

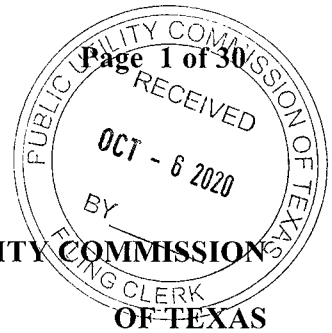


Control Number: 51224



Item Number: 21

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DOCKET NO. 51224

COMPLAINT OF JOHN BLALOCK §
AGAINST MERCY WATER SUPPLY §
CORPORATION §

PUBLIC UTILITY COMMISSION
OF TEXAS

**MERCY WATER SUPPLY CORPORATION'S
REPLY TO STAFF'S POSITION**

COMES NOW Mercy Water Supply Corporation ("Mercy") and files this Reply to Staff's Position, and would show the following:

I. PROCEDURAL BACKGROUND

On August 27, 2020, John Blalock filed a complaint against Mercy Water Supply Corporation under 16 Texas Administrative Code (TAC) Section 22.242 regarding water service.

Order No. 2, issued on September 8, 2020, established a deadline of September 11, 2020 for Commission Staff ("Staff") to file a recommendation on whether water service should be restored to Mr. Blalock under 16 TAC § 24.155 during the pendency of this proceeding and a deadline of September 17, 2020 for Mercy to file a response to the same. Order No. 2 also established a deadline of September 24, 2020 for Mercy to file a response to the formal complaint. On September 14, 2020, the ALJ issued Order No. 3, requiring Mercy to restore water service. On September 17, Mercy filed its response to Staff's recommendations and a request for reconsideration to Order No. 3. On September 24, 2020, Mercy filed a response to the formal complaint and re-urged the ALJ reconsider the decision in Order No. 3. On September 25, 2020, Staff filed supplemental recommendations, as required by Order No. 4. Order No. 5, issued on September 28, 2020, denied Mercy's motion for reconsideration of Order No. 3, reaffirmed Mercy must immediately restore water service to Mr. Blalock, and prohibited Mercy from ceasing to provide continuous and adequate water service to Mr. Blalock pending resolution of this proceeding. On October 1, 2020 Staff filed a Statement of Position, requesting additional time to conduct discovery and a deadline of January 8, 2021 to file a supplemental statement of position. On October 2, 2020, Mercy filed correspondence informing the parties it intended to file a response

**Mercy Water Supply Corporation's
Reply to Staff's Position**

to Staff's position by October 6, 2020. Mercy's deadline to respond to Staff's Statement of Position is October 8, 2020.¹ This pleading is timely filed.

II. INTRODUCTION

Further discovery is not required, and Mercy respectfully requests that you deny Staff's request to extend its deadline to January 8, 2021. Staff's Position statement fails to recognize either Mercy's obligations under State law, Mercy's Tariff requirements, or the prior agreement between Ms. Reba Ivey and Mercy. Mercy's Service Agreement and Tariff make clear John Blalock is not a customer or Member. It is undisputed that Mercy's service agreement was between Ms. Ivey and Mercy. Mercy did not have a signed service agreement with Mr. Blalock, which he also acknowledges. State law and Mercy's tariff both require a signed service agreement prior to becoming qualified or eligible for service, even as a transferee. Mr. Blalock failed to transfer membership in a timely fashion as State law, the Service Agreement, and Tariff require. Further, State law, the Service Agreement, and Mercy's Tariff also make clear Mr. Blalock is not qualified or entitled to service merely because Ms. Ivey previously held Membership. Further discovery will not change Mr. Blalock's status as a non-member who is neither qualified nor eligible for Membership as an applicant or transferee.

III. LEGAL STANDARD

Under Commission Rules, Mercy is a retail public utility, defined as a "water supply or sewer service corporation . . . operating, maintaining, or controlling in this state facilities for providing potable water service or sewer service, or both, for compensation." Mercy is water supply corporation operating as a member-owned, non-profit corporation incorporated pursuant to the Texas Water Code Chapter 67, and the provisions of the Texas Business Organizations Code

¹ "Unless otherwise specified by statute, by this chapter, or by order of the presiding officer, a responsive pleading, if made, shall be filed by a party within five working days after receipt of the pleading to which the response is made." 16 Tex. Admin. Code § 22.78 (TAC).

applicable to member owned member controlled non-profit corporations for the purpose of furnishing potable water and or sewer utility service.² Mercy must comply with State law, Commission Orders and Rules, and its Tariff.³

According to Commission Rules, a “Member” is:

[a] person who holds a membership in a water supply or sewer service corporation and who is a record owner of a fee simple title to property within a water supply or sewer service corporation’s service area, or a person who is granted a membership and who either currently receives or will be eligible to receive water or sewer utility service from the corporation. In determining member control of a water supply or sewer service corporation, a person is entitled to only one vote regardless of the number of memberships the person owns.

Like the Commission Rules, Mercy’s Tariff defines “Member” as:

Any person, partnership, cooperative corporation, corporation, agency, or public or private organization who holds a membership [with Mercy] and who is a record owner of fee simple title to the property in an area served by [Mercy] or a person who is granted a membership and who either currently receives or will be eligible to receive water utility service from [Mercy]. The member shall be qualified for service and been certified as a member in accordance with [Mercy’s] Tariff.⁴

To obtain service from Mercy, applicants must establish they meet these definitions.

Mercy’s Tariff defines a Transferee as “[a]n *Applicant* receiving a Mercy WSC Membership by legal means from a Transferor desiring to forfeit and transfer current rights of Membership to another person or entity,” and Transferor as “[a] *Member* who transfers Membership by legal means to another person or entity desiring to qualify for service at a property

² Mercy Water Supply Corporation’s Response to Complaint (Sept. 24, 2020), Exhibit A at 7 (Mercy’s Response to Complaint).

³ See TAC § 24.25(b).

⁴ Mercy’s Response to Complaint, Exhibit A at 11.

for which the Membership is currently issued or to [Mercy].”⁵ These definitions make clear that a transferee is not automatically a member—a transferee is an applicant who is requesting service.

Further according to Mercy’s Tariff, “[e]ligibility for Membership shall not guarantee service to the Applicant or Transferee; however, qualification for service is a prerequisite to Membership eligibility for new Applicants or continued Membership for Transferees.”⁶ An applicant for service “shall be considered qualified and entitled to water utility service when proper application has been made, terms and conditions of Service and Membership have been met and continue to be met, and all fees have been paid as prescribed.”⁷ Specifically, Mercy’s “Service Application and Agreement Form shall be completed in full and signed by the Applicant(s). Where applicable, in addition to the applicant, any other person sharing an ownership interest in and receiving service at that property shall sign the Service Application and Agreement Form”⁸ Regardless, “even if the spouse or other person sharing an ownership interest does not sign the Service Application and Agreement Form, they are still responsible for all terms set forth therein, and for any debt obligation related to the account.”⁹

Mr. Blalock has not complied with any of these requirements. He is not a Member or qualified or entitled to membership with Mercy at this time.

