

COMBINED CONSUMERS SPECIAL UTILITY DISTRICT

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RATE ORDER

CERTIFICATE OF CONVENIENCE AND NECESSITY NO. 10855
HUNT COUNTY AND VAN ZANDT COUNTY, TEXAS

Revised September 2025

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TABLE OF CONTENTS

ARTICLE 1. ADOPTION AND AUTHORITY

ARTICLE 2. STATEMENTS

ARTICLE 3. DEFINITIONS

ARTICLE 4. GEOGRAPHIC AREA SERVED

ARTICLE 5. SERVICE RULES AND REGULATIONS

- 5.01 Service Entitlement
- 5.02 Service Location and Classification
- 5.03 Service Requirements
- 5.04 Activation of Standard Service
- 5.05 Activation of Non-Standard Service
- 5.06 Changes in Service Classification
- 5.07 Landlords and Tenants
- 5.08 Refusal of Service
- 5.09 Applicant's Recourse
- 5.10 Insufficient Grounds for Refusal of Service
- 5.11 Deferred Payment
- 5.12 Charge Distribution and Payment Application
- 5.13 Due Dates, Delinquent Bills, and Service Disconnection Date
- 5.14 Rules for Disconnection of Service
- 5.15 Returned Check Policy
- 5.16 Credit Charge-back Policy
- 5.17 Billing Cycle Changes
- 5.18 Back-Billing
- 5.19 Disputed Bills
- 5.20 Grievance Procedures
- 5.21 Inoperative Meters
- 5.22 Bill Adjustment Due to Meter Error
- 5.23 Leak Adjustment Policy
- 5.24 Meter Tampering and Diversion of Service
- 5.25 Meter Relocation
- 5.26 Prohibition of Multiple Connections to a Single Tap
- 5.27 Customer Responsibilities
- 5.28 Prohibited Plumbing Practices
- 5.29 Water Service Connections
- 5.30 Standards for Water Service Lines
- 5.31 Out of District Service
- 5.32 Penalties and Enforcement

ARTICLE 6. SUBDIVISION SERVICE EXTENSION POLICY AND NON-STANDARD SERVICE REQUIREMENTS

- 6.01 District Limitations
- 6.02 Purpose
- 6.03 Application of Rules
- 6.04 Preliminary Development Review
- 6.05 Non-Standard Service Application
- 6.06 Facilities Design and Approval

- 6.07 Prepayment of Certain Fees Required
- 6.08 High Density Developments
- 6.09 Non-Standard Service Contract
- 6.10 Property and Right-of-Way Acquisition
- 6.11 Contractor Selection and Qualification
- 6.12 Construction
- 6.13 Dedication of Service Facilities
- 6.14 Service Within Subdivisions
- 6.15 Pro-Rata Reimbursement

ARTICLE 7. RATES AND SERVICE FEES

- 7.01 Classes of Users
- 7.02 Service Investigation Fee
- 7.03 Deposits
- 7.04 Easement Fee
- 7.05 Connection Fee
- 7.06 Activation Fee
- 7.07 Monthly Service Charges
- 7.08 Standby Fee
- 7.09 Late Payment Fee
- 7.10 Owner Notification Fee
- 7.11 Returned Check Fee
- 7.12 Credit Card Charge-back Fee
- 7.13 Reconnect Fee
- 7.14 Service Trip Fee
- 7.15 Equipment Damage Fee
- 7.16 Customer History Report Fee
- 7.17 Meter Test Fee
- 7.18 Meter Relocation Fee
- 7.19 Temporary Service Charges
- 7.20 Hydrant Meter Service
- 7.21 Non-Disclosure Fee
- 7.22 Information Disclosure Fee
- 7.23 Additional Assessments
- 7.24 Other Fees
- 7.25 Fees Non-refundable
- 7.26 Free Service Prohibited

ARTICLE 8. DROUGHT CONTINGENCY PLAN

- 8.01 Introduction
- 8.02 Conservation Committee
- 8.03 Triggering Conditions for Drought Response Stages
- 8.04 Drought Response Stages
- 8.05 Drought Response Initiation, Extension and Termination Procedures
- 8.06 Penalties for Violations
- 8.07 Variances
- 8.08 Rates
- 8.09 Implementation

APPENDICES

Appendix A. Sample Standard Service Application Packet

- Form A-01 Service Application and Agreement
- Form A-02 Easement and Right-of-Way (Blanket Type)
- Form A-03 Cost of Service (Residential)
- Form A-04 Cost of Service (Commercial)

Appendix B. Sample Non-Standard Service Application Packet

- Form B-01 Non-Standard Service Application
- Form B-02 Non-Standard Service Contract
- Form B-03 Sample Three-Way Contracts (Developer's Performance & Payment Bonds)
- Form B-04 Escrow Agreement in Lieu of Performance Bond
- Form B-05 Maintenance Bond
- Form B-06 Owner's and Contractor's Affidavit of Payment for Labor and Material for Improvements
- Form B-07 Contractor's Payment Bond
- Form B-08 Dedication, Bill of Sale and Assignment (Water Utility System Facilities)

Appendix C. Miscellaneous Transaction Forms

- Form C-01 Notice to Owner of Rental Property
- Form C-02 Notice of Water Rationing
- Form C-03 Deferred Payment Agreement
- Form C-04 Customer Installment Agreement
- Form C-05 Meter Test Authorization and Test Report
- Form C-06 Confidentiality of Utility Records Form
- Form C-07 Notice of Requirement to Comply with Subdivision Service Extension Policy
- Form C-08 Notice of Returned Check
- Form C-09 Request for Service Discontinuance
- Form C-10 Easement Denial Form and Affidavit
- Form C-11 Termination Notice
- Form C-12 Emergency Leak Agreement
- Form C-13 Notice of Insufficient Information
- Form C-14 Service Inspection Certification
- Form C-15 Notice of Violation of Drought Contingency Plan (1st Violation)
- Form C-16 Notice of Violation of Drought Contingency Plan (2nd Violation)
- Form C-17 Notice of Termination for Continued Rationing Violations
- Form C-18 Temporary Service Request
- Form C-19 Fire Hydrant Service Request
- Form C-20 Interlocal Agreement for Disconnection of Water Service for Nonpayment of Sewer Charges
- Form C-21 Request for Service Discontinuance by Telephone
- Form C-22 Alternate Billing Agreement
- Form C-23 Notice of Disputed Credit Charge

ARTICLE 1.
ADOPTION & AUTHORITY

1.01 **Effective Date.** This Rate Order was approved and adopted by the board of directors of the Combined Consumers Special Utility District on November 18, 2004, pursuant to Ordinance No. 2004-003. This Rate Order supersedes all utility service policies, rules, regulations and tariffs adopted or passed by the board of directors prior to the date of adoption of this Rate Order.

1.02 **Preexisting Penalties and Vested Rights.** The adoption of this Rate Order shall not affect any offense or act committed or done, or any penalty or forfeiture incurred, or any contract or vested right established or accrued prior to the effective date of the adoption of this Rate Order.

1.03 **Official Copy Available.** An official copy of the Rate Order shall be available to the public at the district's local business office during regular office hours. Copies of this Rate Order shall be made available upon request and payment of a \$10.00 reproduction charge. The general manager of the district shall maintain the original copy of this Rate Order as approved and adopted by the board of directors, and clearly exhibit all additions, deletions and amendments hereto.

1.04 **Conflicts.** The rules and regulations of a state or federal regulatory agency of competent jurisdiction shall supersede in the event of a direct conflict with any term or provision of this Rate Order. Each paragraph, sentence, subdivision, section, clause and phrase of this Rate Order is deemed severable and, should any such paragraph, sentence, subdivision, section, clause or phrase be declared unconstitutional or in violation of the law for any reason, such declaration of invalidity or unconstitutionality shall not be construed to affect the validity of those provisions of this Rate Order left standing.

ARTICLE 2.
STATEMENTS

2.01 Organization. The district was organized by converting the Combined Consumers Water Supply Corporation to the Combined Consumers Special Utility District under the authority of Article XVI, Section 59, of the Texas Constitution, as amended, and Chapters 49 and 65 of the Texas Water Code, and operates pursuant to Texas law and the regulation and authority of the Texas Commission on Environmental Quality. The district exists for the purpose of furnishing potable water utility service for domestic or commercial use. The management of the district is controlled by the board of directors, the members of which are elected by qualified voters residing within the boundaries of the district.

2.02 Non-Discrimination Policy. Service is provided to all applicants that comply with the provisions of this Rate Order regardless of race, creed, color, national origin, sex, disability or marital status.

2.03 Policy and Rule Application. These policies, rules and regulations contained in this Rate Order apply to service provided by the district. Failure on the part of a customer or applicant to observe these policies, rules and regulations gives the district the authority to deny or discontinue service.

2.04 Fire Protection Responsibility. The district does not provide or imply that fire protection is available on the district's water system. All hydrants or flush valves are for the operation and maintenance of the system and may be used for refill only by authorized fire departments. The district reserves the right at all times to remove any hydrant due to improper use or detriment to its water system, as determined by the district, without notice, refund or compensation to its contributor unless the hydrant was installed pursuant to the terms of a non-standard service contract, in which event the terms and conditions of the contract shall apply.

2.05 Damage Liability. The district is not liable for damages caused by service interruptions, events beyond its control or normal system failures. The limits of liability of the district are the extent of the cost of service provided. Notwithstanding anything herein to the contrary, nothing in this Rate Order shall be construed as a waiver of immunity by the district or its officials.

2.06 Public Information Disclosure. The records of the district shall be kept at the district's local business office located at 10446 Highway 751, Quinlan, Texas 75474. Information collected, assembled or maintained by or for the district shall be disclosed to the public in accordance with the Texas Public Information Act. An individual customer may request in writing that the district keep the customer's name, address, telephone number or social security number confidential. Such confidentiality does not prohibit the district from disclosing this information to an official or employee of the state or a political subdivision of the state acting in an official capacity or an employee of the district acting in connection with the employee's duties. A reasonable charge as established pursuant to the Texas Public Information Act may be assessed to any person requesting copies of district records.

2.07 Notice of Change in Rates. The district will give written notice of a change to monthly water rates by publication, mail or hand delivery to all affected customers at least thirty (30) days prior to the effective date of the new rate. The notice shall contain the new rates, effective date of the new rates, date of adoption by the board of directors, and the name and telephone number of the district representative designated to address inquiries about the rate change. Failure of the district to give the notice shall not invalidate the changed rates or any change based on the changed rate.

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1) Customer Service Inspections. A customer service inspection is an examination of private water distribution facilities for the purpose of providing or denying water service. The district requires that a customer service inspection certificate be completed prior to providing continuous water service to new construction and for all new customers as part of the activation of standard and some non-standard service. The district may also require customer service inspections of existing service connections when the district has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction or addition to private water distribution facilities. Customer service inspections shall be limited to the identification and prevention of cross connections, potential contaminant hazards and illegal lead materials.

