



## Filing Receipt

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**DOCKET NO. 52616**

<b>APPLICATION OF AUS-TEX PARTS &amp; SERVICES, LTD. AND RAILYARD UTILITY COMPANY LLC FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN HAYS COUNTY</b>	<b>§ § § § § §</b>	<b>PUBLIC UTILITY COMMISSION  OF TEXAS</b>
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**JOINT MOTION TO ADMIT EVIDENCE  
AND PROPOSED NOTICE OF APPROVAL**

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ATTACHMENT:     Map, Certificate, and Tariff

Proposed Notice of Approval

**DOCKET NO. 52616**

<b>APPLICATION OF AUS-TEX PARTS &amp; SERVICES, LTD. AND RAILYARD UTILITY COMPANY LLC FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN HAYS COUNTY</b>	<b>§ § § § § §</b>	<b>PUBLIC UTILITY COMMISSION  OF TEXAS</b>
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**SUPPLEMENTAL JOINT MOTION TO ADMIT EVIDENCE  
AND PROPOSED NOTICE OF APPROVAL**

COME NOW, Aus-Tex Parts & Services, Ltd. (“Aus-Tex”) and Railyard Utility Company LLC (“Railyard”) (collectively, “Applicants”), together with the Staff of the Public Utility Commission of Texas (“Commission Staff”) (collectively, the “Parties”), and file this Joint Motion to Admit Evidence and Proposed Order Approving the Sale and Transfer to Proceed. In support thereof, the parties show the following:

**I. BACKGROUND**

On July 25, 2022, the Applicants filed closing documents reflecting the consummation of Railyard’s acquisition of Aus-Tex’s facilities and certificated service area. Commission Staff filed its recommendation on the sufficiency of the closing documents on August 8, 2022, recommending that the Applicants’ closing documentation be found sufficient. On August 11, 2022, the administrative law judge (“ALJ”) issued Order No. 14 finding the closing documents to be sufficient and requiring the Parties to jointly file a Proposed Notice of Approval by October 10, 2022. Therefore, this pleading is timely filed.

**I. JOINT MOTION TO ADMIT EVIDENCE**

The Parties move to admit the following items into the record evidence of this proceeding:

1. The Applicants’ closing documents filed on July 25, 2022 (Interchange Item No. 34);

2. Commission Staff's recommendation on sufficiency of closing documents filed on August 8, 2022 (Interchange Item No. 35);
3. The Applicants' consent forms filed on September 23, 2022 (Interchange Item No. 39); and
4. The attached map, certificate, and tariff.

## **II. PROPOSED NOTICE OF APPROVAL**

The Parties move for adoption of the attached Notice of Approval.

## **III. CONCLUSION**

The Parties respectfully request that the items listed above be admitted into the record of this proceeding as evidence and that the attached Proposed Notice of Approval be adopted. For convenience purposes, a copy is attached in its native format.

Respectfully submitted,

**ATTORNEY FOR AUS-TEX AND  
RAILYARD**

Randall B. Wilburn  
State Bar No. 24033342  
Helen S. Gilbert  
State Bar No. 00786263  
BARTON BENSON JONES PLLC  
7000 N. MoPac Expwy, Suite 200  
Austin, Texas 78731  
Telephone:(210) 640-9174  
Telecopier:(210) 600-9796  
[hgilbert@bartonbensojones.com](mailto:hgilbert@bartonbensojones.com)

By:



Helen S. Gilbert

**PUBLIC UTILITY COMMISSION OF  
TEXAS LEGAL DIVISION**

Keith Rogas  
Division Director

John Harrison  
Managing Attorney

/s/ Arnett D. Caviel

Arnett D. Caviel  
State Bar No. 24121533  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7245  
(512) 936-7268 (fax)  
[Arnett.Caviel@puc.texas.gov](mailto:Arnett.Caviel@puc.texas.gov)

**CERTIFICATE OF SERVICE**

I hereby certify that on this 10th day of October 2022, a true and correct copy of the foregoing document was served on all parties of record via electronic mail in accordance with the Order Suspending Rules issued in Project No. 50664.