A. Mercy’s Transfer of Membership to Mr. Rodz was Both Reasonable and Proper under State Law.

According to Texas Water Code, Mercy “*shall* reassign canceled stock or a canceled membership or other right of participation [in a water supply corporation] to a person or entity that acquires the real estate from which the membership or other right of participation arose through judicial or nonjudicial foreclosure.”¹⁰ Mercy’s Tariff also requires that “[f]or the purposes of this

⁵ *Id.* at 13 (emphasis added).

⁶ *Id.* at 23.

⁷ *Id.* at 28.

⁸ *Id.* at 28–29.

⁹ *Id.*

¹⁰ Tex. Water Code § 67.016(g) (emphasis added) (TWC).

Tariff, service requested by the Applicant(s) shall be for real estate designated to receive the service provided by the Corporation. Service *shall* be through a meter tap located on that designated real estate unless otherwise approved by the board.”¹¹

Mercy has no record that the meter had been requested to be placed on a lot adjacent to where service would be provided or any action by Mercy’s Board of Directors approving such a request. Further, at the time of the meter’s installation, there was a trailer on the Southern lot that reasonably was believed to require service.¹² Based upon Mercy’s records and tariff, Mercy had no reason to believe the Membership attached to the meter belonged to anyone other than the owner of the Southern Tract, where the meter was located. Accordingly, when Mr. Rodz established he was the owner of the Southern Tract and completed all the requirements to become eligible for service under Mercy’s Tariff, Mercy complied with its statutory obligation to transfer Membership to Mr. Rodz.¹³

B. Blalock is not Eligible for Water Service as an Applicant or Transferee Under Mercy’s Tariff.

While Mr. Blalock may have been eligible to obtain service as a Transferee after his mother passed, he is neither qualified nor entitled to service from Mercy now. According to the service agreement, signed by Ms. Ivey:

The Corporation shall sell and deliver water and/or wastewater service to the Applicant and Applicant shall purchase, receive, and/or reserve service from the Corporation *in accordance with the Bylaws and Tariff of the Corporation as amended from time to time by the Board of Directors of the Corporation*. Upon compliance with said policies, including payment of a Membership Fee, the

¹¹ Mercy’s Response to Complaint, Exhibit A at 28.

¹² John Blalock’s Response to Mercy Water Supply Corporation’s Response to Complaint at 1 (Sept. 24, 2020); Affidavit of Randall Baker (Sept. 16, 2020), Exhibit B.

¹³ See Mr. Rodz’s Service Application and Agreement, Exhibit C.

Applicant qualifies for Membership as a new Applicant or continued Membership as a Transferee and thereby may hereinafter be called a Member.

* * *

The Board of Directors shall have the authority to discontinue service and cancel the Membership of any Member not complying with any policy or not paying any utility fees or charges as required by the Corporation's published rates, fees, and conditions of service.¹⁴

Mr. Blalock, who claims he inherited ownership of Ms. Ivey's Membership, has failed to act in accordance with Mercy's Bylaws and Tariff. Specifically, as of this filing, he has failed to transfer Membership to his name in a timely fashion,¹⁵ has not provided proof of ownership of the Northern Tract to Mercy,¹⁶ has failed to return a completed Service Agreement,¹⁷ and has failed to pay a membership fee.¹⁸ Under Mercy's tariff, Mr. Blalock is neither eligible nor qualified for membership at this juncture.

According to Section 67.016 of the Texas Water Code:

(c) The transfer of stock, a membership, or another right of participation under this section *does not entitle the transferee to water or sewer service unless each condition for water or sewer service is met as provided in the corporation's*

¹⁴ Ms. Ivey's Service Application and Agreement, Exhibit D.

¹⁵ See Mercy Water Supply Corporation's Arguments from the Informal Complaint and the Evidence Debunking Them at 1 (Sept. 10, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Order #3 in Docket: 51224 at 1 (Sept. 17, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Complaint at 1 (Sept. 24, 2020).

¹⁶ See Mercy Water Supply Corporation's Arguments from the Informal Complaint and the Evidence Debunking Them at 1 (Sept. 10, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Order #3 in Docket: 51224 at 1 (Sept. 17, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Complaint at 1 (Sept. 24, 2020).

¹⁷ See Mercy Water Supply Corporation's Arguments from the Informal Complaint and the Evidence Debunking Them at 1 (Sept. 10, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Order #3 in Docket: 51224 at 1 (Sept. 17, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Complaint at 1 (Sept. 24, 2020).

¹⁸ See Mercy Water Supply Corporation's Arguments from the Informal Complaint and the Evidence Debunking Them at 1 (Sept. 10, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Order #3 in Docket: 51224 at 1 (Sept. 17, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Complaint at 1 (Sept. 24, 2020).

published rates, charges, and conditions of service. A transfer and service application must be completed on the corporation's standardized forms and filed with the corporation's office in a timely manner. The conditions of service may not require a personal appearance in the office of the corporation if the transferee agrees in writing to accept the rates, charges, and conditions of service.

* * *

(e) The corporation may cancel a person's or other entity's stock, membership, or other right of participation if the person or entity fails to:

(1) meet the conditions for water or sewer service prescribed by the corporation's published rates, charges, and conditions of service; or

(2) comply with any other condition placed on the receipt of water or sewer service under the stock, membership, or other right of participation.¹⁹

Mercy's Tariff also outlines the requirements for transfers of membership thoroughly and in compliance with TWC Section 67.016. According to Mercy's Tariff, a Member is entitled to transfer Membership only under the following circumstances:

(a) The Membership is transferred by will to a person related to the Transferor within the second degree by consanguinity; or

* * *

(d) The Membership is transferred as a part of the conveyance of real estate from which the Membership arose.

[I]n the event that Membership is transferred pursuant to the provisions of Subsection [18(c)(1)] of this Section, *such transfer shall not be completed or recorded on the books and records of the Corporation until such time as the transferor has provided satisfactory evidence to the Corporation of such transfer. A transfer of Membership shall be considered a new application for service and is not binding on the Corporation until such transfer has been approved* [by the Board].²⁰

¹⁹ TWC § 67.016(c), (d) (emphasis added).

