

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

To: Paul Munguia
Office of the Chief Clerk

Date: September 26, 2006

Thru: LaDonna Castañuela
Chief Clerk

From: Christiaan Siano
Office of Legal Services

Subject: Docket No. 2006-0595-UCR. City of Hardin; Petition of City of Hardin, CCN No. 20950, Requesting an Order to Compel Hardin WSC, CCN No. 11270, to Disconnect Water Service for Non-Payment of Sewer Service Bill in Liberty County, Pursuant to Texas Water Code, Section 13.041(b) and 13.250(b); 30 TAC 291.88(e).
Application No. 35020-D
CN: 601129471 – RN: 10470041

CHIEF CLERKS OFFICE
2006 SEP 26 AM 11:58
TEXAS COMMISSION
ON ENVIRONMENTAL
QUALITY

Docket No. 2006-0595-UCR

Commission Agenda Date – October 18, 2006

Original + 13 copies of additional Backup for Agenda Item:

- Memorandum
- Commission Order
- Notice & Mailing List

ORDER TO COMPEL

AN ORDER to compel the Hardin Water Supply Corporation to terminate water utility service to customers for nonpayment of sewer utility service provided by City of Hardin in Liberty County, Texas, Docket No. 2006-0595-UCR

TEXAS
COMMISSION
ON ENVIRONMENTAL
QUALITY

2006 SEP 29 AM 11:19
CLERK'S OFFICE

On October 18, 2006, the Texas Commission on Environmental Quality ("Commission" or "TCEQ") considered the petition of City of Hardin ("the City") for an order to compel the Hardin Water Supply Corporation ("Hardin WSC") to terminate water utility service for nonpayment of sewer utility service in Liberty County in accordance with the requirements of 30 Texas Administrative Code (TAC) § 291.88(e).

- a. City of Hardin is a retail public utility that supplies sewer service in Liberty County. City of Hardin is authorized by the TCEQ to provide such service pursuant to the authority granted in Certificate of Convenience and Necessity ("CCN") No. 20950.
- b. City of Hardin has obtained funding through the State or Federal government for the provision, expansion or upgrading of sewer service.
- c. Hardin WSC provides retail water utility service in Liberty County pursuant to CCN No. 11270.
- d. Hardin WSC provides water utility service to many of City of Hardin's customers ("Affected Customers").
- e. The provision of sanitary sewer service to the Affected Customers is integral to Hardin WSC's separate provision of water service to those same customers.
- f. City of Hardin is experiencing losses due to uncollected revenue.
- g. City of Hardin requested that Hardin WSC enter into an agreement to terminate water service for the nonpayment of sewer utility service, however, the parties have been

unable to negotiate an agreement on this issue.

- h. An Order compelling a process for the termination of water utility service for nonpayment of sewer utility service by the Affected Customers is necessary to effectuate the purposes of the Texas Water Code.

WHEREAS, the Commission has jurisdiction to consider this petition and is authorized to make and enter this Order in accordance with Texas Water Code Sections 13.041(b) and 13.250(b).

WHEREAS, the Commission's findings are sufficient to allow the issuance of this Order under 30 TAC § 291.88(e).

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY THAT:

1. City of Hardin's petition for an order to compel Hardin WSC to terminate water utility service for nonpayment of sewer utility service is hereby **granted**.
2. Delinquent Customers. This Order is valid for the purpose of compelling Hardin WSC to terminate an Affected Customer's water utility service for nonpayment of sewer utility services owed to City of Hardin. 30 TAC § 291.88(a)(2).
3. Subject to the provisions of 30 TAC § 291.88, the parties must use the following process in order to terminate water utility service for nonpayment of sewer utility service:
 - A. Notice to Delinquent Customers. After proper notice to its delinquent customers, City of Hardin may initiate procedures for the disconnection of water service. The notice to delinquent customers must comply with 30 TAC § 291.88(a)(1).
 - B. Disconnection. Prior to the intended date of disconnection described in 30 TAC § 291.88(a)(1)(D), City of Hardin shall notify Hardin WSC in writing of any customer account that requires disconnection of water service for nonpayment of sewer utility services by providing the address of the delinquent account and the intended date of disconnection. In order to avoid unnecessary disconnection of water service, City of Hardin shall provide immediate notice to Hardin WSC when a delinquent customer has paid all of its past-due charges prior to the intended date of disconnection and City of Hardin is no longer requesting disconnection. Prior to disconnection of water service, City of Hardin shall pay Hardin WSC the cost of disconnecting the water

service in an amount not to exceed Hardin WSC's established disconnection fee.