By:

*Helen S. Gilbert*

\_\_\_\_\_  
Helen S. Gilbert

**DOCKET NO. 52616**

<b>APPLICATION OF AUS-TEX PARTS &amp; SERVICES, LTD. AND RAILYARD UTILITY COMPANY, LLC FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN HAYS COUNTY</b>	<b>§ § § § § §</b>	<b>PUBLIC UTILITY COMMISSION  OF TEXAS</b>
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**PROPOSED NOTICE OF APPROVAL**

This Notice of Approval addresses the application of Railyard Utility Company LLC (Railyard) and Aus-Tex Parts & Services, Ltd. (Aus-Tex) (collectively, the Applicants) for the sale, transfer, or merger of facilities and certificate rights in Hays County. The Commission approves the sale and transfer of all sewer facilities held under Aus-Tex's sewer Certificate of Convenience and Necessity (CCN) number 20875 to Railyard. The Commission also approves the transfer of Aus-Tex's sewer CCN number 20875 to Railyard.

**I. Findings of Fact**

The Commission makes the following findings of fact:

**Applicants**

1. Aus-Tex is a Texas limited partnership registered with the Texas secretary of state under filing number 12969910.
2. Aus-Tex is an investor-owned utility that owns, operates, and controls facilities for providing retail sewer service in Hays County under sewer CCN number 20875.
3. Aus-Tex owns and operates the Railyard Wastewater Treatment Facility (Railyard WWTP) authorized under Texas Pollutant Discharge Elimination System (TPDES) permit number WQ0014060001 issued by the Texas Commission on Environmental Quality (TCEQ).
4. Railyard is a Texas limited liability company registered with the Texas secretary of state under filing number 0804194436.

5. Railyard is an investor-owned utility that will own, operate, and control facilities for providing retail sewer service in Hays County upon the transfer of Aus-Tex's CCN number 20875.

#### **Application**

6. On September 17, 2021, Aus-Tex and Railyard filed the application at issue in this proceeding.
7. On November 10, 2021, November 23, 2021, and December 15, 2021, the Applicants supplemented the application.
8. In the application, Aus-Tex and Railyard seek approval for the following transaction: (a) Railyard will acquire all of Aus-Tex's facilities and service area under sewer CCN number 20875, (b) Aus-Tex's CCN number 20875 will be transferred to Railyard.
9. The requested area includes approximately 206 acres and 354 sewer connections.
10. The requested area is located approximately three miles north of Uhland, Texas, and is generally bounded on the north by Coronado Lane; on the east by Lonie Lane; on the south by High Road; and on the west by Lilac Way.
11. In Order No. 3 filed on November 22, 2021, the ALJ found the application administratively complete.

#### **Notice**

12. On December 16, 2021, Railyard filed the affidavit of Mia Natalino, general manager for Railyard, attesting that notice was provided to all current customers of Aus-Tex, neighboring utilities, and affected parties on December 10, 2021.
13. In Order No. 4 filed on January 5, 2022, the ALJ found the notice sufficient.

#### **Evidentiary Record**

14. On March 30, 2022, the parties filed a joint motion to admit evidence.
15. In Order No. 6 filed on April 8, 2022, the ALJ admitted the following evidence into the record: (a) the application and all attachments filed on September 17, 2021; (b) confidential attachments to the application filed on September 17, 2021; (c) Commission Staff's recommendation on administrative completeness and notice and proposed



procedural schedule filed on October 15, 2021; (d) Railyard's Response to Order No. 2, filed on November 10, 2021; (e) Commission Staff's supplemental recommendation on administrative completeness and proposed notice filed on November 22, 2021; (f) Railyard's confidential attachment to the application filed on November 23, 2021; (g) Railyard's affiliate BVRT Utility Holding Company, LLC's affidavit on behalf of Railyard, filed on December 15, 2021; (h) Railyard's affidavit of notice to current customers, neighboring utilities, and affected parties filed on December 16, 2021; (i) Commission Staff's recommendation on sufficiency of notice, filed on January 4, 2022; (j) Railyard's response to Commission Staff's Requests for Information, including confidential attachments filed on February 23, 2022; and (k) Commission Staff's recommendation on the approval of sale, including confidential attachment FB-1, filed on March 4, 2022.

