

TARIFF

SOUTH CLEVELAND
WATER SUPPLY CORPORATION
PO BOX 1811
CLEVELAND, TEXAS
281-659-9771

TABLE OF CONTENTS

SECTION A. RESOLUTION AND AUTHORITY

SECTION B. STATEMENTS

SECTION C. DEFINITIONS

SECTION D. GEOGRAPHIC AREA SERVED

SECTION E. SERVICE RULES AND REGULATIONS

1. Service Entitlement
2. Service Location and Classification
3. Service Requirements
4. Ownership of equipment
5. Activation of Standard Service
6. Activation of Non-Standard Service
7. Changes in Service Classification (also see Temporary Service E.6.b., Note 2)
8. Membership
9. Owners and Renters (Section C., Miscellaneous Transaction Forms)
10. Denial of Service
11. Applicant's or Transferee's Recourse
12. Insufficient Grounds for Refusal of Service
13. Deferred Payment Agreement (Miscellaneous Transaction Forms)
14. Indigent Care Policy
15. Charge Distribution and Payment Application
16. Due Dates, Delinquent Bills, and Service Disconnection Date
17. Rules for Disconnection of Service
18. Billing Cycle Changes
19. Back-Billing
20. Disputed Bills
21. Inoperative Meters
22. Bill Adjustment Due to Meter Error
23. Meter Tampering and Diversion
24. Meter Relocation
25. Prohibition of Multiple Connections to a Single Tap
26. Member's Responsibility

**SECTION F. DEVELOPER, SUBDIVISION, and
NON-STANDARD SERVICE REQUIREMENTS**

1. Corporation's Limitations
2. Purpose
3. Application of Rules
4. Non-Standard Service Application (See Sample Application Packet)
5. Design

6. Non-Standard Service Contract

Table of Contents ii

7. Property and Right-of-Way Acquisition (See Sample Application Packet)
8. Bids for Construction
9. Pre-Payment for Construction and Services
10. Construction
11. Service Within Subdivisions

SECTION G.

RATES AND SERVICE FEES

- Service Investigation Fee
- Membership Fee
- Easement Fee (Sample Application Packet)
- Installation Fee
- Equity Buy-In Fee (Section C., also Miscellaneous Section)
- Monthly Charges
- Late Payment Fee
- Owner Notification Fee (Miscellaneous Transaction Form)
- Mortgagee/Guarantor Notification Fee (Miscellaneous Transaction Form)
- Returned Check Fee
- Reconnect Fee
- Service Trip Fee
- Equipment Damage Fee
- Customer History Report Fee
- Meter Test Fee (Miscellaneous Transaction Fee)
- Transfer Fee (Miscellaneous Transaction Fee)
- Membership Certificate Copy Fee
- Non-Disclosure Fee
- Information Disclosure Fee
- Tariff Copy Fee
- Customer Service Inspection Fee
- Other Fees

SECTION H.

DROUGHT CONTINGENCY AND EMERGENT WATER DEMAND MANAGEMENT PLAN

1. Introduction
2. Public Involvement
3. Coordination with Regional Water Planning Group
4. Trigger Conditions
5. Stage Levels of Water Allocations
6. Initiation and Termination Procedures
7. Penalties for Violations
8. Exemptions or Waivers
9. Implementation

SAMPLE APPLICATION PACKET

Standard Application and Agreement Form (USDA RUS-TX Bulletin 1780-9) (Rev 5/99)
Water Line Easement and Right-of-Way
Non-Standard Application and Agreement

MISCELLANEOUS TRANSACTION FORMS

Alternate Billing Agreement for Rental Accounts
Confidentiality of Utility Records Form
Customer Notice (For Rationing)
Deferred Payment Agreement
Installment Agreement
Line Extension Refund Agreement
Membership Mortgage Agreement
Membership Transfer Authorization
Meter Test Authorization and Test Report
Notice to Owner of Rental Property
Notice of Requirement to comply with the Subdivision and Service Extension Policy
Notice of Returned Check
Request for Service Discontinuance
Right-of-Way Easement Denial Form and Affidavit
Equipment and Line Dedication Agreement
Termination Notice

MISCELLANEOUS

1. Tariff Filing Requirements (TNRCC)
2. Re-Service Illustration
3. Equity Buy In Fee Calculation Example
4. AWWA Equivalency Chart

SECTION A

RESOLUTION and AUTHORITY

DATE APPROVED: _____ SCWSC

**SECTION A.
RESOLUTIONS**

**RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTH CLEVELAND
WATER SUPPLY CORPORATION THAT:**

1. This Tariff of the South Cleveland Water Supply Corporation (SCWSC), serving in Liberty County, consisting of Sections A. through H. and forms inclusive, is adopted and enacted as a current regulations and policies effective as of March 16, 2005.
2. Only those preexisting written contracts or agreements executed by the present or previous Board of Directors shall remain in effect, unless the contract or agreement requires compliance with changes of the Tariff from time to time.
3. The adoption of this tariff does not prohibit or limit the Corporation from enforcing previous penalties or assessments from before the current effective date.
4. An official copy of this and all policies or records shall be available during regular office hours of the Corporation. The Secretary of the Corporation shall maintain the original copy as approved and all previous copies for exhibit.
5. Rules and regulations of state or federal agencies having jurisdiction shall supersede any terms of this policy. If any section, paragraph, sentence, clause, phrase, word, or words of this policy are declared unconstitutional or invalid for any purpose, the remainder of this policy shall not be affected.

PASSED and APPROVED THIS _____ day of _____, 2005.

Byron Aultman, President,

Jimmy McNorton, Vice President
SOUTH CLEVELAND WATER SUPPLY CORP.

SEAL

ATTEST: CCN# 12566

Cookie McKee, Secretary/Treasurer
SOUTH CLEVELAND WATER SUPPLY CORP.

SECTION B

STATEMENTS

DATE APPROVED: _____ SCWSC

SECTION B. **STATEMENTS**

1. **Organization.** The SC Water Supply Corporation is a member-owned non-profit corporation incorporated pursuant to the Texas Water Code Chapter 67 and the provisions of the Texas Business Organizations Code applicable to member owned member controlled non profit_corporations for the purpose of furnishing potable water service. Corporation operating policies, rates, and regulations are adopted by the Board of Directors elected by the Members of the Corporation.
2. **Non-Discrimination Policy.** Membership in the Corporation and service is provided to all Applicants who comply with the provisions of this Tariff regardless of race, creed, color, national origin, sex or marital status.
3. **Policy and Rule Application.** These policies, rules, and regulations apply to the water services provided by the South Cleveland Water Supply Corporation, also referred to as Corporation, SC, or SCWSC. Failure on the part of the Member, Consumer, or Applicant to observe these policies, rules and regulations gives the Corporation the authority to deny or discontinue service according to the terms of this Tariff as amended from time to time by the Board of Directors of the Corporation.
4. **Corporation By-Laws.** The Corporation have adopted bylaws (see Article 1396-2.09) which establish the make-up of the Board of Directors and other important regulations of the Corporation. The bylaws are on file at the Corporation's office.
5. **Fire Protection Responsibility.** The Corporation does not provide nor imply that fire protection is available on any of the distribution 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 Corporation reserves the right to remove any hydrant, due to improper use or detriment to the system as determined by the Corporation, at any time without notice, refund, or compensation to the contributors unless such hydrants are installed pursuant to the terms of a Non-Standard Service Contract as provided for in Section F, in which event the terms and conditions of the Contract shall apply.
6. **Damage Liability.** The SCWSC is not liable for damages caused by service interruptions, events beyond its control, and for normal system failures. The limit of liability of the SCWSC is the extent of the cost of service provided. By acceptance of Membership, Member consents to waiver of such liability.
7. **Information Disclosure.** The records of the Corporation shall be kept in the Corporation office Cleveland, Texas. All information collected, assembled, or maintained by or for the Corporation shall be disclosed to the Public in accordance with the Texas Public Information Act: Article 6525-17a, Tex. Rev. Civ. Stat. (Vernon Pamp. 1992). **In no event and under no circumstances shall the Corporation disclose the Social Security Number of any member or customer to any person other than the employee of the Corporation.** An individual customer may request in writing that their name, address, telephone number, or account records

Section B Page 2

be kept confidential. Such confidentiality does not prohibit the utility 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 a utility acting in connection with the employee's duties. Further, such confidentiality does not prohibit the Corporation from disclosing the name and address of each member on a list to be made available to the Corporation's voting members, or their agents or attorneys, in connection with any meeting of the Corporation's members. The Utility shall give its applicants and customers notice of rights to confidentiality under this policy and all prevailing associated fees for such request. (See Section G.)