2.08 Public Works Standards. The district adopts applicable sections of the Standard Specifications for Public Works Construction (4th Edition), as amended, promulgated by the North Central Texas Council of Governments (NCTCOG), as guidance in the design, installation and maintenance of line extensions and service facilities.

2.09 Sub-metering Responsibility. Sub-metering and non-sub-metering by master metered accounts may be allowed in the district's water system provided the master metered account customer registers with the Texas Commission on Environmental Quality and complies with its rules on sub-metering at Title 30, Chapter 291, Subchapter H of the Texas Administrative Code. The district has no jurisdiction over or responsibility to tenants receiving water under a master metered account, and such tenants are not considered customers of the district. Any interruption or impairment of water service to the tenants is the responsibility of the master metered account customer. Any complaints regarding sub-metering should be directed to the TCEQ.

2.10 District Forms Policy. The sample forms in Appendices A, B and C of this Rate Order are the same or similar in form to those used by the district and are attached hereto for informational purposes only. The district reserves the right to amend, revise or discontinue the use of any form contained in the appendices, and to create and use new forms for any reason including compliance with federal or state laws and regulations, improving administrative efficiency, preparing for future system demands, or addressing the unique service needs of developers and commercial customers.

ARTICLE 3.
DEFINITIONS

3.01 **Definitions.** The following words and terms, when used in this Rate Order, shall have the following meanings unless the context clearly indicates otherwise:

- (a) **Applicant** shall mean a person that applies to the district for service.
- (b) **Designated representative** or **district representative** shall mean and refer to the general manager of the district or a representative or employee of the district engaged in carrying out the terms of or performing services prescribed by this Rate Order pursuant to either general or specific authorization to do so from the general manager or the board of directors.
- (c) **Board of directors or board** shall mean the governing body of the district elected by qualified voters residing within the district's boundaries in accordance with applicable election laws.
- (d) **Certificate of Convenience and Necessity or CCN** shall mean a permit issued by the Texas Commission on Environmental Quality which authorizes and obligates a retail public utility to furnish, make available, render, or extend continuous and adequate retail water or sewer utility service to a specified geographic area.
- (e) **Customer** shall mean any person provided with services by the district.
- (f) **Developer** shall mean any person that subdivides land or requests two or more service connections on a single contiguous tract of land. [See Tex. Water Code 13.2502(e)(1)].
- (g) **Disconnection of service** shall mean the discontinuance of water service to a customer of the district.
- (h) **District** shall mean the Combined Consumers Special Utility District operating under Chapters 49 and 65 of the Texas Water Code.
- (i) **Easement** shall mean a private perpetual dedicated right-of-way for the installation of water lines and facilities that allows access to property for future operation, maintenance, replacement, facility upgrades, and/or installation of additional pipelines (if applicable), and may include restrictions on the adjacent area to limit installation of other pipelines or structures that would restrict the district's use of any area of the easement.
- (j) **Final plat** shall mean a complete and exact plan for the subdivision or

development of a tract of land which has been approved by all local governments having jurisdiction pursuant to Chapters 212 or 232 of the Texas Local Government Code. The district shall determine if a plat submitted under this Rate Order qualifies as a final plat.

(k) **General manager** shall mean the person appointed to the position of general manager of the district by the board of directors and charged with full authority to manage and operate the affairs of the district subject only to orders of the board.

(l) **Hazardous condition** shall mean a condition that jeopardizes the health and welfare of district customers or employees as determined by the district or any other regulatory authority with jurisdiction.

(m) **Person** shall mean any natural person, firm, corporation, cooperative, limited liability company, partnership, unincorporated association, public agency or governmental entity, or any other public or private organization or entity of any type or character.

(n) **Re-service** shall mean providing service to an applicant at a location where service previously existed and at which there is an existing connection for a meter. Re-service costs shall be charged as specified in this Rate Order or based on justifiable expenses in connection with such re-servicing.

(o) **Service** shall mean any act performed, anything furnished or supplied, and any facilities used by the district in the performance of its duties under the Texas Water Code to its customers, employees, other retail public utilities and the public, as well as the interchange of facilities between the district and one or more retail public utilities.

(p) **Service agreement** shall mean a written agreement between a customer and the district defining the type of service provided and the responsibilities of each party regarding the service to be provided.

(q) **Service area** shall mean the geographic area served by the district as described in CCN No. 10855. [See Article 4. Geographic Area Served].

(r) **Service classification or service unit** shall mean the type of water service required by an applicant as may be determined by the district based on specific criteria such as usage, meter size, demand, type application, and other relevant factors related to the applicant's request. The base service unit used by the district in facilities design and rate making in this Rate Order is a 5/8" x 3/4" water meter.

(s) **Service Investigation Fee** shall mean a fee paid by an applicant or potential customer of the district for the purpose of determining the feasibility of providing service or of a construction line extension and/or expansion project.

(t) **Subdivide** shall mean to divide the surface area of land into lots or tracts. [See Local Gov't Code _ 232.021(11)].

(u) **Subdivision** shall mean an area of land that has been subdivided into lots or tracts. [See Local Gov't Code _ 232.021(13)].

(v) **Temporary service** shall mean or refer to a classification non-standard water service the district may provide to an applicant in the process of constructing a residential or commercial structure. [See Form C-18, Temporary Service Request]. The district may also apply this classification to other nonpermanent service uses (e.g., agricultural, road construction, drilling, livestock, etc.). The district may provide temporary water service no more than 7 days from the date of application for temporary service. Temporary service may be extended additional 7-day periods upon request and approval of the general manager on a case-by-case basis. As a prerequisite to receiving temporary service, the applicant must pay the applicable temporary service charges pursuant to Section 7.19 of this Rate Order.

(w) **Texas Commission on Environmental Quality** shall mean or refer to the state regulatory agency having jurisdiction over water and sewer service utilities.

(x) **TCEQ** is an abbreviation of and shall refer to the Texas Commission on Environmental Quality.

(y) **Water system** shall mean the water production, treatment, supply, storage and distribution facilities operated by or constructed by or for the district, and any water system extensions, improvements or facilities that may be built within the district's boundaries or service area in the future.

3.02 Construction. Words used in the present tense shall include the future tense; words in the singular number include the plural; and words in the plural number include the singular, except where the natural construction of the writing expressly indicates otherwise. The word, **shall**, is mandatory and not discretionary.

ARTICLE 4.
GEOGRAPHIC AREA SERVED

To provide water utility service pursuant to the Texas Water Code and Texas Commission on Environmental Quality substantive rules:

CERTIFICATE OF CONVENIENCE AND NECESSITY NO. 10855

4.01 **CCN Holder.** Combined Consumers Special Utility District.

4.02 **General Location of Service Area.** The district's service area is generally located in southeast Hunt County and in northwest Van Zandt County, Texas.

4.03 **Service Area Maps.** The holder of CCN No. 10855 is authorized to provide water service in the area identified on the TCEQ's official service area maps WRS-117 and WRS-234, maintained in the offices of the Texas Commission on Environmental Quality, 12015 Park 35 Circle, Austin, Texas, with all attendant privileges and obligations. The CCN was issued subject to the rules and orders of the TCEQ, the laws of the State of Texas and conditions contained in the CCN, and may be revoked for violations thereof. The CCN is valid until amended or revoked by the TCEQ.

ARTICLE 5.
SERVICE RULES AND REGULATIONS

5.01 Service Entitlement. An applicant requesting service to real property located within the district's service area shall be considered qualified and entitled to water service when proper application has been made, the terms and conditions of service have been met and continue to be met, and all fees have been paid as prescribed. An applicant requesting service to real property located outside the boundaries of the district's service area shall be considered for service in accordance with current district policies on providing service outside the district's service area.

5.02 Service Location and Classification. Service requested by an applicant shall be furnished to real estate designated to receive such service by the district. The district shall provide service through a meter located on the designated real estate unless otherwise approved by the board of directors. Service shall be divided into the following two (2) classes:

(a) **Standard Service.** Standard service is defined as service from an existing pipeline where pipeline or service facility extensions are not required and special design and/or engineering considerations are not necessary. Standard water service is provided to a 5/8" x 3/4" meter set on an existing pipeline.

(b) **Non-Standard Service.** Non-standard service is defined as any service request that requires a larger than 5/8" x 3/4" meter for service to a master-metered account pursuant to Section 5.03(d) below, or an addition to or extension of the district's water system. The district may require an applicant for non-standard service to comply with the service requirements prescribed by Article 6 of this Rate Order prior to receiving service.

5.03 Service Requirements. Applicants requesting service from the district shall comply with the following requirements:

(a) Prior to receiving service, an applicant requesting residential or standard water service shall complete and sign the district's Service Application and Agreement form. [See Form A-01]. Prior to receiving service, an applicant requesting non-standard service shall complete and sign a Non-Standard Service Application form and otherwise comply with the requirements for non-standard service in Article 6 of this Rate Order. [See Form B-01].

(b) As a condition for service, the applicant shall complete and execute an easement and right-of-way, sanitary control easement and/or such other easement form(s) required by the district to obtain a dedicated easement(s) to allow the district a right of access to construct, install, maintain, replace, upgrade, inspect or test any facility necessary to serve the applicant as well as the district's purposes in providing system-wide service. [See Water Code _ 49.218; Form A-03]. This requirement

may be delayed for non-standard service applicants. New meters shall be located within a utility easement at or near the boundary line of the property designated for service.

(c) The applicant shall provide proof of ownership, control or possession of the real property designated to receive service by deed, lease or other reliable documentation.

(d) At the request of a property owner or an owner's authorized agent, the district shall install individual meters owned by the district in an apartment house, manufactured home rental community, multiple use facility, or condominium on which construction begins after January 1, 2004, unless the district determines that the installation of individual meters is not feasible. If the district determines that installation of individual meters is not feasible, the property owner or manager shall install a plumbing system that is compatible with the installation of submeters or individual meters. The district shall be entitled to the payment of reasonable costs to install individual meters pursuant to 30 TAC _ 291.122(d) and Article 6 of this Rate Order. The cost of individual meter installations shall be prepaid by the property owner as well as the cost of any additional facilities or system improvements required to satisfy the total water service demand of the property at full occupancy, as determined under applicable provisions of Article 6. The district shall consider master metering and/or non-standard service to apartments, condos, trailer/RV parks, or business centers and other similar type enterprises at an applicant's request provided the total number of units to be served are all:

(1) owned by the same person, partnership, cooperative, corporation, agency, or public or private organization of any type, but not including a family unit;

(2) directly inaccessible to a public right-of-way; and

(3) considered a commercial enterprise (i.e., for business, rental or lease purposes).

