the land because the requested area is currently receiving service.

Effect on the Land—TWC § 13.246(c)(9); 16 TAC § 24.227(d)(9)

39. The effect on the land should be minimal as the requested area will be served by existing systems and facilities and no additional construction is needed.

Improvement in Service or Lowering Cost to Consumers—TWC § 13.246(c)(8); 16 TAC §§ 24.227(d)(8), 24.239(j)(5)(I)

40. The proposed transaction will maintain current levels of customer service to existing customers because the water system will continue to be operated and maintained by a sufficient number of licensed operators.

41. The rates charged to customers will not change as a result of the transaction.

Tariff, Map, and Certificate

42. On January 17, 2020, Commission Staff emailed MSEC Enterprises and MSEC Waste Water the final proposed map, certificate, and tariff related to this docket.

43. On January 23, 2020, MSEC Waste Water filed its consent form concurring with the map, certificate, and revised tariff.

44. The final map, certificate, and tariff were filed as attachments to Commission Staff's supplemental recommendation regarding map, certificate, and tariff filed on February 14, 2020.
45. MSEC Enterprises has sold and transferred all of its facilities and service area under sewer CCN number 20984 to MSEC Waste Water.

Informal Disposition

46. More than 15 days have passed since the completion of notice provided in this docket.
47. No person filed a protest or motion to intervene.
48. MSEC Enterprises, MSEC Waste Water, and Commission Staff are the only parties to this proceeding.
49. No party requested a hearing and no hearing is needed.
50. Commission Staff recommended approval of the application.
51. The decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has jurisdiction over this proceeding under Texas Water Code (TWC) §§ 13.041, 13.241, 13.244, 13.246, 13.251, and 13.301.
2. MSEC Enterprises and MSEC Waste Water are retail public utilities as defined by TWC § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(59).
3. Public notice of the application was provided as required by TWC § 13.301(a)(2) and 16 TAC § 24.239(a) through (c).
4. The Commission processed the application as required by the TWC, the Administrative Procedure Act,¹ and Commission rules.
5. MSEC Enterprises and MSEC Waste Water completed the sale within the time required by 16 TAC § 24.239(o).

¹ Tex. Gov't Code ch. 2001.

6. The applicants complied with the requirements of 16 TAC § 24.239(m) with respect to customer deposits.
7. After consideration of the factors in TWC § 13.246(c), MSEC Waste Water has demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service to the requested area, as required by TWC § 13.301(b).
8. MSEC Enterprises and MSEC Waste Water have demonstrated that the sale of MSEC Enterprises's sewer system and the transfer of all of the service area under sewer CCN number 20984 to MSEC Waste Water will serve the public interest and is necessary for the service, accommodation, convenience, or safety of the public, as required by TWC §§ 13.246(b), 13.301(d).
9. MSEC Waste Water must record a certified copy of the certificate granted and map approved by this Notice of Approval, along with a boundary description of the service area, in the real property records of Montgomery County within 31 days of receiving this Notice of Approval and submit to the Commission evidence of the recording, as required by TWC § 13.257(r) and (s).
10. 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.

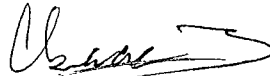
1. The Commission approves MSEC Waste Water's purchase of MSEC Enterprises's sewer system and the transfer of MSEC Enterprises sewer service area under CCN number 20984 to MSEC Waste Water, to the extent provided in this Notice of Approval. The Commission must revise its records to reflect MSEC Waste Water as the holder of CCN number 20984.
2. The Commission approves the attached map, certificate, and tariff, which were attached to Commission Staff's supplemental recommendation regarding map, certificate, and tariff filed on February 14, 2020.
3. MSEC Waste Water must serve every customer and applicant for service within the approved area under sewer CCN number 20984 that requests sewer service and meets the

terms of MSEC Waste Water's sewer service, and such service must be continuous and adequate.

4. MSEC Waste Water must comply with the recording requirements in TWC § 13.257(r) and (s) for the area in Montgomery County affected by the application and submit to the Commission evidence of the recording no later than 31 days after receipt of this Notice of Approval.
5. Within ten days of the date of this Notice of Approval, Commission Staff must provide a clean copy of the tariff approved by this Notice of Approval to central records to be marked *Approved* and filed in the Commission's tariff books.
6. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