8. **Customer Notice Provisions.** The Corporation shall give written notice of monthly water rate changes by mail or hand delivery to all Members and/or Customers at least 30 days prior to the effective date of the new rate. The notice shall contain the old rates, date of Board authorization, and the name and phone number of the Corporation's contact person designated to address inquiries about the rate change.

9. **Grievance Procedures.** Any Member of the Corporation or individual demonstrating interest under the policies of this Tariff in becoming a Member of the Corporation shall have an opportunity to voice concerns or grievances to the Corporation by the following means and procedures:

By presentation of concerns to the Corporation's Manager or authorized staff member. If not resolved to the satisfaction of the aggrieved party then,

By presenting a letter to the Board of Directors stating the individual's grievance or concern and the desired result.

The Board of Directors shall respond to the complaint by communicating the Board's decision in writing.

Any charges or fees contested as a part of the complaint in review by the Corporation under this policy shall be suspended until a satisfactory review and final decision has been made by the Board of Directors.

10. **Customer Service Inspections.** The Corporation requires that a customer service inspection certification be completed prior to providing continuous water service to new construction and for all new members as part of the activation of standard and some non-standard service. Customer service inspections are also required on any existing service when the corporation has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction or addition to the members' water distribution facilities. This inspection is limited to the identification and prevention of cross connections, potential contaminant hazards and illegal lead materials. (30 TAC 290.46(i-j)).

11. **Submetering Responsibility.** Submetering and Non-Submetering by Master Metered Accounts may be allowed in the Corporation's water distribution system provided the Master Metered Account customer complies with the Texas Commission of Environmental Quality

Chapter 291 Subchapter H rules pertaining to Submetering. The Corporation has no jurisdiction or responsibility to the tenants; tenants receiving water under a Master Metered Account are not considered customers of the Corporation. Any interruption or impairment of water service to the tenants is the responsibility of the Master Metered Account Customer. Any complaints regarding submetering should be directed to the Texas Commission of Environmental Quality.

Note: The system should check with the Master Metered Account Customer to:

1. See if they have registered with the TCEQ (Chapter 13 Texas Water Code Subchapter M.)
2. See that they do not charge their tenants more than the total amount of charges that you have billed. If the aggregate bill is greater than the Corporation's charge, the Master Metered Account Customer is considered by the TCEQ to be a separate Public Water System and will be required to comply with all TCEQ regulations.
3. Protect the System's CCN. Should the Mastered Metered Account Customer continue to violate these or other State regulations, the Corporation will need to request a Cease and Desist Order from the TCEQ. (Texas Water Code Chapter 13.252 and 30 TAC Chapter 291.118)

12. Voluntary Contributions Policy. The corporations board has approved and set up guidelines for accepting Voluntary Contributions on Behalf of Emergency Service Providers in our service area. The policy adopted sets up the guidelines for collection, accounting, and distribution of funds to respective local Emergency Service Response entities. References Texas Water Code Section 13.143 & Section 67.017 (See Voluntary Contribution Policy in Miscellaneous Section.)

SECTION C.

DEFINITIONS

DATE APPROVED: _____ SCWSC

SECTION C.
DEFINITIONS

ACTIVE SERVICE – Service status of any Member receiving authorized water service under the provisions of this Tariff.

APPLICANT - A person, partnership, cooperative corporation, corporation, agency, public or private organization of any character applying for service with the South Cleveland Water Supply Corporation.

BASE RATE- The monthly charge assessed each Member/Customer for the opportunity of receiving service. The base rate is fixed rate based upon the meter size as set forth in the equivalency chart in Section G.

BOARD OF DIRECTORS – The governing body elected by the Members of the SC Water Supply Corporation. (*Section 22.001(1), Business Organizations Code*)

BY-LAWS – The rules pertaining to the governing of the SC Water Supply Corporation adopted by the Corporation Members. (*Section 22.001(2), Business Organizations Code*)

CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) – The authorization granted under Chapter 13 Subchapter G of the Texas Water Code for SC Water Supply Corporation to provide water utility service within a defined territory. SC Water Supply Corporation has Certificate Number 12556. Territory defined in the CCN shall be the Certificated Service Area. (See Section D. Certificated Service Area Map)

CORPORATION – The South Cleveland Water Supply Corporation. (See Section B.3 of this Tariff)

DEVELOPER – Any person, partnership, cooperative corporation, corporation, agency, or public or private organization who subdivides land or requests more than two (2) water service connections on a single contiguous tract of land [as defined in Chapter 13.2502 (e)(1) of the Water Code].

DISCONNECTION OF SERVICE - The discontinuance of water service by the Corporation to a Member/Customer.

EASEMENT – A private perpetual dedicated right-of-way for the installation of water pipelines and necessary facilities which allows access to property for future operation, maintenance, facility replacement, facility upgrades and/or installation of additional pipelines (if applicable). (See Sample Application Packet, Form-RUS-TX 442-8 (Rev. 6-06) or Form RUS-TX 442-9 (Rev. 6-06) The easement will be filed in the real property records of the appropriate county or counties.

EQUITY BUY-IN FEE – (Also known as Aid for Future Construction) A fee assessed of new Applicants for service for the purpose of acquiring capital to defray the costs of expanding the system facilities in order to meet the customer growth needs of the Corporation. This fee is charged for each meter equivalent or service unit for which service has been requested (See Section G.5., also see Miscellaneous).

FINAL PLAT – A complete plan for the subdivision of a tract of land showing or referencing Local Tax Appraisal Maps, access to public road(s), number and size of lots, location of dedicated water easements, and location(s) of lakes, streams, or rivers through the property. The South Cleveland Water Supply Corporation shall determine if a plat submitted for the purpose of this Tariff shall qualify as a final plat. For the purposes of evaluating Sub-Division service requests under Section F. the Corporation may accept preliminary plats or plats awaiting final approval pending execution of agreement for service by the Corporation.

HAZARDOUS CONDITION – A condition that jeopardizes the health and welfare of the Member/Consumers of the Corporation as determined by the Corporation or regulatory authority.

INDICATION OF INTEREST FEE – A fee paid by a potential Member of the Corporation for the purpose of determining the feasibility of a construction and/or expansion project. The Indication of Interest Fee may be converted to a Membership Fee upon determination that service to the Applicant is feasible and available. This also applies to applicants applying for, or receiving, Temporary Service. (Section E.6.B., and Sample Application Packet – USDA RUS-TX Bulletin 1780-9 (Rev. 4/99))

LIQUIDATED MEMBERSHIP – A Membership which has been canceled due to delinquent charges exceeding the Membership Fee or for other reasons as specified in this Tariff.

MEMBER – Any person, partnership, cooperative corporation, corporation, agency, or public or private organization that has qualified for service and Membership in accordance with the Corporation's Tariff. (TX Water Code Section 13.002(11))

MEMBERSHIP FEE – A fee qualified as such under the terms of the Tariff and the bylaws of the Corporation assigned to the real estate designated to receive service. The membership fee shall be refundable upon termination of service and surrendering the Membership Certificate. (*30 TAC 291.3 Definitions, Texas Water Code 13.043(g)*)

PROOF OF OWNERSHIP – Texas Water Code 67.016 (d) gives authority to the corporation to require ownership of real estate designated to receive service as a condition of membership and service. For the purpose of this tariff, applicants for service and membership shall provide proof of ownership by deed of trust, warranty deed, or other recordable documentation.

RURAL UTILITIES SERVICE (RUS) – An agency of the United States Department of Agriculture Rural Development Mission Area that provides loan and grant funds for development of

rural water and sewer systems serving communities with a population of less than ten thousand (10,000) people.

RENTER – A consumer who rents or leases property from a Member and may otherwise be termed a lessee or tenant. (See Tariff Section E.7.)

RE-SERVICE – Providing service to an Applicant at a location for which service previously existed. Costs of such re-servicing shall be based on justifiable expenses. (See Tariff Section E.3.b., E.4.b., and Miscellaneous)

RESERVED SERVICE CHARGE – A monthly charge assessed for each property where service is being reserved. (See Tariff Section F.5.d.,e)

SEASONAL RECONNECT FEE – The fee charged for resumption of service at a location where the member has voluntarily suspended service, in a written request, for a period of time not exceeding nine months within a twelve month period. The fee is based on the total months for which service is suspended multiplied by the amount of the monthly minimum fee the Corporation charges active customers.

