



Filing Receipt

Filing Date - 2024-07-24 09:32:12 AM

Control Number - 54488

Item Number - 69

Thomas J. Gleeson
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Commissioner

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Commissioner

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Commissioner

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Commissioner




Greg Abbott
Governor

Connie Corona
Executive Director

Public Utility Commission of Texas

TO: Shelah Cisneros
Commission Counsel

All Parties of Record

FROM: Christina Denmark 
Administrative Law Judge

RE: **Docket No. 54488** – *Application of Forest Glen Utility Company to Amend its Certificate of Convenience and Necessity in Medina County*

DATE: July 24, 2024

Enclosed is the Proposed Order in the above-referenced case. By copy of this memo, the parties to this proceeding are being served with the 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 Proposed Order by August 7, 2024.

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.

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DOCKET NO. 54488

APPLICATION OF FOREST GLEN	§	PUBLIC UTILITY COMMISSION
UTILITY COMPANY TO AMEND ITS	§	
CERTIFICATE OF CONVENIENCE	§	OF TEXAS
AND NECESSITY IN MEDINA	§	
COUNTY	§	

PROPOSED ORDER

This Order addresses the application of Forest Glen Utility Company to amend its certificate of convenience and necessity (CCN) number 21070 to add approximately 1,050.3 uncertificated acres in Medina County. The Commission amends Forest Glen's CCN number 21070 to add the requested areas to the extent provided in this Order.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Forest Glen is a Texas corporation registered with the Texas secretary of state under filing number 0030347100.
2. Forest Glen operates, maintains, and controls facilities for providing retail sewer service in Bexas and Medina Counties under CCN number 21070.
3. Forest Glen has been issued a permit by the Texas Commission on Environmental Quality (TCEQ), Texas Pollutant Discharge Elimination System permit number WQ001503001, known as FGU – WRRF1 (also known as Forest Glen Potranco Ranch Wastewater Treatment Plant), to construct, operate, maintain, and control wastewater collection and treatment facilities to provide sewer service to new developments in Medina County.
4. Forest Glen has received conditional approval from the TCEQ to construct the FGU WRRF 2 – Unit 1 sewer system, under Texas Pollutant Discharge Elimination System permit number WQ0016192001.

Application

5. On December 16, 2022, Forest Glen filed the application at issue in this proceeding.

6. Forest Glen seeks to add four separate sewer service areas to its CCN number 21070 in Medina County.
7. Forest Glen filed supplemental or confidential supplemental information to the application on December 19, 2022 and February 16, March 2 and 3, December 15 and 18, 2023, and April 19 and 25, 2024.
8. The application, as supplemented, requests a service area comprised of approximately 1,050.3 uncertificated acres, zero current customers, and 1,917 potential future connections.
9. The four requested areas are described in more detail as follows:
 - a. Requested Area 1 (Medina Estates, Megan's Landing, and Microsoft Data Center) is comprised of 496.5 acres, and is located approximately 4.6 miles north of downtown Castroville, Texas, and is generally bounded on the north by Farm-to-Market Road 1957; on the east by the intersection of Farm-to-Market Road 1957 and Stone Loop; on the south by County Road 472; and on the west by Farm-to-Market Road 471.
 - b. Requested Area 2 (Potranco West subdivision) is comprised of 41.3 acres, and is located approximately 5.7 miles northeast of downtown Castroville, Texas, and is generally bounded on the north by Farm-to-Market Road 1957; on the east by Sittre Drive; on the south by Renee Creek; and on the west by the intersection of Farm-to-Market Road 1957 and Stone Loop.
 - c. Requested Area 3 (Potranco Oaks 2 subdivision) is comprised of 218.8 acres, and is approximately 5.4 miles northeast of downtown Castroville, Texas, and is generally bounded on the north by Farm-to-Market Road 1957 and Potranco Road; on the east by the intersection of Farm-to-Market Road 1957 and County Road 388; on the south by Big Bend Path; and on the west by Barden Parkway.
 - d. Requested Area 4 (Stinson Property subdivision) is comprised of 293.7 acres, and is located approximately 4.1 miles northeast of Castroville, Texas, and is generally bounded on the north by Big Bend Path; on the east by the county line of Medina and Bexar counties; on the south by a line parallel to and east of the intersection of

Farm-to-Market Road 471 and County Road 473; and on the west by Farm-to-Market Road 471.

