



Control Number: 50819



Item Number: 42

Addendum StartPage: 0

APPLICATION OF SHEROLL §
 RICHARDSON, ADMINISTRATOR OF §
 THE ESTATE OF HERB MADISON §
 AND SHEROLL AND ROGER §
 RICHARDSON DBA NORTHTOWN §
 ACRES WATER SUPPLY FOR SALE, §
 TRANSFER, OR MERGER OF §
 FACILITIES AND CERTIFICATE §
 RIGHTS IN NAVARRO COUNTY §

PUBLIC UTILITY COMMISSION

 2021 MAY 25 PM 4:13
 PUBLIC UTILITY COMMISSION
 OF TEXAS

ORDER

This Order addresses the application of Sheroll Richardson, administrator of the Estate of Herb Madison (the Estate), and Sheroll and Roger Richardson dba Northtown Acres Water Supply for the sale, transfer, or merger of facilities and certificate rights in Navarro County and to amend certificate of convenience and necessity (CCN) number 11704 to add an additional 232 acres to its service area. The Commission approves the transfer of all of the Estate's water facilities, the service area under CCN number 11704, and CCN number 11704 to Sheroll and Roger Richardson, who operate under the name Northtown Acres Water Supply, to the extent provided in this Order and as shown on the attached map. The Commission amends Sheroll and Roger Richardson dba Northtown Acres Water Supply's CCN number 11704 to include the requested service area as described in this Order and as shown on the attached map. The Commission also amends CCN number 11704 to partially dually certificate two portions of the service area within the City of Corsicana's CCN number 10776 to the extent provided in this Order and as shown on the attached map.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Herb Madison originally established Northtown Acres in 1975 and operated the system under CCN number 11704.
2. Sheroll Richardson is the administrator of the Estate.

3. The Estate operates, maintains, and controls facilities for providing retail water service in Navarro County under CCN number 11704.
4. The Estate owns a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 1750037.
5. Sheroll and Roger Richardson are registered with the Navarro County Clerk as doing business under the assumed name of Northtown Acres Water Supply.
6. Northtown Acres does not currently hold a CCN.
7. Northtown Acres is employed by the Estate and has been responsible for operating the water system for 20 years.

Application

8. On May 5, 2020, the applicants filed the application at issue in this proceeding.
9. Northtown Acres filed an erratum to the application on November 19, 2020.
10. The applicants seek approval of the following: (a) the transfer of facilities and CCN number 11704 (the existing CCN service area) from the Estate of Herb Madison to Sheroll and Roger Richardson dba Northtown Acres Water Supply; and (b) an amendment to the existing CCN number 11704 to incorporate the North Petty Chapel service area into Northtown Acres' service area (the requested service area).
11. The combined existing CCN service area and requested service area include 2,042 acres and 211 current customers.
12. The existing CCN service area is located approximately three miles northwest of downtown Corsicana and is generally bounded on the north by Chambers Creek, on the east by Interstate Highway 45, on the south by NW County Road 0001, and on the west by NW County Road 0010.
13. The southern portion of the existing CCN service area overlaps with the service area of CCN number 10776, held by the City of Corsicana.
14. The existing CCN service area consists of 1,810 acres and 167 current customers.
15. The requested service area is located approximately two miles northeast of downtown Corsicana and is generally bounded on the north by NW County Road 0100, on the east by

NE County Road 0080, on the south by Farm-to-Market Road 3041 (also known as West Roane Road), and on the west by Interstate Highway 45.

16. The requested service area would overlap with the service area of CCN number 10776 held by the City of Corsicana.
17. The requested service area consists of 232 acres and 44 current customers.
18. In Order No. 2 filed on June 11, 2020, the administrative law judge (ALJ) found the application administratively complete.

Notice

19. On July 7, 2020, Northtown Acres filed its proof of notice and the affidavit of Roger Richardson, Northtown Acres' authorized representative, attesting that notice was provided to all current customers of Northtown Acres, the City of Corsicana, neighboring utilities counties, and affected parties on June 29, 2020.
20. On July 7, 2020, Northtown Acres filed a publisher's affidavit attesting that notice was published in the *Corsicana Daily Sun*, a newspaper of general circulation in Navarro County, on June 20 and 27, 2020.
21. On July 22, 2020, Northtown Acres filed a supplemental proof of notice and affidavit.
22. In Order No. 7 filed on August 28, 2020, the ALJ deemed the notice sufficient.