- C. Reconnecting. If water service is disconnected for nonpayment of sanitary sewer service charges, except as otherwise required by law or as agreed to by City of Hardin, Hardin WSC shall not provide water services to that customer until City of Hardin notifies Hardin WSC that it has received payment of all delinquent sewer collection charges, plus any applicable charges which are then collectible in accordance with City of Hardin's tariff or other applicable law. Hardin WSC may not charge the customer a reconnect fee prior to reconnection unless it is for nonpayment of water service charges in accordance with its approved tariff. Hardin WSC may require the customer to pay any water service charges which have been billed but remain unpaid prior to reconnection. Hardin WSC must follow the service restoration procedures provided in 30 TAC § 291.88(h) of the Texas Administrative Code.
- D. Effect on Provision of Water. This Order shall not affect or impair Hardin WSC's rights and obligations with respect to its customers or the provision of water utility services, except as specifically set forth in this Order and as allowed by law.
- E. Purpose of Order/Indemnity. This Order is made for the purpose of facilitating the collection of fees for sanitary sewer services provided by City of Hardin. No partnership or joint venture is intended to be created hereby. Hardin WSC's sole responsibility is that of City's agent for disconnection of utility service, and it is ordered that Hardin WSC shall have no responsibility for, and City of Hardin shall indemnify, defend, and hold Hardin WSC harmless for, any damage, claims, or causes of action arising from:
- i. the construction, operation, maintenance, repair or existence of the sewer collection system;
 - ii. the provision of sewer collection service; and
 - iii. any act or omission relating to such services.
- F. Commencement. The effect of this order shall commence after the first billing date which includes service provided on the date that this Order is issued.

G. Automatic Termination. If any provision of this Order is determined by any regulatory or judicial body to be invalid, or in violation of any law, the remainder of the Order shall continue to be valid.

H. Notices. Any notice or communication required or permitted to be given under this Order shall be sufficiently given when received by any other party. It will also be deemed sufficient if it is delivered by hand delivery, mailed by certified mail, postage prepaid, return receipt requested, or sent by facsimile transmission to the addresses indicated below, or to other addresses furnished in writing by any party to all other parties.

City of Hardin
PO Box 324 - County Road 2010
Hardin, Texas 77561-0324

Hardin Water Service Corporation
PO Box 819
Hardin, Texas 77561

Issue Date: _____

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

Kathleen Hartnett White, Chairman

Texas Commission On Environmental Quality

INTEROFFICE MEMORANDUM

To: Texas Commission On Environmental Quality Date: Sept. 25, 2006

Through: LaDonna Castañuela
 Chief Clerk

From: Environmental Law Division

Subject: Docket No. 2006-0595-UCR, Petition of City of Hardin, Sewer Certificate of Convenience and Necessity, CCN No. 20950, Requesting an Order to Compel Hardin Water Supply Corporation (WSC), CCN No. 11270, to Disconnect Water Service for Non-Payment of Sewer Service charges, Application No. 35020-D

TYPE OF REQUEST: City of Hardin (the City) requests an order from TCEQ that would require Hardin Water Supply Corporation to terminate water service under specified conditions to certain customers for nonpayment of undisputed bills for sewer service provided by the City.

AUTHORITY: Texas Water Code Sections 13.041(b) and 13.250(b); 30 Texas Administrative Code (TAC) Section 291.88(e).

BACKGROUND: City of Hardin has applied for an order requiring the disconnection of water service provided by Hardin Water Supply Corporation, CCN No. 11270 (Hardin WSC), for nonpayment of sewer service charges. Hardin WSC provides many of the City's customers with water service. City of Hardin is experiencing financial losses due to uncollected sewer service charges. The City has requested that Hardin WSC enter into an agreement to terminate water service for the nonpayment of sewer utility service charges, but Hardin WSC has declined to enter into any such agreement.

LEGAL CRITERIA: Texas Water Code Section 13.041(b) requires the Commission to adopt and enforce rules reasonably required to exercise its authority to regulate and supervise the business of water and sewer utilities. Texas Water Code Section 13.250(b) states that the holder of a certificate used to provide utility service shall not discontinue service to a certified service area except for, among other things, nonpayment of charges for sewer service provided by another retail public utility under an agreement between the retail public utility and the certificate holder or under a Commission-ordered arrangement between the two service providers. The Commission has adopted regulations for retail public utilities in Title 30, Chapter 291 of the Texas Administrative Code. 30 TAC 291.88(e) establishes the requirements for the disconnection of water service due to nonpayment of sewer charges when one retail public utility provides sewer service and a different retail public utility provides water service. If requested by the sewer service provider, the retail public utility that provides the water service must disconnect water service to a customer who has not paid undisputed sewer charges if an order has been issued by the Commission specifying a process for such disconnections. Under 30 TAC 291.88(e)(1)(C), the Commission may issue an

order requiring disconnections under specified conditions if the retail public utilities providing water and sewer service cannot reach an agreement regarding disconnection of water service for nonpayment of sewer service charges. In accordance with 30 TAC 291.88(e)(1)(D), the Commission will issue an order requiring termination of service by the retail public utility providing water service if:

- (i) the retail public utility providing sewer service has obtained funding through the State or Federal government for the provision, expansion or upgrading of such sewer service; or
- (ii) the Commission finds that an order is necessary to effectuate the purposes of the Texas Water Code.