10. In Order No. 3 filed on March 20, 2023, the administrative law judge (ALJ) found the application administratively complete.

Notice

11. On April 20, 2023, Forest Glen filed the following:
 - a. the affidavit of Mia Natalino, general manager and vice president of Forest Glen, attesting that notice was mailed to landowners, neighboring utilities, and affected parties on March 30 and April 4, 2023; and
 - b. a publisher's affidavit attesting to the publication of notice in the *Hondo Anvil Herald*, a newspaper of general circulation in Medina County, on March 30 and April 6, 2023.
12. On May 30, 2023, Forest Glen filed the affidavit of Ms. Natalino attesting that the mailed notice of March 30 and April 4, 2023 included all landowners of tracts of land that are at least 25 acres that are wholly or partially included in the proposed CCN area.
13. On August 28, 2023, Forest Glen filed the following:
 - a. a publisher's affidavit attesting to the republication of notice in the *Hondo Anvil Herald*, a newspaper of general circulation in Medina County, on August 3 and 10, 2023; and
 - b. a copy of an email forwarding the newspaper notice to the Office of Public Utility Counsel.
14. In Order No. 8 filed on September 12, 2023, the ALJ found published notice sufficient and granted a good cause waiver of the timing requirements for publication under 16 Texas Administrative Code (TAC) § 24.235(c).
15. On October 4, 2023, Forest Glen filed the affidavit of Ms. Natalino attesting that a second notice was mailed to landowners, neighboring utilities, and affected parties with revised maps on September 19, 2023.
16. In Order No. 9 filed on October 9, 2023, the ALJ found the re-issued notice sufficient.

Evidentiary Record

17. In Order No. 14 filed on April 8, 2024, the ALJ admitted the following evidence into the record of this proceeding:
- a. Forest Glen's application and attachments filed on December 16, 2022;
 - b. Forest Glen's confidential attachments filed on December 19, 2022;
 - c. Commission Staff's recommendation on administrative completeness and proposed procedural schedule filed on January 17, 2023;
 - d. Forest Glen's response to Order No. 2 filed on February 16, 2023;
 - e. Forest Glen's revised mapping filed on March 2, 2023;
 - f. Forest Glen's maps filed on March 3, 2023;
 - g. Commission Staff's supplemental recommendation on administrative completeness filed on March 16, 2023;
 - h. Forest Glen's proof of mailed and published notice filed on April 20, 2023;
 - i. Forest Glen's response to Order No. 4 filed on May 30, 2023;
 - j. Forest Glen's response to Order No. 6 filed on August 28, 2023;
 - k. Forest Glen's response to Order No. 8 filed on October 4, 2023;
 - l. Commission Staff's supplemental recommendation on sufficiency of notice filed on October 6, 2023;
 - m. Forest Glen's response to Commission Staff's first request for information filed on December 11, 2023;
 - n. Forest Glen's application supplement filed on December 15, 2023;
 - o. Forest Glen's application supplement filed on December 18, 2023;
 - p. Forest Glen's consent form filed on December 21, 2023;
 - q. Commission Staff's final recommendation and confidential attachment filed on March 4, 2024; and

- r. The final map, certificate, and tariff as attached to the amended joint motion to admit evidence filed on March 19, 2024.
18. In Order No. 19 filed on July 2, 2024, the ALJ admitted the following evidence into the record of this proceeding:
- a. Commission Staff's supplemental recommendation on sufficiency of notice filed on September 8, 2023;
 - b. Commission Staff's joint clarification to Order No. 15 filed on April 19, 2024;
 - c. Forest Glen's response to Order No. 16 filed on April 25, 2024;
 - d. Commission Staff's supplemental final recommendation filed on May 23, 2024; and
 - e. The map, certificate, and tariff as attached to the second amended joint motion to admit evidence filed on May 30, 2024.

