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Public Utility Commission of Texas

TO: Stephen Journeay
Commission Counsel
All Parties of Record

FROM: Isaac Ta *I. T.*
Administrative Law Judge

RE: **Docket No. 52453** – *Application of Skyline Drive Landowners Association Water System to Decertify a Portion of its Water Certificate of Convenience and Necessity in Johnson County*

DATE: October 25, 2022

Enclosed is the Revised Proposed Order in the above-referenced case. By copy of this memo, the parties to this proceeding are being served with the Revised Proposed Order.

Please place this docket on an open meeting agenda for the Commissioners' consideration. Please notify me and the parties of the open meeting date. The parties must file corrections or exceptions to the Revised Proposed Order by November 4, 2022.

If a party proposes a correction or exception, the party must fully explain the correction or exception and must provide a citation to the record to support the correction or exception.

If there are no corrections or exceptions, no response is necessary.

/taw

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DOCKET NO. 52453

APPLICATION OF SKYLINE DRIVE	§	PUBLIC UTILITY COMMISSION
LANDOWNERS ASSOCIATION	§	
WATER SYSTEM TO DECERTIFY A	§	OF TEXAS
PORTION OF ITS WATER	§	
CERTIFICATE OF CONVENIENCE	§	
AND NECESSITY IN JOHNSON	§	
COUNTY	§	

REVISED PROPOSED ORDER

This Order addresses the application of Skyline Drive Landowners Association Water System (SDLA) to amend its water certificate of convenience and necessity (CCN) number 12479 by decertifying a portion of its certificated service area in Johnson County. The Commission decertifies the requested area from SDLA's certificated service area and amends SDLA's CCN number 12479 to reflect the decertification of the requested area.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant and Interested Parties

1. Skyline Drive Landowners Association is an association of members who own land that is located along Skyline Drive in Johnson County, Texas.
2. Each member is the owner of an undivided 1/28 interest to a public water system that is registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 1260060.
3. Randy Chitwood is a member of SDLA and holds an undivided 1/28 interest to the public water system, identification number 1260060.
4. Randy Chitwood operates SDLA in Johnson County, Texas.
5. SDLA operates, maintains, and controls facilities for providing retail water service to customers in Johnson County under water CCN number 12479.
6. SDLA operates the public water system registered under TCEQ identification number 1260060.

Application

7. On August 20, 2021, SDLA filed the application at issue in this proceeding seeking to decertify a portion of its certificated service area in Johnson County under CCN number 12479.
8. SDLA supplemented its application on September 15 and 21, 2021.
9. The requested area is located approximately five miles northeast of downtown Godley, Texas and is generally bounded on the north by 1st Street (Highcrest Estates); on the east by County Road 915; on the south by County Road 915; and on the west by Clearview Drive.
10. The requested area is approximately 22 acres and has zero current connections.
11. The requested area was incorrectly included in SDLA's initial certificated service area.
12. The requested area does not include any area owned by a member of Skyline Drive Landowners Association.
13. In Order No. 3 filed on November 4, 2021, the administrative law judge (ALJ) found the application, as supplemented, administratively complete.

Notice and Good Cause Exception

14. On November 12, 2021, SDLA filed the affidavit of Mr. Chitwood, manager, system operator, and authorized representative for SDLA, attesting that notice was mailed to neighboring utilities and affected parties on November 10, 2021.
15. On November 23, 2021, SDLA filed a supplement to the proof of notice.
16. In Order No. 4 filed on December 14, 2021, the ALJ found the notice sufficient.
17. On September 21, 2022, Commission Counsel filed a memorandum requiring the parties to identify the location in the evidentiary record of the proof of individual notice to all landowners in the requested area.
18. On October 19, 2022, the parties requested a good cause exception to the requirements of 16 TAC § 24.245(d)(2)(A) because the only landowner in the requested area, WB Joshua Land LLC, has consented in writing to the decertification.

19. Good cause exists for waiver of notice to landowners in the requested area.

Evidentiary Record

20. In Order No. 11 filed on July 11, 2022, the ALJ admitted the following evidence into the record of this proceeding: (a) SDLA's application and all attachments filed on August 20, 2021; (b) SDLA's supplements to the application filed on September 15 and 21, 2021; (c) Commission Staff's supplemental recommendation on administrative completeness and proposed notice filed on November 4, 2021; (d) SDLA's proof of notice filed on November 12 and 23, 2021; (e) Commission Staff's recommendation on sufficiency of notice filed on December 13, 2021; (f) SDLA's proof of ownership filed on March 28 and 30, 2022; (g) SDLA's request for good cause exception and certificate name filed on April 7, 2022; (h) Commission Staff's recommendations on good cause exception and certificate name and request to restyle the docket filed on April 18, 2022; (i) Commission Staff's proposed procedural schedule with existing certificate attached filed on May 13, 2022; (j) SDLA's signed consent form filed on May 20, 2022; and (k) Commission Staff's final recommendation and all attachments filed on June 6, 2022.
21. In Order No. 12 filed on October 25, 2022, the ALJ admitted the following evidence into the record of this proceeding: (a) WB Joshua Land consent letter with maps filed on October 17, 2022; and (b) the parties' joint response to memorandum filed on October 19, 2022.