(e) Notice of application approval and costs of service as determined by the district shall be presented to the applicant in writing and shall remain in effect for a period not to exceed thirty (30) days. After that time the applicant must re-apply for service. [30 TAC 291.81(a)(1); Forms A-03, A-04].

(f) If a water main has been located in the public right-of-way and is adjacent to applicant's property due to the current or previous landowner's refusal to grant an easement to the district for the purpose of installing service lines, and the district has documentation of such refusal, the applicant, prior to receiving service, shall grant an easement to the district and, in addition to the normally required fees for new service, shall pay such sums as are reasonably necessary to remove or cap the existing water main in the public right-of-way and to construct the appropriate lines within that easement for the district's system-wide service.

(g) If an applicant fails to provide all documentation or information required at the time of application, the district will issue written notice that the applicant must provide the documentation and/or information within ten (10) days or service will be terminated. This provision applies to both standard and non-standard service requests. [See Form C-13].

5.04 Activation of Standard Service.

(a) New Service Connection. The district shall charge a deposit, connection fee and other applicable fees as required under Article 7 of this Rate Order. The fees shall be quoted in writing to the applicant. [See Forms A-04, A-05]. An applicant must pay all required fees prior to installation of a new service connection.

(b) Re-Service. On property where service previously existed, the district shall charge a deposit, reconnection fee, activation fee and other charges related or applicable to restoring service to such property.

(c) Performance of Work. All tap, meter and equipment installations specified by the district shall be performed and completed by district employees or designated representatives after all application requirements have been met. The district shall install all taps, meters and equipment necessary to provide standard service after all application and service requirements have been met. The tap for a standard service request shall be completed and meter installed within five (5) work days whenever practicable, but not later than ten (10) work days. This time may be extended for installation of facilities and equipment necessary to serve a request for non-standard service. [See Article 6; 30 TAC _ 291.85].

(d) Customer Service Inspections. The property designated by an applicant to receive service shall be inspected, and a completed certificate of such inspection submitted to the district, prior to the activation of service to insure compliance with state required Minimum Acceptable Operating Practices For Public Drinking Water Systems as promulgated by the Texas Commission on Environmental Quality or successor agency. The district may require an applicant or customer, at his or her expense, properly install inspect, test, and maintain and provide all required documentation of any approved backflow prevention device required by the district. [See 30 TAC _ 290.46(j)].

5.05 Activation of Non-Standard Service.

(a) Activation of Non-Standard Service. Activation of non-standard service shall be conducted pursuant to Article 6 of this Rate Order.

(b) Re-Service. The provisions applicable to standard re-service requests under Section 5.04(b) shall also apply to non-standard re-service requests.

5.06 Changes in Service Classification. If at any time the district determines that the service classification of a customer has changed from that originally applied for and that additional or different facilities are necessary to provide adequate service, the district shall require the customer to re-apply for service under the terms and conditions of this Rate Order. Customers failing to comply with this provision shall be subject to disconnection with notice under Section 5.14(a) below.

5.07 Landlords and Tenants.

(a) In cases of landlord/tenant relationships, the district may require both parties to sign an agreement specifying which party is responsible for monthly bills, deposits and other fees. This agreement may be included as a provision of the district's approved service application form. The district shall not require the landlord to guarantee the tenant's customer deposit or monthly service bill as a condition of service. However, if the landlord signs a guarantee of payment for deposits, monthly service bills and fees, the guarantee shall remain in full force and effect until the guarantee is withdrawn in writing by the landlord and copies are provided to both the district and the tenant.

(b) The owner of property designated to receive service under this Rate Order shall be solely responsible for payment of service extension fees if the facilities will remain in service to the property after the tenant vacates the premises.

5.08 Refusal of Service. The district may refuse to serve an applicant for the following reasons:

(a) failure of an applicant to complete all required easement forms and pay all required fees and charges;

(b) failure of an applicant to comply with the rules, regulations and policies of the district;

(c) existence of a hazardous condition at the applicant's property which would jeopardize the welfare of other customers of the district upon connection;

(d) failure of an applicant to provide representatives or employees of the district reasonable access to property, for which service has been requested;

(e) failure of an applicant to comply with all rules and regulations of the district which are in this Rate Order on file with the state regulatory agency governing the service applied for by the applicant;

(f) failure of an applicant to provide proof of ownership, control or possession of the property designated to receive service to the satisfaction of the district; and/or

(g) ownership, control or possession of the real property designated to receive service by deed, lease or other reliable documentation.

(h) The district has determined that the applicant's service facilities are known to be inadequate or of such character that satisfactory service cannot be provided.

5.09 Applicant's Recourse. In the event the district refuses to serve an applicant under the provisions of this article, the district shall inform the applicant in writing of the basis of its refusal and that the applicant may file a written complaint with the board of directors.

5.10 Insufficient Grounds for Refusal of Service. The following shall not constitute sufficient cause for the refusal of service to an applicant:

(a) delinquency in payment for service by a previous owner or tenant of the property designated to receive service;

(b) failure to pay a bill to correct previous under billing more than six (6) months prior to the date of application;

(c) violation of the district's rules pertaining to operation of non-standard equipment or unauthorized attachments which interferes with the service of others, unless the customer has first been notified and been afforded reasonable opportunity to comply with said requirements;

(d) failure to pay a bill of another customer as guarantor thereof unless the guarantee was made in writing to the district;

(e) failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill; or

(f) Failure to comply with regulations or rules for anything other than the type of utility service specifically requested including failure to comply with septic tank regulations.

5.11 Deferred Payment Agreement. The district may enter into a deferred payment or installment agreement, not to exceed a term of one (1) year, with a customer who cannot pay an outstanding balance in full and is willing to pay the balance at a deferred date or in reasonable installments as determined by the district, including any late payment penalties and interest on the monthly balance not to exceed an annual rate of 10% simple interest. Any finance charges must be clearly stated in the agreement.

5.12 Charge Distribution and Payment Application.

(a) Base Rate. The applicable base rate shall be charged for the billing period from the first day to the last day of the customer's assigned billing cycle. Base Rate charges shall be prorated if service is initiated or terminated during a billing cycle. All service connections shall be subject to this charge whether or not there is use of service.

(b) Gallon Charge. A gallon charge shall be billed at the rate specified in Section 7.07 and shall be calculated in one hundred (100) gallon increments. Charges for water usage are based on monthly meter readings and are calculated from reading date to reading date. The district shall take all meter readings used in calculating billing.

(c) Posting of Payments. All payments shall be posted against previous balances prior to posting against current billings.

5.13 Due Dates, Delinquent Bills and Service Disconnection Date.

(a) Upon approval of an application for service, each customer is assigned to one of the following billing cycles:

	<u>Bills Mailed:</u>	<u>Due Date:</u>	<u>Late Notice Mailed:</u>	<u>Lock Date:</u>
Cycle 1:	10th	25th	26th	6th
Cycle 2:	25th	10th	11th	21st

Each person that signs a service agreement shall be responsible, individually and collectively, for paying all bills for service provided under the agreement. All bills shall be due and payable upon receipt and are past due beyond the due date indicated on the bill, allowing approximately fifteen (15) days to pay after which time a penalty shall be applied pursuant to Article 7 of this Rate Order. Final notices shall be mailed allowing a minimum ten (10) additional days for payment prior to disconnection. The ten (10) additional days shall begin on the day the final notice is deposited with the U.S. Postal Service with sufficient postage. If the past due date for a regular or final bill falls on a weekend or holiday, the past due date for payment purposes shall be the next day the district office is open for business after said weekend or holiday.

(b) Upon written request, any residential customer sixty five (65) years of age or older who occupies the entire premises of a dwelling receiving water utility service from the district shall receive an extension of the past due date, without penalty. The extension shall not exceed ten (10) days beyond the usual fifteen (15) day payment period, for a total of no more than twenty-five (25) days from the date the bill is issued.

5.14 Rules for Disconnection of Service. The following describes the rules and conditions for disconnection of service.

(a) Disconnection with Notice. Water service may be disconnected after proper notice for any of the following reasons:

(1) failure to pay a delinquent account for utility service provided by the district, failure to timely provide a deposit, or failure to comply with the terms of a deferred payment agreement;

(2) violation of the district's rules pertaining to the use of service in a manner which interferes with the service of others;

(3) the operation of non-standard equipment, if a reasonable attempt has been made to notify the customer and the customer is provided with a reasonable opportunity to remedy the situation;

(4) Failure to comply with the terms of a service agreement, non-standard service contract or this Rate Order (including, but not limited to, Article 8. Drought Contingency Plan) provided the district has given notice of said failure to comply, and the customer has failed to comply within a specified amount of time after notification;

(5) failure to provide district personnel or designated representatives access to a meter or to property at which water service is received for purposes of inspecting and verifying the existence of potential hazardous conditions or policy violations;

(6) any misrepresentation of fact by an applicant or customer on any form, document or agreement required by the district;

(7) failure to re-apply for service upon notification by the district that customer no longer meets the service classification originally applied for under the original service application; or

(8) Failure to pay a delinquent account for sewer utility service provided by a retail public utility pursuant to an inter-local agreement between the district and such other retail public utility. [See Form C-20].

(b) Disconnection Without Notice. Water service may be disconnected without prior notice for the following reasons:

(1) where a known dangerous or hazardous condition exists for which service may remain disconnected for as long as the condition exists, including but not limited to a violation of Chapter 341 of the Health and Safety Code and regulations adopted pursuant thereto, or where the district has reason to believe a dangerous or hazardous condition exists and the customer refuses to allow access for the purpose of confirming the existence

of such condition and/or removing the dangerous or hazardous condition [See Section 5.04(d); 30 TAC _ 290.46 (j)];

(2) where service is connected without authority by a person who has not made application for service;

(3) where service has been reconnected without authority following termination of service for nonpayment; or

(4) In instances of tampering with the district's meter or equipment, by-passing the meter or equipment, or other diversion of service.

(c) Disconnection Prohibited. Utility service may not be disconnected for any of the following reasons:

(1) failure to pay for merchandise or charges for non-utility service provided by the district, unless there is an agreement whereby the customer guaranteed payment of non-utility service as a condition of service;

(2) failure to pay for a different type or class of utility service unless a fee for such service is included in the same bill;

(3) failure to pay charges arising from an under billing due to any misapplication of rates more than six (6) months prior to the current billing;

(4) failure to pay the account of another customer as guarantor thereof, unless the district has in writing the guarantee as a condition precedent to service;

(5) failure of the customer to pay charges arising from an under billing due to any faulty metering, unless the meter has been tampered with or unless such under billing charges are due under Section 5.21 (Inoperative Meters); or

(6) Failure of the customer to pay estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the district is unable to read the meter due to circumstances beyond its control.