Adequacy of Existing Service

- 19. There are no existing customers in the requested areas.
- 20. Sewer service is not currently being provided to the requested areas.

Need for Service

- 21. Forest Glen received multiple requests for sewer service in the requested areas from developers.
- 22. Forest Glen projects a total of 1,917 customer connections.
- 23. Forest Glen filed a market research summary demonstrating growth in the requested areas.
- 24. As the requested areas are developed, sewer service will be required for new customers in the requested areas.

Effect of Granting the CCN Amendment

- 25. Forest Glen will be the certificated sewer utility for the requested areas and will be obligated to provide continuous and adequate sewer service in the requested areas.
- 26. Landowners in the requested areas will benefit from having a sewer provider available when they need to request service.

27. All retail public utilities in the proximate area of each requested area were provided notice of this application and did not file a protest or request to intervene.
28. There will be no effect on any other retail public utility providing service in the proximate areas.

Ability to Serve: Managerial and Technical

29. Forest Glen has one TCEQ permitted sewer system registered with the TCEQ under Texas Pollutant Discharge Elimination System permit number WQ001503001 and has received approval from the TCEQ to construct another sewer system under Texas Pollutant Discharge Elimination System permit number WQ0016192001.
30. Capital improvements in excess of \$100,000 are necessary for Forest Glen to provide service to the requested areas.
31. Forest Glen does not have any active violations listed in the TCEQ database.
32. The Commission's complaint records, which date back five years, show 13 complaints against Forest Glen, which have been reviewed and closed by the Commission's Consumer Protection Division.
33. Forest Glen will employ or contract with TCEQ-licensed operators that will be responsible for operations of the sewer services provided in the requested areas.
34. Forest Glen has the managerial and technical capability to provide continuous and adequate service to the requested areas.

Feasibility of Obtaining Service from an Adjacent Retail Public Utility

35. Forest Glen received multiple requests from developers for service in the requested areas.
36. Forest Glen has approved TCEQ plans to expand its current sewer facility and construct a new sewer facility to serve future customers in the requested areas.
37. It is not feasible to obtain service from an adjacent retail public utility.

Regionalization or Consolidation

38. It is necessary for Forest Glen to expand its existing sewer system and build a physically separate sewer system to serve the requested areas.

39. There are no retail sewer utilities located within one-half mile of the outer boundary of the requested areas.
40. Forest Glen demonstrated that regionalization or consolidation with an adjacent retail public utility is not economically feasible.

Ability to Serve: Financial Ability and Stability

41. California Water Service Group, Forest Glen's affiliate, is capable, available, and willing to cover temporary cash shortages and has a debt-to-equity ratio that is less than one. Therefore, through its affiliate, Forest Glen satisfies the leverage test.
42. California Water Service Group provided a written guarantee of coverage of temporary cash shortages and demonstrated that it has sufficient cash available to cover any projected operations and maintenance shortages in the first five years of operations. Therefore, through its affiliate, Forest Glen satisfies the operations test.
43. Forest Glen provided copies of non-standard service agreements with the developers of the requested areas and copies of its tariff, which obligate the developer to pay for the cost of installation of the collection lines and connection costs.
44. Forest Glen submitted firm capital commitments from California Water Service Group and the developers of the requested areas affirming that funds are available to expand the existing sewer system and construct the new sewer system, collection lines, and connections.
45. Forest Glen submitted a capital improvement plan that included a budget and an estimated timeline for construction of all facilities necessary to provide full service to the requested areas, keyed to a map showing where the facilities will be located.
46. Forest Glen demonstrated the financial capability and stability to pay for the facilities necessary to provide continuous and adequate sewer service to the requested areas.

Financial Assurance

47. There is no need to require Forest Glen to provide a bond or other financial assurance to ensure continuous and adequate service.