16. On October 10, 2022, the parties filed a joint supplemental motion to admit evidence.
17. In Order No. 15 filed on \_\_\_\_\_, 2022, the ALJ admitted the following additional evidence into the record: (a) the applicants' closing documents filed on July 25, 2022; (b) Commission Staff's recommendation on sufficiency of closing documents filed on August 8, 2022; (c) the applicants' consent forms filed on September 23, 2022; and (d) the map, certificate, and tariff attached to the joint supplemental motion to admit evidence and joint proposed notice of approval filed on October 10, 2022.

### **Sale**

18. In Order No. 11 filed on April 26, 2022, the ALJ approved the sale and transaction to proceed and required the applicants to file proof that the transaction had closed, and the customer deposits had been addressed.
19. On July 25, 2022, the applicants filed notice that the sale had closed on June 14, 2022, and confirmed that there were no outstanding customer deposits that needed to be addressed.
20. In Order No. 14 filed on August 11, 2022, the ALJ found the closing documents sufficient.

**System Compliance**

21. The Railyard Wastewater Treatment Plant has no unresolved violations listed in the TCEQ database.
22. The Railyard WWTP does not have any violations listed in the TCEQ database.
23. The Railyard WWTP has not been subject to any unresolved enforcement action by the Commission, the TCEQ, the Texas Department of Health and Human Services, the Office of the Attorney General of Texas, or the United States Environmental Protection Agency in the past five years for non-compliance with rules, orders, or state statutes.
24. The Railyard WWTP demonstrated a compliance history that is adequate for approval of the sale to proceed.

**Adequacy of Existing Service**

25. There are currently 354 sewer connections in the requested area that are being served by Aus-Tex through the Railyard WWTP TPDES permit WQ0014060001 and such service has been continuous and adequate.

**Need for Additional Service**

26. There is a continuing need for service because Aus-Tex is currently providing service to 354 connections in the requested area.
27. There have been no specific requests for additional service within the requested area.

**Effect of Approving the Transaction and Granting the Amendment**

28. Approving the sale and transfer to proceed and transferring the CCN will obligate Railyard to provide continuous and adequate sewer service to current and future customers in the requested area.
29. Utilities within a two-mile radius were noticed and no protests or requests to intervene were filed in this docket.
30. This application is to transfer only existing facilities, customers, and service area; therefore, there will be no effect on any other retail public utility providing service in the proximate area.

31. There will be no effect on landowners as the area is currently certificated.

**Ability to Serve: Managerial and Technical**

32. BVRT Utility Holding Company, the parent company of Railyard, owns and operates several sewer CCNs: Mustang Plaza, CCN 20953; Windy Hill Utility Co. LLC, CCN 21101; Forest Glen Utility, CCN 21070; and Zipp Road Utility Company LLC, CCN 21098. BVRT Utility Company has the managerial and technical ability to provide continuous and adequate service to the requested area.
33. BVRT Utility Holding Company will provide assistance to Railyard in the operations of the utility.
34. Railyard employs two TCEQ-licensed operators who are responsible for operating the sewer system.
35. No additional construction is necessary for Railyard to serve the requested area.
36. Railyard has the technical and managerial capability to provide adequate and continuous service to the requested area.

**Ability to Serve: Financial Ability and Stability**

37. Railyard's parent company, BVRT Utility Holding Company, LLC is capable, available, and willing to cover temporary cash shortages, and has a debt-to-equity ratio that is less than one, satisfying the leverage test.
38. BVRT Utility Holding Company, LLC provided a written guarantee of coverage of temporary cash shortages, demonstrated that it has sufficient cash available to cover any projected operations and maintenance shortages in the first year five years of operations after completion of the transaction, and possesses the cash and leverage ability to pay for capital improvements and necessary equity investments, satisfying the operations test.
39. Railyard, through its parent company, has demonstrated the financial and managerial capability and stability to pay for the facilities necessary to provide continuous and adequate service to the requested area.