Interventions

23. In Order No. 6 filed on August 3, 2020, the ALJ granted Community Water Company's motion to intervene.
24. In Order No. 13 filed on January 15, 2021, the ALJ granted Frank Marx III's motion to intervene.

Evidentiary Record

25. On October 7, 2020, the applicants and Commission Staff jointly moved to admit evidence.
26. In Order No. 8 filed on October 12, 2020, the ALJ admitted the following evidence into the record: (a) the application filed on May 5, 2020; (b) Commission Staff's recommendation on administrative completeness, notice, and procedural schedule filed on June 10, 2020; (c) Northtown Acres' response to Commission Staff's first request for

information filed on June 29, 2020; (d) Northtown Acres' proof of notice and affidavit filed on July 7, 2020; (e) Northtown Acres' supplemental proof of notice and affidavit filed on July 22 and 24, 2020; (f) Commission Staff's supplemental recommendation on sufficiency of notice filed on July 30, 2020; and (g) Commission Staff's recommendation on final disposition filed on September 11, 2020.

27. On January 13, 2021, the applicants and Commission Staff jointly moved to admit additional evidence and filed a proposed notice of approval.
28. Neither intervenor objected to the motions to admit evidence nor the proposed notice of approval.
29. In Order No. 12 filed on January 14, 2021, the ALJ admitted the following additional evidence into the record: (a) the applicants' proof that the transaction was consummated filed on November 19, 2020; (b) Northtown Acres' additional affidavit addressing that transaction's closing and transfer of customer deposits filed on December 8, 2020; (c) Commission Staff's recommendation on the sufficiency of the closing documents filed on December 11, 2020; (d) the applicants' consent forms filed on December 30, 2020; and (e) the map, certificate, and tariff attached to the supplemental motion to admit evidence filed on January 13, 2021.

Sale and Transfer

30. In Order No. 9 filed on October 16, 2020, the ALJ approved the sale and transfer to proceed and required the applicants to file proof that the transaction had closed and customer deposits had been addressed.
31. On November 19 and 20, 2020, the applicants filed notice that the sale and transfer had been consummated and that customer deposits had been addressed.
32. On December 8, 2020, the applicants filed a supplemental affidavit attesting that the sale and transfer had been consummated and that customer deposits had been addressed.
33. In Order No. 10 filed on December 14, 2020, the ALJ found the closing documents sufficient.
34. The applicants demonstrated a compliance status that is adequate for approval of the sale and transfer.

35. The southern area along the existing service area overlaps with the City of Corsicana's existing water service area under CCN number 10776.
36. The City of Corsicana consented to dual certification with CCN number 11704 as shown on the attached map.

CCN Amendment and Transfer

37. The applicants seek to amend CCN number 11704 to add the requested service area to CCN number 11704.
38. The western area along NE County Road 0091 of the requested service area is located within the City of Corsicana's existing water service area under CCN number 10776.
39. The City of Corsicana consented to dual certification with CCN number 11704 as shown on the attached map.
40. Northtown Acres has a contract with the City of Corsicana to purchase potable water; therefore, construction of a physically separate water system is not required to provide service to the requested service area.

Ability to Serve and Effect of the Transactions on Public Interest

41. Northtown Acres has been operating the North Town Acres public water system and providing retail water service to existing customers for 20 years.
42. There is a need for service because Northtown Acres serves 167 existing customers in the service area currently covered by CCN number 11704 and 44 existing customers in the requested service area.
43. Northtown Acres' public water system number 1750037 does not have any violations listed in the TCEQ database.
44. The operation, maintenance, management, and customer service of public water system number 1750037 will continue to be provided by Northtown Acres.
45. Northtown Acres already provides water service to existing customers in the requested areas and will continue to do so.
46. Roger Richardson, operator for Northtown Acres, holds a class D water operator's license number WO0035528 issued by the TCEQ.