²⁰ Mercy's Response to Complaint, Exhibit A at 23–24 (emphasis added).

Transfers under Section 18 of the Tariff are subject to the Board's approval and "shall be recorded on the books and records of [Mercy] only" when (1) "The Transferee has completed the required Application Packet including granting [Mercy] a private utility easement on the form provided by the Corporation," (2) "the membership has not been fully or partially liquidated" and (3) "[t]he Transferee demonstrates satisfactory evidence of ownership of the property designated to receive service and from which the Membership originally arose."²¹

As required by statute and Mercy's tariff, Mr. Blalock did not complete a transfer and service application in a timely manner.²² More than five years have passed since Mr. Blalock states his mother passed and he was initially told what was required to transfer Membership to his name, and yet Mercy has no record of Mr. Blalock establishing himself as both qualified and entitled to water utility service.²³ Under the Tariff, an applicant or transferee becomes "qualified and entitled to water utility service when proper application has been made, terms and conditions of Service and Membership have been met and continue to be met, and all fees have been paid as prescribed."²⁴ Mercy has no record of any of these requirements being met.

Mr. Blalock claims he was denied the ability to transfer service because the account was not paid in full.²⁵ The account was paid in full three times alone in 2020, and yet Mercy has still not received a complete transfer request.²⁶ Simply, Mr. Blalock failed to act within any semblance of a timely or reasonable manner to transfer Ms. Ivey's membership to himself. As such, not only is he not a Member, but he is also not qualified or eligible for Membership at this time.

²¹ *Id.* at 24.

²² See Mercy Water Supply Corporation's Arguments from the Informal Complaint and the Evidence Debunking Them at 1 (Sept. 10, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Order #3 in Docket: 51224 at 1 (Sept. 17, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Complaint at 1 (Sept. 24, 2020).

²³ See Mercy Water Supply Corporation's Arguments from the Informal Complaint and the Evidence Debunking Them at 1 (Sept. 10, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Order #3 in Docket: 51224 at 1 (Sept. 17, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Complaint at 1 (Sept. 24, 2020); Affidavit of Kelley Allbright (Sept. 23, 2020), Exhibit E.

²⁴ Mercy's Response to Complaint, Exhibit A at 28.

²⁵ See Mercy Water Supply Corporation's Arguments from the Informal Complaint and the Evidence Debunking Them at 1 (Sept. 10, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Order #3 in Docket: 51224 at 1 (Sept. 17, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Complaint at 1 (Sept. 24, 2020).

²⁶ Affidavit of Kelley Allbright (Sept. 23, 2020), Exhibit E.

Mr. Blalock's failures to act in accordance with Mercy's tariff are also grounds for Mercy to deny service in the first place. Mercy is authorized under its Tariff to deny service for any of the following reasons:

- a. Failure of the Applicant or Transferee to complete all application requirements, including granting an easement, completing all forms, and paying all required fees and charges;
- b. Failure of the Applicant or Transferee to comply with rules, regulations, policies, and bylaws of the Corporation;

* * *

- e. Failure of Applicant or Transferee to comply with all governmental rules and regulations of the Corporation's tariff on file with the state regulatory agency governing the service applied for by the Applicant; [or]
- f. Failure of Applicant or Transferee to provide proof of ownership, to the satisfaction of the Corporation, of property for which the tap has been requested.²⁷

Mr. Blalock's own statements demonstrate the very failures that authorize Mercy to refuse service.²⁸

IV. STATUS ON TEMPORARY SERVICE

The account and meter originally described in the Complaint were transferred to Mr. Rodz,²⁹ who owns the Southern Tract, in accordance with the TWC. In accordance with TWC and Mercy's Tariff, Mr. Rodz completed all required paperwork to transfer membership and the meter to his name.³⁰ Mercy is not authorized under statute, rule, or Tariff to deprive Mr. Rodz, a Member

²⁷ *Id.* at 17–18.

²⁸ See Mercy Water Supply Corporation's Arguments from the Informal Complaint and the Evidence Debunking Them at 1 (Sept. 10, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Order #3 in Docket: 51224 at 1 (Sept. 17, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Complaint at 1 (Sept. 24, 2020).

²⁹ See Mr. Rodz's Service Application and Agreement, Exhibit C.

³⁰ *Id.*

of Mercy, of the meter or his own access to water.³¹ Accordingly, a new tap was required to ensure continuous service to Mr. Rodz, a Member of Mercy, and comply with the ALJ's Order No. 5.

When a retail public utility receives "[a] request for service that requires a tap but does not require line extensions, construction, or new facilities," the retail public utility shall fill the request "within five working days after a completed service application has been accepted."³² On October 1, 2020, within three working days after Order No. 5 was issued, Mercy installed a temporary meter in the county right of way. On October 2, 2020, Mercy unlocked the meter located on the Southern Tract and locked the temporary meter located in the county right of way. For the time being, Mercy has assigned the temporary meter to the Southern Tract and the meter located on Mr. Rodz's property to Ms. Ivey. Mercy notified Mr. Rodz of the change in meter.

As of this filing, and in violation of Mercy's Tariff, Mr. Blalock still has failed to sign Mercy's Service Application and Agreement.³³ In order to comply with Order No. 5, Mercy had no other choice but to re-create an account using the information of a known deceased person to provide service to an individual who is not a Member, is not entitled to membership, and is not qualified for membership. None of this is in compliance with Mercy's tariff or the TWC.

Further, in accordance with Mercy's Service Agreement, the water lines that run from Mercy's meter to the Northern Tract are not owned by Mercy. Members are responsible for installing at their own expense "any necessary service lines from the Corporation's facilities and equipment to the point of use."³⁴ These lines are privately-owned and are not covered by Mercy's easement with the Southern Tract owner. To Mercy's knowledge, no easement exists between the Northern and Southern Tract owners that permit the private water line to cross the Southern Tract. Mr. Rodz expressly disconnected that meter because he did not want Mr. Blalock to continue using

³¹ TWC §§ 13.001–13.513.

³² 16 TAC § 22.161(a)(4).

³³ See, e.g., Mercy Water Supply Corporation's Arguments from the Informal Complaint and the Evidence Debunking Them at 1 (Sept. 10, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Order #3 in Docket: 51224 at 1 (Sept. 17, 2020); John Blalock's Response to Mercy Water Supply Corporation's Response to Complaint at 1 (Sept. 24, 2020).

³⁴ Ms. Ivey's Service Application and Agreement at 4, Exhibit D.

the meter and service lines crossing his property.³⁵ Continued service via these means may amount to a trespass.