SERVICE AVAILABILITY CHARGE – (Also known as “minimum monthly charge”, “minimum”, or the “base rate”) The monthly charge assessed each Member/Customer for the opportunity of receiving service. The Service Availability Charge is a fixed rate based upon the meter, service size, or equivalent dwelling unit(s). (See definition of Reserved Service Charge)

SERVICE APPLICATION AND AGREEMENT – A written agreement between the Member/Applicant and the Corporation defining the specific type of service requirements requested on the current service application and agreement form, and the responsibilities of each party required before service is furnished. (See Sample Application Packet RUS-TX Bulletin 1780-9 (Rev. 1/09) or Non-Standard Service Contract).

SERVICE INVESTIGATION FEE – A fee for costs associated with determining if service is available and determining cost of Service. (See Tariff Section G. 1.)

SERVICE UNIT – The base unit of service used in facilities design and rate making. For the purposes of this Tariff, a service unit is the 5/8” x 3/4” water meter. (See Tariff Section G.6.a., Miscellaneous)

SUBDIVIDE – To divide the surface area of land into lots intended primarily for residential use. (*Local Government Code Chapter 232, Section 232.021 Definitions, Texas Water Code Section 13.2505(e) (1)*)

SUBDIVIDER – An individual, firm, corporation, or other legal entity that owns any interest in land and that directly or indirectly subdivides land into lots as a part of a common promotional plan in the ordinary course of business. (*Local Government Code Chapter 232, Section 232.021 Definitions*)

SUBDIVISION – An area of land that has been subdivided into lots for sale or lease. (*Local Government Code Chapter 232, Section 232.021 Definitions*)

TARIFF – The operating policies, service rules, service extension policy, service rates, rationing policies, sample application packet, and miscellaneous transaction forms adopted by the Board of Directors. A copy of this Board approved tariff is on file at the Corporation office and as required since 1990 at the State office of the TCEQ.

TEMPORARY SERVICE – The classification assigned an applicant that is in the process of construction. This could also apply to service for uses other than permanent (agricultural, road construction, drilling, livestock, etc.). The Board will set the length of time associated with this classification. This classification will change to permanent service after requirements in Section E.1, E.2, E.3, and E.5 are met. Applicant must have paid an Indication of Interest Fee.

TEXAS COMMISSION OF ENVIRONMENTAL QUALITY (TCEQ) – State regulatory agency having jurisdiction of water and sewer service utilities and appellate jurisdiction over the rates and fees charged by Non-Profit Water and Sewer Service Corporations.

TRANSFeree – An Applicant receiving a South Cleveland Water Supply Corporation Membership by legal means from a person or entity desiring to forfeit and transfer current rights to Membership to another person or entity. (See Tariff Section E.6.c., Miscellaneous Transaction Forms)

TRANSFEROR – A Member who transfers Membership by legal means to another person or entity desiring to qualify for service at a property for which the Membership is currently issued or to the Corporation. (*Texas Water Code, Chapter 67.016*)

WATER CONSERVATION PENALTY – A penalty that may be assessed under Section H of this Tariff to enforce customer/member water conservation practices during drought contingency or emergency water demand circumstances. (*Texas Water Code Section 67.011 (b)*).

SECTION D

GEOGRAPHIC AREA SERVED

This section includes the area map, which shows the Corporation's Certificated Service Area.

DATE APPROVED: _____ SCWSC

SECTION E

SERVICE RULES and REGULATIONS

DATE APPROVED: _____ SCWSC

SECTION E.
SERVICE RULES AND REGULATIONS

1. **Service Entitlement.** An Applicant shall be considered fully qualified and entitled to water service when proper application has been made, terms and conditions of SERVICE AND MEMBERSHIP have been met and continue to be met, and all fees have been paid as prescribed by this Tariff. *(30 TAC 291.85 (a))*
2. **Service Location and Classification.** For the purposes of this Tariff, service requested by an Applicant shall be for real estate designated to receive the service provided by the Corporation and shall be divided into the following two (2) classes:
 - a. **Standard Service** is defined as service on an existing pipeline where pipeline or service facility extensions are not required and special design and/or engineering considerations are not necessary. Typically, this would include 5/8" x 3/4" or 3/4" sized water meter services set on existing pipelines.
 - b. **Non-Standard Service** is defined as any service request which requires a larger meter service, service to a Master Metered Account (see E. 2. c. (4) of this section), or an addition to the supply, storage and/or distribution /collection system. The service requirements as prescribed by Section F of this Tariff shall be required of the Non-Standard Service Applicant prior to providing service.
3. **Service Requirements.** The Corporation's Service Application and Agreement Form shall be completed in full and signed by the Applicant. Where applicable in addition to the applicant any other person sharing an ownership interest in and receiving service at that property shall sign the Service Application and Agreement Form; however, even if the spouse or other person sharing an ownership interest does not sign the Service Application and Agreement Form, they are still responsible for all terms set forth therein, and for any debt obligation related to the account. (See Sample Application RUS-TX Bulletin 1780-9 (Rev. 01/09))
 - a. A Right-of-Way Easement Form, sanitary control easement, or other such easement forms, required by the Corporation, must be completed by the Applicant for the purpose of allowing future extensions or facility additions. (See Sample Application RUS-TX Bulletin 1780-9 (Rev. 5/99), *30 TAC 290.47 Appendix C.*) NOTE: This requirement may be delayed for Non-Standard Service requests.
 - b. The Applicant shall provide proof of ownership of title to property for which service has been requested in a manner acceptable to the Corporation. Proof of ownership shall consist of warranty deed, deed of trust or other recordable documentation of fee simple title to the real estate designated to receive service. *(Texas Water Code 67.016 (e), and 13.002 (11)).*
 - c. On request by the property owner or owner's authorized agent, the Corporation shall install individual meters owned by the Corporation in an apartment house, manufactured home rental community, multiple use facility, or condominium on which construction begins after January 1, 2003, unless the Corporation determines that installation of individual meters is not feasible. If the Corporation determines that installation of 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 Corporation shall be entitled to the payment of costs, including the costs of

individual meter installations, as provided in Section F3. The cost of individual meter installation shall be prepaid by the property owner as well as the cost of any additional facilities or supply occasioned by the total water service demand represented by full occupancy of the property, as determined under applicable provisions of Section F. It shall be the responsibility of the property owner to obtain the memberships required for each individual meter.

- d. Notice of application approval and costs of service determined by the Corporation 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))*
- (6) If the 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 easement to the Corporation for the purpose of installing the water main and appurtenances, and the Corporation has documentation of such refusal recorded in public records file, the Applicant, prior to receiving the requested service, shall grant easement to the Corporation. In addition to the normally required fees for service, the Applicant shall pay such sums as are necessary for the removal of the water main from the public right-of-way and for relocation onto the Applicant's property pursuant to such easement. (See Miscellaneous Transaction Forms)

- 4. **Ownership of Equipment.** All water members and equipment and materials required to provide water service to the point of customer connection; water meter or service tap, is the property of the Corporation upon installation , and shall be maintained by the water system only.

5. **Activation of Standard Service**

- a. **New Tap** – The Corporation shall charge a non-refundable service installation fee as required under Section G of this Tariff. The service installation fee shall be quoted in writing to the Applicant. All fees shall be paid or a deferred payment contract signed in advance of installation. *(30 TAC 291.86 (a)(1)(A))*
- b. **Re-Service** – On property where service previously existed, the Corporation shall charge the Membership Fee, where the Membership Fee has been liquidated, and costs necessary to restore service. In addition, the Corporation shall charge accumulated Reserved Service Fees that have been entered on the in-active account as monthly debits. This is allowing the Corporation to recover the costs of reserving capacity at the location for which re-service has been requested. If restoration of service is not requested, this fee will accumulate monthly until the total balance of Reserved Service Fees equals the amount of the Equity Buy-In Fee previously paid for service to the property. After this time the service equipment may be removed by the Corporation and future request for service shall be treated as a new application. (See Miscellaneous Section)
- c. **Performance of Work** – After approval is granted by proper authorities, all tap and equipment installations specified by the Corporation shall be completed by the Corporation staff or designated representative. The tap shall be completed within five (5) working days after approval and receipt of payment of quoted fees. This

time may be extended for installation of equipment for Non-Standard Service Request. (See Section F., *30 TAC 291.85*)