47. Northtown Acres has sufficient capacity to provide continuous and adequate service through the purchase of water from the City of Corsicana.
48. Northtown Acres has a debt-to-equity ratio of less than one.
49. Northtown Acres has the managerial and technical capability to provide continuous and adequate service to the requested areas.
50. Northtown Acres meets the operations test because Northtown Acres does not project any operations or maintenance shortages in the first five years as public water system number 1750037 has already been constructed, has been providing retail water service, and does not need improvements to provide continuous and adequate service to the requested areas.
51. Northtown Acres demonstrated the financial ability and stability to provide continuous and adequate service to the requested areas.
52. There is no need to require Northtown Acres to provide a bond or other financial assurance to ensure continuous and adequate service.
53. No construction is necessary to provide continuous and adequate service to the requested areas.
54. There is no evidence of specific requests for additional service within the requested areas.
55. There will be no effect on any other retail public utility serving the proximate area as the existing customers are currently being served by public water system number 1750037.
56. There will be no effect on landowners as the existing customers are currently being served by public water system number 1750037.
57. The cost to customers will not be changed as a result of this transaction.
58. Northtown Acres has a pending rate case at the Commission that may impact rates.
59. Customers will continue to receive the same level of service as there will be no change in daily customer service and operations as a result of the proposed transaction.
60. The environmental integrity of the land will not be affected as no additional construction is needed to provide service to the requested areas.

Map, Tariff, and Certificate

61. On December 21, 2020, Commission Staff emailed to the applicants the final proposed map, tariff, and certificate related to this docket.
62. On December 30, 2020, the applicants filed their consent forms concurring with the proposed final map, tariff, and certificate.

Informal Disposition

63. More than 15 days have passed since the completion of notice provided in this docket.
64. Community Water Company and Frank Marx filed motions to intervene.
65. Northtown Acres, Community Water Company, Frank Marx, and Commission Staff are the only parties to this proceeding.
66. No party requested a hearing, and no hearing is needed.
67. Commission Staff recommends approval of the application.
68. This decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over this proceeding under TWC §§ 13.041, 13.241, 13.242, 13.244, 13.246, 13.251, and 13.301.
2. Northtown Acres and the Estate are retail public utilities as defined by TWC § 13.002(19) and 16 TAC § 24.3(31).
3. The applicants provided notice of the application that complies with TWC §§ 13.301(a) and 13.346(a) and 16 TAC §§ 24.235 and 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. Northtown Acres and the Estate completed the sale within the time required by 16 TAC § 24.239(m).

¹ Tex. Gov't Code §§ 2001.001–.903.

6. The applicants complied with the requirements of 16 TAC § 24.239(k) with respect to customer deposits.
7. After consideration of the factors in TWC § 13.246(c), Northtown Acres demonstrated that it is capable of rendering continuous and adequate service to every customer within the service area to be transferred, as required by TWC § 13.251.
8. Northtown Acres demonstrated adequate financial, managerial, and technical capability for providing adequate and continuous service in the requested areas as addressed in TWC §§ 13.241(a) and 13.301(b).
9. Northtown Acres meets the requirements of TWC § 13.241(b) to provide water utility service.
10. Northtown Acres meets the requirements of TWC § 13.244 to provide the required application, maps, and consent documentation.
11. It is not necessary for Northtown Acres to provide a bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).
12. Northtown Acres and the Estate demonstrated that the addition of the requested service area to CCN number 11704 and transferring CCN number 11704 and the Estate's public water system to Northtown Acres will serve the public interest and is necessary for the continued service, accommodation, convenience, and safety of the public as required by TWC §§ 13.246(b) and 13.301(d), (e).
13. The amendment to CCN number 11704 and the partial dual certification with CCN number 10776 are necessary for the service, accommodation, convenience, and safety of the public as required by TWC §§ 13.242 and 13.246(b).
14. Northtown Acres must record a certified copy of the certificate granted and map approved by this Order, along with a boundary description of the service area, in the real property records of Navarro County within 31 days of receiving this Order and submit to the Commission evidence of the recording. TWC § 13.257(r), (s).
15. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

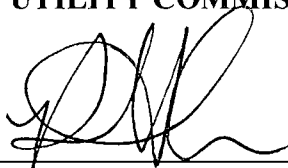
III. Ordering Paragraphs

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

1. The Commission approves the transfer of all of the Estate's water facilities, the service area under CCN number 11704, and CCN number 11704 to Sheroll and Roger Richardson dba Northtown Acres Water Supply, to the extent provided in this Order and as shown on the attached map.
2. The Commission amends Sheroll and Roger Richardson dba Northtown Acres Water Supply's CCN number 11704 to include the requested service area as described in this Order and as shown on the attached map.
3. The Commission amends Sheroll and Roger Richardson dba Northtown Acres Water Supply's CCN number 11704 to partially dually certificate two portions of the service area within the City of Corsicana's CCN number 10776 to the extent provided in this Order and as shown on the attached map.
4. The Commission issues the certificate attached to this Order.
5. The Commission approves the map attached to this Order.
6. The Commission approves the tariff attached to this Order.
7. Northtown Acres must comply with the recording requirements in TWC §§ 13.257(r) and (s) for the areas in Navarro County affected by the application and must file evidence of the recording in this docket no later than 45 days after receipt of this Order.
8. Within ten days of the date of this Order, Commission Staff must provide a clean copy of the tariff approved by this Order to Central Records to be marked *Approved* and filed in the Commission's tariff book.
9. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 25th day of May 2021.