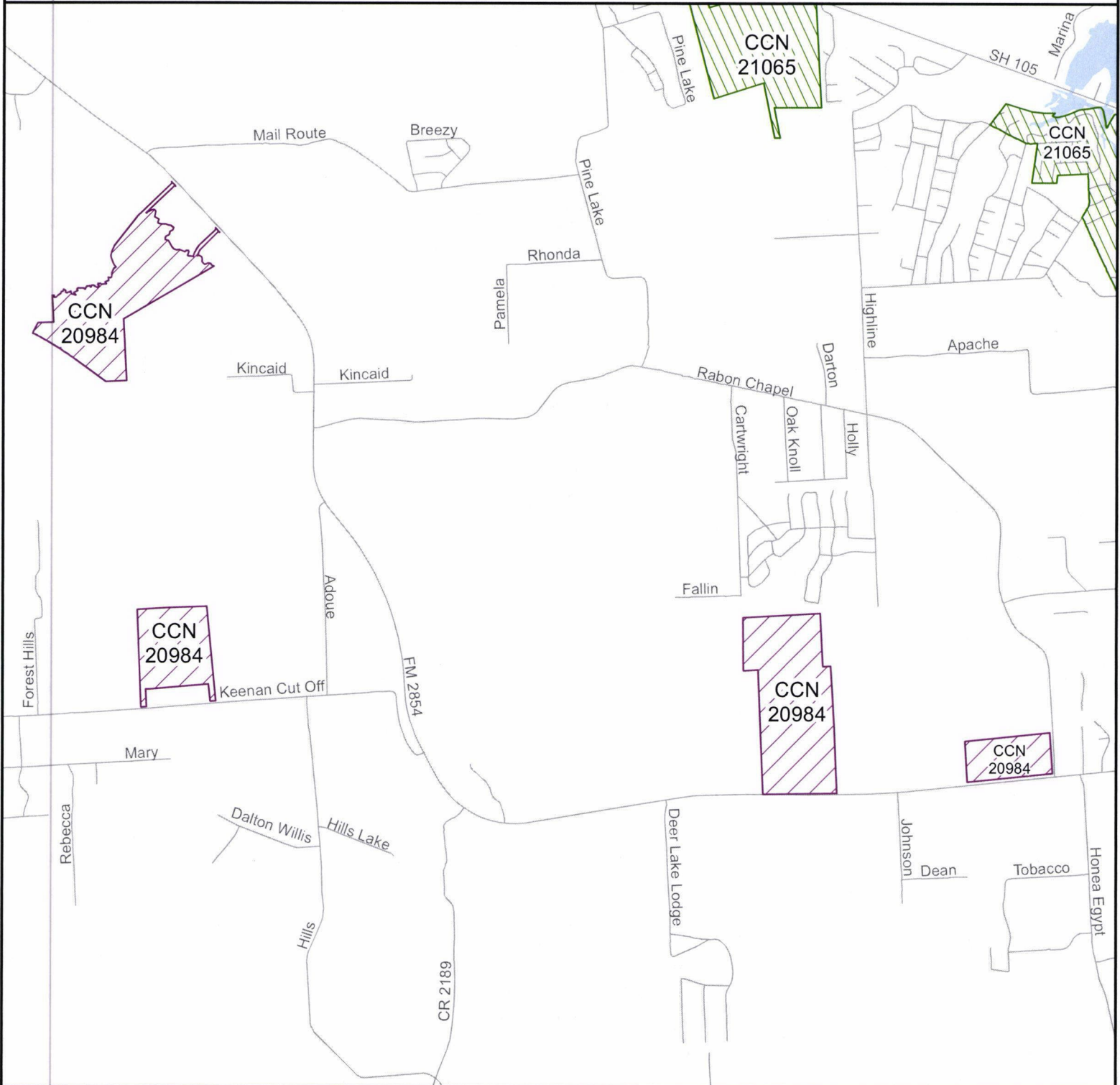
Signed at Austin, Texas the 28 day of February 2020.

PUBLIC UTILITY COMMISSION OF TEXAS



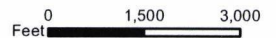
ISAAC TA
ADMINISTRATIVE LAW JUDGE

MSEC Waster Water, Inc.
 Sewer CCN No. 20984
 PUC Docket No. 49615
 Transferred all of MSEC Enterprises, Inc., CCN No. 20984 in Montgomery County

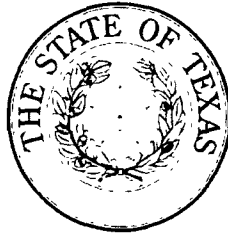


Sewer CCN

-  20984 - MSEC Waste Water Inc
-  21065 - Aqua Texas Inc



00000009



Public Utility Commission of Texas

**By These Presents Be It Known To All That
MSEC Waste Water, Inc.**

having obtained certification to provide sewer utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, MSEC Waste Water, Inc., is entitled to this

Certificate of Convenience and Necessity No. 20984

to provide continuous and adequate sewer utility service to that service area or those service areas in Montgomery County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 49615 are on file at the Commission offices in Austin, Texas; and are a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of MSEC Waste Water, 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, the 28th day of February 2020.



