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Received - 2022-09-20 11:31:41 AM

Control Number - 52440

ItemNumber - 37

DOCKET NO. 52440

APPLICATION OF CRYSTAL SPRINGS WATER COMPANY, INC. TO AMEND ITS WATER CERTIFICATE OF CONVENIENCE AND NECESSITY IN MONTGOMERY COUNTY	§ § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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NOTICE OF APPROVAL

This Notice of Approval addresses the application of Crystal Springs Water Company, Inc. to amend its certificate of convenience and necessity (CCN) number 11373 in Montgomery County. The Commission amends Crystal Springs' CCN number 11373 to include the requested area to the extent provided in this Notice of Approval.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Crystal Springs is a Texas corporation registered with the Texas secretary of state under file number 46316600.
2. Crystal Springs operates, maintains, and controls facilities for providing retail water service in Montgomery and Walker counties under CCN number 11373.
3. Crystal Springs owns and operates several public water systems that are registered with the Texas Commission on Environmental Quality (TCEQ).

Application

4. On August 17, 2021, Crystal Springs filed an application to amend its CCN numbers 11737 and 20906 in Montgomery County.
5. On August 18 and 25, November 10, and December 1, 2021, and January 17, April 26 and 27, June 29, July 5, 8, and 26, and August 8, 2022, Crystal Springs filed supplements to the application.
6. In Order No. 2 filed on September 16, 2021, the administrative law judge (ALJ) found the application administratively complete.

7. On July 18, 2022, Crystal Springs and Commission Staff filed a joint motion requesting the application to amend Crystal Springs's CCN number 20906 be severed.
8. In Order No. 8, filed on July 21, 2022, the ALJ granted the motion to sever. The water CCN amendment is addressed in this docket and the sewer CCN amendment was severed into Docket No. 53842.
9. Crystal Springs' application, as supplemented, seeks to amend its CCN number 11373 to add approximately 2,364 acres, with the potential to service 3,655 connections in the future.
10. The requested area is located approximately 10 miles east of downtown Conroe and generally bound on the north by Timber Rock Railroad, on the east by Jake Goodman Road, on the south by Farm to Market 2090, and on the west by Crockett Martin Road.

Notice

11. On October 7, 2021, Crystal Springs filed the affidavit of Shelley Young, an authorized representative for Crystal Springs, attesting that notice was mailed to neighboring utilities and affected parties on September 16, 2021.
12. On October 7, 2021, Crystal Springs filed a publisher's affidavit attesting to the publication of notice in the *Houston Chronicle dba Conroe Courier*, a newspaper of general circulation in Montgomery County, on September 18 and September 25, 2021.
13. On November 10, 2021, Crystal Springs supplemented its proof of notice with a copy of the notice sent to the Montgomery County judge, copies of the newspaper tear sheets demonstrating publication of notice, and a screenshot of the TCEQ database to show that Montgomery County Municipal Utility District No. 163 was no longer active, such that notice to that entity should not be required.
14. In Order No. 3 filed on November 12, 2021, the ALJ found notice sufficient.

Comments, Landowner Opt-Outs, and Motions to Intervene

15. No comments, landowner opt-out requests or motions to intervene were filed in this docket.
16. All retail public utilities in the proximate area were provided notice of the CCN amendment requested in this application and none requested to intervene.

Evidentiary Record

17. In Order No. 9 filed on September 9, 2022, the ALJ admitted the following evidence into the record: (a) Crystal Springs' application and all attachments filed on August 17, 2021; (b) Crystal Springs' confidential attachment filed on August 18, 2021; (c) Crystal Springs' revised maps and digital data filed on August 25, 2021; (d) Commission Staff's recommendation on administrative completeness and notice filed on September 16, 2021; (e) Crystal Springs' proof of notice filed on October 7, 2021 and November 10, 2021; (f) Commission Staff's supplemental recommendation on sufficiency of notice filed on November 12, 2021; (g) Crystal Springs' response to first request for information filed on December 1, 2021; (h) Crystal Springs' bank letter filed on January 17, 2022; (i) Crystal Springs' response to second request for information filed on April 26, 2022; (j) Crystal Springs' response to third request for information filed on April 27, 2022; (k) Crystal Springs' first phase distribution system approval from TCEQ filed on June 29, 2022; (l) Crystal Springs' supplemental responses to third request for information filed on July 5, 2022; (m) Crystal Springs' second phase distribution system approval from TCEQ filed on July 8, 2022; (n) Crystal Springs' water service area maps filed on July 26, 2022; (o) Crystal Springs' signed consent form and explanation letter for additional tariff updates with supporting documentation from TCEQ filed on August 8, 2022; and (p) Commission Staff's final recommendation and all attachments filed on August 18, 2022.