Circumstances of Decertification

22. SDLA has never provided water service to any customers in the requested area.
23. SDLA has not received any requests for water service in the requested area.
24. SDLA consented in writing to decertification of the requested area.

Effect on Customers and Landowners in the Requested Area

25. SDLA has no customers and owns no facilities in the requested area.
26. WB Joshua Land consented to decertification; therefore, there will be no adverse effect on landowners in the requested area.

27. SDLA will not be required to provide continuous and adequate service to the requested area.

Continuous and Adequate Service to Customers and Landowners

28. Decertification of the requested area will not impact SDLA's ability to serve the customers in its certificated service area, who are served by the public water system outside of the requested area.

Adverse Impact on the Requested Area in the Present or Future

29. SDLA has no customers and owns no facilities in the requested area so the service to the requested area will not be discontinued, reduced, or impaired.
30. New facilities would need to be constructed by a future CCN holder to serve the requested area.

Compensation from a Prospective Retail Public Utility

31. SDLA is not entitled to compensation from a prospective retail public utility because it requested decertification of the requested area by consent.

Map, Certificate, and Tariff

32. On May 20, 2022, Commission Staff emailed the proposed final map, certificate, and tariff to SDLA.
33. On May 20, 2022, SDLA filed its consent to the proposed final map, certificate, and tariff.
34. On June 6, 2022, Commission Staff filed the proposed final map, certificate, and tariff as attachments to its final recommendation.

Informal Disposition

35. More than 15 days have passed since the completion of notice provided in this docket.
36. No person filed a protest or motion to intervene.
37. SDLA and Commission Staff are the only parties to this proceeding.
38. No party requested a hearing and no hearing is needed.
39. Commission Staff recommended that the application be approved.
40. This decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over this proceeding under Texas Water Code (TWC) §§ 13.041, 13.241, 13.242, 13.244, 13.246, 13.250, and 13.254.
2. SDLA is a retail public utility as defined in TWC § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(31).
3. The application meets the requirements of TWC § 13.244.
4. SDLA provided notice of the application in accordance with TWC § 13.254 and 16 TAC § 24.245.
5. Good cause exists under 16 TAC § 24.2(b) to grant an exception to the requirement in 16 TAC § 24.245(d)(2)(A) that notice of the application be provided to landowners in the requested area.
6. The Commission processed the application in accordance with the requirements of the Administrative Procedure Act,¹ the TWC and Commission rules.
7. SDLA met the requirements of TWC § 13.254 and 16 TAC § 24.245 for decertification of the requested area.
8. SDLA consented to decertification of the requested area in writing in accordance with TWC § 13.254(a), 16 TAC § 24.245(d)(1)(E), and 16 TAC § 24.245(d)(2).
9. Under TWC § 13.254(h), after decertification of the requested area, SDLA will no longer be obligated to provide service to the requested area.
10. After consideration of the factors in 16 TAC § 24.254(d)(2), SDLA demonstrated that existing customers and landowners will not be adversely affected by decertification of the requested area.
11. Under TWC § 13.257(r) and (s), SDLA must record a certified copy of the approved map and certificate, along with a boundary description of the service area, in the real property

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

records of Johnson County within 31 days of this Order 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 decertifies the requested area from SDLA's certificated service area and amends SDLA's CCN number 12479 to reflect the decertification of the requested area.
2. The Commission approves the map and tariff attached to this Order.
3. The Commission issues the certificate attached to this Order.
4. SDLA must provide service to every customer and applicant for service within the approved area under CCN number 12479 who requests water service and meets the terms of its water service policies, and such service must be continuous and adequate.
5. SDLA must comply with the recording requirements of TWC § 13.257(r) and (s) for the area in Johnson County affected by this application and file in this docket proof of the recording no later than 45 days after the date of this Order.
6. The Commission denies all other motions and any other requests for general and specific release that have not been expressly granted.