V. CONCLUSION


Additional discovery is not required to determine whether Mr. Blalock is a Member of Mercy Water Supply, or if he is qualified or entitled to membership. He meets none of the requirements laid out by statute or Mercy's tariff. Over the course of five years since Ms. Ivey's death, Mr. Blalock failed to submit the information required to become a Member or become qualified or entitled for membership. Further, Mercy properly and reasonably transferred membership to Mr. Rodz when he provided proof of ownership of the property on which Mercy's meter was installed in 1995. Finally, in order to comply with Order No. 5, Mercy was required to act directly against its Tariff and continued service to Mr. Blalock is in direct conflict with the interests of the property owner of the Southern Tract.

VI. PRAYER

For these reasons, Mercy respectfully requests you deny Staff's request for additional discovery and extension of the deadline. Mercy further requests that you determine Mr. Blalock is not a Member of Mercy and therefore ineligible for continued service until he completes a full application with Mercy and meets Mercy's qualifications for service.

³⁵ Affidavit of Kelley Albright (Sept. 23, 2020), Exhibit E.

Respectfully submitted,

By: _____

John J. Carlton

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ATTORNEYS FOR MERCY WATER SUPPLY
CORPORATION

CERTIFICATE OF SERVICE

I hereby certify that I have served or will serve a true and correct copy of the foregoing document via hand delivery, facsimile, electronic mail, overnight mail, U.S. mail and/or Certified Mail Return Receipt Requested to all parties on this the 6th day of October, 2020.

_____

John J. Carlton

**Mercy Water Supply Corporation's
Reply to Staff's Position**

Exhibit B

DOCKET NO. 51224

COMPLAINT OF JOHN BLALOCK § PUBLIC UTILITY COMMISSION
 AGAINST MERCY WATER SUPPLY § OF TEXAS
 CORPORATION §

AFFIDAVIT OF RANDALL B. BAKER

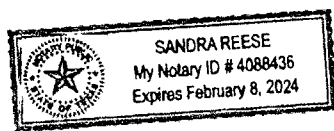
STATE OF TEXAS §
 §
 COUNTY OF SAN JACINTO §

Before me, the undersigned notary, on this day personally appeared Randall B Baker, the affiant, whose identity is known to me. After I administered an oath, affiant testified as follows:

- 1 My name is Randall B Baker I am over 18 years of age, of sound mind, and capable of making this affidavit. The facts stated in this affidavit are within my personal knowledge and are true and correct
- 2 I hold a Class C Groundwater Treatment Operator License # WG0005100, issued by the Texas Commission on Environmental Quality
- 3 I am the contractor who works with Mercy Water Supply Corporation ("Mercy") to install water meters I began working as a contractor for Mercy at or around 1993 Since then, I have installed water meters for Mercy's customers
- 4 I installed a meter on the southern tract of two 0.779-acre tracts located in the L.A. Gosse Survey in San Jacinto County, Texas The meter was installed at this specific location because it is at the location that Mercy's existing water line crosses Bowen Loop adjacent to the southern tract The meter has not been moved since its installation. A sketch of the location I installed the meter is attached hereto and incorporated herein as Exhibit A-1
- 5 As the existing line proceeds northward from the meter location, the line crosses Bowen Loop and would have required a bore under the road to provide service to any tract further north of the current meter location. Currently, no water or service line connects to the northern 0.779-acre tract
- 6 When I installed the meter, I did not see any other water or service lines in the vicinity. There was an existing travel trailer on the property and a home on the adjacent property at the time. I did not install or inspect the service lines on the customer side of the meter to the because once the meter is installed, it is the property owner's responsibility to connect to the meter

Randall B. Baker
 Randall B Baker, Affiant

Sworn to and subscribed before me by Randall B. Baker on September 16, 2020.



Sandra Reese
 Notary Public in and for the State of Texas

ES:
Every document of record reviewed and considered as a part of this survey is noted hereon were supplied to the surveyor. No abstract of title, nor title commitments, nor results of title searches were furnished to the surveyor. There may exist other documents of records that that would effect this parcel.

Basis of Bearings is the Texas State Plane Coordinate System, Texas Central Zone NAD83