(d) Disconnection on Holidays and Weekends. Unless a dangerous condition exists or the customer requests disconnection, service shall not be disconnected on a day, or on a day preceding a day, when district personnel are not available to the public for the purpose of making collections and reconnecting service.

(e) Disconnection Due to Utility Abandonment. The district may not abandon a customer or a certificated service area without written notice to its customers and all similar neighboring utilities, and obtained approval from the TCEQ.

(f) Disconnection Due to Illness or Disability. The district may not discontinue service to a delinquent residential customer permanently residing in an individually metered dwelling unit when that customer establishes that discontinuance of service will result in some person at that residence becoming seriously ill or more seriously ill if service is discontinued. To avoid disconnection under these circumstances, the customer must provide a written statement from a physician to the district prior to the stated date of disconnection. Service may be disconnected in accordance with Section 5.14(a) if the next month's bill and the past due bill are not paid by the due date of the next month's bill.

(g) Disconnection of Master-Metered Accounts. When a bill for service to a master-metered account customer is delinquent, the following shall apply:

(1) The district shall send a notice to the customer as required. This notice shall also inform the customer that notice of possible disconnection will be provided to the customer's tenants or occupants of the master-metered property in five (5) days if payment is not rendered before that time.

(2) At least five (5) days after providing notice to the customer, and at least five (5) days prior to disconnection, the district shall post notices, stating "Termination Notice," in public areas of the master-metered property to notify tenants or occupants of the scheduled date for disconnection of service.

(3) The tenants or occupants may pay the district for any delinquent bill on behalf of the customer to avert disconnection or to reconnect service to the master-metered property.

(h) Payment During Disconnection. The district is not obligated to accept payment of a bill when a district employee or designated representative is at a customer's property for the purpose of disconnecting service.

(i) Disconnection of Temporary Service. The district may disconnect temporary service with notice to a customer who fails to comply with applicable provisions of this Rate Order or conditions stated in the customer's Temporary Service Request.

5.15 Returned Check Policy. Payment by Check, ACH Draft, or Money Order which has been rejected for insufficient funds, closed account, or for which a stop payment order has been issued is not deemed to be payment to the district. The district shall mail, via the U.S. Postal Service, notice that the returned instrument must be redeemed and an additional returned item fee of **\$30** (of which may be increased should the State limit increase), for each individual returned item, paid at the district office within ten (10) days of the date of the notice. Redemption of the returned instrument and payment of the returned check fee shall be made by cash, money order, or certified check.

Failure to meet these terms shall result in disconnection of service. A customer shall be considered a bad credit risk for having an instrument returned as insufficient or non-negotiable for any reason for any two billing periods within a 12-month period, and may be placed on a "cash-only" basis for a 12-month period during which the district will only accept payment by means of a certified check, money order or cash.

5.16 Credit/Debit Charge-back Policy. Payment by credit/debit card which has been charged-back to the district's deposit account for any reason is not deemed to be payment to the district. The district shall mail, via the U.S. Postal Service, notice that the charged-back amount and an additional credit/debit card charge-back fee of \$30 (of which may be increased should the State limit increase), for each individual returned item must be paid by cash, money order, or certified check at the district office within ten (10) days of the date of the notice. [See Form C-09]. Failure to meet these terms shall result in disconnection of service. A customer shall be considered a bad credit risk for having two (2) charge-backs within a 12-month period and may be removed from the automatic debit program and placed on a cash only basis for a 12-month period in accordance with the preceding Section 5.15.

See also 7.12

5.17 Billing Cycle Changes. The district reserves the right to change its billing cycles if the workload requires such practice. After a billing period has been changed, bills shall be sent on the new change date unless otherwise determined by the district.

5.18 Back-billing. If a customer was undercharged, the district may back bill the customer for the amount which was under billed. The back billing shall not exceed six (6) months unless such undercharge was the result of meter tampering, bypass, or diversion of service by the customer as defined in Section 5.24 below.

5.19 Disputed Bills. In the event of a dispute between a customer and the district regarding any monthly bill, the dispute shall be resolved or disposed of in accordance with the Grievance Procedures set forth in Section 5.20 below, except as follows:

- (a) Notice of the bill dispute must be submitted to the district, in writing, and a payment equal to the customer's average monthly usage at current rates must be received by the district prior to the due date posted on the disputed bill.
- (b) The customer shall not be required to pay the disputed portion of a bill which exceeds the amount of that customer's average monthly usage at current rates pending the completion of the determination of the dispute. For

purposes of this subsection, the customer's average monthly usage shall be the average of the customer's usage for the preceding 12-month period. Where no previous usage history exists, consumption for calculating the average monthly usage shall be estimated on the basis of usage levels of similar customers under similar conditions.

(c) Notwithstanding any other section of this Rate Order, a utility customer's service shall not be subject to discontinuance for nonpayment of that portion of a bill under dispute pending the completion of the determination of the dispute. The customer is obligated to pay any billings not in dispute as established in Section 5.14 (Disconnection of Service) above.

5.20 Grievance Procedures. Any customer of the district or person demonstrating an interest under the policies of this Rate Order in becoming a customer shall have an opportunity to voice concerns or grievances to the district by the following means and procedures:

(a) The aggrieved party must first submit written notice to the general manager or authorized staff member stating the concern or grievance and the desired result. The general manager shall investigate the matter and provide a response to the aggrieved party within fourteen (14) days after receipt of the written notice of grievance.

(b) If the general manager does not resolve the grievance to the satisfaction of the aggrieved party, the party may appeal the general manager's decision, in writing, to the president of the board of directors for disposition. The written notice of appeal must be submitted to the district within seven (7) days after the date of the general manager's written response to the notice of grievance.

(c) Upon receipt of an appeal, the president of the board of directors shall review the request and determine the best means by which the grievance shall be resolved. The president may direct that a grievance be heard by the board of directors for final disposition, or initially by district staff appointed by the president and serving in an advisory capacity to the board of directors. The president shall also determine a reasonable time and place for the grievance to be heard, but such hearing shall take place within sixty (60) days of the date that the president received the written notice of appeal. Final disposition by the board of directors shall be reported to the aggrieved party in writing.

(d) If under this section an aggrieved party contests a charge or fee as sole or partial basis of a grievance, the contested charge or fee shall be suspended until such time as the grievance is satisfactorily resolved by the general manager, the deadline for delivering an appeal to the president of the board of directors has passed, or the board of directors has rendered its final disposition of the dispute. This provision does not apply to disputed monthly bills pursuant to the preceding Section 5.19.

5.21 Inoperative Meters. Water meters found inoperative will be repaired or replaced by the district within a reasonable time. If a meter is found not to register for any period, unless by-passed or tampered with, the district shall make a charge for units used, but not metered, for a period not to exceed three (3) months, based on amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.

5.21 Bill Adjustment Due To Meter Error. The district shall test any customer's meter upon written request of the customer. In the event the meter tests within the accuracy standards of The American Water Works Association, a meter test fee as prescribed in Section 7.17 shall be imposed. In the event the test results indicate that the meter is faulty or inaccurate, the test fee shall be waived, the meter shall be calibrated or replaced, and a billing adjustment may be made as far back as six (6) months. The billing adjustment shall be made to the degree of the meter's inaccuracy as determined by the test. The customer must complete and sign a Meter Test Authorization and Test Report form prior to the test. [Form C-05].

5.22 Leak Adjustment Policy. In the event that the amount of a customer's monthly bill is higher than normal due to leakage, the customer may submit a written request to the district to have the amount of the water used reduced by one-third (1/3) together with a statement that the customer has corrected the source of the leak. On behalf of the district, the general manager may grant an adjustment provided that:

(a) The customer has submitted documentary evidence that the leak has been repaired, such as a statement from a plumber and/or receipt(s) for parts purchased to repair the leak; and

(b) The customer has not requested a leak adjustment during the previous thirty-six (36) months regardless of the number of meters serving the customer's property or properties.

5.23 Meter Tampering and Diversion of Service. All meters connected to the district's water system shall be provided, owned, installed and maintained by the district. Meter-tampering, by-pass and diversion of service is prohibited. For purposes of this Rate Order, meter tampering, bypass, or diversion shall be defined as tampering with a meter or service equipment causing damage or unnecessary expense to the district, bypassing a meter or service equipment, or other instances of diversion of service, including, without limitation, the following:

(a) removing or altering district equipment, including locks or shut-off devices installed by the district to discontinue service;

(b) physically disorienting a meter;

- (c) attaching objects to a meter to divert service or to by-pass;
- (d) inserting objects into a meter;
- (e) other electrical and/or mechanical means of tampering with, by-passing, or diverting service;
- (f) connecting or reconnecting service without district authorization; or
- (g) connecting to the service line of an adjacent customer of the district.

The burden of proof of meter-tampering, by-passing, or diversion is on the district. Unauthorized users of district services may be prosecuted to the fullest extent allowed by law under the Texas Penal Code _ 28.03.

5.24 Meter Relocation. The district shall permit the relocation of meters or services provided that:

- (a) the relocation is limited to the requesting customer's existing property designated to receive service;
- (b) a current easement for the proposed location has been granted to the district;
- (c) service capacity is available at the proposed location; and
- (d) the customer pays a meter relocation fee and any additional costs that may be incurred by the district to relocate the meter. [See Section 7.18].

In order to improve the operations of the district, the district may relocate a meter at any time at no cost to the customer.

5.25 Prohibition of Multiple Connections to a Single Tap. No more than one (1) residential or commercial service connection is allowed per meter. The district may require the owner of an apartment building, mobile home/RV Park or other commercial account to apply for a single meter as a "master-metered account" pursuant to Section 5.03(d) above. Any unauthorized sub-metering or diversion of service shall be considered a _multiple connection_ and subject to disconnection of service. If the district has sufficient reason to believe a multiple connection exists, the district shall discontinue service under the Disconnection with Notice provisions in Section 5.14(a) above.

5.26 Customer Responsibilities.

- (a) District Access to Meters. Customers shall allow district employees and designated representatives access to meters for the purpose of reading, testing, installing, maintaining and removing meters and using utility cutoff valves. If access to a meter is hindered so that the district is prevented from the reading of the meter,

an estimated bill shall be rendered to the customer for the month and a notice of the hindrance shall be sent to the customer. If access is denied for three (3) consecutive months after notice to the customer, then service shall be discontinued and the meter removed with no further notice. [See Section 5.04(d)].

(b) Compliance with On-Site Service and Plumbing Requirements. Customers shall be responsible for complying with all local, state and federal codes, requirements and regulations concerning on-site service and plumbing facilities.