- d. **Inspection of Customer Service Facilities** – The property of the Applicant/Member shall be inspected to insure compliance with state required Minimum Acceptable Operating Practices for Public Drinking Water Systems as promulgated by the Texas Natural Resource Conservation Commission or successor agency. (*30 TAC 290.46(j)*)
6. **Activation of Non-Standard Service.**
 - a. **Activation of Non-Standard Service** shall be conducted as prescribed by terms of Section F of this Tariff.
 - b. **Re-service** – The same terms which apply under the Activation of Standard Service Sub-Section on Re-Servicing shall be applied to Non-Standard Re-Service requests. (See Section E. 3. b)
 7. **Changes in Service Classification.** If at any time the Corporation determines that the customer service needs changed from those needs originally applied for to a different service classification and the Corporation determines that additional or different facilities are necessary to provide adequate service, the Corporation shall require the Applicant/Member to re-apply for service under the terms and conditions of this Tariff. Applicant/Members failing to comply with this provision shall be subject to the Disconnection with Notice Provisions of this Tariff, Sub-Section 15.a.
 - 8.. **Membership.**
 - a. **Eligibility** – Eligibility for Membership shall not guarantee service to the Applicant or Transferee; however, qualification for service is a prerequisite to Membership eligibility for new Applicants or continued Membership for Membership for Transferees.
 - b. **Membership** – Upon qualification for service, qualification for Membership, and payment of the required fees, and any debt owed to the Corporation, the Corporation shall certify the Applicant as a Member. The Membership shall entitle the Member to one (1) connection to the Corporation’s water utility service and one (1) share of Corporation Stock. The Membership also entitles the Member to one (1) vote in conducting the affairs of any Annual or Special Membership Meeting of the Corporation as prescribed by the Corporation Bylaws. Ownership of more than one (1) Membership Certificate shall not authorize the Member to cast more than one (1) vote at any annual or special meeting. Each Membership Certificate and Stock thereby represented may be assigned to the specified parcel of land originally designated to receive service at the time of application. (*Texas Water Code 67.016*)
NOTE (1): In the event that the Corporation is conducting a potential Members survey for indications of interest in future service for the purpose of determining the feasibility of an initial construction or expansion project under RUS guidelines (see Sample Application Packet), regular application procedures may be modified. An Indication of Interest Fee may be required prior to qualifications for receipt of service by the Applicant but shall only be used or applied as a Membership Fee for Membership purposes if service is ultimately received or reserved by the Applicant as a result of the planned project facilities. If service is not provided

within the scope of this project, Indication of Interest Fees shall be refunded, less expenses, within sixty (60) days of the loan closing with the Rural Utilities Service.

NOTE (2): In the event the applicant is in the process of construction the Membership will be considered TEMPORARY until such time as the final Customer Service Inspection is completed and the forms are returned as required. (See Section C., Section E.1.)

c. **Transfers of Membership** (*Texas Water Code 67.016*)

(1) A Member is entitled to transfer Membership in the Corporation only under the following circumstances:

The Membership is transferred by will to a person related to the Transferor within the second degree by consanguinity; or

The Membership is transferred without compensation to a person related to the Transferor within the second degree by consanguinity; or

The Membership is transferred without compensation or by sale to the Corporation; or

The Membership is transferred as part of the conveyance of a real estate from which Membership arose.

(2) In the event that a Membership is transferred pursuant to the provisions of Sub-Section 6.c.(1) such transfer shall not be completed or recorded on the books and records of the Corporation until such time as the transferor has provided satisfactory evidence to the Corporation of such transfer. A transfer of Membership shall not be binding on the Corporation until such transfer has been approved as provided by Sub-Section 6.c.(3).

(3) Qualifications for water service upon transfer of Membership set forth in Sub-Section 6.c.(1) and 6.c.(2) shall be subject to approval of the Corporation and shall be recorded on the books and records of the Corporation only upon the following terms and conditions:

(a) A Transfer Authorization Form has been completed by the Transferor and Transferee:

(b) The Transferee has completed the required Application Packet:

(c) All indebtedness due the Corporation has been paid;

(d) The Membership Certificate has been surrendered, properly endorsed, by the record Transferor; and

(e) The Transferee demonstrates satisfactory evidence of ownership of the property designated to receive service and from which the Membership originally arose.

(4) If the application packet and other information is not completed on the day transfer of the membership is requested the corporation will give the transferee written notice of ten (10) additional days to produce completed documentation to the corporation office. Service will be disconnected on the day following the 10th day according to disconnection with notice requirements. Additional time may be allowed at the directions of the manager or board.

c. **Cancellation of Membership** – To keep Membership in good standing, a Service Availability Charge or a Reserved Service Charge must be paid monthly to the

- Corporation, whether or not water is used. Failure to pay this monthly charge to the Corporation shall jeopardize the Member's Membership standing and give rise to
- d. liquidation of the Membership Fee. A member may be relieved of this obligation to pay by surrendering the Membership Certificate, properly endorsed, to the Corporation. The Member shall also complete a Service Discontinuance Request Form prior to termination of service. (See Misc. Transaction Forms.) However, a Member is not relieved of any obligations incurred prior to the date of the surrender of the properly endorsed Membership Certificate prior to termination of service. Rights to future service at this tap shall be extended on an as-available basis and subject to the terms of Activation of Service Sub-Section 3.a. of this Tariff. (*Texas Water Code 67.016*)
- e. **Liquidation due to Delinquency** – When the amount of the delinquent charges owed by the Member equals the Membership Fee, the Membership Fee shall be liquidated and the Membership canceled and transferred back to the Corporation. In the event the Member leaves a balance due on an account guaranteed under the terms of the Service Application and Agreement, and the delinquent Member owns more than one Membership Fee, the Corporation may liquidate as many of the Member Guarantor's Membership Fees as necessary to satisfy the balance due the Corporation, provided proper notice has been given (See Tariff Section E, Sub-Section 15.1a.(4)). The Corporation shall collect any remaining account balances by initiation of legal action. Re-instatement of service shall be subject to the terms of the Activation of Service Sub-Section 3.1. of this Tariff.
- f. **Cancellation Due to Policy Non-Compliance** – The Corporation may cancel a Membership anytime a Member fails to comply with policies of the Corporation, including but not limited to Member's failure to provide proof of ownership of the property from which the Membership arose. (*Texas Water Code 67.016*)
- g. **Re-assignment of Canceled Membership** –
1. The Corporation, upon cancellation of Membership under the provisions of this Tariff, may re-assign the Membership to a person or entity that has legal title to the real estate from which the canceled membership arose and for which water service is requested (*Texas Water Code Section 67.015*). Membership will not be re-assigned unless the person or entity that has legal title to the real estate has complied with the corporation's current rates, charges, and conditions of service, including current membership fee, set forth in the tariff and service application package.
 2. The Corporation shall reassign a canceled Membership to a person or entity that acquires the real estate from which the Membership arose through judicial or nonjudicial foreclosure. The Corporation will required proof of ownership resulting from the foreclosure and compliance with the corporation's current rates, charges and conditions of service, including current membership fee, set forth in the tariff and service application package. In the event of foreclosure by mortgage institution, the Corporation may allow a property management company to acquire the Membership if the management company provides written documentation showing that the management company is legally responsible for the management of the property and it is not feasible for the mortgage institution to be the Member.
- h. **Mortgaging of Memberships** – Nothing herein shall preclude a Member from mortgaging his/her Membership. However, notification to the holder of any security interest (mortgagee/lien-holder) of account status of Member/mortgagor will be provided only upon satisfactory completion of requirements for such

conditions under the Membership Mortgage Agreement (See Miscellaneous Transaction Forms). Prior to the cancellation of any Membership as provided under Sub-Section E.6.d. (Cancellation of Membership), the Corporation will notify the holder of any security interest in the Membership. The holder of the security interest also must hold a security interest in the real property at which water service is provided under the Membership. The Corporation may transfer the Membership to the holder of such security interest in lieu of cancellation, provided the holder of the security interest pays in full all delinquent and unpaid obligations and provided further that the holder of the security interest has secured title to the real property from which the Membership arose. The Corporation may withhold cancellation of a Membership pending the resolution of any foreclosure proceedings or similar legal proceedings by the holder of the security interest.

- i. **Cancellation and Re-Assignment of Membership as a Result of Bankruptcy Proceedings** – Upon notice of the filing of a petition in bankruptcy, the Corporation may require the posting of a deposit or other form of security, acceptable to the Corporation, as a condition for continuing utility service. Unless special circumstances require otherwise, the amount of security shall equal the amount of charges for the month of greatest use during the preceding twelve (12) months. The Corporation shall not require the payment of any security prior to the expiration of twenty (20) days following the date on which the petition is filed. Failure to provide this security by the date specified by the Corporation may result in termination of service according to the Disconnection With Notice Provisions of Section E.15(a) of this Tariff, with a copy of the notice to the bankruptcy Trustee.