Adequacy of Existing Service

18. There are no existing customers in the requested area.
19. Water service is not currently being provided to the requested area.

Need for Service

20. The requested area is currently being developed into several subdivisions.
21. Nine developers requested that Crystal Springs provide water service to the requested area.
22. Crystal Springs filed evidence of the timeline and phases for development to demonstrate a need for service.

Effect of Granting the Amendment

23. Granting the CCN amendment will obligate Crystal Springs to provide water service to future customers in the requested area and such service must be continuous and adequate.

24. Granting the CCN amendment will enable Crystal Springs to provide water service to the subdivisions in accordance with the developers' requests for service.
25. Landowners in the requested area will have a water provider available when they need to request water service.
26. There will be no effect on any retail public utility servicing the proximate area.

Ability to Serve: Managerial and Technical

27. Crystal Springs currently provides water service outside of the requested area through several public water systems registered with the TCEQ.
28. Crystal Springs employs or contracts with TCEQ-licensed operators who are responsible for operating its public water systems.
29. Crystal Springs has received TCEQ approval to construct a public water system registered with the TCEQ as White Rock Water Plant 1, TCEQ identification number 1700931, through which it will provide water service to the requested area.
30. The Commission's complaint records, which date back to 2017, show 16 complaints against Crystal Springs, all of which have been resolved.
31. Crystal Springs has access to an adequate supply of water and is capable of providing water that meets the requirements of chapter 341 of the Texas Health and Safety Code, chapter 13 of the Texas Water Code (TWC), and the TCEQ's rules.
32. Crystal Springs has the managerial and technical capability to provide continuous and adequate water service to the requested area.

Regionalization or Consolidation

33. TCEQ has approved plans for Crystal Springs to build facilities in the requested area to serve future customers and Crystal Springs will have sufficient capacity to serve the area.
34. Crystal Springs sent service request letters to three neighboring utilities within one-half mile of the outer boundary of the requested area and no affirmative responses were received within 30 days of Crystal Springs' request for service.
35. Crystal Springs demonstrated that regionalization or consolidation with an adjacent retail public utility is not feasible.

Feasibility of Obtaining Service from Adjacent Utilities

36. Crystal Springs sent service request letters to three neighboring utilities within one-half mile of the outer boundary of the requested area and no affirmative responses were received within 30 days of Crystal Springs' request for service.
37. The developers of the requested area requested water service from Crystal Springs.
38. It is not feasible to obtain service from an adjacent retail public utility.

Ability to Serve: Financial Ability and Stability

39. Crystal Springs has a debt-to-equity ratio that is less than one, satisfying the leverage test.
40. Crystal Springs demonstrated that it has sufficient cash available to cover projected operations and maintenance expense shortages during the first five years of operations following approval of the CCN amendment, satisfying the operations test.
41. Crystal Springs demonstrated that it has adequate funds available, through a revolving line of credit with its bank, for the capital improvements necessary to provide water service to the requested area.
42. Crystal Springs has demonstrated the financial ability and stability to provide continuous and adequate service to the requested area.

Financial Assurance

43. There is no need to require Crystal Springs to provide a bond or other financial assurance to ensure continuous and adequate service.

Environmental Integrity and Effect on the Land

44. Future construction will be necessary for Crystal Springs to serve the requested area. However, the land in the requested area is already being developed and Crystal Springs has received TCEQ approval for construction of the public water system and related distribution facilities. Therefore, there will be minimal effect on environmental integrity and the land as a result of granting the requested CCN amendment.

Improvement in Service or Lowering of Cost

45. Water service to the requested area will improve because Crystal Springs will be obligated to provide service to future customers in the requested area.
46. No lowering of costs to customers in the requested area will result from granting the CCN amendment because there are no existing customers in the requested area.