(1) All connections shall be designed to ensure against back-flow or siphonage into the district's water system. In particular, livestock water troughs shall be plumbed above the top of the trough with an air space between the discharge and the water level in the trough. [30 TAC _ 290.46].

(2) The use of pipe and pipe fittings that contain more than 8.0% lead or solder and flux that contain more than 0.2% lead is prohibited for any plumbing installation or repair of any residential or non-residential facility providing water for human consumption and connected to the district's facilities. Customer service pipelines shall be installed by the applicant. [30 TAC _ 290.46].

(3) All sewer and potable water service pipeline installations must be a minimum of nine feet (9') apart and meet all applicable regulations for line separation and crossing.

(4) Service shall be discontinued without further notice when the installation of new facilities or repair of existing facilities are found to be in violation of this action until such time as the violation is corrected.

(c) Payment on Multiple Accounts. A customer owning more than one service connection shall keep all payments current on all accounts. Failure to maintain current status on all accounts shall be enforceable in accordance with the customer's service agreement or the terms of this Rate Order.

(d) Extent of District Ownership and Maintenance. The district's ownership and maintenance responsibility of water system facilities and equipment shall end at a customer's meter or other service equipment. Therefore, all water usage registering upon and/or damages occurring to the metering equipment owned and maintained by the district shall be subject to charges pursuant to this Rate Order.

(e) Cut-off Valve Requirement. The district shall require each customer to have a cut-off valve on the customer's side of the meter for purposes of isolating the customer's service pipeline and plumbing facilities from the district's water pressure. The valve shall meet AWWA standards (a ball valve is preferred). The customer's use of the district's curb stop or other similar valve for such purposes is prohibited. A customer shall be subject to charges for any damage to the district's meter or

other service equipment. A cut-off valve may be installed as a part of the original meter installation by the district.

5.27 Prohibited Plumbing Practices

(a) No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination will be isolated from the public water system by an air gap or an appropriate backflow prevention device.

(b) No cross-connection between the water supply and a private water system is permitted. These potential threats to the public drinking water supply must 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 eight percent (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 and flux which contains more than two-tenths of one percent (0.2%) lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

5.28 Water Service Connections.

(a) Applications for water service connections shall be filed with the district on approved forms. Applicants shall meet all district requirements for service, including the grant of any necessary easements (as determined by the district) and the installation of a cut-off valve at the expense of the service applicant.

(b) No person, other than district employees or designated representatives, shall be permitted to tap or make any connection with the mains or service lines of the district's water system, or make any repairs or additions to or alterations to any tap, meter, pipe, valve or other fixture connected to a district water main or service line.

(c) A customer must allow the district to inspect his or her property to be inspected for possible cross-connections and other undesirable plumbing practices. These inspections will be conducted by the district prior to initiating service and may be conducted periodically thereafter. All inspections will be conducted during the district's normal business hours.

(d) The customer must, at the customer's expense, properly install a backflow prevention device as required by the district.

(e) All costs to extend or upsize district water mains or service lines to serve any customer or user, or any undeveloped area within the district, shall be the sole responsibility of the property owner and/or developer requesting service.

5.29 Standards for Water Service Lines. The following standards govern the installation of customer service lines for water service to residences or commercial buildings within the district:

(a) All new residential or commercial connections to the district's water system shall be made in accordance with Section 5.29 above and the Rules and Regulations for Public Water Systems issued by the TCEQ as set forth in Subchapter D, Chapter 290, Title 30 of the Texas Administrative Code. In the event of a conflict between the provisions of Section 5.29 and the TCEQ's Rules and Regulations for Public Water Systems, the more stringent shall apply.

(b) Water pipe and fittings shall be of brass, copper, cast iron, galvanized malleable iron, galvanized wrought iron, galvanized steel or other approved materials. No pipe which has been used for any purpose other than the conveyance of drinking water shall be accepted or relocated for use in any public drinking water supply.

(c) Water service lines and wastewater service lines shall not be less than nine feet (9') apart horizontally and shall be separated by undisturbed or compacted earth.

(d) Water service lines or any underground water pipe shall not be run or laid in the same trench with non-metallic sewer or wastewater service lines unless all three of the following conditions are met:

(1) The bottom of the water service line at all points shall be at least two feet (2') above the top of the wastewater line.

(2) The water service line shall be placed on a solid shelf excavated at one side of the common trench and the two lines shall be separated by a minimum of four feet (4').

(3) The water service line shall be installed with water tight joints tested to a minimum of 150 PSI.

(e) A minimum of four feet (4') of type L polyethylene pipe shall be installed at the end of the water service line at the connection to the water meter.

(f) Water service lines shall be bedded in washed sand to provide six inches (6") of cushion below the line. The trench bottom and walls shall be cleared of all protruding rocks which could damage the pipe before sand bedding is placed.

(g) A district-owned water meter and a district-approved meter box shall be installed by the district or its designated representative.

(h) Potable water supply piping, water discharge outlets, backflow prevention devices, or similar equipment shall not be located so as to make possible the submergence of such equipment in any contaminated or polluted substance.

(i) Lawn sprinkling systems shall be equipped with an approved vacuum breaker installed in the discharge side of each of the last valves. The vacuum breaker shall be installed at least six inches (6_) above the surrounding ground and above a sufficient number of heads so at no time will the vacuum breaker be subjected to back pressure or drainage.

(j) The district's water system shall be protected from swimming pool makeup water by means of an approved backflow prevention device or an adequate air gap.

(k) Upon the installation of a service line, a request for inspection shall be made to the district's office, and the line shall not be back-filled until the district has inspected and approved of the installation. The district shall perform the inspection within forty-eight (48) hours of receiving the request.

(l) Back filling of service line trenches must be accomplished within twenty-four (24) hours of inspection and approval, and no debris will be permitted in any service line trench.

5.30 Out of District Service. It is the general policy of the district to provide service to users or customers located outside the district's service area only after annexation of the property designated to receive service with approval of the board of directors. At the discretion of the board, the district may enter into contracts with other political subdivisions of this state to provide service to users or customers located outside the district's service area.

5.31 Penalties and Enforcement.

(a) Penalties. Any person violating any provision of this article, as amended, may be subject to a fine of not more than \$2,000.00 for each violation. Each day that a violation of this article is permitted to exist shall constitute a separate violation. A penalty under this section is in addition to any other penalty or remedy provided by the laws of the State of Texas or this Rate Order.

(b) Liability for Costs. Any person violating any provision of this article, as amended, shall become liable to the district for any expense, loss or damage occasioned by the district by reason of such violation and the district's enforcement thereof. If the district prevails in any suit to enforce these rules and regulations, it may, in the same action, recover any reasonable fees for attorneys, expert witnesses, and other costs incurred by the district before the court.

(c) No Waiver. The failure on the part of the district to enforce any article, section, clause, sentence, or provision of this Rate Order shall not constitute a waiver of the right of the district later to enforce any section, clause, sentence, or provision of this Rate Order.

ARTICLE 6.
SUBDIVISION SERVICE EXTENSION POLICY AND
NON-STANDARD SERVICE REQUIREMENTS

6.01 District Limitations. All applicants shall recognize that the district must comply with state and federal laws and regulations as promulgated from time-to-time, and with covenants of current indebtedness. The district is not required to extend retail utility service to any applicant requesting standard service to a lot or tract in a subdivision where the developer responsible for the subdivision has failed to comply with the requirements of the subdivision service extension policy and non-standard service requirements set forth in this article. [See Section 6.03; Form C-07].

6.02 Purpose. It is the purpose of this article to define the process by which the specific terms and conditions for service to subdivisions and other kinds of non-standard service are determined, including the non-standard service applicant's and the district's respective costs. For purposes of this article, the term applicant shall refer to a developer or person that desires to secure non-standard service from the district. The applicant must be the same person or entity that is authorized to enter into a contract with the district setting forth the terms and conditions pursuant to which non-standard service will be furnished to the property. In most cases, the applicant will be the owner of the property for which non-standard service is sought. An applicant other than the property owner must furnish evidence to the district that the applicant has authority to request non-standard service on behalf the owner, or that it otherwise has authority to request non-standard service for the property.

6.03 Application of Rules.

(a) This article is applicable to subdivisions, additions to subdivisions, commercial, industrial and governmental developments, and any situation where additional service facilities are required to serve a single tract of property. Examples of non-standard service to a single tract of land include, without limitation, service requests that require road bores, extensions to the district's water distribution facilities, service lines exceeding two inches (2") internal diameter in size, service lines exceeding two hundred feet (200') in length, or which require a meter larger than 5/8" x 3/4" for service. Most non-residential service applications will be considered non-standard by the district at its sole discretion. For purposes of this Rate Order, applications subject to this article shall be defined as non-standard. This article may be altered or suspended for facility expansions constructed by the district at its expense. The district's general manager shall interpret, on an individual basis, whether or not an applicant's service request shall be subject to all or part of the conditions of this article. For purposes of this article the term project includes subdivisions, additions to subdivisions, and commercial, industrial and governmental developments.

(b) This article sets forth the general terms and conditions pursuant to which the district will process non-standard service requests. The specific terms and conditions pursuant to which the district will provide non-standard service in response to any request will depend upon the nature of such request and may be set forth in a contractual agreement to be entered between the district and applicant. The contract may not contain any terms or conditions that conflict with this article.

6.04 Preliminary Development Review.

(a) Prior to submitting a formal application for non-standard service to the district or a preliminary plat to a local governmental entity with jurisdiction for approval, an applicant that intends to develop and request service to a subdivision shall contact the district to initiate a preliminary development review in accordance with the following schedule:

(1) The applicant shall submit a proposed preliminary plat of the project, including individual water service plan sheets for initial review by the district's consulting engineer, together with payment of a preliminary development review fee in the amount of \$500.00 plus \$10.00 for each lot or service connection above two hundred and fifty (250) connections as reflected on the preliminary plat.

(2) The applicant shall request a meeting with the district's general manager and consulting engineer allowing approximately twenty (20) days after submission for the district's consulting engineer to review the preliminary plat/plans and prepare a written list of necessary revisions to same, if any.

(3) The applicant shall meet with the general manager and consulting engineer to discuss the proposed project and availability of water at the project's location, to review any plat/plan revisions required by the district's consulting engineer for preliminary approval of the project, and to receive all necessary application forms.

(4) Upon preliminary approval of the original or revised preliminary plat/plans by the district's consulting engineer, the district shall notify the applicant in writing to proceed.

(b) In the event any local governmental entity with jurisdiction intends to withhold its approval of the final plat until construction of all roads, drainage facilities, service facilities and other infrastructure is completed and approved, a letter from the entity so stating shall accompany the applicant's submission of a non-standard service application and final plat pursuant to the following Section 6.05.