9. **Owners and Renters** – Any Member, renting or leasing real estate property designated to receive service according to the terms of this tariff to other parties, is responsible for all charges due the Corporation. The Corporation may bill the renter or lessee for utility service (at Member Request) as a third party, but the Member is fully responsible for any and all unpaid bills left by the renter/lessee. The owner shall be required to sign an Alternate Billing Agreement. (See Miscellaneous Transaction Forms.) The Member shall take responsibility for any necessary deposits from the renter/lessee to ensure payment of a past due bill. The Corporation may notify the Member of the renter's past due payment status subject to service charges (See Miscellaneous Transaction Forms).

If at any time the member requests that membership be canceled thereby discontinuing service to an occupied rental property, the Corporation shall provide written notice to the tenant(s) a minimum of five (5) days prior to the scheduled disconnection date.

10. **Denial of Service** – The Corporation may deny service for the following reasons;
 - a. Failure of the Applicant or Transferee to complete all required forms and pay all required fees and charges;
 - b. Failure of the Applicant or Transferee to comply with rules, regulations, policies, and bylaws of the Corporation;
 - c. Existence of a hazardous condition at the Applicant's property which would jeopardize the welfare of the Members/Users of the Corporation upon connection;

- e. Failure of Applicant or Transferee to provide representatives or employees of the Corporation reasonable access to property for which water service has been requested;
 - f. Failure of Applicant or Transferee to comply with all governmental rules and regulations of the Corporation on file with the state regulatory agency governing the service applied for by the Applicant;
 - g. Failure of Applicant or Transferee to provide proof of ownership, to the satisfaction of the Corporation, of property for which the tap has been requested, and/or
 - h. Applicant's service facilities are known to be inadequate or of such character that satisfactory service cannot be provided.
 - i. Failure of Applicant or Transferee to pay any previous outstanding delinquent account(s) in full. This could be delinquencies resulting from the same account location or other service location(s) within the system where the Applicant or Transferee received service. (Also see E 9.)
11. **Applicant's or Transferee's Recourse.** In the event the Corporation refuses to serve an Applicant under the provisions of these rules, the Corporation must notify the Applicant, in writing, on the basis of its refusal. The Applicant may file for an appeal, in writing, with the Board of Directors of the Corporation.
12. **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 occupant of the premises to be served;
 - b. Failure to pay a bill to correct previous under billing due to misapplication of rates more than six (6) months prior to the date of application;
 - c. Violation of the Corporation'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 Corporation as a condition precedent to service;
 - 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;
 - 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.
13. **Deferred Payment Agreement.** The Corporation may offer a deferred payment plan to a Member who cannot pay an outstanding balance in full and is willing to pay the balance in reasonable installments as determined by the Corporation, including any Late Penalty Fees or interest on the monthly balance to be determined as per agreement. (See Miscellaneous Transaction Forms.) Failure to make required and timely payments as provided in any deferred payment agreement will void that agreement and service will be discontinued.
14. **Indigent Care Policy.** The Corporation does not offer an Indigent Care Policy at this time. Members who cannot pay an outstanding balance in full may request a Deferred Payment Agreement.

15. **Charge Distribution and Payment Application.**
- a. **The Service Availability Charge or the Reserved Service Charge** is for billing period from the 20th day of the month to the 20th day of the month. Charges shall not be prorated for meter installations and service termination's falling during the billing period. Billings for this amount shall be mailed on or about the 1st of the preceding the month for which this charge is due. All service shall be subject to this charge whether or not the service is in use by the Member.
 - b. **Gallonge Charge** shall be billed at the rate specified in Section G and billing shall be calculated in one hundred (100) gallon increments. Water charges are based on monthly meter readings and are calculated from reading date to reading date. Readings used in all billing calculations shall be taken by the Corporation's employees or designated representative.
 - c. **Posting or Payments** – All payments shall be posted against previous balances prior to posting against current billings.
 - d. **Forms of Payment** – The corporation will accept the following forms of payment: Cash, personal check, cashier's check, credit card or money order. The Corporation will not accept two-party checks, pay checks or any other instrument of payment that is not made out to the Corporation. The Corporation reserves the right to require exact change and may refuse to accept payments made using more than \$1.00 in coins.
16. **Due Dates, Delinquent Bill, and Service Disconnection Date.**
- a. The Corporation shall mail all bills on or about the 1st of the month. All bills shall be due and payable upon receipt and are past due beyond the date indicated on the bill (allowing approximately fifteen (15) days to pay), after which time a penalty shall be applied as described in Section G. A bill is delinquent if not paid on or before the past due date. Payments made by mail will be considered late if postmarked after the past due date. A five (5) day grace period may then be allowed for delayed payments prior to mailing final notices. Final notices shall be mailed allowing 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 regular or final billing is on a weekend or holiday, the past due date for payment purposes shall be the next day the Corporation office is open for business after said weekend or holiday. For all disputed payment deadlines, the date postmarked on each bill will determine the beginning of each billing cycle or final notice mailings.
 - b. The board of directors or general manager may elect to not charge a late fee or disconnect fee in accordance with this Tariff during or after an occurrence of a natural disaster or other incident that impacts the property of members or interrupts the management and operation of the system.
 - c. Upon written request, any residential customer 60 years of age or older who occupies the entire premises of a dwelling receiving water utility service from the Corporation shall receive extension of the past due date, without penalty. The extension shall not exceed 10 days beyond the usual 15 day payment period for a total of not more than 25 days from the date the bill is issued. The request may specify extension of the late payment periods for current and subsequent billings. (Utilities Code Sections 182.001 – 182.005) If this request originates from a tenant at a rental property the owner / member will be notified in writing of any extension request.

17. **Rules for Disconnection of Service.** The following describes the rules and conditions for disconnection of water service. Notwithstanding any language to the contrary in the Service Application and Agreement Form, the Corporation may only discontinue service for the reasons set forth in this Section.
- a. **Disconnection with Notice** – Water utility service may be disconnected for any of the following reasons after proper notification has been given:
1. **Returned Checks** – The Corporation shall mail, via the U.S. Postal Service, a notice requiring redemption of the returned instrument within ten (10) days of the date of the notice to be made in the Corporation Office. Redemption of the returned instrument shall be made by cash, money order, or certified check. Failure to meet these terms shall initiate disconnection of service. (See Miscellaneous Transaction Forms) Any such instruments returned as insufficient or non-negotiable for any reason for any two billing periods within a 12 month period shall be considered evidence of bad credit risk by the Corporation. The Member/Customer in violation shall be placed on a “Cash-Only” basis for a period of 12 months.
 2. **Failure to pay a delinquent account** for utility service or failure to comply with the terms of a deferred payment agreement.
 3. **Violation of the Corporation’s rules** pertaining to the use of service in a manner which interferes with the service of others or the operation of non-standard equipment if a reasonable attempt has been made to notify the Member and the Member is provided with a reasonable opportunity to remedy the situation;
 4. **Failure of the Member to comply** with the terms of the Corporation’s Service Agreement, Tariff, Bylaws, or Special Contract provided that the Corporation has given notice of said failure to comply, and Member has failed to comply within a specified amount of time after notification;
 5. **Failure to provide access** to the meter under the terms of this Tariff or to property at which water service is received when there is reason to believe that a hazardous condition or policy violation exists for which access is necessary to verify.
 6. **Misrepresentation by any Applicant or Transferee** of any fact on any form, document, or other agreement required to be executed by the Corporation.
 7. **Failure of Member to re-apply** for service upon notification by the Corporation that Member no longer meets the terms of the service classification originally applied for under the original service application.
 8. **Cancellation of membership** by member on an account that the member holds for water service to the Member’s renter/lessee, even if the renter/lessee has kept the account balance current under an Alternate Billing Agreement. (NOTE: The cancellation of membership must be in writing and signed by the Member. CORPORATION ASSUMES NO LIABILITY TO RENTER/LESEE; MEMBER IS SOLELY RESPONSIBLE FOR COMPLIANCE WITH AND LIABILITY UNDER ANY FEDERAL, STATE OR LOCAL LAW CREATING OR PROTECTING RIGHTS OF RENTERS/LESEES)
 9. **Failure to pay charges** arising from service trip fee as defined in Section G14., meter reread fee, or meter read fee when customer on self-read plan failed to submit their meter reading.