Signed at Austin, Texas the _____ day of _____ 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

PETER M. LAKE, CHAIRMAN

WILL MCADAMS, COMMISSIONER

LORI COBOS, COMMISSIONER

JIMMY GLOTFELTY, COMMISSIONER

KATHLEEN JACKSON, COMMISSIONER

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Public Utility Commission of Texas

By These Presents Be It Known To All That

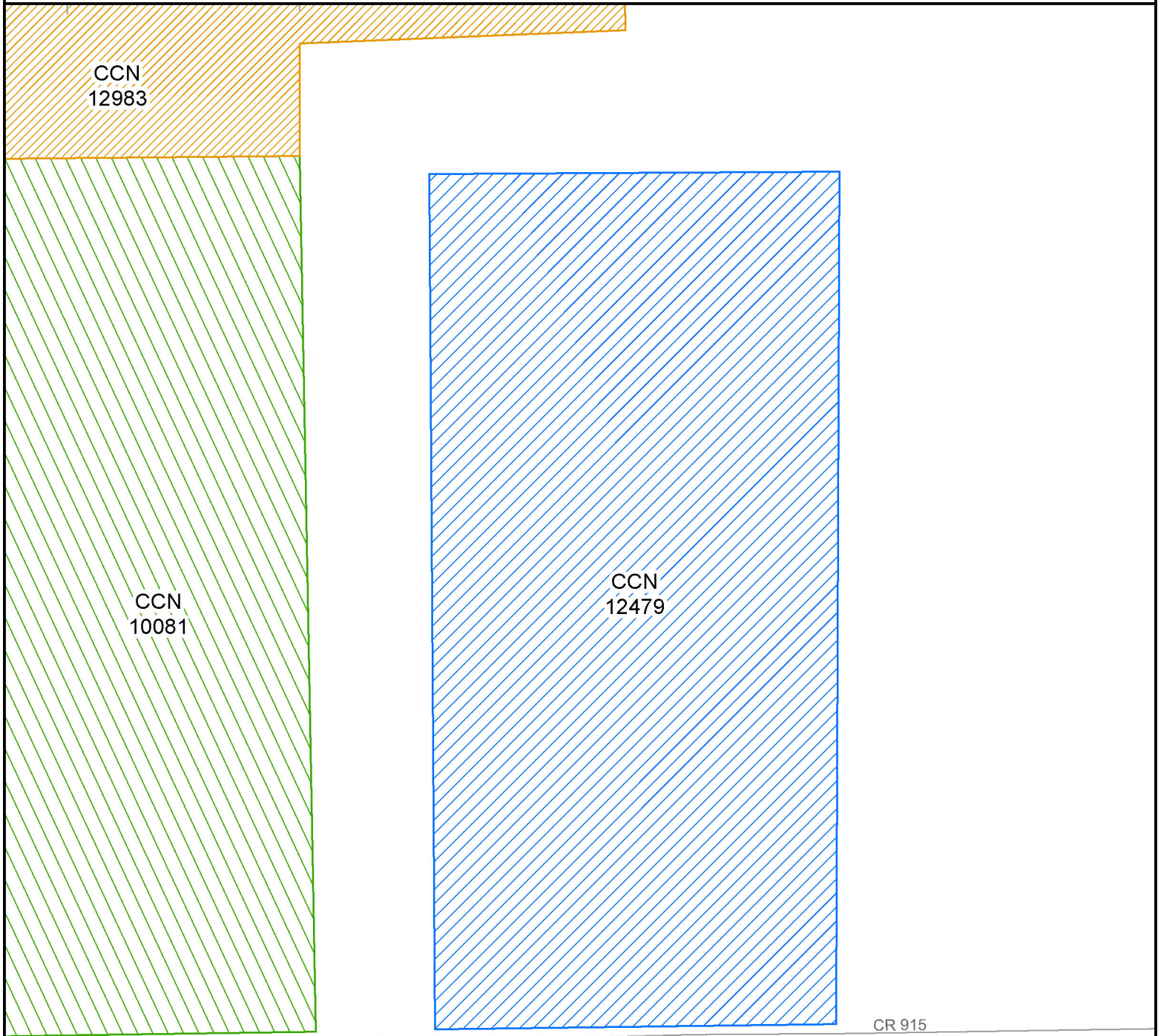
Skyline Drive Landowners Association Water System

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, Skyline Drive Landowners Association Water System is entitled to this

Certificate of Convenience and Necessity No. 12479

to provide continuous and adequate water utility service to that service area or those service areas in Johnson County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 52453 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 Skyline Drive Landowners Association Water System 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.