Environmental Integrity and Effect on the Land

48. There will be minimal and temporary effects on environmental integrity and the land as the public sewer system is constructed and as the other public sewer system is expanded.

Improvement of Service or Lowering of Cost to Consumers

49. Sewer service to the requested areas will improve because Forest Glen will be obligated to serve future customers in the requested areas.

Map, Tariff, and Certificate

50. On December 19, 2023, Commission Staff emailed the proposed map, tariff, and certificate to Forest Glen.
51. On December 21, 2023, Forest Glen filed its consent to the proposed map, tariff, and certificate.
52. On March 19, 2024, Forest Glen and Commission Staff filed the proposed map, tariff, and certificate as attachments to the amended joint motion to admit evidence and proposed notice of approval.
53. On May 30, 2024, Forest Glen and Commission Staff filed a revised proposed map, tariff, and certificate as attachments to the second amended joint motion to admit evidence and proposed notice of approval.

Informal Disposition

54. More than 15 days have passed since the completion of the notice provided in this docket.
55. No person filed a protest or motion to intervene.
56. Forest Glen and Commission Staff are the only parties to this proceeding.
57. No party requested a hearing, and no hearing is needed.
58. Commission Staff recommended approval of the application, as supplemented.
59. 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 application under Texas Water Code (TWC) §§ 13.041, 13.241, 13.242, 13.244, and 13.246.
2. Forest Glen is a retail public utility as defined by TWC § 13.002(19) and 16 TAC § 24.3(31).
3. Forest Glen provided notice of the application that complies with TWC § 13.246 and 16 TAC § 24.235.
4. Good cause exists to waive the timing requirements for publication under 16 TAC § 24.235(c).
5. The application meets the requirements of TWC § 13.244 and 16 TAC §§ 24.25(b)(1), 24.227, and 24.233.
6. The Commission processed the application in accordance with the requirements of the Administrative Procedure Act,¹ the TWC, and Commission rules.
7. The Commission considered the factors in TWC § 13.246(c) and 16 TAC § 24.227(e) when evaluating Forest Glen's application.
8. Forest Glen possesses the financial, managerial, and technical capability for providing continuous and adequate service to the requested areas, as required by TWC § 13.241 and 16 TAC § 24.227.
9. It is not necessary for Forest Glen to provide bond or other financial assurance under TWC § 13.246(d).
10. The financial guarantees filed by Forest Glen are a sufficient firm capital commitment under 16 TAC § 24.11(e)(5)(B).
11. Forest Glen demonstrated that regionalization or consolidation is not economically feasible, as required by TWC § 13.241(d) and 16 TAC § 24.227(b).

¹ Tex. Gov't Code §§ 2001.001-.903.

12. Forest Glen has demonstrated that the amendment to CCN number 21070 to include the requested areas 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).
13. Under TWC § 13.257(r) and (s), Forest Glen must record a certified copy of the approved maps and certificates, along with a boundary description of the service area, in the real property records of Medina County within 31 days of this Order and must submit evidence of the recording to the Commission.
14. The requirements for informal disposition in 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 Forest Glen's CCN number 21070 to add the requested areas as described in this Order and as shown on map attached to this Order.
2. The Commission approves the map and tariff attached to this Order.
3. The Commission issues the certificate attached to this Order.
4. Forest Glen must provide service to every customer and applicant for service within the approved area under CCN number 21070 who requests sewer service and meets the terms of Forest Glen's sewer service policies, and such service must be continuous and adequate.
5. Forest Glen must comply with the recording requirements of TWC § 13.257(r) and (s) for the area in Medina County affected by this application and submit to the Commission evidence of the recording no later than 45 days after receipt of this Order.
6. Within ten days of the date this Order is filed, Commission Staff must provide the Commission with a clean copy of Forest Glen's sewer 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.

Signed at Austin, Texas the _____ day of _____ 2024.