PUBLIC UTILITY COMMISSION OF TEXAS

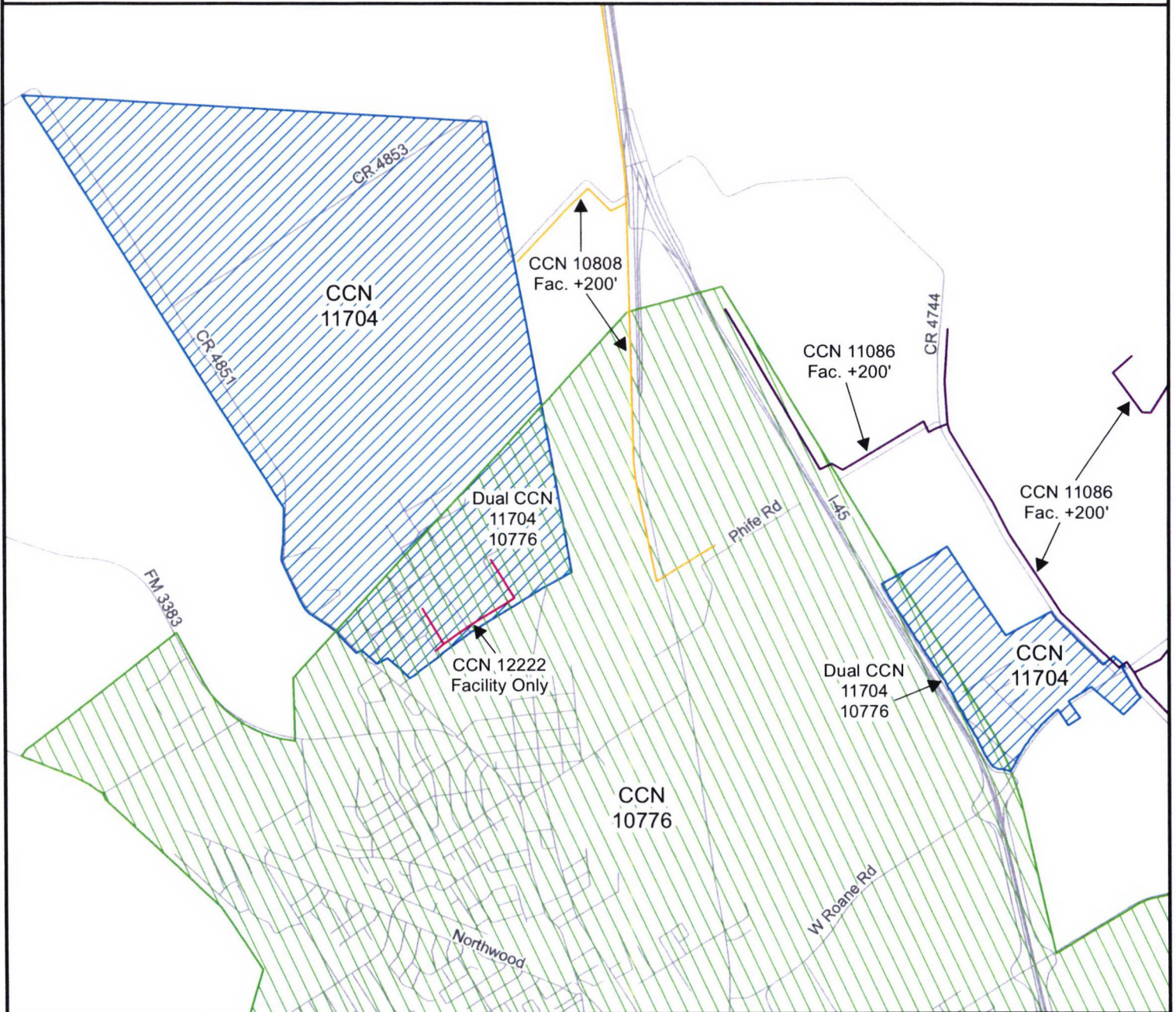
A handwritten signature in black ink, appearing to read 'P. Lake', written over a horizontal line.