**Financial Assurance**

40. There is no need to require Railyard to provide a bond or other financial assurance to ensure continuous and adequate service to the requested area.

**Environmental Integrity and Effect on the Land**

41. The requested area will continue to be served with existing infrastructure.

**Improvement of Service or Lowering Cost to Consumers**

42. The rates charged to customers in the requested area will not change as a result of the proposed transaction because Railyard will adopt Aus-Tex's current tariff upon consummation of the transaction.

**Feasibility of Obtaining Service from Adjacent Retail Public Utility**

43. Aus-Tex is currently serving customers in the requested area with existing facilities and there will be no changes to land uses or existing CCN boundaries as a result of the transaction.
44. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities would need to be constructed. At a minimum, an interconnect would need to be installed in order to connect a neighboring retail public utility. Therefore, it is not feasible to obtain service from an adjacent retail public utility.

**Regionalization or Consolidation**

45. Railyard will not need to construct a physically separate wastewater system to continue serving the requested area; therefore, concerns of regionalization or consolidation do not apply.

**Tariffs, Maps, and Certificates**

46. On September 12, 2022, Commission Staff emailed to the applicants the final proposed map, certificate, and tariff related to this docket.
47. On September 23, 2022, the applicants filed their consent forms concurring with the final proposed map, certificate, and tariff.

48. The final map, certificate, and tariff, were included as attachments to the joint supplemental motion to admit evidence, filed on October 10, 2022.

**Informal Disposition**

49. More than 15 days have passed since the completion of notice provided in this docket.
50. No person filed a protest or motion to intervene.
51. Aus-Tex, Railyard, and Commission Staff are the only parties to this proceeding.
52. No party requested a hearing, and no hearing is needed.
53. Staff recommended approval of the application.
54. 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, 13.242, 13.244, 13.246, 13.251, and 13.301.
2. Aus-Tex and Railyard are retail public utilities as defined by TWC § 13.002(19) and 16 Texas Administrative Code (TAC) § 24.3(31).
3. Aus-Tex and Railyard provided notice of the application in compliance with TWC § 13.301(a) and 16 TAC § 24.239(a) through (c).
4. The application meets the requirements of TWC § 13.244.
5. The Commission processed the application as required by the TWC, the Administrative Procedure Act,<sup>1</sup> and Commission Rules.
6. Aus-Tex and Railyard have complied with the requirements of 16 TAC § 24.239(k) with respect to customer deposits.
7. Aus-Tex and Railyard completed the sale within the time frame required by 16 TAC § 24.239(m).

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<sup>1</sup> Tex. Gov't Code §§ 2001.001-.903.

8. After consideration of the factors in TWC § 13.246(c) and 16 TAC § 24.239(h)(5), Railyard has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area as required by TWC § 13.301(b) and 16 TAC § 24.239(e).
9. Railyard meets the requirements of TWC §§ 13.241(c) and 13.301(b) to provide sewer utility service.
10. It is not necessary for Railyard to provide bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).
11. Aus-Tex and Railyard demonstrated that the sale of Aus-Tex's sewer facilities and the transfer of the sewer service area held under CCN number 20875 from Aus-Tex to Railyard will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public as required by TWC §§ 13.246(b) and 13.301(d) and (e).
12. Railyard must record a certified copy of its certificate granted and map approved by this Notice of Approval, along with a boundary description of the service area, in the real property records of Hays County within 31 days of receiving this Notice of Approval and submit to the Commission evidence of the recording as required by TWC § 13.257(r) and (s).
13. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

### **III. Ordering Paragraphs**

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

1. The Commission approves the sale and transfer of all sewer facilities held under Aus-Tex's sewer CCN number 20875 to Railyard.
2. The Commission transfers Aus-Tex's sewer CCN number 20875 to Railyard.
3. The Commission approves the map and tariff attached to the Notice of Approval.
4. The Commission issues the certificate attached to this Notice of Approval.