- 10. Failure by a Customer/Member** to pay for all repair or replacement costs resulting from the customer/Member damaging system facilities including, but not limited to water lines, service taps, meter boxes, valves or meters by engaging in activities such as property excavations, installment of a driveway or roadway requiring encasements, lowering or re-routing of lines or system components, or by any other action. The Corporation will provide the Customer/Member with notice detailing the extent of the damage, the location of the damage, the cost of repair and whether the damage occurred on private property or on a public right of way. Failure to pay the cost of repair or replacement will result in the Customer/Member's service being disconnected in accordance with the Disconnection with Notice Provisions in this Section. Service will remain disconnected until payment is received or an acceptable payment plan is approved.
- 11. Failure to disconnect or secure** additional service tap(s) for an RV or other service connection (See E25. Of this section) after notification by the Corporation of violation of the Prohibition of Multiple Connections.
- b. **Disconnection Without Notice** – Water utility service may be disconnected without notice for any of the following conditions.
- (1) **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 the Texas Sanitation and Health Protection Law 4477-1, or there is reason to believe a dangerous or hazardous condition exists and the Member refuses to allow access for the purpose of confirming the existence of such condition and/or removing the dangerous or hazardous condition; (Section E. 3.d., E.24., *30 TAC 290.46 (j)*);
 - (2) **A line leak on the member's side** of the meter is considered a potential hazardous condition under b(1). If the Corporation conducts a CSI and discovers that the line leak has created a hazardous condition, the Corporation will provide the member up to five (d) business days or another time period determined reasonable under the circumstances, to repair the line prior to disconnection of service.
 - (3) **Service is connected without authority** by a person who has not made application for service or who has re-connected service without authority following termination of service for nonpayment; and
 - (4) **In instances of tampering** with the Corporation's meter or equipment, bypassing the meter or equipment, or other diversion of service.
- NOTE:** Where reasonable, given the nature of the reason for disconnection, a written statement providing notice of disconnection and the reason therefore shall be posted at the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected.
- c. **Disconnection Prohibited** – Utility service may not be disconnected for any of the following reasons:
- (1) **Failure of a Member** to pay for merchandise or charges for non-utility service provided by the Corporation, unless an agreement exists between the Applicant and the Corporation whereby the Member guarantees payment of non-utility service as a condition of service.

- (2) **Failure of a Member** 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 of a Member** to pay charges arising from an under billing occurring due to any misapplication of rates more than six (6) months prior to the current billing.
 - (4) **Failure of a Member** to pay the account of another Member as guarantor thereof, unless the Corporation has in writing the guarantee as a condition precedent to service;
 - (5) **Failure of the Member** 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 to meter error under the Inoperative Meters subsection E.15.19 of this Tariff.
 - (6) **Failure of the Member** to pay estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the Corporation is unable to read the meter due to circumstances beyond its control.
 - (7) **In response to a request** for disconnection by an Owner/Member of rental property where the renter is billed directly by the Corporation as authorized by the Owner, and the renter's account is not scheduled for disconnection under the Rules for Disconnection in this Tariff.
- d. **Disconnection on Holidays and Weekends** – Unless a dangerous condition exists or the Member requests disconnection, service shall not be disconnected on a day, or on a day preceding a day, when personnel of the Corporation are not available to the public for the purpose of making collections and re-connecting service.
 - e. **Disconnection Due to Utility Abandonment** – The Corporation may not abandon a Member or a Certificated Service Area without written notice to its Members and all similar neighboring utilities and approval from the Texas Commission of Environmental Quality.
 - f. **Disconnection for Ill and Disabled** – The Corporation may not discontinue service to a delinquent residential Member permanently residing in an individually metered dwelling unit when that Member 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 Member or tenant must provide a written statement from a physician to the Corporation prior to the stated date of disconnection. Service may be disconnected in accordance with Subsection (a) of this Section if the next month's bill and the past due bill are not paid by the due date of the next month's bill, unless the Member or tenant enters into a Deferred Payment Agreement (see Miscellaneous Transaction Forms). The Corporation shall provide notice to an owner of rental property in the event a tenant requests service not be discontinued due to illness as per this subsection.
 - g. **Disconnection of Master-Metered Services** – When a bill for water utility services is delinquent for a master-metered service complex (defined as a complex in which a single meter serves two (2) or more residential dwelling units), the following shall apply: *(30 TAC SUBCHAPTER H. 291.126)*
 - (1) The Corporation shall send a notice to the Member as required. This notice shall also inform the Member that notice of possible disconnection will be provided to the tenants of the service complex in five (5) days if payment is not rendered before that time.

- (2) At least five (5) days after providing notice to the Member and at least five (5) days prior to disconnection, the Corporation shall post at least five (5) notices, stating "Termination Notice" in public areas of the service complex notifying the residents of the scheduled date for disconnection of service.
 - (3) The tenants may pay the Corporation for any delinquent bill in behalf of the owner to avert disconnection or to reconnect service to the complex.
 - h. **Disconnection of Temporary Service** – When an applicant with a Temporary service fails to comply with the conditions stated in the Service Application and Agreement Form or other rules of this Tariff service may be terminated with notice.
18. **Billing Cycle Changes.** The Corporation reserves the right to change its billing cycles if the workload requires such practice. After a billing period has been changed, the billings shall be sent on the new change date unless otherwise determined by the Corporation.
19. **Back-Billing.** The Corporation may back-bill a Member for up to four (4) years (48 months) for meter error, misapplied meter multiplier, incorrect meter readings, or error in computing a Member's bill. Failure to pay the most recent six-(6) months billing will result in disconnection of service and the re-establishment of credit. Back-billing shall not extend beyond current Membership except in cases involving the transfer of a Membership conditioned upon payment of delinquent obligations by the Transferee, as provided in Section E Subsection 6.h.
20. **Disputed Bills.** In the event of a dispute between the Member and the Corporation regarding any bill, the Corporation shall forthwith make and conduct an investigation as shall be required by the particular case, and report the results in writing thereof to the Member. All disputes under this Subsection must be submitted to the Corporation, in writing, prior to the due date posted on said bill except in cases involving the transfer of a Membership conditioned on payment of delinquent obligations by the Transferee, as provided under Sub-section E 9.c.
21. **Inoperative Meters.** Water meters found inoperative will be repaired or replaced within a reasonable time. If a meter is found not to register for any period, unless by-passed or tampered with, the Corporation 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 period in previous years.
22. **Bill Adjustments**
 - a. **Due to Meter Error.** The Corporation shall test any Member's meter upon written request of the Member. In the event the meter tests within the accuracy standards of the American Water Works Association, a test fee as prescribed in Section G of this Tariff 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 but not extending beyond the current Membership except in cases involving the transfer of a Membership conditioned on payment of delinquent obligations by the Transferee, as provided under Sub-section 6.h. The billing adjustment shall be made to the degree of the meter's inaccuracy as determined by the test. The Member shall complete a Meter Test Request Form prior to the test. (See Misc. Transaction Forms)

b. **Due to Estimated Billing,** If the Corporation has estimated usage because the Corporation is unable to access the meter due to circumstances beyond the Corporation's control, such as a natural disaster; or because access is hindered or denied by a Member, the Corporation shall adjust the bill once access has been regained and actual usage is determined.

23. Meter Tampering and Diversion.

- a. For purposes of these Sections, meter-tampering, by-passing, or diversion shall all be defined as tampering with the Corporation's service equipment, by-passing the same, or other instances of diversion, such as;
1. removing a locking or shut-off device used by the Corporation to discontinue service;
 2. physically disorienting the meter;
 3. attaching objects to the meter to divert service or to by-pass
 4. inserting objects into the meter, and
 5. other electrical and mechanical means of tampering with, by-passing, or diverting service.
 6. Preventing the supply from being correctly registered by a metering device due to adjusting the valve so that flow is reduced below metering capability.

The burden of proof of meter tampering, bypassing, or diversion is on the Corporation. Photographic evidence or any other reliable and credible evidence may be used; however, any evidence shall be accompanied with a sworn affidavit by the Corporation's staff when any action regarding meter-tampering as provided for in these Sections is initiated. A court finding of meter tampering may be used instead of photographic or other evidence, if applicable. Unauthorized users of services of the Corporation shall be prosecuted to the extent allowed by law under the Texas Penal Code 28.03

- b. If the Corporation determines under subsection (a) that Tapering has occurred, the Corporation shall charge the offending party the total actual loss to the Corporation, including the cost of repairs, replacement of damaged facilities, and the lost water revenues.
- c. In addition to actual damages charged under subsection (b), the Corporation may assess a penalty against the offending party. The penalty shall not exceed (6) ties the Base Rate.

Note: for purposes of this section, "offending party" means the person who committed the Tampering. So, for example, in an owner/tenant situation where the tenant committed the Tampering, the Corporation cannot charge the penalty to the owner.

24. Meter Relocation. Relocation of meters/taps shall be allowed by the Corporation provided that:

- a. The relocation is limited to the existing property designated to receive service;
- b. An easement for the proposed location has been granted to the Corporation;
- c. The Member pays the actual cost of relocation plus administrative fees, and
- d. Service capacity is available at the proposed location.