6.05 Non-Standard Service Application. The applicant shall meet the following requirements prior to entering into a non-standard service contract with the district:

(a) The applicant shall complete and submit a non-standard service application to the district, while giving special attention to that portion entitled Special Service Needs of the Applicant. [See Form B-01].

(b) Simultaneous with submission of the non-standard service application, the applicant must submit three (3) copies of the proposed final plat showing the applicant's requested service area for approval by the district. The final plat must be approved by all governmental authorities exercising jurisdiction over lot sizes, sewage control, drainage, right-of-way, and other service facilities. Plans, specifications, and special requirements of such governmental authorities shall be submitted with the plat. Applicants for single taps that require an extension or oversizing of district facilities shall be required to submit maps or plans detailing the location of the requested extension and details of demand requirements.

(c) The applicant shall pay a service investigation fee to the district in accordance with the requirements of Section 7.02 for purposes of paying the district's administrative, legal and engineering fees. The district shall refund any balance that remains after it has completed its service investigation, and has completed all legal and engineering services associated with processing the request. In the event such a fee is not sufficient to pay all expenses incurred by the district, the applicant shall pay to the district all remaining expenses that have been or will be incurred by the district, and the district shall have no obligation to complete processing of the request until all remaining expenses have been paid.

(d) If after completing its service investigation the district determines that the applicant's service request is for property located wholly or partially outside the district's certificated service area, the district may still extend service provided that:

(1) the requested service area is not in an area receiving similar service from another retail utility;

(2) the requested service area is not within another retail utility's certificated service area; and

(3) The district's Certificate of Convenience and Necessity shall be amended to include the entirety of the applicant's property for which service is requested and the applicant shall pay all costs incurred by the district in amending its CCN, including but not limited to engineering and professional fees. If the service location is contiguous to or within one-fourth (¼) mile of the district's certificated service area, the district may extend service prior to completing the amendment to its CCN, but will do so only upon applicant's legally enforceable agreement to fully support such amendment (including but not limited to payment of all professional fees, including legal, surveying and engineering fees incurred by district in securing the amendment).

6.06 Facilities Design and Approval. Upon receipt of the completed non-standard service application and service investigation fee, the district shall study the design requirements of the applicant's required facilities before preparing a non-

standard service contract in accordance with the following:

(a) All water distribution facilities shall be designed by a Texas registered professional engineer.

(b) The district's consulting engineer shall design or review and approve plans for all on-site and off-site service facilities for the applicant's requested service in accordance with the district's specifications and any applicable municipal or other governmental codes and specifications.

(c) The district's consulting engineer's fees shall be paid out of the service investigation fee under Section 6.05(c) above, provided the actual costs of the engineer's services do not exceed the amount of the service investigation fee allotted for engineering services. If the fees for such services exceed the initial service investigation fee, the applicant shall pay the balance of the engineering fees to the district prior to commencing construction of water distribution facilities.

(d) If the facilities are designed by the district's consulting engineer, the consulting engineer shall submit to the district a set of detailed plans and specifications and cost estimates for the project.

(e) The district's consulting engineer shall ensure all facilities for any applicant and meet the demands for service as platted and/or requested in the plans or plat submitted by the applicant. The district reserves the right to upgrade and/or oversize the planned service facilities to meet future customer demands on the condition that the applicant shall be reimbursed the additional expense of such upgrading and/or over sizing in excess of the applicant's facility requirements.

(f) Water line size and location will be determined by the district's consulting engineer, whose determination is final.

(g) All water line material fittings shall conform to American National Standards Institute/National Sanitation Foundation (ANSI/NSF) standard 61 and must be certified by an organization accredited by ANSI and not less than ASTM-D2241 Class 200.

(h) Any water line extensions constructed by a developer shall be constructed completely across (property line to property line) the side of the subdivision or development which is contiguous and adjacent to the road or street on which the main entrance to the project is located.

(i) The water system shall be designed to afford effective circulation of water with a minimum of dead ends. All dead end mains shall be provided with acceptable flush valves and discharge piping. Where dead ends are necessary as a stage in the growth of the system, they shall be located and arranged to ultimately connect the ends to provide circulation. [See 30 TAC § 290.44(d)(6)].

6.07 Prepayment of Certain Fees Required. An applicant for non-standard

service shall pre-pay certain fees in accordance with the following:

(a) On or before the date that a non-standard service contract or a three-way contract is executed for the construction of service facilities required to provide service to the applicant's project or a phase thereof, the applicant shall deposit with the district a sum of money equal to one-half ($\frac{1}{2}$) of the connection fee required by Section 7.05 of this Rate Order multiplied by the total number of lots or service connections in the project according to the approved final plat, whichever is greater. Payment of the foregoing sum is a mandatory prerequisite to commencing construction of the project.

(b) Before the district approves and accepts dedication of the project service facilities, the applicant shall pay to the district the remaining fees due the district which have not been paid by the applicant including, but not limited to, the remaining one-half ($\frac{1}{2}$) of the connection fees for each lot or service connection in the project as described in the previous section (a). This requirement is a mandatory prerequisite to the initiation of water service to the project pursuant to a non-standard service contract. Upon acceptance of the Project by the district, the district shall apply any reserved service fees deposited by the applicant pursuant to this Rate Order.

6.08 High Density Developments. The district reserves the right to declare a subdivision or development a High Density Development. The district may determine that a project is a High Density Development based on lot sizes, the total number of lots or living units in the project, or both. The determination of whether a project is a High Density Development is within the sole discretion of the district. In the event the district declares that a project is a High Density Development, then the following regulations will apply:

(a) Off-Site Construction Costs.

(1) Off-Site Construction Costs are the costs to construct an adequate pipeline to serve a project of at least eight inch (8") internal diameter in size from a point to be determined by the district to and across the frontage of the project. An applicant for service to a High Density Development project shall pay the Off-Site Construction Costs pursuant to a non-standard service contract and/or three-way contract by and between the applicant and district.

(2) In the event that all or a portion of any unallocated capacity in an existing pipeline previously constructed to serve a High Density Development or subdivision is utilized to transmit water to a subsequent project, then the applicant shall pay to the district the unrecovered construction costs of the line. Payment shall be made upon execution of a non-standard service contract. The construction costs of a new pipeline, if any, will be paid in the manner stated in the previous paragraph.

(3) In the event that water is transmitted to the project through a

pipeline on which all construction costs have been recouped, then no Off-Site Construction Costs relating to the pipeline will be charged.

(b) Conflict. If any other provision in this Rate Order conflicts with a provision of this section, then the provisions of this section will control. The determination of a conflict will be in the sole discretion of the district.

6.09 Non-Standard Service Contract. Applicants requesting or requiring non-standard service shall be required to execute a written non-standard service contract prepared by the district's attorney. [See Form B-02]. Said contract shall define the terms of service prior to construction of required service facilities for the project. The non-standard service contract may include, without limitation, provisions for the following:

(a) Payment of all costs associated with required administration, design, construction and inspection of facilities for water service to the applicant's service area and terms by which these costs are to be paid.

(b) Procedures by which the applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.

(c) Payment of connection fees required by the district in addition to the other costs required under this article.

(d) Reservation of service capacity for the applicant and duration of reserved service with respect to the impact the applicant's service demand will have upon the district's system capability to meet other service requests.

(e) Terms by which the applicant shall indemnify the district from all third party claims or lawsuits arising from or related to the project.

(f) Terms by which the district shall administer the applicant's project with respect to:

- (1) design of the applicant's service facilities;
- (2) securing and qualifying bids;
- (3) execution of a non-standard service contract and related agreements, if any;
- (4) selection of a qualified bidder for construction;
- (5) dispensing advanced funds for construction of facilities required for the applicant's service;
- (6) inspecting construction of facilities; and
- (7) testing facilities and closing the project.

(g) Terms by which the applicant shall dedicate, assign and convey to the district all constructed service facilities and related rights (including contracts, easements, rights-of-way, deeds, warranties, and so forth) and by which the district shall assume operation and maintenance responsibility for the service facilities constructed for applicant's project. The applicant shall also provide reproducible as-built drawings of all constructed service facilities. The as-built drawings must verify that all facilities have been properly located within the easements or rights-of-way conveyed or dedicated to the district.

(h) Terms by which the board of directors of the district shall review and approve any applicable non-standard service contract, three-way contract or any other contract related to the project pursuant to current rules, regulations and policies of the district.

The district and applicant must execute a non-standard service contract before construction of service facilities for the project is commenced. In the event that the applicant commences construction of any such facilities prior to execution of the contract, the district may refuse to provide service to the applicant (or require full costs of replacing/repairing any facilities constructed without prior execution of the contract from any person buying a lot or home from applicant), require that all facilities be uncovered by the applicant for inspection by the district, require that any facilities not approved by the district be replaced, or take any other lawful action determined appropriate by the board of directors.

6.10 Property and Right-of-Way Acquisition. With regard to construction of facilities, the district shall require private right-of-way easements or private property as per the following conditions:

(a) If the district determines that right-of-way easements or facility sites outside the applicant's property are required, the applicant shall secure easements or title to the right-of-way or facility sites in behalf of the district. All right-of-way easements and property titles shall be researched, validated, and recorded by the district at the expense of the applicant.

(b) All costs associated with facilities that must be installed in public right-of-ways on behalf of the applicant, due to the inability of the applicant to secure private right-of-way easements, shall be paid by the applicant. Alternatively, applicant shall pay all costs, including legal and other professional fees, and the condemnation award in the event the district secures such private easements or facility sites through eminent domain proceedings. Any request by applicant to the district to commence eminent domain proceedings shall be made in writing. The district reserves the right to secure right-of-way easements or facility sites by eminent domain on its own initiative.

(c) The district shall require an exclusive dedicated right-of-way on the applicant's property (as required by the size of the planned facilities and as determined by the district) and title to property required for other on-site facilities.

(d) Easements and facilities sites shall be prepared for the construction of the district's pipeline and facility installations in accordance with the district's requirements and at the expense of the applicant.

6.11 Contractor Selection & Qualification. Applicants shall choose one of the following methods for selection of a contractor to construct line extensions and/or water distribution facilities required by the district to serve a development or project:

(a) the applicant may select a qualified contractor from the district's list of approved contractors; or

(b) the applicant may select a qualified contractor subject to the district's review and approval. The applicant shall provide references to the district for its review. The district reserves the right to reject any contractor selected by the applicant. The applicant shall sign the non-standard service contract noting applicant's willingness to proceed with the project and shall pay all costs in advance of construction associated with the project or the applicant shall execute a three-way contract approved by the district's attorney. [See Form C-15].

6.12 Construction.

(a) All road work shall be completed in accordance with applicable state, county and/or municipal standards prior to construction of project service facilities to avoid future problems resulting from road right-of-way excavation and completion. Subject to approval of the requisite authority, road sleeves may be installed prior to road construction to avoid road damage during construction of applicant's service facilities.