5. Railyard must provide service to every customer or applicant for service within the approved area under sewer CCN number 20875 that requests service and meets the terms of Railyard's sewer service, and such service must be continuous and adequate.
6. Railyard must comply with the recording requirements in TWC § 13.257(r) and (s) for the area in Hays County affected by the application and must submit to the Commission evidence of the recording no later than 45 days after receipt of the Notice of Approval.
7. Within ten days of the date of the Notice of Approval, Commission Staff must provide a clean copy of the tariff approved by this Notice of Approval to central records to be marked *Approved* and filed in the Commission's tariff books.
8. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the \_\_\_\_ day of \_\_\_\_ 2022.

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**CHRISTINA DENMARK**  
**ADMINISTRATIVE LAW JUDGE**



**SEWER UTILITY TARIFF**  
**Docket No: 52616**

Railyard Utility Company, LLC  
(Utility Name)

P.O. Box 701201  
(Business Address)

San Antonio, Texas 78270  
(City, State, Zip Code)

(210) 209-8029  
(Area Code/Telephone)

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

20875

This tariff is effective in the following county:

Hays

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

None

This tariff is effective in the following subdivisions or systems:

The Railyard Subdivision: WQ0014060001

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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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APPENDIX B -- APPLICATION FOR WATER AND/OR SEWER SERVICE	



SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>
5/8" or 3/4"	<u>\$57.50</u>
1"	<u>\$86.50</u>
1½"	<u>\$143.75</u>
2"	<u>\$287.50</u>
3"	<u>\$460.00</u>
4"	<u>\$862.50</u>

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

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

REGULATORY ASSESSMENT .....1.0%  
PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL  
AND TO REMIT FEE TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (TCEQ).

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees

TAP FEE ..... \$500.00

TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" METER PLUS UNIQUE COSTS AS PERMITTED BY PUC RULE AT COST.

TAP FEE (Unique costs) ..... Actual Cost

FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

LARGE METER TAP FEE ..... Actual Cost

TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8" METERS.

**RECONNECTION FEE**

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

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

b) Customer's request that service be disconnected ..... \$0.00

TRANSFER FEE ..... \$25.00

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

LATE CHARGE ..... \$5.00

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

RETURNED CHECK CHARGE ..... \$15.00

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

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

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

**GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:**

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

**LINE EXTENSION AND CONSTRUCTION CHARGES:**

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

## SECTION 2.0 - SERVICE RULES AND REGULATIONS

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

### Section 2.01 - Application for Sewer Service

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

### Section 2.02 – Refusal of Service

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

### Section 2.03 – Fees and Charges and Easements Required Before Service Can Be Connected

#### (A) Customer Deposits

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

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

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

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

## SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

### (B) Tap or Reconnect Fees

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

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

### (C) Easement Requirement

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

### Section 2.04 - Utility Response to Applications for Service

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

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

### Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the tap location to the place of consumption. Customers will not be allowed to use the utility's cutoff.

### Section 2.06 Access to Customer's Premises

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

## SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

### Section 2.07 - Back Flow Prevention Devices

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

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

### Section 2.08 - 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 as stated on the rate schedule in Section 1.0 will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

#### (C) Information on Bill

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

#### (D) Prorated Bills

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

## SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

### Section 2.09 - 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 2.10 - Service Disconnection

#### (A) With Notice

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

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

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

#### (B) Without Notice

Utility service may also be disconnected without notice for reasons as described in the commission rules.

### Section 2.11 - 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 2.12 - Service Interruptions

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

## SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

### Section 2.10 - Service Disconnection

#### (A) With Notice

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

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

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

#### (B) Without Notice

Utility service may also be disconnected without notice for reasons as described in the commission rules.