PUBLIC UTILITY COMMISSION OF TEXAS

THOMAS J. GLEESON, CHAIRMAN

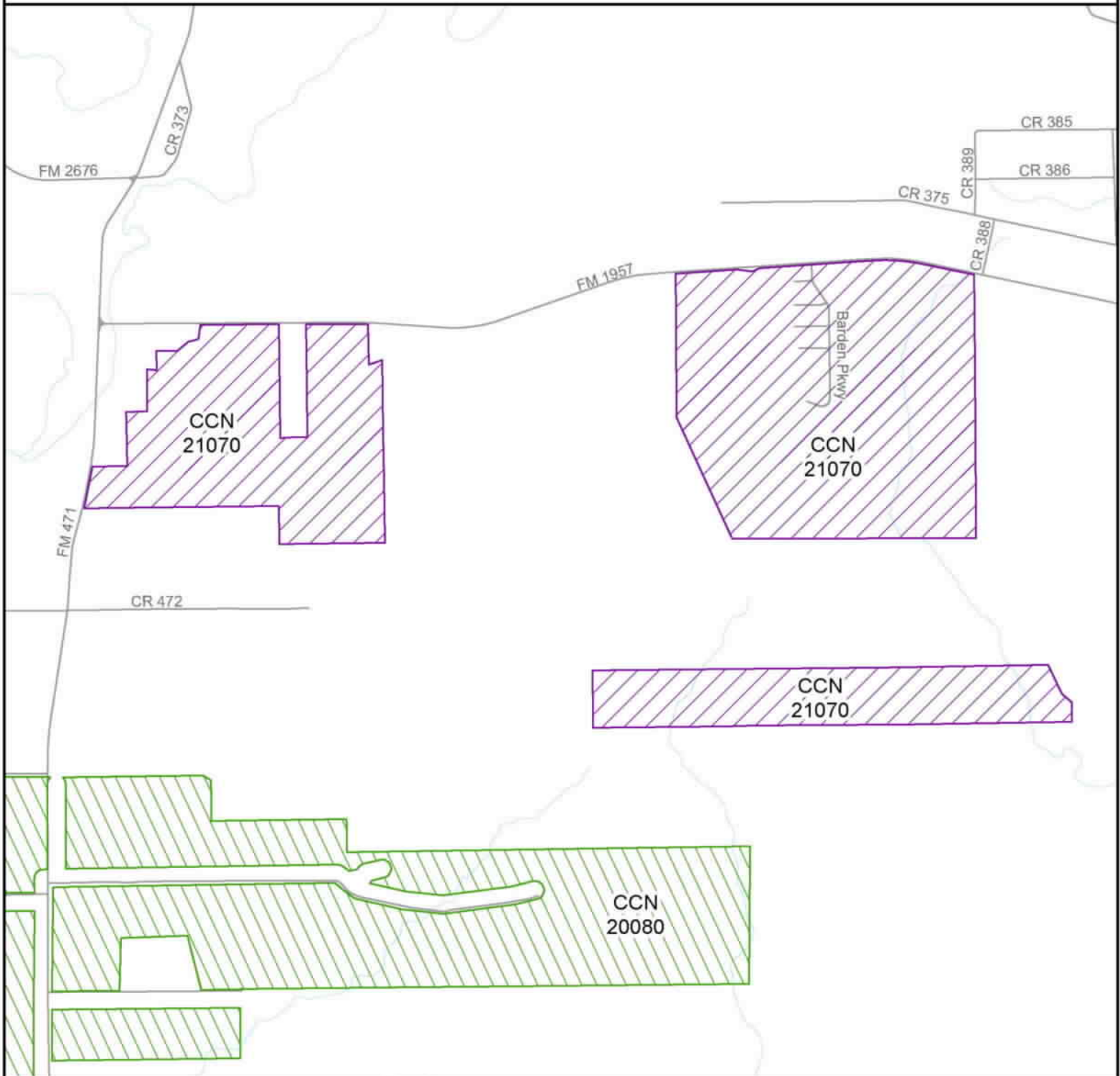
LORI COBOS, COMMISSIONER

JIMMY GLOTFELTY, COMMISSIONER



KATHLEEN JACKSON, COMMISSIONER

COURTNEY K. HJALTMAN, COMMISSIONER

PUCT Docket No. 54488
Forest Glen Utility Company
Portion of Sewer CCN No. 21070
Amend CCN No. 21070 in Medina County