25. Prohibition of Multiple Connections to a Single Tap.

- a. No more than one (1) residential, commercial, or industrial service connection is allowed per meter. The Corporation may consider allowing an apartment building or mobile home/RV park to apply as a "Master Metered Account" and have a single meter (This refers to Section E.2.c.(4)). Any unauthorized sub metering or diversion of service shall be considered a Multiple Connection and subject to disconnection of service. If the

Corporation has sufficient reason to believe a Multiple Connection exists, the Corporation shall discontinue service under the Disconnection with Notice Provisions of this Tariff. (See Sample Application Packet RUS-TX Bulletin 1780-9 (Rev. 5/99))

b. For purposes of this section, the following definitions shall apply:

1.) A “multiply connection” is the connection to any portion of a member’s system that is connected to a primary delivery point already servicing one residence, one commercial or industrial facility of water line serving another residence or commercial or industrial facility. Water lines to outbuildings, barns or other accessory structures shall not be considered a multiple connection if: (i) those structures are located on the same tract as the primary delivery point and (ii) such structures are not used as a residence or as a commercial or industrial facility.

2.) A “primary delivery point” shall mean the physical location of a meter or sewer tap that is installed in accordance with this Tariff and applicable law and which provides water or service to the residence or commercial or industrial facility of a member.

3.) A “residence” shall mean any structure which is being used for human habitation, which may include kitchen and bathroom facilities or other evidence of habitation as defined by the Corporation.

4.) “Commercial” facility shall mean any structure or combination of structures at which any business, trade, occupation, profession, or other commercial activity is conducted. A member that utilizes water within their residence or property for commercial purposes may be required to obtain a separate meter. A business conducted within a member’s residence or property that does not require water in addition to that provided to the member’s residence shall not be considered a separate commercial facility.

c. The corporation agrees to allow members in good standing to share water usage with a visitor on their property with a recreation vehicle (RV) or travel trailer for a period of no longer than three months. If the recreation vehicle/travel trailer is being used for a permanent residence, this Tariff requires that an additional meter installation and membership be purchased. If the member routinely has more than one visitor at a time with recreation vehicles or travel trailers or has multiple visitors throughout the year, the corporation may require that a second or additional meter(s) be purchased. The member must submit a written request to the corporation’s business office at least 5 business days prior to sharing corporation water with a visitor. The corporation has the right to refuse or deny the shared usage for any reason. The corporation also has the right to inspect the premises for any potential cross-contamination issues as outlined in the Customer Service Inspection requirements and to ensure that the meter is properly sized for the additional usage at the time of total peak water demand. These requirements pertain to visitors ONLY. No commercial usage where fees for water are charged is allowed. If a member is found to violate these conditions, the member will be sent a letter of notice stating that water service will be cut off in ten days in the situation is not corrected.

26. Master Meter Account Regulations. An apartment building, condominium, manufactured housing (modular, mobile or RV) community, business center or other similar type enterprise may be considered by the Corporation to be a single Commercial facility if the owner applies for a meter as a “master metered account” and complies with the requirements set forth in TCEQ rules, this Tariff and applicable law. The Corporation may allow master metering service to these facilities at an applicant’s request.

27. **Member's Responsibility**

- a. The Member shall provide access to the meter as per service agreement. If access to the meter is hindered or denied preventing the reading of the meter, an estimated bill shall be rendered to the Member for the month; and a notice shall be sent to the effect that access could not be gained. If access is denied for three (3) consecutive months after proper notification to the Member, then service shall be discontinued and the meter removed with no further notice. (See Section E.3.d.)
- b. The member shall be responsible for compliance with all utility, local and state codes, requirements and regulations concerning on-site service and plumbing facilities.
 - (1) All connections shall be designed to insure against back-flow or siphonage into the Corporation's water supply. In particular, livestock water troughs shall be plumbed above the top of the trough with air space between the discharge and the water level of the trough. *(30 TAC 290.46)*
 - (2) The use of pipe and pipe fitting 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 connection to the Corporation's facilities. Customer service pipelines shall be installed by the applicant and shall be minimum SDR-26 PVC pipe. *(30 TAC 290.46)*
- c. A Member owning more than one (1) Membership shall keep all payments current on all accounts. Failure to maintain current status on all accounts shall be enforceable as per Service Application and Agreement executed by the Member.
- d. The Corporation's ownership and maintenance responsibility of water supply and metering equipment shall end at the meter or other service equipment. Therefore, all water usage registering upon and/or damages occurring to the metering equipment owned and maintained by the Corporation shall be subject to charges determined by the Corporation's Tariff as amended from time to time by the Board of Directors.
- e. The Corporation shall require each Member to provide a cut-off valve on the Member's side of the meter for purposes of isolating the Member's service pipeline and plumbing facilities from the Corporation's water pressure. The valve shall meet AWWA standards (a ball valve is preferred). The Member's use of the Corporation's curb stop or other similar valve for such purposes is prohibited. Any damage to the Corporation's equipment shall be subject to service charges. (This additional cut-off valve may be installed as a part of the original meter installation by the Corporation.)
- f. The member is required to notify the system 48 hours prior to digging or excavation activities along or near water lines and appurtenances.

SECTION F

SERVICE EXTENSION POLICY

DATE APPROVED: _____ SCWSC

SECTION F.
DEVELOPER, SUBDIVISION AND NON-STANDARD SERVICE REQUIREMENTS

1. **Corporation's Limitations.** All Applicants shall recognize that the Corporation must comply with local, state, and federal rules and regulations as promulgated from time to time, and with covenants of current indebtedness. The Corporation is not required to extend retail utility service to an Applicant in a subdivision where the responsible party (Applicant/Developer) of the applicable property (subdivision) has failed to comply with the terms of this policy. Section 13.2502 of the Texas Water Code requires that notice be given herein or by publication (see Miscellaneous Transaction Forms) or by alternative means to the Developers/Applicants. (Also see Section F.11.)

2. **Purpose.** It is the purpose of this Section to define the process by which the specific terms and conditions for service to subdivisions are determined including the Developer's and the Corporation's respective costs.

For purposes of the Section, the term "Applicant" shall refer to the individual or entity that desires to secure Non-Standard Service from the Corporation. The Applicant must be the same person or entity that is authorized to enter into a contract with the Corporation setting forth the terms and conditions pursuant to which Non-Standard Service will be furnished to the property. In most cases, the Applicant shall be the owner of real property for which Non-Standard Service is sought. In the event that the Applicant is other than the owner of real property, the Applicant must furnish evidence to the Corporation that it is authorized to request Non-Standard Service on behalf of such owner, or that it otherwise has authority to request Non-Standard service for real property.

3. ***Application of Rules.*** This Section is applicable to subdivisions, additions to subdivisions, developments, or whenever additional service facilities are required for a single tract of property. For the purposes of this Tariff, Applications subject to this Section shall be defined as Non-Standard. This Section may be altered or suspended for planned facility expansions when the Corporation extends its indebtedness. The Board of Directors of the Corporation shall interpret on an individual basis whether or not the Applicant's service request shall be subject to all or part of the conditions of this Section.

This section sets forth the general terms and conditions pursuant to which the Corporation will process Non-Standard Service Requests. The specific terms and conditions pursuant to which the Corporation 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 legally enforceable,

contractual agreement to be entered into by the Corporation and the service Applicant. The agreement may not contain any terms or conditions that conflict with this Section.

4. **Non-Standard Service Application.** The Applicant shall meet the following requirements prior to the initiation of a Service Contract by the Corporation:

- a. The Applicant shall provide the Corporation a completed Service Application and Agreement giving special attention to the item on SPECIAL SERVICE NEEDS OF THE APPLICANT.
- b. A final plat approved by the Corporation must accompany the Application showing the Applicant's requested service area. The plat must be approved by all government authorities exercising jurisdiction over lot sizes, sewage control, drainage, right-of-way and other service facilities. Plans, specifications, and special requirements of governmental authorities shall be submitted with the plat. Applicants for single taps involving extension or up-sizing of facilities shall be required to submit maps or plans detailing the location of the requested extension and details of demand requirements.

NOTE: It is the responsibility of the Applicant to secure all necessary approvals of the subdivision once an Agreement is in place between the Corporation and the Applicant.

- c. At the time the Applicant submits the Application, a Non-Standard Service Investigation Fee (See Section G) to cover initial administrative, legal and engineering fees shall be paid to the Corporation. The balance of actual expenses incurred as a result of efforts by the Corporation to study service requirements of the Applicant shall be refunded to the Applicant and the Applicant shall pay any additional expenses.
- d. If after the service investigation has been completed, the Corporation determines that the Applicant's service request is for property outside the Corporation's Certified Service Area of Public Convenience and Necessity, service may be extended provided that:
 - (1) The service location is contiguous to or within one-fourth (1/4) mile of the Corporation's Certificated Service Area of Public Convenience and Necessity;
 - (2) The service location is not in an area receiving similar service from another utility; and
 - (3) The service location is not within another utility's Certificate of Convenience and Necessity; and
 - (4) If the Corporation extends service under these conditions, the Applicant shall fully support any subsequent efforts by the Corporation to amend its Certificate of Convenience and Necessity to include the applicant's property with the service area.