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## SECTION 2.0 - SERVICE RULES AND REGULATIONS (Continued)

### Section 2.13 - 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 2.14 - Customer Complaints and Disputes

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

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

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

### Section 2.15 - 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 applicant for service will be given an itemized statement of the costs, options such as rebates to the customer, sharing of construction costs between the utility and the customer, or sharing of costs between the customer and other applicants prior to beginning construction.

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

Exceptions may be granted by the PUC if:

- adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
- or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

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

The utility shall bear the cost of any over-sizing of water distribution lines or wastewater collection lines necessary to serve other 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 certified area, industrial, and wholesale customers shall be treated as developers.

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

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

### SECTION 3.0 - EXTENSION POLICY (Continued)

#### Section 3.02 - Costs Utilities and Service Applicants Shall Bear

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

Within its certified area, the utility will pay the cost of the first 200 feet of any 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.

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

#### Section 3.03 - Contributions in Aid of Construction

Developers may be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with the TCEQ minimum design criteria for facilities used in the production, collection, transmission, pumping, or treatment of sewage or the TCEQ minimum requirements. For purposes of this subsection, a developer is one who subdivides or requests more than two connections 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:

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

#### Section 3.04 - Appealing Connection Costs

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

#### Section 3.05 - Applying for Service

The Utility will provide a written service application form to the applicant for each request for service received by the Utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant. Service application forms will be available at the Utility's business office during normal weekday business hours. Service applications will be sent by prepaid first-class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

### SECTION 3.0 - EXTENSION POLICY (Continued)

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the utility. If no agreement on location can be made, the applicant may refer the matter to the commission for resolution.

#### Section 3.06 - Qualified Service Applicant

A "qualified service applicant" is an applicant who has: (1) met all of the utility's requirements for service contained in this tariff, commission rules and/or order, (2) has made payment or made arrangement for payment of tap fees, (3) has provided all 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 certified service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by commission rules once the applicant has met all conditions precedent to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The commission service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by commission rules.

#### Section 3.07 - Developer Requirements

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

APPENDIX A -- SAMPLE SERVICE AGREEMENT  
From TCEQ Rules, 30 TAC Chapter 290.47(b), Appendix B  
SERVICE AGREEMENT

- I. **PURPOSE.** The <Utility Name> is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the <Utility Name> will begin service. In addition, when service to an existing connection has been suspended or terminated, the sewer system will not re-establish service unless it has a signed copy of this agreement.
- II. **RESTRICTIONS.** The following unacceptable practices are prohibited by State regulations.
- A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
  - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
  - C. No connection which allows water to be returned to the public drinking water supply is permitted.
  - D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
  - E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.
- III. **SERVICE AGREEMENT.** The following are the terms of the service agreement between the NAME OF SEWER SYSTEM (the Sewer System) and NAME OF CUSTOMER (the Customer).
- A. The Sewer System will maintain a copy of this agreement as long as the Customer and/or the premises are connected to the Sewer System.
  - B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Sewer System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Sewer System's normal business hours.
  - C. The Sewer System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic reinspection.
  - D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.
  - E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Sewer System. Copies of all testing and maintenance records shall be provided to the Sewer System.
- IV. **ENFORCEMENT.** If the Customer fails to comply with the terms of the Service Agreement, the Sewer System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