Map, Tariff, and Certificate

47. On August 5, 2022, Commission Staff emailed the proposed final map, tariff, and certificate to Crystal Springs.
48. On August 8, 2022, Crystal Springs filed its consent to the proposed final map, tariff, and certificate.
49. On August 18, 2022, Commission Staff filed the proposed final map, tariff, and certificate as attachments to its final recommendation.

Informal Disposition

50. More than 15 days have passed since the completion of notice provided in this docket.
51. No person filed a protest or motion to intervene.
52. Crystal Springs and Commission Staff are the only parties to this proceeding.
53. No party requested a hearing and no hearing is needed.
54. Commission Staff recommended that the application be approved.
55. The 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, and 13.246.
2. Crystal Springs is a retail public utility as defined in TWC § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(31).
3. Notice of the application complies with TWC § 13.246 and 16 TAC § 24.235.
4. The application meets the requirements of TWC § 13.244 and 16 TAC § 24.227.
5. The Commission processed the application in accordance with the requirements of the Administrative Procedure Act,¹ the TWC and Commission rules.
6. After consideration of the factors in TWC § 13.246(c) and 16 TAC § 24.227(e), Crystal Springs demonstrated adequate financial, managerial, and technical capability to provide

¹ Tex. Gov't Code §§ 2001.001–2001.903.

- continuous and adequate service to the requested area and its current service areas, as required by TWC § 13.241 and 16 TAC § 24.227.
7. Crystal Springs demonstrated that regionalization or consolidation is not economically feasible, as required by TWC § 13.241(d) and 16 TAC § 24.227(b).
 8. It is not necessary for Crystal Springs to provide a bond or other financial assurance under TWC § 13.246(d) or 16 TAC § 24.227(f).
 9. Crystal Springs demonstrated that the amendment to water CCN number 11373 to include the requested area is necessary for the service, accommodation, convenience, or safety of the public, as required by TWC § 13.246(b) and 16 TAC § 24.227(d).
 10. Crystal Springs has access to an adequate supply of water to serve the requested area, and its public water system is capable of providing water that meets the requirements of chapter 241 of the Texas Health and Safety Code, chapter 13 of the TWC, and the rules of the TCEQ in accordance with TWC § 13.241(b) and 16 TAC § 24.227(a)(1).
 11. Under TWC § 13.257(r) and (s), Crystal Springs must record a certified copy of the approved map and certificate, along with a boundary description of the service area, in the real property records of Montgomery County within 31 days of this Notice of Approval and must submit evidence of the recording to the Commission.
 12. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

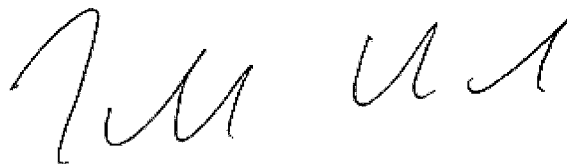
In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission amends Crystal Springs' CCN number 11373 to add the requested area to the extent provided in this Notice of Approval.
2. The Commission approves the map and tariff attached to this Notice of Approval.
3. The Commission issues the certificate attached to this Notice of Approval.

4. Crystal Springs must provide service to every customer and applicant for service within the area certified under its CCN number 11373 who requests water service and meets the terms of its water service policies, and such service must be continuous and adequate.
5. Crystal Springs must comply with the recording requirements of TWC § 13.257(r) and (s) for the area in Montgomery County affected by this application and file in this docket proof of the recording no later than 45 days after the date of this Notice of Approval.
6. Within ten days of the date of this Notice of Approval, Crystal Springs must provide the Commission with a clean copy of the tariff to be stamped *Approved* and retained by Central Records.
7. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted herein.

Signed at Austin, Texas the 20th day of September 2022.