(b) The district shall, at the expense of the applicant, inspect the service facilities to ensure compliance with district standards.

(c) Construction plans and specifications shall be strictly adhered to, but the district reserves the right to revise any specifications by change-order due to unforeseen circumstances during the design phase or to better facilitate construction and/or operation of the project service facilities. All change-order amounts shall be charged to the applicant.

6.13 Dedication of Service Facilities. Upon proper completion of construction of an applicant's on-site and off-site service facilities, final inspection and approval thereof by the district, and applicant's payment to the district of all required fees and charges in connection therewith, the applicant shall dedicate the service facilities to the district by an appropriate legal instrument approved by the district's attorney, and the district shall accept the dedication. The district shall thereafter own the service facilities subject to applicant's maintenance bond in an amount of not less than twenty percent (20%) of the total construction cost of the service facilities and for a term of not less than one (1) year. The maintenance bond is subject to prior approval by the district's attorney.

6.14 Service within Subdivisions. The district's objective to provide service to any customer located within a subdivision governed by this article is strictly limited to the non-standard service specified by an applicant. The applicant is responsible for paying for all costs necessary to provide non-standard service to a subdivision as determined by the district under the provisions of this Rate Order, and in particular, the provisions of this article. Should the applicant fail to pay these costs, the district has the right to require payment of these costs by any one or more of the persons purchasing lots within such subdivision before the district is obligated to provide service to the subdivision. In addition, the district may elect to pursue any remedies provided by the non-standard service contract and the laws of Texas.

6.15 Pro-Rata Reimbursement. The district may from time to time negotiate and enter into a pro-rata reimbursement agreement with a project applicant on condition that the following factors must be present:

(a) the project applicant (or _constructing applicant_) must construct off-site service facilities to the district's water system;

(b) the constructing applicant must comply with a district requirement to oversize the off-site service facilities to service future growth not generated by the constructing applicant's project;

(c) the district shall assess a five percent (5%) administrative fee for the administration of pro-rata fees collected by the district from subsequent connecting applicants, which shall be deducted from pro-rata reimbursements before remittance to the constructing applicant; and

(d) the pro-rata reimbursement agreement shall contain the following items:

(1) the term of the agreement shall not exceed ten (10) years;

(2) reimbursement shall not be for more than eighty percent (80%) of the actual cost of the off-site improvement constructed; and

(3) the amount due to the constructing applicant from a future connecting applicant shall be based on the following formula:

Acres in connecting applicant's project

$$\frac{\text{Acres in connecting applicant's project} \times (\text{x}) \text{ Actual cost of off-site facilities}}{\text{Total potential acres served by off-site facilities of constructing applicant. (less)}}$$

Total acres in constructing applicant's project.

EXAMPLE:

$$\frac{100(\mathbf{a})}{500(\mathbf{b}) - 100(\mathbf{c})} (\times) \$50,000.00 (\mathbf{d}) (=) \$12,500.00 (\mathbf{e})$$

Where:

- (a)** = Acres in connecting applicant's project.
- (b)** = Total potential acres served by the off-site facilities constructed by the constructing applicant as determined by the district's consulting engineer.
- (c)** = Total acres in the constructing applicant's project.
- (d)** = Actual cost of the off-site facilities.
- (e)** = Pro-rata fee to be collected from any water service applicant that connects or desires to connect to the off-site facilities.

ARTICLE 7.
RATES AND SERVICE FEES

7.01 Classes of Users. All users of the district's water services shall be grouped into the following classes:

(a) Residential users or customers - persons located within the district's service area who receive district service to a residential unit for domestic purposes only.

(b) Commercial users or customers - persons located within the district's service area who receive district service to a commercial, industrial or other nonresidential establishment, or who receive district service for commercial, industrial, recreational or other non-domestic purposes. An apartment building or mobile home park may be considered by the district to be a single commercial facility.

(c) Outside users or customers - persons located outside the district's service area who receive district service.

All classes of users may be grouped into sub-classes according to meter size. Water charges will be assessed in such a manner that each class of users generally pays its share of debt service and operation and maintenance expenses for water service. Outside applicant's or customers may be assessed additional charges for service to reflect the additional costs associated with serving outside customers or the risk that such customers may have other options for receiving service and may elect to discontinue being district customers. The district may create additional classes of users in the future at its discretion.

7.02 Service Investigation Fee. The district shall conduct a service investigation for each service application submitted to the district. An initial determination shall be made by the district, without charge, as to whether the request is for standard or non-standard service. An investigation shall then be conducted by the district and the results reported under the following terms:

(a) Standard Service Requests. All standard service requests shall be investigated without charge and all applicable costs for providing service shall be quoted in writing to the applicant within ten (10) working days of application.

(b) Non-standard Service Requests. All non-standard service requests shall be subject to a service investigation fee in the amount of \$2,000.00 plus \$10.00 for each service connection in excess of two hundred and fifty (250) service connections unless the district determines otherwise, in which case the district shall charge a service investigation fee appropriate to the project and of sufficient amount to cover all administrative, legal and engineering costs associated with an investigation of the district's ability to provide service to the applicant's project, which

may include:

- (1) providing cost estimates of the project;
- (2) presenting detailed plans and specifications as per final plat;
- (3) advertising and accepting bids for the project;
- (4) preparing a non-standard service contract between the district and applicant; and
- (5) providing other services as required by the district for such investigation.

A non-standard service contract shall be presented to the applicant within a suitable amount of time as determined by the complexity of the project. [See Article 6].

7.03 Deposits.

(a) Initial Payment and Amount. At the time an application for service is approved, the applicant shall pay a deposit to be held by the district, without interest, until settlement of the customer's final bill. The deposit will be used to offset unpaid charges or bills.

(1) Residential Service Applicants. The deposit for residential users shall be \$250.00 for each service unit.

(2) Commercial and Nonresidential Service Applicants. The deposit for commercial or other nonresidential users, including master metered accounts, shall be an amount equal to one-sixth of the estimated annual billings as determined by the district.

(b) Adjustment of Commercial Deposit. If actual monthly billings of a commercial or nonresidential customer are more than twice the amount of the estimated billings at the time service was established, a new deposit amount may be calculated and an additional deposit may be required to be made within fifteen (15) days after the issuance of written notice.

(c) Reestablishment of Deposit. Every service applicant who has previously been a customer of the district and whose service has been discontinued for nonpayment of bills, meter tampering, bypassing of meter or failure to comply with applicable state regulations or regulations of the district shall be required, before service is resumed, to pay all amounts due the district and shall be required to pay a deposit if the district does not currently have a deposit from the customer.

(d) Refund of Deposit. If service is not connected, or after disconnection of service, the district shall refund the service applicant's or customer's deposit, if any, in excess of the unpaid bills for service furnished. The balance of the deposit shall be paid to the customer within thirty (30) days of the customer requesting discontinuance by telephone or completing and submitting a Request for Discontinuance form to the district. Requests for discontinuance of service must be made or received by the district prior to termination of service. In the event that an outstanding balance exists after the deposit is applied, the district may attempt to collect the outstanding balance by all lawful means available.

7.04 Easement Fee. When the district determines that private right-of-way easements and/or easements for facility sites are necessary to provide service to an applicant, the applicant shall be required to make a good faith effort to secure such easements on behalf of the district or pay all costs incurred by the district to validate, clear and obtain such easements, including but not limited to legal fees and court costs, in addition to other fees required under this Rate Order to initiate service. [See Sections 5.03(b) and 6.07].

7.05 Connection Fee. In addition to a deposit and any other applicable fees, the district shall charge a connection fee to establish service as follows:

(a) Standard Residential and Commercial Service. The connection fee for standard residential and commercial service shall include all labor, materials for construction, installation, or inspection of a tap or connection to the district's water system, including a meter. The connection fee shall be charged on a per connection basis in the following amounts:

<u>Meter Size</u>	<u>Connection Fee</u>
5/8" x 3/4"	\$2,365.00
1" or larger	\$2,365.00 plus the additional cost of meter and parts

(b) High Density Developments and Subdivision Projects. The district shall charge a connection fee for non-standard service to land being developed or subdivided, which at the time of platting was not being provided with water service by the district, in the following amounts:

(1) \$2,365.00 for each service connection; or

(2) \$1,815.00 for each service connection provided the applicant or developer shall install or has installed a vault, meter tap and customer service line for each service connection prior to completing construction of all water distribution facilities on the land.

(c) Extraordinary Expenses. In addition to the connection fee, the district may charge the applicant for extraordinary costs related to providing service, including costs of road bores, street crossings, line extensions and system improvements, and pipeline relocations under Section 5.03(f) above.

7.06 Activation Fee. When service is requested by a new customer to an existing meter located on property previously served by the district, the district will charge a fee of \$100.00 prior to restoring service. In addition, the applicant shall pay a deposit and any other applicable fees required under this Rate Order. [See Section 5.04(b)].

7.07 Monthly Service Charges.

(a) **Base Rate.** The base rate is that portion of a customer's monthly bill which is paid for the opportunity of receiving utility service, excluding standby fees which does not vary due to changes in service consumption. The standard 5/8" x 3/4" meter (as per American Water Works Association maximum continuous flow specifications) is used as a base multiplier for the base rate amount. Therefore, a customer's base rate charge is based on the number of 5/8" x 3/4" meters equivalent to the size of that customer's meter. The district's monthly base rates for water service and meter size equivalents are as follows:

METER SIZE	5/8" x 3/4" METER EQUIVALENTS	MONTHLY RATE
5/8" x 3/4"	1.0	\$46.15
1"	1.5	\$60.82
1 1/2"	2.5	\$119.75
2"	5.0	\$214.75
3"	16.0	\$420.50
4"	25.0	\$689.12
6"	50.0	\$844.00
8"	80.0	\$1579.00

(b) **Gallon Charge.** In addition to the base rate, customers shall be assessed a gallon charge at the following rates for water usage during any one (1) billing period:

0 to 2,000 gallons.....	\$6.60per thousand
2,001 to 5,000 gallons.....	\$7.00 per thousand
5,001 to 8,000 gallons.....	\$7.50 per thousand
8,001 to 15,000 gallons..	\$8.50 per thousand
Over 15,000 gallons.....	\$9.00 per thousand

(c) **Regulatory Assessment.** In accordance with TCEQ regulations, the district shall collect from each customer a regulatory assessment equal to 0.5% of the monthly charges collected by the district for water utility service. [See 30 TAC § 291.76(d)(3)]. The regulatory assessment is not to be collected from state agencies, wholesale customers, or buyers of non-potable water. [TCEQ Publication RG-199; see 30 TAC § 291.76(d) (3)].