STAFF RECOMMENDATION: Based on the information provided by the City of Hardin, Staff recommends that the Commission issue an order that would require Hardin WSC to terminate water service under specified conditions to certain customers for nonpayment of undisputed bills for sewer service provided by the City.

The City is a retail public utility providing sewer service. The City has obtained funding through the State or Federal government for the provision, expansion or upgrading of such sewer service. The City indicates that it recently placed into operation a newly constructed sanitary sewer system serving citizens within and without its corporate limits, funded with federal funds provided by the Rural Development division of the U.S. Department of Agriculture. Further, based on information provided by the City, the proposed order is necessary to effectuate the purposes of the Texas Water Code to allow the City to furnish continuous and adequate sewer service that is safe, adequate, efficient and reasonable and to receive fair return for the services that it provides. Based on the City's financial information provided by the City based on the one full year that the system has been operating, the City will generate an estimated annual loss of approximately \$1,500, of which legal and collection expenses have not been determined. Approximately 7% of the City's 550 total customers had unpaid sewer service bills.

The City indicates that it has contacted Hardin WSC to request an agreement regarding disconnection of water service for nonpayment of sewer charges, but that Hardin WSC has declined to enter into such an agreement.

STAFF CONTACTS: Christiaan Siano, Environmental Law Division, MC-173 (239-6743)
Brian Dickey, Water Supply Division, MC-153 (239-0963)

Kathleen Hartnett White, *Chairman*
Larry R. Soward, *Commissioner*
Glenn Shankle, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

AGENDA ITEM NOTICE

TO: Persons on Attached Mailing List

RE: TCEQ Docket No. 2006-0595-UCR
City of Hardin
Application No. 35020-D
CCN No. 20950

CHIEF CLERKS OFFICE

2006 AUG -9 AM 10:56

TEXAS
COMMISSION
ON ENVIRONMENTAL
QUALITY

The above-referenced application requesting TCEQ approval of an order that would require Hardin Water Supply Corporation to terminate water service under specified conditions to certain customers for nonpayment of undisputed bills for sewer service provided by the City of Hardin, pursuant to Texas Water Code Sections 13.041(b) and 13.250(b); Title 30, Section 291.88(e) of the Texas Administrative Code, will be considered by the Commissioners of the Texas Commission on Environmental Quality during the public meeting on:

9:30 a.m., Wednesday, October 18, 2006
Room 201S of Building E,
12100 Park 35 Circle
Austin, Texas

Parties subject to this notice should bring their own representatives to this Agenda since the Executive Director cannot represent them before the Commissioners. Should you have any questions, please contact me at (512) 239-6743.

Sincerely,

A handwritten signature in black ink, appearing to read "Christiaan Siano".

Christiaan Siano
Staff Attorney
Environmental Law Division
(512) 239-6743

THE UNIVERSITY OF THE SOUTH PACIFIC

SCHOOL OF BUSINESS AND MANAGEMENT

DEPARTMENT OF ACCOUNTING

ACCOUNTING 101

ASSIGNMENT 1

2010

NAME: _____

NO: _____

1. The following information relates to the operations of a company for the year ended 31 December 2010:

Particulars	Amount (\$)
Revenue	1,000,000
Cost of sales	(400,000)
Operating expenses	(200,000)
Depreciation	(50,000)
Interest expense	(20,000)
Income tax expense	(30,000)
Dividend income	10,000
Profit before tax	290,000
Income tax	(60,000)
Profit after tax	230,000

2. Calculate the following ratios for the year ended 31 December 2010:

(a) Gross profit ratio

(b) Operating profit ratio

(c) Profit before tax ratio

(d) Profit after tax ratio

3. Explain the difference between the following terms:

(a) Revenue and Sales

(b) Cost of sales and Cost of goods sold

(c) Operating expenses and Selling expenses

4. The following information relates to the operations of a company for the year ended 31 December 2010:

Particulars	Amount (\$)
Revenue	1,000,000
Cost of sales	(400,000)
Operating expenses	(200,000)
Depreciation	(50,000)
Interest expense	(20,000)
Income tax expense	(30,000)
Dividend income	10,000
Profit before tax	290,000
Income tax	(60,000)
Profit after tax	230,000

**MAILING LIST
CITY OF HARDIN
TCEQ DOCKET NO. 2006-0596-UCR
APPLICATION NO. 35020-D**

City of Hardin

Hon. Alan Tidwell, Mayor
PO Box 324 - 142 County Road 2010
Hardin, Texas 77561-0324
(936) 298-3732 (Fax)

TCEQ Chief Clerk

Ms. LaDonna Castenuela
TCEQ, MC-105
P.O. Box 13087
Austin, Texas 78711-3087
(512) 239-3311 (Fax)

Hardin Water Supply Corporation

Mr. Gerald Hosemann
Attorney at Law
Representing, Hardin WSC
1939 Trinity Street
Liberty, Texas 77575
(936) 336-9447 (Fax)

Office of the Public Interest Counsel

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TCEQ, MC-103
P.O. Box 13087
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Executive Director

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Brian Dickey

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THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY
PHYSICAL CHEMISTRY LABORATORY
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