PUBLIC UTILITY COMMISSION OF TEXAS



JEFFREY J. HUHN
ADMINISTRATIVE LAW JUDGE



Public Utility Commission of Texas

By These Presents Be It Known To All That

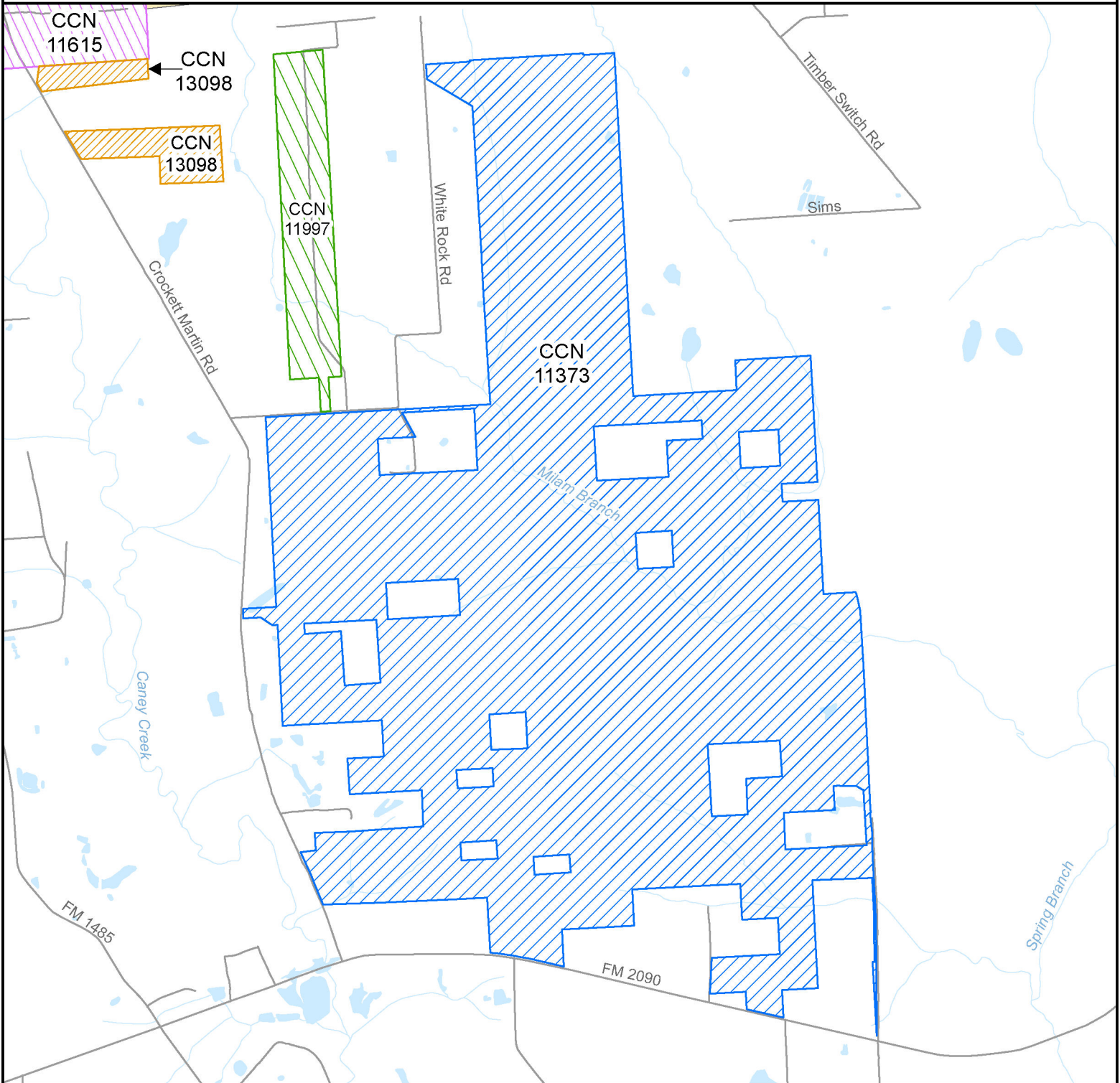
Crystal Springs Water Company, Inc.