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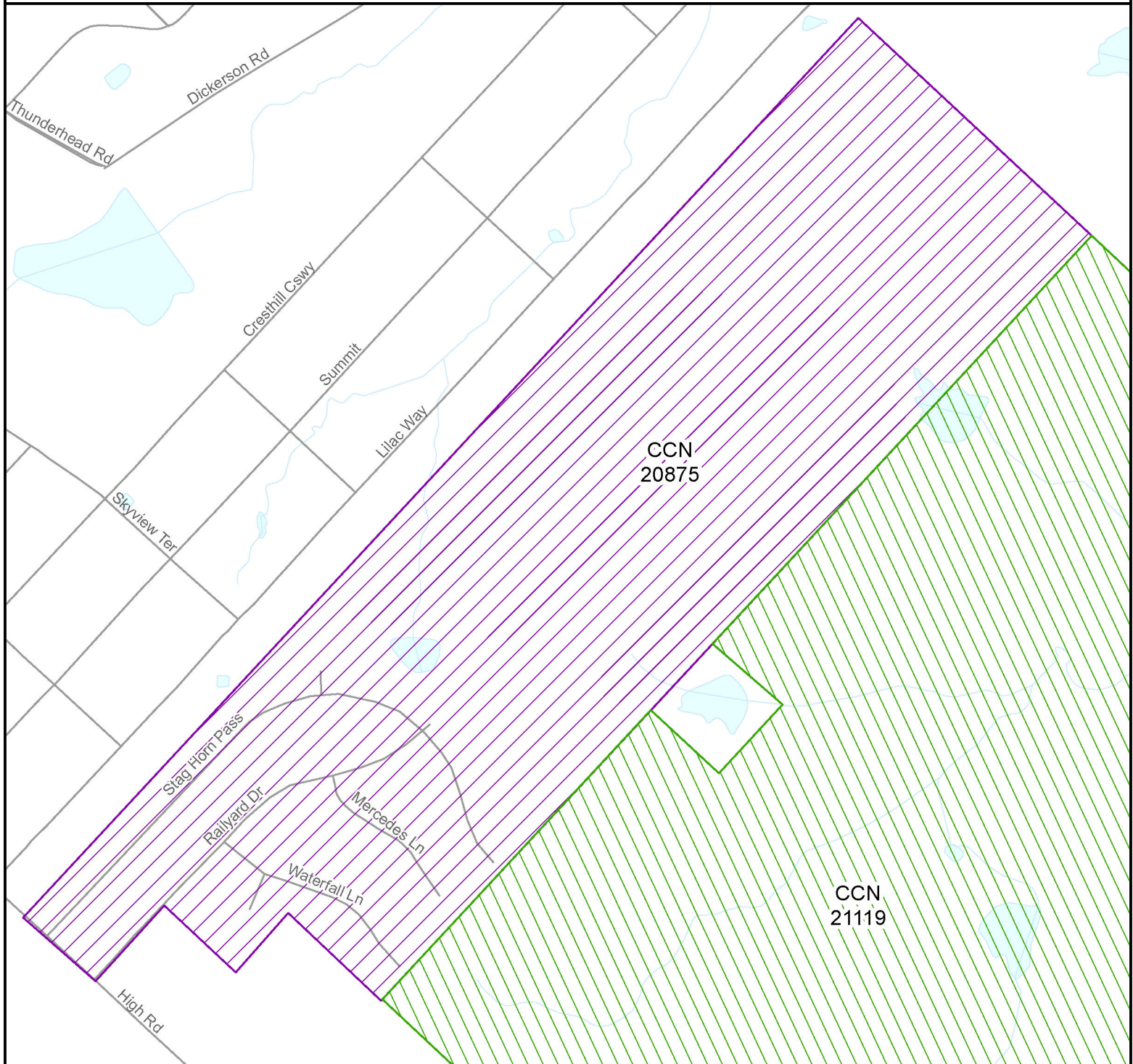
Customer's Signature

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Date

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

Railyard Utility Company, LLC  
Sewer CCN No. 20875  
PUC Docket No. 52616  
Transferred all of Aus-Tex Parts & Services Ltd  
dba The Railyard Wasterwater Treatment Plant, CCN No. 20875 in Hays County



**Sewer CCN**

-  20875 - Railyard Utility Company LLC
-  21119 - County Line SUD

0 350 700  
Feet





# **Public Utility Commission of Texas**

**By These Presents Be It Known To All That**

## **Railyard Utility Co. LLC**

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

### **Certificate of Convenience and Necessity No. 20875**

to provide continuous and adequate sewer utility service to that service area or those service areas in Hays County/counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 52616 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 Railyard Utility Co. LLC 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.