SEWER UTILITY TARIFF
Docket Number: 49615

MSEC Waste Water, Inc.
(Utility Name)

P.O. Box 970
(Business Address)

Navasota, Texas 77868
(City, State, Zip Code)

(936) 825-5100
(Area Code/Telephone)

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

20984

This tariff is effective in the following county:

Montgomery

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

None.

This tariff is effective in the following subdivisions or systems:

Montgomery Independent School District, Mid-South Synergy Operations Center: WQ14638-001
Lake Creek High School, Oak Hill Junior High School, Keenan Elementary School: WQ0015341001

TABLE OF CONTENTS

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

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SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
3/4" or 1"	\$40.00 (Includes 0 gallons) (residential)	\$3.25 per 1000 gallons
1"	\$100.00 (Includes 0 gallons) (commercial)	\$3.25 per 1000 gallons
1½"	\$200.00 (Includes 0 gallons)	\$3.50 per 1000 gallons
2"	\$275.00 (Includes 0 gallons) (Standard Commercial - small business)	\$3.50 per 1000 gallons
3"	\$500.00 (Includes 0 gallons) (Non-Standard Commercial)	\$3.50 per 1000 gallons

Volume charges are determined based on average consumption for winter period which includes the following months: November, December, January and February

Rates for Lake Creek High School, Oak Hill Junior High School and Keenan Elementary School only:

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
8"	\$8,046.00 (Includes 0 gallons) (commercial)	\$5.50 per 1000 gallons
10"	\$12,739.50 (Includes 0 gallons) (commercial)	\$5.50 per 1000 gallons

Docket No. 44740

Federal Tax Change Credit Rider

Meter Size	<u>Effective</u>	<u>Effective</u>
	May 1, 2019 – December 31, 2019	January 1, 2020
1"	(\$3.00)	(\$1.50)
2"	(\$8.24)	(\$4.11)
3"	(\$195.12)	(\$97.43)
8"	(\$241.04)	(\$120.36)
10"	(\$381.67)	(\$190.57)

(Docket No. 48872)

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

Cash , Check , Money Order , Credit Card , 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.

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).

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees

TAP FEE \$1300.00
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 (Unique costs)..... Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

LARGE METER TAP FEE Actual Cost
TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR TAP SIZE INSTALLED.

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 \$30.00

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 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.

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)(G)]

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.

FEDERAL TAX CHANGE CREDIT RIDER (FTCCR):
The Federal Tax Change Credit Rider gives effect to the Tax Cuts and Jobs Act of 2017, which changed the federal corporate tax rate from 35% to 21%, by reducing the cost of service paid by customers taking service under this rate tariff. The FTCCR will provide credits to customers taking service under this rate tariff.

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 located.

Fees in addition to the regular tap fee may be charged to cover unique costs not normally incurred as permitted by 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 2.06 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 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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 \$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.

(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 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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.

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 2.0 - SERVICE RULES AND REGULATIONS (Continued)

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.

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.

SECTION 3.0 - EXTENSION POLICY (Continued)

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 24.161(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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 3.0 - EXTENSION POLICY (Continued)

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 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.

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.

SECTION 3.0 - EXTENSION POLICY (Continued)

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.

MID SOUTH
Synergy
Water Resources

SEWER SERVICE AGREEMENT

The following are the terms of the service agreement between MSEC Waste Water, Inc. and _____ (the Customer).

I. PURPOSE.

The Utility owned and/or operated by MSEC Waste Water, Inc., doing business as Mid-South Synergy Water Resources, 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 MSEC Enterprises will begin service. In addition, when service to an existing connection has been suspended or terminated, the Utility will not re-establish service unless it has a signed copy of this agreement.

II. PLUMBING CODE.

The Utility adopts the International Plumbing Code pursuant to Texas Commission on Environmental Quality (TCEQ) Rule 290.46(i). The piping and other equipment on the premises furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the Uniform Plumbing Code and any other federal, state, and/or local regulations.

III. 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 0.25% 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.

Revised 07/2015

IV. TERMS.

- A. The Utility will maintain a copy of this agreement as long as the Customer and/or the premises is connected to the Utility.
- B. The Customer shall allow his/her property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Utility 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 Utility's normal business hours.
- C. The Utility 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 reinspection.
- 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/her expense, properly install, test, and maintain any backflow prevention device required by the Utility. Copies of all testing (including annual retesting if required) and maintenance records shall be provided to the Utility.

V. ENFORCEMENT.

If the Customer fails to comply with the terms of the Service Agreement, the Utility may, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associate with the enforcement of this agreement shall be billed to the Customer and the Customer by signing this Agreement agrees to be bound by the terms of this Service Agreement and to pay all costs incurred by the Utility related to the installation of any backflow prevention devices.

CUSTOMER'S NAME (Please Print): _____

CUSTOMER'S SIGNATURE: _____

DATE: _____