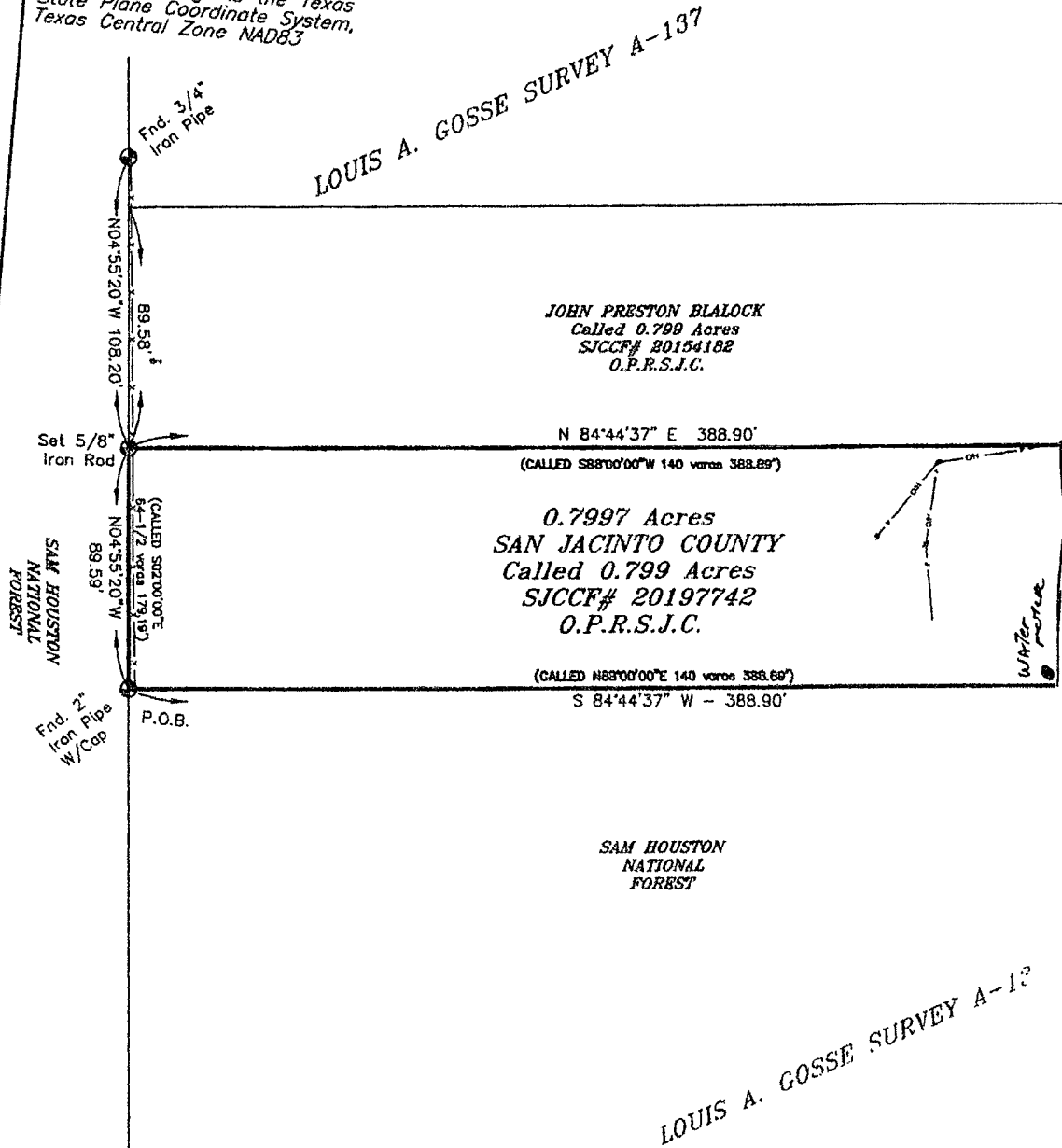


Exhibit C

Mercy Water Supply Corporation

SERVICE APPLICATION AND AGREEMENT

Please Print: DATE Aug 7, 2020
 APPLICANT'S NAME J Adrian I. Rodz

CO-APPLICANT'S NAME _____

CURRENT BILLING ADDRESS:

FUTURE BILLING ADDRESS:

PO Box 359
New Caney, TX 77357
 PHONE NUMBER - Home (281) 935-2623

Work (____) ____ - ____

PROOF OF OWNERSHIP PROVIDED BY _____

DRIVER'S LICENSE NUMBER OF APPLICANT TX DL 03096393

LEGAL DESCRIPTION OF PROPERTY (Include name of road, subdivision with lot and block number)

Being 0.7997 Acre of land, situated in the Louis A. Gosse Survey
A-137

PREVIOUS OWNER'S NAME AND ADDRESS (if transferring Membership)

San Jacinto County

ACREAGE 0.7997

HOUSEHOLD SIZE _____

NUMBER IN FAMILY _____

LIVESTOCK & NUMBER _____

SPECIAL SERVICE NEEDS OF APPLICANT _____

NOTE: FORM MUST BE COMPLETED BY APPLICANT ONLY. A MAP OF SERVICE LOCATION REQUEST MUST BE ATTACHED.

The following information is requested by the Federal Government in order to monitor compliance with Federal laws prohibiting discrimination against applicants seeking to participate in this program. You are not required to furnish this information, but are encouraged to do so. This information will not be used in evaluating your application or to discriminate against you in any way. However, if you choose not to furnish it, we are required to note the race/national origin of individual applicants on the basis of visual observation or surname.

☐ White, Not of Hispanic Origin ☐ Black, Not of Hispanic Origin ☐ American Indian or Alaskan Native ☒ Hispanic ☐ Asian or Pacific Islander ☐ Other (Specify) ☐ Male ☐ Female

EQUAL OPPORTUNITY PROGRAM

Page 1 of 5

AGREEMENT made this 7 day of Aug, between

Mercy Water Supply Corporation, a corporation organized under the laws of the State of Texas (hereinafter called the Corporation) and Adnan I. Raiz (hereinafter called the Applicant and/or Member), Witnesseth:

The Corporation shall sell and deliver water service to the Applicant and the Applicant shall purchase, receive, and/or reserve service from the Corporation in accordance with the bylaws and tariff of the Corporation as amended from time to time by the Board of Directors of the Corporation. Upon compliance with said policies, including payment of a Membership Fee, the Applicant qualifies for Membership as a new applicant or continued Membership as a transferee and thereby may hereinafter be called a Member.

The Member shall pay the Corporation for service hereunder as determined by the Corporation's tariff and upon the terms and conditions set forth therein, a copy of which has been provided as an information packet, for which Member acknowledges receipt hereof by execution of this agreement. A copy of this agreement shall be executed before service may be provided to the Applicant.

The Board of Directors shall have the authority to discontinue service and cancel the Membership of any Member not complying with any policy or not paying any utility fees or charges as required by the Corporation's published rates, fees, and conditions of service. At any time service is discontinued, terminated or suspended, the Corporation shall not re-establish service unless it has a current, signed copy of this agreement.

If this agreement is completed for the purpose of assigning utility service as a part of a rural domestic water and/or wastewater system loan project contemplated with the Rural Development, an Applicant shall pay an Indication of Interest Fee in lieu of a Membership Fee for the purposes of determining:

- a. The number of taps to be considered in the design and
- b. The number of potential ratepayers considered in determining the financial feasibility of constructing
 - 1) a new water system or
 - 2) expanding the facilities of an existing water system.

The Applicant hereby agrees to obtain, utilize, and/or reserve service as soon as it is available. Applicant, upon qualification for service under the terms of the Corporation's policies, shall further qualify as a Member and the Indication of Interest Fee shall then be converted by the Corporation to a Membership Fee. Applicant further agrees to pay, upon becoming a Member, the monthly charges for such service as prescribed in the Corporation's tariff. Any breach of this agreement shall give cause for the Corporation to liquidate, as damages, the fees previously paid as an indication of interest. In addition to any Indication of Interest Fees forfeited, the Corporation may assess a lump sum of \$300.00 as liquidated damages to defray any losses incurred by the Corporation. If delivery of service to said location is deemed infeasible by the Corporation as a part of this project, the Applicant shall be denied Membership in the Corporation and the Indication of Interest Fee, less expenses, shall be refunded. The Applicant may re-apply for service at a later date under the terms and conditions of the Corporation's policies. For the purposes of this agreement, an Indication of Interest Fee shall be of an amount equal to the Corporation's Membership Fees.

All water shall be metered by meters to be furnished and installed by the Corporation. The meter and/or wastewater connection is for the sole use of the Member or customer and is to provide service to only one (1) dwelling or one (1) business. Extension of pipe(s) to transfer utility service from one property to another, to share, resell, or submeter water to any other persons, dwellings, businesses, or property, etc., is prohibited.