PETER M. LAKE, CHAIRMAN



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

WILL MCADAMS, COMMISSIONER

Sheroll and Roger Richardson dba Northtown Acres Water Supply
Water CCN No. 11704
PUC Docket No. 50819
Transferred all of Northtown Acres Water, CCN No. 11704 in Navarro County



Water CCN

-  11704 - Sheroll and Roger Richardson
-  10776 - City of Corsicana

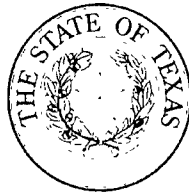
Water CCN Facility Line

-  10808 - Rice WS & Sewer Service Corporation
-  11086 - Chatfield WSC
-  12222 - Northcrest Water System



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

Map by: Komal Patel
Date created: December 10, 2020
Project Path: n:\finalmapping\
50819Northtown.mxd



Public Utility Commission of Texas

By These Presents Be It Known To All That

Sheroll and Roger Richardson dba Northtown Acres Water Supply

having obtained certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Sheroll and Roger Richardson dba Northtown Acres Water Supply is entitled to this

Certificate of Convenience and Necessity No. 11704

to provide continuous and adequate water utility service to that service area or those service areas in Navarro County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 50819 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Sheroll and Roger Richardson dba Northtown Acres Water Supply 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.



WATER UTILITY TARIFF
Docket No: 50819

Sheroll and Roger Richardson dba North Town Acres Water Company
(Utility Name)

18760 FM 709 N
(Business Address)

Dawson, Texas 76639
(City, State, Zip Code)

(254) 578-1601
(Area Code/Telephone)

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

11704

This tariff is effective in the following county:

Navarro

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:

PWS #1750037 - North Town Acres Subdivision and North Petty Chapel Subdivision

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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 1.0 -- RATE SCHEDULE

Section 1.01 – Rates

The presiding officer has established the following interim rates to become effective on the first billing cycle following April 6, 2020, and to remain in effect until a final rate determination is made or another interim rate is established in Docket No. 48819.

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons of usage)	<u>Gallonage Charge</u>
5/8"	<u>\$18.75</u>	<u>\$3.00</u> per 1000 gallons from 1,000 to 10,000 gallons
3/4"	<u>\$28.05</u>	<u>\$3.25</u> per 1000 gallons from 10,001 to 25,000 gallons
1"	<u>\$46.75</u>	<u>\$3.75</u> per 1000 gallons over 25,001 gallons
1½"	<u>\$93.50</u>	
2"	<u>\$149.60</u>	

City of Corsicana Purchased Water Fee

Pass-Through Fee Applied to Gallonage Charge.....\$1.96 per 1,000 gallons

FORM OF PAYMENT: The utility will accept the following form(s) of payment:

Cash X, Check X, Money Order X, 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 ASSESSMENT..... 1.0%
 PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE.....\$300.00
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

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

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

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

METER TEST FEE\$25.00
 THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

SECTION 1.0 -- RATE SCHEDULE (Continued)

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\$45.00

TRANSFER FEE\$N/A

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)\$5.00

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

RETURNED CHECK CHARGE\$10.00

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

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE.....\$ N/A

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

PURCHASED WATER ADJUSTMENT CLAUSE:

New Minimum Charge = Existing minimum charge + (change in purchased water base rate charge) / (number of customers)

New Gallonage Charge = Existing gallonage charge + change in gallonage charge per 1000 gallons*

*The "Change in Gallonage Charge per 1000 gallons" is equal to the City of Corsicana's volume rate charge corresponding to usage below 5,000,000 gallons per month.

*The "Change in purchased water base rate" is based on the City of Corsicana's rate for a 4" master meter for Northtown Acres. (This is not based on individual meter).

SECTION 2.0 - SERVICE RULES AND POLICIES

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

Section 2.01 - Application for Water Service

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

Section 2.02 - Refusal of Service

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

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

(A) Customer Deposits

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

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

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

Refund of deposit - If service is not connected, or after disconnection of service, the utility will promptly refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund the deposit at any time prior to termination of utility service but must refund the deposit plus interest for any customer who has

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

paid 18 consecutive billings without being delinquent.