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





Certificate of Convenience and Necessity No. 11373

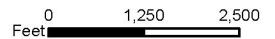
to provide continuous and adequate water utility service to that service area or those service areas in Montgomery and Walker counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 52440 are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Crystal Springs Water Company, Inc. to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Crystal Springs Water Company, Inc.
 Portion of Water CCN No. 11373
 PUC Docket No. 52440
 Amended CCN No. 11373 in Montgomery County



Water CCN

-  11373 - Crystal Springs Water Company Inc
-  11997 - Dave Lee Sheffield
-  13098 - C & R Water Supply Inc
-  11615 - Town of Cut and Shoot





WATER UTILITY TARIFF
Docket Number: 52440

Crystal Springs Water Company, Inc.
(Utility Name)

P.O. Box 603
(Business Address)

Porter, Texas 77365
(City, State, Zip Code)

(281) 354-5136
(Area Code/Telephone)

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

11373

This tariff is effective in the following counties:

Montgomery and Walker

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

None

This tariff is effective in the following subdivisions or systems:

See attached list.

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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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CRYSTAL SPRINGS WATER COMPANY, INC.
LIST OF SUBDIVISIONS

SUBDIVISION NAME	PWS ID	COUNTY
Acorn Hills	1700322	Montgomery
Afton Park Water System	1700147	Montgomery
Arbor Oaks	1700322	Montgomery
Autumn Acres	1700756	Montgomery
Bennett Woods	1700290	Montgomery
Chaparral Place	1700434	Montgomery
Chasewood	1700622	Montgomery
Country West	1700435	Montgomery
Crystalwood Estates	1700322	Montgomery
Deer Glen	1700322	Montgomery
Deer Glen North	1700322	Montgomery
Deer Glen West	1700322	Montgomery
Emerald Forest	1700322	Montgomery
Emerald Woods	2360044	Walker
Forest Trace	1700869	Montgomery
FM 1485 LTD	1700580	Montgomery
Lake Creek Falls	1700719	Montgomery
Lake Louise	1700184	Montgomery
Lilliput Farms	1700844	Montgomery
Live Oak Estates	1700198	Montgomery
Monterrey Oaks	1700879	Montgomery
Oak Grove	1700322	Montgomery
Oak Grove South	1700322	Montgomery
Oak Tree Subdivision	1700695	Montgomery
Oak Creek Section II	1700432	Montgomery
Pinewood Village	1700290	Montgomery
Ponderosa Pines	1700868	Montgomery
Ranch Estates	1700322	Montgomery
Rolling Hill Oaks	1700612	Montgomery
The Oaks	1700626	Montgomery
Timberland Estates	1700612	Montgomery
Tower Woods	1700289	Montgomery
Tower Glen	1700433	Montgomery
Tower Glen North	1700433	Montgomery
Western Hill	1700629	Montgomery
Whispering Pines	1700066	Montgomery
White Oak Hills	1700613	Montgomery
White Rock Water Plant 1	1700931	Montgomery
Winchester Place	1700466	Montgomery
Woodland Forest Estates	1700066	Montgomery
Woodridge Estates	1700075	Montgomery

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	\$43.80 (Includes 0 gallons)	\$3.33 per 1000 gallons
1"	\$109.50	
1½"	\$219.00	
2"	\$350.40	
3"	\$657.00	

Lone Star Ground Water Conservation District (LGCD) (Montgomery County)

An additional charge of \$0.06 per 1,000 gallons of water usage will be added to the gallage charge for the following subdivisions: Afton Park Water System, Autumn Acres, Chaparral Place, Deer Ridge, FM 1485 LTD, Lake Creek Falls, Lake Louise, Oak Springs, Oak Creek Section II, The Oaks, Tower Woods, Tower Glen, Tower Glen North, Tower Brook, White Oak Hills, Winchester Place, Woodridge Estates, Acorn Hills, Arbor Oaks, B's/Pickering, Bennett Woods, Chasewood, Circle Oaks, Country West, Crystalwood Estates, Deer Glen, Deer Glen North, Deer Glen West, Emerald Forest, 5 Acre Tracts, Live Oak Estates, Oak Grove, Oak Grove South, Oak Tree Subdivision, Old Houston Acres, M & T, P/C Ranchettes, Pinewood Village, Ranch Estates, Rolling Hill Oaks, Timberland Estates, V Woods, Western Hill, Whispering Pines, Woodland Forest Estates, Forest Trace, Lilliput Farms, Ponderosa Pines, Monterrey Oaks, and White Rock Water Plant 1.