Sewer CCN

-  21070 - Forest Glen Utility Company
-  20080 - City of Castroville

0 1,500 3,000
Feet





Public Utility Commission of Texas

By These Presents Be It Known To All That

Forest Glen Utility Company

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, Forest Glen Utility Company is entitled to this

Certificate of Convenience and Necessity No. 21070

to provide continuous and adequate sewer utility service to that service area or those service areas in Medina County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 54488 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 Forest Glen Utility Company 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.



**SEWER UTILITY TARIFF
Docket Number 54488**

Forest Glen Utility Company
(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:

21070

This tariff is effective in the following county:

Medina

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

N/A

This tariff is effective in the following subdivisions or systems:

See Table Below

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):

SECTION 1.0 -- RATE SCHEDULE	3
SECTION 2.0 -- SERVICE RULES AND POLICIES	5
SECTION 3.0 -- EXTENSION POLICY	10

APPENDIX A -- SAMPLE SERVICE AGREEMENT

WQ 15030-001	WQ16192-001
Potranco Ranch Subdivision	Medina Estates Subdivision
Potranco Oaks Subdivision	Megan's Landing Subdivision
The Enclave at Potranco Oaks	Microsoft Data Center
Potranco Oaks 2 Subdivision	
Potranco West Subdivision	
Stinson Property Subdivision	

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

The commission (or presiding officer) has established the following final rate in Docket No. 52075.

Monthly Charge

Flat Rate of \$75.00 per connection.

Rate Case Expense Surcharge (Docket No. 52075) to be collected from all ratepayers through a monthly surcharge of \$10.13 per connection. This monthly surcharge shall cease when the utility recovers \$149,116.13 or after 34 consecutive months of surcharge collection, whichever occurs first.

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

Cash X, Check X, Money Order X, Credit Card X, 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. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

REGULATORY ASSESSMENT 1.0%

PUBLIC UTILITY COMMISSION (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).

TAP FEE \$300.00

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 (Large Connection Tap)..... 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 \$50.00
or other reasons listed under Section 2.0 of this tariff

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.

SECTION 1.0 -- RATE SCHEDULE (Continued)

LATE CHARGE (Either \$5.00 or 10% of the bill).....10%
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.....\$25.00
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

Section 1.02 – Miscellaneous Fees

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 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 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 POLICIES (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 (are) located.

Fees in addition to the regular tap fee may be charged to cover unique costs not normally incurred as permitted by 16 TAC § 24.16(b)(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 2.0 - SERVICE RULES AND POLICIES (Continued)**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 2.07 - 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 2.10 - 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 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.

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

(D) Prorated Bills

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

Section 2.11 - 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 2.12 - 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 commission rules.

(B) Without Notice

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

SECTION 2.0 - SERVICE RULES AND POLICIES (Continued)

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.

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

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

Section 2.17 - Customer Liability

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

SECTION 3.0 - EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

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

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

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

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

Within its certified area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision.

However, if the residential customer requesting service purchased the property after the developer was notified in writing of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

Residential customers will be charged the equivalent of the costs of extending service to their property from the nearest 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.

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.

SECTION 3.0 - EXTENSION POLICY (continued)

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

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers.

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

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

Section 3.03 - Contributions in Aid of Construction

Developers may be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with 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 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 § 24.16(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)(3), 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 (are) 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. 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.

SECTION 3.0 - EXTENSION POLICY (continued)

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 easements and rights-of-way required to provide service to the requested location, (4) delivered an executed customer service inspection certificate to the Utility, if applicable, and (5) has executed a customer service application for each location to which service is being requested.

The utility shall serve each qualified service applicant within its certified service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by 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 Forest Glen Utility Company 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 Forest Glen Utility Company 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 re-inspection.
 - 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.

Customer's Signature

Date