Skyline Drive Landowners Association Water System
Water CCN No. 12479
PUC Docket No. 52453
Amended CCN No. 12479 in Johnson County



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

Water CCN

-  12479 - Skyline Drive Landowners Association Water System
-  10081 - Johnson County SUD
-  12983 - Monarch Utilities I LP

0 200 400
Feet



Map by: Komal Patel
Date: May 11, 2022
Project: 52453SkylineDriveREMAP.mxd



WATER UTILITY TARIFF

Docket Number 52453

Skyline Drive Landowners Association Water System
(Utility Name)

8604 Skyline Drive
(Business Address)

Joshua, Texas 76058
(City, State, Zip Code)

(817) 517-3111
(Area Code/Telephone)

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

12479

This tariff is effective in the following county(ies):

Johnson

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

None

This tariff is effective in the following subdivisions or systems:

Dragoo Addition: PWS# 1260060

TABLE OF CONTENTS

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

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APPENDIX B – SAMPLE SERVICE AGREEMENT

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes <u>2,000</u> gallons all meters)	<u>Gallonage Charge</u>
5/8" or 3/4"	<u>\$25.00</u>	<u>\$3.00</u> per 1,000 gallons thereafter

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

Cash X, Check X, Money Order _, Credit Card _, Other (specify) _

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

REGULATORY ASSESSMENT1.0%

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

Section 1.02 – Miscellaneous Fees

TAP FEE\$300.00

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

TAP FEE (Large meter)\$300.00

TAP FEE IS UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" METERS., A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

METER RELOCATION FEEACTUAL COST TO RELOCATE METER NOT TO EXCEED TAP FEE

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAN 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.

RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS:

a) Non-payment of bill (Maximum \$25.00)\$25.00

b) Customer's request\$5.00

or other reasons listed under Section 2.0 of this tariff

TRANSFER FEE\$5.00

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

LATE CHARGE (Either \$5.00 or 10% of the bill)10%

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

SECTION 1.0 -- RATE SCHEDULE (CONTINUED)

Section 1.02 – Miscellaneous Fees (Continued)

RETURNED CHECK CHARGE..... \$20.00

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

WHEN AUTHORIZED IN WRITING BY PUCT AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING [16 TEXAS ADMINISTRATIVE CODE (TAC) § 24.25(b)(2)(G)].

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.0 POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

SECTION 2.0 - SERVICE RULES AND REGULATIONS

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

Section 2.01 - Application for Water Service

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

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.

Where service has previously been provided, the utility will reconnect the service within one working day after the applicant has met the requirements for reconnection.

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers may be required to install- a customer owned cut-off valve on the customers' side of the meter or connection.

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 PUCT 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 Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant will 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 PUCT 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.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

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

Refund of deposit - If service is not connected, or after disconnection of service, the utility will promptly refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund the deposit at any time prior to termination of utility service but must refund the deposit plus interest for any residential customer who has paid 18 consecutive billings without being delinquent. Deposits from non-residential customers may be held as long as that customer takes service.

Section 2.04 - Meter Requirements, Readings, and Testing

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. One meter is required for each residential, commercial, or industrial facility in accordance with PUC Rules.

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

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

Section 2.05 - Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. Payment is considered late if not received by 5:00 PM at the utility's office or postal address within sixteen (16) days of the billing date. The postmark on the envelope of the bill or the recorded date of mailing by the utility, if there is no postmark on the envelope, will constitute proof of the date of issuance. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next work day after the due date.

A late penalty of either \$2.00 or 5.0% 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.

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

Each bill will provide all information required by the PUCT 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.

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 2.06 - Service Disconnection

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 PUCT Rules.

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

Utility personnel must be available to collect payments and to reconnect service on the day of and the day after any disconnection of service unless service was disconnected at the customer's request or due to a hazardous condition.

Section 2.07 – Reconnection of Service

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

Section 2.08 - Service Interruptions

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

SECTION 2.0 - SERVICE RULES AND REGULATIONS (CONTINUED)

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 2.09 – 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 TCEQ, the utility will maintain facilities as described in the TCEQ Rules and Regulations for Public Water Systems.

Section 2.10 - 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 either the TCEQ or PUCT complaint process, depending on the nature of the complaint. Pending resolution of a complaint, the commission may require continuation or restoration of service.

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

SECTION 2.20 – SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

This section contains specific utility service rules in addition to the rules previously listed under Section 2.0. It must be reviewed and approved by the commission and in compliance with PUC Rules to be effective.

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.

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.

Costs Utilities Shall Bear. Within its certificate area, the utility will pay the cost of the first 200 feet of any water main or sewer collection line necessary to extend service to an individual residential customer within a platted subdivision. However, if the residential customer requesting service purchased the property after the developer was notified in writing of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

Developers may be required to provide contributions in aid of construction in amounts to furnish the system with all facilities necessary to comply with the PUC's Rules.

SECTION 3.20—SPECIFIC UTILITY EXTENSION POLICY

This section contains the utility's specific extension policy which complies with the requirements already stated under Section 3.01. It must be reviewed and approved by the commission and in compliance with PUC Rules to be effective.

Residential customers not covered under Section 3.01 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 full 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.

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.

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 – SAMPLE SERVICE AGREEMENT
(Utility Must Attach Blank Copy)