The Corporation shall have the right to locate a water service meter and the pipe necessary to connect the meter on the Member's property at a point to be chosen by the Corporation, and shall have access to its property and equipment located upon Member's premises at all reasonable and necessary times for any purpose connected with or in the furtherance of its business operations, and upon discontinuance of service the Corporation shall have the right to remove any of its equipment from the Member's property. The Member shall install, at their own expense, any necessary service lines from the Corporation's facilities and equipment to the point of use, including any customer service isolation valves, backflow prevention devices, clean-outs, and other equipment as may be specified by the Corporation. The Corporation shall also have access to the Member's property for the purpose of inspecting for possible cross-connections, potential contamination hazards, illegal lead materials, and any other violations or possible violations of state and federal statutes and regulations relating to the federal Safe Drinking Water Act or Chapter 341 of the Texas Health & Safety Code or and the corporation's tariff and service policies.

The Corporation is responsible for protecting the drinking water supply from contamination or pollution which could result from improper practices. This service agreement serves as notice to each customer of the restrictions which are in place to provide this protection. The Corporation shall enforce these restrictions to ensure the public health and welfare. The following undesirable 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 airgap or an appropriate backflow prevention assembly in accordance with state regulations.
- 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 proper installation of an airgap or a reduced pressure-zone backflow prevention assembly and a service agreement must exist for annual inspection and testing by a certified backflow prevention device tester.

- c. No connection which allows condensing, cooling, or industrial process water to be returned to the public drinking water supply is permitted.
- d. No pipe or pipe fitting which contains more than .25 % lead may be used for the installation or repair of plumbing on or after September 1 2014, at any connection which provides water for human consumption.
- e. No solder or flux which contains more than 0.2 % lead may be used for the installation or repair plumbing on or after July 1, 1988, at any connection which provides water for human consumption.

The Corporation shall maintain a copy of this agreement as long as the Member and/or premises is connected to the public water system. The Member shall allow their property to be inspected for possible cross-connections, potential contamination hazards, and illegal lead materials. These inspections shall be conducted by the Corporation or its designated agent prior to initiating service and periodically thereafter. The inspections shall be conducted during the Corporation's normal business hours.

The Corporation shall notify the Member in writing of any cross-connections or other undesirable practices which have been identified during the initial or subsequent inspection. The Member shall immediately correct any undesirable practice on their premises. The Member shall, at their expense, properly install, test, and maintain any backflow prevention device required by the Corporation. Copies of all testing and maintenance records shall be provided to the Corporation as required. Failure to comply with the terms of this service agreement shall cause the Corporation to 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 Member.

In the event the total water supply is insufficient to meet all of the Members, or in the event there is a shortage of water, the Corporation may initiate the Emergency Rationing Program as specified in the Corporation's Tariff. By execution of this agreement, the Applicant hereby shall comply with the terms of said program.

By execution hereof, the Applicant shall hold the Corporation harmless from any and all claims for damages caused by service interruptions due to waterline breaks by utility or like contractors, tampering by other Member/users of the Corporation, normal failures of the system, or other events beyond the Corporation's control.

The Applicant shall grant to the Corporation permanent recorded easement(s) dedicated to the Corporation for the purpose of providing reasonable rights of access and use to allow the Corporation to construct, maintain, replace, upgrade, parallel, inspect, test and operate any facilities necessary to serve that Applicant as well as the Corporation's purposes in providing system wide service for existing or future members.

By execution hereof, the Applicant shall guarantee payment of all other rates, fees, and charges due on any account for which said Applicant owns a Membership. Said guarantee shall pledge any and all Membership Fees against any balance due the Corporation. Liquidation of said Membership Fees shall give rise to discontinuance of service under the terms and conditions of the Corporation's tariff.

By execution hereof, the Applicant agrees that non-compliance with the terms of this agreement by said Applicant shall constitute denial or discontinuance of service until such time as the violation is corrected to the satisfaction of the Corporation.

Any misrepresentation of the facts by the Applicant on any of the four pages of this agreement shall result in discontinuance of service pursuant to the terms and conditions of the Corporation's tariff.

X Adrian I Rodz
Applicant Member

Aug 7, 2020
Date Approved

SERVICE REQUIREMENTS

1. All outside faucets must have a **hose bib vacuum breaker**. Available at most hardware stores.
2. There needs to be an **air gap** between lines connected to Mercy Water Supply Corporation and any private well.
3. Service line should be Schedule 40 PVC, SDR 21, or SDR 26.
4. **Shut-Off Valve** on the customer side of the water meter, preferable just outside the meter.
5. Water lines must be at least **9 feet** from septic tank, field lines, or sewer lines.
6. Plumbing facilities should contain **no more than .25% lead and so solder or flux can contain more the 0.2% lead** when water is used for drinking or preparing food.
7. One household per meter.

Please sign to acknowledge that you have read and understand this information.

X Adrian I Rodz
Sign

Aug 7, 2020
Date

Member/Applicant Emergency/Repair Request Agreement

- I, Adrian I. Rodz (name), the member, request that the Corporation notify the person(s) listed below, or turn off meter service.

In case of emergency contact:

1. Name: Elva Carreon
2. Name: Alejandra Rodz
3. Name: _____

Phone: 832-341-9366
Phone: 281-739-9855
Phone: _____

☒ YES ☐ NO

I hereby authorize the Mercy Water Supply Corporation personnel to **TURN OFF METER VALVE** in case of a leak or other type of emergency on my property.

I also understand and acknowledge that the Corporation in under no obligation or liability to look for any leaks occurring on my property and that the Corporation may not know when or if a leak is on my property.

X Adrian I Rodz
Sign

Date: Aug 7, 2020

Exhibit D

DOCKET NO. 51224

COMPLAINT OF JOHN BLALOCK	§	PUBLIC UTILITY COMMISSION
AGAINST MERCY WATER SUPPLY	§	OF TEXAS
CORPORATION	§	

AFFIDAVIT OF KELLEY ALLBRIGHT

STATE OF TEXAS §
 §
 COUNTY OF SAN JACINTO §

Before me, the undersigned notary, on this day personally appeared Kelley Albright, the affiant, whose identity is known to me. After I administered an oath, affiant testified as follows:

1. My name is Kelley Albright. I am over 18 years of age, of sound mind, and capable of making this affidavit. The facts stated in this affidavit are within my personal knowledge and are true and correct.
2. I am the Office Manager of Mercy Water Supply Corporation ("Mercy"). I began working with Mercy on March 4, 2004 as a receptionist.
3. I prepare the report with past due accounts and mail out the late and disconnect notices attached to customer bills at the beginning of every month. At the beginning of August, I prepared and mailed out a disconnect notice to Ms. Reba Ivey for nonpayment. A sample disconnect notice is attached hereto and incorporated herein as Exhibit B-1.
4. Prior to the August disconnect notice, Ms. Ivey's account had also been past due in February, March, and April 2020. The account had been paid in full in January 2020, but then no payments were made in February or March. On April 7, 2020, a partial payment was made, but an amount remained on the account. Ms. Ivey's account was then paid in full on May 6, 2020.
5. Charges accrued on May 21, 2020, and June 24, 2020, but no payments were made. On July 16, 2020, a partial payment of \$50.00 was made and \$25.42 remained on the account. On July 22, 2020 and July 23, 2020, charges accrued on the account. Because the account was past due, I sent the disconnect notice to Ms. Ivey at the beginning of August.
6. On August 7, 2020, Mr. John Blalock personally appeared at Mercy's office and paid the entire balance through the July 23, 2020 charges on Ms. Ivey's account. These usage fees did not include any use after the July 23, 2020 billing date.
7. On August 7, 2020, Mr. Adrian Rodz also personally appeared at Mercy's office. Mr. Rodz informed me he owned 1601 Bowen Loop (the Southern Tract), where Mercy's meter is located. He explained a contractor he hired to work on his property broke a water pipe that lead from the meter on his property northward to the home where Mr. Blalock lives (Northern Tract). Mr. Rodz provided proof of ownership of the Southern Tract and explained that on December 3, 2019, San Jacinto County obtained a Constables Deed to the property and on March 17, 2020, San Jacinto County issued a Deed to Adrian Rodz for the same. Mercy had no records of this before Mr. Rodz appeared.
8. This same day, Mr. Rodz completed the paperwork to transfer the meter's account to his name. Afterwards, Mr. Rodz paid the Membership Fee, the Transfer Fee, the Disconnect/Lock Out Fee,

and the water usage charges from July 23, 2020 to August 10, 2020 on Ms. Ivey's account. Because Mr. Rodz transferred the account into his name, Mercy needed to estimate the usage and cost from July 23, 2020 to August 10, 2020, when the account was still under Ms. Ivey's name. Mercy estimated the usage and fees to be \$32.93. Mr. Rodz explained he would rather pay these usage fees and "be done with it," or words to that effect, because he did not want to work with Mr. Blalock to recover some of the usage costs even though it had also been connected to Mr. Blalock's house. He explained he also had used water from the meter.

9. Because Mr. Rodz properly transferred Ms. Ivey's account to himself, I issued Ms. Ivey's membership refund of \$200.00 on August 10, 2020.
10. I have never received a request from Mr. Blalock to transfer Ms. Ivey's account to his name, even when he paid the account in full. I did not find any records that he presented all the required documents and application to Mercy for an account transfer.
11. I have not entered into a verbal agreement on behalf of Mercy to permit to provide water service to Mr. Blalock so long as he continued to pay Ms. Ivey's account balance. I have also not found any records indicating any agreement or discussion with Mr. Blalock involving his continued use of the account without transferring it to his name.
12. I have never received a request for a line extension or for the meter located on the Southern Tract to be moved from where it was installed to any alternate location. I have also not found any records for such a request either.
13. There is not a record of who changed Ms. Ivey's billing address after the County changed Bowen Road to Bowen Loop in 1998. Mercy's current practice requires the landowners to update address information with a change of address form. However, the account remains in the landowner's name because the landowner is ultimately responsible for his or her account with Mercy.
14. Likewise, unless Mercy is informed or notified by a landowner, it will not know whether a landowner has passed. No one at Mercy investigates ownership of an account or property so long as the account remains in good standing.

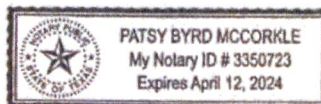
Kelley Allbright
Kelley Allbright, Affiant

Sworn to and subscribed before me by Kelley Allbright on September 24, 2020.

Subscribed and sworn before me, this 24
day of September 2020, a Notary Public, Patsy A. Byrd
in and for San Jacinto County, Notary Public in and for the State of Texas
State of Texas
Patsy A. Byrd
(Signature)

NOTARY PUBLIC

My Commission expires 4-12-2024



MERCY WATER SUPPLY CORPORATION
 51 PERRY LN.
 CLEVELAND, TEXAS 77328
 (281) 593-1177 FAX (281) 593-2664
 OFFICE HOURS 8:30 A.M. - 4:00 P.M.
www.mercywatersupply.myruralwater.com

PLEASE FORWARD

FIRST-CLASS MAIL
 U.S. POSTAGE
 PAID
 CLEVELAND, TX 77328
 PERMIT NO. 1000

ACCT. NO.	LATE FEE	DISCONNECT DATE	TOTAL DUE

ACCOUNT NO.	TOTAL DUE

PLEASE RETURN THIS STUB WITH YOUR PAYMENT

FINAL NOTICE... A late charge has been added. To avoid the reconnection fee and having your water cut off, you must pay in full before the disconnect date shown above.

Exhibit E

Mercy
WATER SUPPLY CORPORATION
SERVICE APPLICATION AND AGREEMENT

CORPORATION USE ONLY	
Date Approved	_____
Service Classification	_____
Cost	_____
Work Order Number	_____
Eng. Update	_____
Account Number	_____

Please Print: DATE Aug 11, 1995APPLICANT'S NAME Reba Tvey

CO-APPLICANT'S NAME _____

CURRENT BILLING ADDRESS: FUTURE BILLING ADDRESS:

154 Bowen Rd.
Cleveland Tx

PHONE NUMBER - Home (913) 592-1998 Work () _____

PROOF OF OWNERSHIP PROVIDED BY _____

DRIVER'S LICENSE NUMBER OF APPLICANT 05794907

LEGAL DESCRIPTION OF PROPERTY (Include name of road, subdivision with lot and block number)

Bowen Browar Rd ON LEFT

PREVIOUS OWNER'S NAME AND ADDRESS (if transferring Membership)

ACREAGE _____ HOUSEHOLD SIZE 1NUMBER IN FAMILY 1 LIVESTOCK & NO. None

SPECIAL SERVICE NEEDS OF APPLICANT: _____

NOTE: FORM MUST BE COMPLETED BY APPLICANT ONLY. A MAP OF SERVICE LOCATION REQUEST MUST BE ATTACHED.

The following information is requested by the Federal Government in order to monitor compliance with Federal laws prohibiting discrimination against applicants seeking to participate in this program. You are not required to furnish this information, but are encouraged to do so. This information will not be used in evaluating your application or to discriminate against you in any way. However, if you choose not to furnish it, we are required to note the race/national origin of individual applicants on the basis of visual observation or surname.