(B) Tap or Reconnect Fees

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

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

(C) Easement Requirement

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

Section 2.04 - Utility Response to Applications for Service

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

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

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

Section 2.05 - Customer Responsibility

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

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

Section 2.06 - Customer Service Inspections

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

Section 2.07 - Back Flow Prevention Devices

No water connection shall be allowed to any residence or establishment where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination by either an approved air gap, backflow prevention assembly, or other approved device. The type of device or backflow prevention assembly required shall be determined by the specific potential hazard identified in 30 TAC § 290.47(f) Appendix F, Assessment of Hazards and Selection of Assemblies

The use of a backflow prevention assembly at the service connection shall be considered as additional backflow protection and shall not negate the use of backflow protection on internal hazards as outlined and enforced by local plumbing codes. When a customer service inspection certificate indicates that an adequate internal cross-connection control program is in effect, backflow protection at the water service entrance or meter is not required.

At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in 30 TAC

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

§ 290.47(f) Appendix F, Assessment of Hazards and Selection of Assemblies, then a backflow prevention assembly or device is not required. Outside hose bibs do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker.

All backflow prevention assemblies or devices shall be tested upon installation by a TCEQ certified backflow prevention assembly tester and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against health hazards must also be tested and certified to be operating within specifications at least annually by a certified backflow prevention assembly tester.

If the utility determines that a backflow prevention assembly or device is required, the utility will provide the customer or applicant with a list of TCEQ certified backflow prevention assembly testers. The customer will be responsible for the cost of installation and testing, if any, of backflow prevention assembly or device. The customer should contact several qualified installers to compare prices before installation. The customer must pay for any required maintenance and annual testing and must furnish a copy of the test results demonstrating that the assembly is functioning properly to the utility within 30 days after the anniversary date of the installation unless a different date is agreed upon.

Section 2.08 - Access to Customer's Premises

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

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

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

Section 2.09 - Meter Requirements, Readings, and Testing

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

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

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

Section 2.10 - Billing

(A) Regular Billing

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

(B) Late Fees

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

(C) Information on Bill

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

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

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

Section 2.11- Payment

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

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

Section 2.12 - Service Disconnection

(A) With Notice

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

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

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

(B) Without Notice

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

Section 2.13 - Reconnection of Service

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

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

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

Section 2.14 - Service Interruptions

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

Section 2.15 - Quality of Service

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

Section 2.16 - Customer Complaints and Disputes

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

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

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

Section 2.17 - Customer Liability

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

SECTION 3.0 -- EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

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

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

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

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

Exceptions may be granted by the Commission 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;

SECTION 3.0 – EXTENSION POLICY (Continued)

- 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.

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

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

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

Section 3.03 - Contributions in Aid of Construction

Developers may be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with TCEQ minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or Texas Natural Resource Conservation Commission 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.

SECTION 3.0 – EXTENSION POLICY (Continued)

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 Texas Natural Resource Conservation Commission 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.

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

SECTION 3.0 – EXTENSION POLICY (Continued)

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, PUC rules and/or PUC order, (2) has made payment or made arrangement for payment of tap fees, (3) has provided all easements and rights-of-way required to provide service to the requested location, (4) delivered an executed customer service inspection certificate to the Utility, if applicable, and (5) has executed a customer service application for each location to which service is being requested.

The Utility shall serve each qualified service applicant within its certified service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by PUC rules once the applicant has met all conditions precedent

SECTION 3.0 – EXTENSION POLICY (Continued)

to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The PUC service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by PUC rules.

Section 3.07 - Developer Requirements

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

APPENDIX A – DROUGHT CONTINGENCY PLAN

“This page incorporates by reference the utility’s Drought Contingency Plan, as approved and periodically amended by the Texas Commission on Environmental Quality.”

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

APPENDIX C -- SAMPLE SERVICE AGREEMENT

From 30 TAC § 290.47(b), Appendix B

SERVICE AGREEMENT

- I. PURPOSE. The NAME OF WATER SYSTEM is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF WATER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the water system will not re-establish service unless it has a signed copy of this agreement.
- II. RESTRICTIONS. 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 WATER SYSTEM (the Water System) and NAME OF CUSTOMER (the Customer).

- A. The Water System will maintain a copy of this agreement as long as the Customer and/or the premises is connected to the Water System.
- B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Water System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Water System's normal business hours.
- C. The Water System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic 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 expense, properly install, test, and maintain any backflow prevention device required by the Water System. Copies of all testing and maintenance records shall be provided to the Water System.

IV. ENFORCEMENT. If the Customer fails to comply with the terms of the Service Agreement, the Water System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

CUSTOMER'S SIGNATURE: _____

DATE: _____