Porter Special Utility District Groundwater Reduction Plan (PSUD GRP) (Montgomery County)

An additional charge of \$1.90 per 1,000 gallons will be added to the gallage charge for ground water reduction fee for the following subdivision: Acorn Hills, Arbor Oaks, B's/Pickering, Bennett Woods, Chasewood, Circle Oaks, Country West, Crystalwood Estates, Deer Glen, Deer Glen North, Deer Glen West, Emerald Forest, 5 Acre Tracts, Live Oak Estates, Oak Grove, Oak Grove South, Oak Tree Subdivision, Old Houston Acres, M & T, P/C Ranchettes, Pinewood Village, Ranch Estates, Rolling Hill Oaks, Timberland Estates, V Woods, Western Hill, Whispering Pines, Woodland Forest Estates. (Tariff Control No. 44707)

Bluebonnet Ground Water Conservation District (BGCD) (Walker County)

An additional charge of \$0.035 per 1,000 gallons of water usage will be added to the gallage charge for Emerald Woods subdivision only.

San Jacinto River Authority (Montgomery County): An additional charge of \$0.83 per 1,000 gallons will be added to the gallage charge for ground water reduction fee.

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

Cash , Check , Money Order , Credit Card , Other (specify)
 THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

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

SECTION 1.0 – RATE SCHEDULE (Continued)

Section 1.02 - Miscellaneous Fees

TAP FEE..... \$900.00

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.

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) Nonpayment of bill (Maximum \$25.00) \$25.00
- b) Customer's request that service be disconnected..... \$50.00

TRANSFER FEE \$50.00

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

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) \$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 \$35.00

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

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

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

SECTION 1.0 – RATE SCHEDULE (Continued)

PURCHASED WATER/UNDERGROUND WATER DISTRICT FEE PASS THROUGH CLAUSE:

Changes in fees imposed by any wholesale water supplier or underground water district having jurisdiction over the Utility shall be passed through as an adjustment to the water gallonage charge according to the formula:

AG = G + B, where:

AG = adjusted gallonage charge, rounded to the nearest one cent

G = approved per 1,000 gallon gallonage charge

B = change in district fee (per 1,000 gallons)

To implement or modify the Purchased Water/Underground Water District Fee, the utility must comply with all notice and other requirements of 16 TAC § 24.25(b)(2)(F).

SECTION 2.0 - SERVICE RULES AND POLICIES

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

Section 2.01 - Application for 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 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.

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

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

(C) Easement Requirement

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

Section 2.04 - Utility Response to Applications for Service

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

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

Section 2.05 - Customer Responsibility

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

All new customers must 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 Environmental Quality (TCEQ) Rules and Regulations for Public Water Systems, Section 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 2.0 - SERVICE RULES AND POLICIES (Continued)

Section 2.07 - Back Flow Prevention Devices

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

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

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

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 2.09 - 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.

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

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 AWWA, 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.

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

Section 2.11- Payments

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

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

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

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

Section 2.14 - Service Interruptions

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

Section 2.15 - Quality of Service

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

Section 2.16 - Customer Complaints and Disputes

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

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

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

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

Section 2.17 - Customer Liability

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

SECTION 3.0 - EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

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

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

Unless an exception is granted by the 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:

- a) 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;
- b) or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

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

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

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

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

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

SECTION 3.0 - EXTENSION POLICY (Continued)

Section 3.02 - Costs Utilities Shall Bear

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

Within its certificate 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 of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

The Utility is not required to extend service to any applicant outside of its certificated 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 certificated service area boundaries by the PUC.

Section 3.03 - Contributions in Aid of Construction

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

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

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC § 24.163(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by 16 TAC § 24.163(d)(4), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

SECTION 3.0 - EXTENSION POLICY (Continued)

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

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

Section 3.04 - Appealing Connection Costs

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

Section 3.05 - Applying for Service

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

Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. The tap request must be accompanied with 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. 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 PUC for resolution.

SECTION 3.0 - EXTENSION POLICY (Continued)

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

Section 3.07 - Developer Requirements

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

APPENDIX A - DROUGHT CONTINGENCY PLAN

(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)