Race/National Origin (Not of Hispanic Origin)

<input checked="" type="checkbox"/> WHITE	<input type="checkbox"/> BLACK	<input type="checkbox"/> AMERICAN INDIAN OR ALASKAN NATIVE	<input type="checkbox"/> ASIAN OR PACIFIC ISLANDER	<input type="checkbox"/> OTHER (SPECIFY)	<input type="checkbox"/> MALE <input type="checkbox"/> FEMALE
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EQUAL OPPORTUNITY PROGRAM

Sheet 1 of 4

SERVICE APPLICATION AND AGREEMENT (CONT'D)

AGREEMENT made this 11 day of Aug, 19 95,
between Mercy Water Supply Corporation, a
corporation organized under the laws of the State of Texas
(hereinafter called the Corporation) and Reba Lucy,
(hereinafter called the Applicant and/or Member)

Witnesseth:

The Corporation shall sell and deliver water and/or wastewater service to the Applicant and Applicant shall purchase, receive, and/or reserve service from the Corporation in accordance with the Bylaws and Tariff of the Corporation as amended from time to time by the Board of Directors of the Corporation. Upon compliance with said policies, including payment of a Membership Fee, the Applicant qualifies for Membership as a new Applicant or continued Membership as a Transferee and thereby may hereinafter be called a Member.

The Member shall pay the Corporation for service hereunder as determined by the Corporation's Tariff and upon the terms and conditions set forth therein, a copy of which has been provided as an information packet, for which Member acknowledges receipt hereof by execution of this Agreement.

The Board of Directors shall have the authority to cancel the Membership of any Member not complying with any policy or not paying any utility fees or charges as required by the Corporation's published rates, fees, and conditions of service.

If this agreement is completed for the purpose of assigning utility service as part of a rural domestic water and/or wastewater system loan project contemplated with the Farmers Home Administration, an Applicant shall pay an Indication of Interest Fee in lieu of a Membership Fee for the purposes of determining

- a. the number of taps to be considered in the design and
- b. the number of potential ratepayers considered in determining the financial feasibility of constructing either
 - (1) a new water system or
 - (2) expanding the facilities of an existing water system, the Applicant thereby agrees to obtain, utilize, and/or reserve service as soon as it is available. Applicant, upon qualification for service under the terms of the Corporation's policies, shall further qualify as a Member and the Indication of Interest Fee shall then be converted by the Corporation to a Membership Fee. Applicant further agrees to pay, upon becoming a

CONTINUED ON SHEET 3

SERVICE APPLICATION AND AGREEMENT (CONT'D)

Member, the monthly charges for such service as prescribed in the Corporation's published rates, fees, and conditions of service. Any breach of this agreement shall give cause for the Corporation to liquidate, as damages, the fees previously paid as an indication of interest. In addition to any Indication of Interest Fees forfeited, the Corporation may assess a lump sum of \$300.00 as liquidated damages to defray any losses incurred by the Corporation. If delivery of service to said location is deemed infeasible by the Corporation as a part of this project, the Applicant shall be denied Membership in the Corporation and the Indication of Interest Fee, less expenses, shall be refunded. The Applicant may re-apply for service at a later date under the terms and conditions of the Corporation's policies. For the purposes of this agreement, an Indication of Interest Fee shall be of an amount equal to the Corporation's Membership Fees.

All water shall be metered by meters to be furnished and installed by the Corporation. The meter and/or wastewater connection is for the sole use of the Member or customer and is to provide service to only one (1) dwelling and/or only one (1) business. Extension of pipe or pipes to transfer utility service from one property to another, to share, resell, or sub-meter water to any other persons, dwellings, business, and/or property, etc., is prohibited.

The Corporation shall have the right to locate a water service meter and the pipe necessary to connect the meter on the Member's property at a point to be chosen by the Corporation, and shall have access to its property and equipment located upon Member's premises at all reasonable times for any purpose connected with or in the furtherance of its business operations, and upon discontinuance of service the Corporation shall have the right to remove any of its equipment from the Member's property.

The Corporation's authorized employees shall have access to the Member's property or premises and service lines and plumbing facilities at all reasonable times for the purpose of inspection to insure compliance with state required Minimum Acceptable Operating Practices for Public Drinking Water Systems, as promulgated by the Texas Natural Resource Conservation Commission or successor agency, applicable plumbing codes, and utility construction standards. The Corporation strictly prohibits the connection of service pipelines from its water service meter to any private well or other unknown water supply.

In the event the total water supply is insufficient to meet all of the needs of the Members, or in the event there is a shortage of water, the Corporation may initiate the Emergency Rationing Program as specified in the Corporation's Tariff. By execution by the Applicant of this agreement, Applicant hereby shall comply with the terms of said Program.

CONTINUED ON SHEET 4

SERVICE APPLICATION AND AGREEMENT (CONT'D)

The Member shall install at his own expense any necessary service lines from the Corporation's facilities and equipment to the point of use, including any customer service isolation valves, clean-outs, and other equipment as may be specified by the Corporation. The use of pipes and pipe fittings that contain more than 8.0% lead or solders and flux that contain more than 0.2% lead is prohibited for any plumbing installation or repair of any residential or non-residential facility providing water for human consumption and connected to the Corporation.

By execution hereof, the Member shall hold the Corporation harmless from any and all claims for damages caused by service interruptions due to waterline breaks by utility or like contractors, tampering by other Member/Users of the Corporation, normal failures of the system, or other events beyond the Corporation's control.

The Member shall grant to the Corporation, now or in the future, any easements of right-of-way for the purpose of installing, maintaining, and operating such pipelines, meters, valves, and any other such equipment which may be deemed necessary by the Corporation to extend or improve service for existing or future Members, on such forms as required by the Corporation.

By execution of this Service Application and Agreement, Applicant shall guarantee payment of all other rates, fees, and charges due on any account for which said Applicant owns a Membership Certificate. Said guarantee shall pledge any and all Membership Fees against any balance due the Corporation. Liquidation of said Membership Fees shall give rise to discontinuance of water utility service under the terms and conditions of the Corporation's Tariff.

By execution of this Service Application and Agreement, Applicant agrees that non-compliance with the terms of this Agreement by said Applicant shall constitute denial or discontinuance of service until such time as the violation is corrected to the satisfaction of the Corporation.

Any misrepresentation of the facts by the Applicant on any of the four pages of this form shall result in discontinuance of service pursuant to the terms and conditions of the Corporation's Tariff.

Ruben Lopez
Applicant/Member

Witnesseth

Approved and Accepted