7.08 Standby Fee. The monthly charge imposed on undeveloped property in the

district to which no water or wastewater connections have been made and for which water facilities and services are available. Upon adoption by the board of directors and approval by the TCEQ, the district shall charge a standby fee to owners of undeveloped property.

7.09 Late Payment Fee. Except for bills to political subdivisions and state agencies, a one time penalty of \$10.00 shall be applied to delinquent monthly water bills. This late payment penalty shall not be applied to any balance to which the penalty was applied in a previous billing, but shall be applied to any unpaid balance during the current billing period. Political subdivisions and state agencies shall be assessed a late penalty of 1% on any amount unpaid on the 46th day after a bill or statement for service furnished is received by the state agency or political subdivision and an additional 1% shall be assessed for each month thereafter that the bill remains unpaid. [See Tex. Gov't Code Chapter 2251].

7.10 Owner Notification Fee. The district may, at the expense of the customer, notify said customer of a tenant's delinquent account status prior to disconnection of service. **The district shall charge \$6.50 per notification. This amount is subject to change due to USPS postal rate increases.**

7.11 Returned Check Fee. In the event a check, draft, or any other similar instrument is given by any person for payment of services provided for in this Rate Order, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason, the account for which the instrument was issued shall be assessed a return check fee of \$30.00. In the event of multiple items returned from the same customer, a returned check fee of \$30.00 will be assessed for each item.

7.12 Credit/Debit Card Charge-back Fee. A \$30.00 charge will be assessed to an account on the district's automatic debit program for each payment charged back to the district's deposit account for any reason.

7.13 Reconnect Fee. The district shall charge a fee of \$40.00 for restoration of service after disconnection for any reason stated in this Rate Order or to restore service after disconnection at a customer's request, except for re-service under Sections 5.04(b) or 5.05(b) above.

7.14 Service Trip Fee. The district shall charge a fee of \$40.00 for any service call or trip to a customer's tap as a result of a request by the customer or tenant or for the purpose of disconnecting services for nonpayment.

7.15 Equipment Damage Fee. The district shall charge for all labor, material, equipment, and all other actual costs necessary to repair or replace all equipment damaged due to negligence, meter tampering or bypassing, reconnecting service without authority or other service diversion. The district may charge for all actual costs necessary to correct service diversion or unauthorized taps where there is no equipment damage, including incidents where service is reconnected without authority. An itemized bill of such charges shall be provided to the customer. In cases of meter

tampering or service diversion, the district may disconnect the service of a customer refusing to pay damage charges. [See 30 TAC _ 291.87(n)].

7.16 Customer History Report Fee. A fee of \$2.00 shall be charged to provide a copy of the customer's record of past water purchases in response to a customer's request for such a record.

7.17 Meter Test Fee. The district shall test a customer's meter upon written request of the customer and a meter test fee of \$35.00 shall be imposed on the affected account.

7.18 Meter Relocation Fee. The fee for moving a meter from one location to another under the terms of Section 5.25 shall be the actual costs incurred by the district plus administrative charges, or a minimum fee of \$250.00. Upon removal of the existing meter, the district shall remove the existing service tap.

7.19 Temporary Service Charges. Prior to providing temporary water service, the district shall charge a non-refundable temporary service fee of \$50.00 plus actual installation charges for temporary water service. Temporary service customers shall subsequently pay monthly gallon charges as stated in Section 7.07(b) above for water usage.

7.20 Hydrant Meter Service. Prior to providing hydrant meter service, the district shall receive a deposit in the amount of \$500.00 which is refundable upon return of the fire hydrant meter and payment for all water used. Hydrant meter service customers shall subsequently pay monthly gallon charges as stated in Section 7.07(b) above for water usage.

7.21 Non-Disclosure Fee. No fee will be assessed to any customer requesting in writing that personal information under the terms of this Rate Order not be disclosed to the public.

7.22 Information Disclosure Fee. All public information, except that which has been Individually requested as confidential, shall be available to the public for a fee to be determined by the district based on the level of service and costs to provide such information, but not to be inconsistent with the terms of the Texas Publication Information Act, Chapter 552, of the Texas Government Code.

7.23 Additional Assessments. In the event any federal, state or local government imposes on the district a "per meter" fee or an assessment based on a percent of water charges, this fee or assessment will be billed and collected as a "pass through" charge to the customer.

7.24 Other Fees. All services outside the normal scope of utility operations that the district may be compelled to provide at the request of a customer shall be charged to the recipient based on the cost of providing such service.

7.25 Fees Non-refundable. All fees, rates and charges contained in this Rate Order

are non-refundable unless expressly stated otherwise.

7.26 Free Service Prohibited. All customers receiving service from the district shall be subject to the provisions of this Rate Order and shall be charged the rates established in this Rate Order, and no free service shall be furnished to any customer.

ARTICLE 8.
DROUGHT CONTINGENCY PLAN

8.01 **Introduction.** The goal of this Drought Contingency Plan is to cause a reduction in water use in response to emergency conditions so that the water availability can be preserved. Since emergency conditions can occur rapidly, responses must also be enacted quickly. This plan has been prepared in advance considering conditions that will initiate and terminate the rationing program.

8.02 **Conservation Committee.** A Conservation Committee (the committee) consisting of two (2) members of the board of directors and the general manager will monitor water usage patterns, initiate public education efforts and make recommendations to the board of directors about future conservation needs. The committee will develop public awareness notices, bill stuffers, and other methods that will serve as a constant reminder that water should be conserved at all times, not just during an emergency. The committee will review and evaluate any needed amendments or major changes due to changes to the district's population, service area, water supply, system capacity, or water distribution facilities. This review and evaluation will be done on a regular basis of five (5) years unless conditions necessitate more frequent reviews. A conservation plan will be implemented according to the three stages of rationing as imposed by the board of directors.

8.03 **Triggering Conditions for Drought Response Stages.**

(a) **Stage 1 - Mild Conditions.** Stage 1 may be implemented when one or more of the following conditions exist:

- (1) Water consumption has reached eighty percent (80%) of daily maximum supply for three (3) consecutive days.
- (2) Water supply is reduced to a level that is only twenty percent (20%) greater than the average consumption for the previous month.
- (3) There is an extended period (at least eight (8) weeks) of low rainfall and daily use has risen twenty percent (20%) above the use for the same period during the previous year.

(b) **Stage 2 - Moderate Conditions.** Stage II rationing condition may be implemented when one of the following conditions exist:

- (1) Water consumption has reached ninety percent (90%) of the amount available for three (3) consecutive days.
- (2) The water level in any of the water storage tanks cannot be replenished for three (3) consecutive days.

(c) **Stage 3 - Severe Conditions.** Stage 3 water allocation measures

may be implemented when one of the following five conditions exist:

- (1) Failure of a major component of the system or an event which reduces the minimum residual pressure in the system below 20 psi for a period of 24 hours or longer.
- (2) Water consumption of 95% or more of the maximum available for three (3) consecutive days.
- (3) Water consumption of 100% of the maximum available and the water storage levels in the system drop during one 24-hour period.
- (4) Natural or man-made contamination of the district's water supply source(s).
- (5) The declaration of a state of disaster due to drought conditions in a county or counties served by the district.
- (6) Reduction of wholesale water supply due to drought conditions.
- (7) Other unforeseen events which could cause imminent health or safety risks to the public.

8.04 Drought Response Stages. The rationing stages in this article will be instituted by the triggering conditions in Section 8.03 above. The district shall institute monitoring and enforce penalties for violations of this plan for each of the rationing stages listed below.

(a) ***Stage 1 - Mild Conditions.***

- (1) Alternate day, time of day, or limiting of time restrictions for outside water usage allowed. (The district will notify customers of the restrictions in effect.)
- (2) The district should reduce flushing operations.
- (3) Encourage reduction of water use through the notice on bills or other method.

(b) ***Stage 2 - Moderate Conditions.***

- (1) All outside water use is prohibited, except for a livestock or other exemption or variance granted under this article.
- (2) Make public service announcements as conditions change via local media (TV, radio, newspapers, etc.).

(c) ***Stage III - Severe Conditions.***

(1) All outside watering prohibited and the system may also prohibit livestock watering by notice.

(2) Water use will be restricted to a percentage of each customer's prior month's usage. This percentage may be adjusted as needed according to demand on the system. Notice of this amount will be sent to each customer.

(3) District shall continue enforcement and educational efforts.

8.05 Drought Response Initiation, Extension and Termination Procedures.

(a) Initiation. Once a triggering condition occurs, the district or its designated responsible representative shall, based on recommendations from the chairperson of the committee, determine if the appropriate stage of rationing shall be initiated. Initiation of rationing may be delayed if there is a reasonable possibility that water system performance will not be compromised by the triggering condition. If rationing is to be instituted, written notice of the proposed rationing shall be mailed or delivered to each affected customer and placed in a local newspaper or announced on a local radio or television station. The customer notice shall contain the following information:

- (1) the date rationing shall begin;
- (2) the expected duration;
- (3) the stage (level) of rationing to be employed;
- (4) the penalty for violations of the rationing program; and
- (5) the affected area subject to rationing.

(b) Extension. A rationing period may not exceed sixty (60) days without extension by action of the board of directors. If the rationing period extends thirty (30) days then the chairperson of the committee or general manager shall present the reasons for the rationing at the next scheduled board of directors meeting and shall request the board of directors' approval to extend the rationing period.

(c) Termination. When the triggering condition no longer exists, then the responsible official may terminate the rationing, provided that such an action is based on sound judgment. Written notice of the end of rationing shall be given to all affected Customers.

8.06 Penalties for Violations. The following provisions apply to all customers of the district for violations of this article:

(a) First Violation. The district shall give written notice to the customer of the specific violation and the penalties that may be assessed for subsequent violations.

(b) Second Violation. The district shall assess a penalty of \$75.00 to a customer for a second violation.

(c) Subsequent Violations. The district shall assess an additional penalty of \$150.00 to a customer for each violation occurring after the second violation.

(d) Continuing or Repeated Violations. The district may terminate service to a customer for up to 7 days for continuing or repeated violations under this article and until any unpaid service charges and penalties for violation of this article are paid in full. In addition, the district shall charge for the service call to restore service.

8.07 Variances. The district may grant a variance to individuals that can demonstrate just cause for outside or other use of water other than permitted by this plan. Some examples may include no other source for livestock, for extraordinary business purposes which are shared by a majority of other business, or for construction already in progress, etc.

8.08 Rates. All existing rate schedules shall remain in effect during a rationing period under this plan.

8.09 Implementation. The board of directors shall establish a conservation committee by resolution, the chairperson of which will be the responsible party for proposing or taking emergency water management actions under this plan. The committee should also review the procedures in this plan annually so that modifications can be made to accommodate system growth.