5. **Design.** The Corporation shall study the design requirements of the Applicant's required facilities prior to initiation of a Service Agreement by adopting the following schedule.

- a. The Corporation's Consulting Engineer shall design all service facilities for the Applicant's request service within the Corporation's specifications or within certain

codes and specifications of neighboring municipalities for all Non-Standard Service Applications which lie within the enforced extra territorial jurisdiction of a municipality

- b. The Engineer's fee shall be paid out of the Non-Standard Investigation Fee, provided however, that the actual costs of the Engineer's services do not exceed the amount of the Non-Standard Service Investigation Fee allotted for engineering services. If the fee for the Engineer's services exceed the allotted fee, the Applicant shall pay the balance of engineering fees prior to commencing with the service investigation.
 - c. The Consulting Engineer shall submit to the Corporation a set of detailed plans, specifications, and cost estimates for the project.
 - d. If no governmental authority imposes other design criteria on the Applicant's service request, the Corporation's Engineer shall design all facilities for any Applicant to meet the demand for service as platted and/or requested in the plans or plat submitted in application for service. The Corporation reserves the right to upgrade design of service facilities to meet future demands, provided however, that the Corporation pays the expense of such upgrading in excess of the Applicant's facility requirements.
6. **Non-Standard Service Contract.** All Applicant's requesting or requiring Non-Standard Service shall enter into a written contract, drawn up by the Corporation's Attorney, in addition to submitting the Corporation's Service Application and Agreement. Said contract shall define the terms of service prior to construction of required service facilities. Guidelines for the service contract may include, but are not limited to:
- a. 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 paid.
 - b. Procedures by which Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.
 - c. Equity Buy-In Fee (Front-end Capital Contributions) required by the Corporation in addition to the other costs required under this Section.
 - d. Monthly Reserved Service Charges as applicable to the service request.
 - e. Terms by which reserved service shall be provided to the Applicant and duration of reserved service with respect to the impact the Applicant's service request will have upon the Corporation's system capability to meet other service requests.
 - f. Terms by which the Applicant shall be reimbursed or compensated for fees duplicated in assessments for monthly rates and Equity Buy-In (Front-end Capital Contributions).
 - g. Terms by which the Corporation 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 the Service Agreement;
 - (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.
 - h. Terms by which the Applicant shall indemnify the Corporation from all third party claims or lawsuit in connection with the project contemplated.
 - i. Terms by which the Applicant shall deed all constructed facilities to the Corporation and by which the Corporation shall assume the operation and maintenance responsibility, including any enforcement of warranties in connection with construction of the Applicant's project.
 - j. Terms by which the Applicant shall grant title or easement for right-of-ways, constructed facilities, and facility sites and/or terms by which the Applicant shall provide for the securing of required right-of-ways and sites.
 - k. Terms by which the Board of Directors shall review and approve the Service Contract pursuant to current rules, regulations and by-laws.
7. **Construction of Facilities by Applicant Prior to Execution of Service Contract –** The Corporation and the Applicant must execute a Non-standard Service Contract prior to the purchase of supplies and materials or initiation of construction of facilities by the Applicant. In the event that the Applicant commences construction of any such facilities prior to execution of a Contract with the Corporation, then the Corporation may refuse to provide service to the Applicant or, in a subdivision, to any person purchasing a lot or home from the Applicant. Alternatively the corporation may require full costs of replacing/repairing any facilities constructed without prior execution of a contract from any person buying a lot or home from Applicant. At a minimum, the Corporation will require that all facilities be uncovered by the Applicant for inspection by the Corporation, require that any facilities not approved by the Corporation be replaced, and take any other lawful action determined appropriate by the Board of Directors of the Corporations.
8. **Dedication of Water System Extension –**
- a. Upon proper completion of construction of all on-site and off-site service facilities to meet the level and manner of service requested by the Applicant (the "Facilities"), the Facilities shall become the property of the WSC. The Facilities shall thereafter be owned and maintained by WSC subject to the warranties required of Applicant under Subsection (b). Any connection of individual customers to the Facilities shall be made by the WSC.
9. **Property and Right-of-Way Acquisition.** With regard to construction of facilities, the Corporation shall require private right-of-way easements or private property as per the following conditions.
- a. If the Corporation determines that right-of-way easements or facility sites outside the Applicant's property are required, the Corporation shall require the Applicant to secure easements or title to facility sites in behalf of the Corporation. All right-of-way easements and property titles shall be researched, validated, and filed by the Corporation at the expense of the Applicant. (See Sample Application Packet Water Line Easement and Right-of-Way)
 - b. All facilities required to be installed in public right-of-way in behalf of the Applicant, due to inability to secure private right-of-way easements, shall be subject to costs equal to the original cost of facility installations for those facilities in public right-of-ways, plus the estimated cost of future relocation to private right-of-ways or subject

to the cost of installation under condemnation procedures, whichever is most desired by the Applicant.

- c. The Corporation 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 Corporation) and title to property required for other on-site facilities.
 - d. Easements and facilities sites shall be prepared for the construction of the Corporation's pipeline and facility installations in accordance with the Corporation's requirements and at the expense of the Applicant.
10. **Bids for Construction.** The Corporation's Consulting Engineer shall advertise for bids for the construction of the Applicant's proposed facilities in accordance with generally accepted practices. Plans and specifications shall be made available; with or without charge, to prospective bidders. Although the Corporation reserves the right to reject any bid or contractor, the Corporation shall generally award the contract to the lowest and best bidder in accordance with the following criteria:
- a. The Applicant shall sign the Service Contract noting willingness to proceed with the project and shall pay all costs in advance of construction associated with the project;
 - b. The Contractor shall provide an adequate bid bond under terms acceptable to the Corporation;
 - c. The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the Corporation;
 - d. The Contractor shall supply favorable references acceptable to the Corporation;
 - e. The Contractor shall qualify with the Corporation as competent to complete the work, and;
 - f. The Contractor shall provide adequate certificates of insurance as required by the Corporation.
11. **Pre-payment for Construction and Service.** After the Applicant has executed the Service Agreement, the Applicant shall pay to the Corporation all costs necessary for completion of the project prior to construction and in accordance with the terms of the Service Contract.
12. **Construction.**
- a. All road work pursuant to state county and/or municipal standards (if applicable) shall be completed prior to facility construction to avoid future problems resulting from road right-of-way completion and excavation. 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 facilities.
 - b. The Corporation shall, at the expense of the Applicant, inspect the facilities to insure that Corporation standards are achieved.
 - c. Construction plans and specifications shall be strictly adhered to, but the Corporation reserves the right to change-order any specifications, due to unforeseen circumstances during the design phase, to better facilitate operation of the Applicant's facility. All change-order amounts shall be charged to the Applicant.

PART II. Request for Service to subdivided Property

This section applies to applicants that are developers as defined in Section C Definitions.

1. **Sufficient Information** – Applicants shall provide the corporation sufficient information describing the level and manner of service requested and the timeline for initiation of this service. The following is the minimum information needed for engineering evaluation of the requested service to the property described in the application.
 - a. Completion of requirements described in Section F Part I, including completing the *Non-Standard Service Application*.
 - b. Applicant shall provide the Corporation with details concerning access to the property during evaluation of application.
 - c. Applicant shall be notified in writing by the Corporation or designated representative if service can be extended in accordance with the details described on the Applicant's request for service.

2. **Service within Subdivision** – The Corporation's obligation to provide service to any customer located within a subdivision governed by this section is strictly limited to the level and manner of the nonstandard service specified by the Applicant. The Applicant is responsible for paying for all costs necessary for non-standard service to a subdivision as determined by the Corporation under the provisions of this Tariff and specifically the provisions of this Section; if the Applicant fails to pay these costs, the Corporation has the right to require payment of these costs by any one or more of the persons purchasing lots or homes within such subdivision before the Corporation is obligated to provided water service. (Texas Water Code 13.2502). In addition, Corporation may elect to pursue any remedies provided by the Non-Standard Service Contract if one has been executed. Applicant is advised that purchasers of lots also may have legal recourse to the Applicant under Texas law, including but not limited to Texas Water Code Section 13.257, and the Business and Commerce Code Chapter 17, Subchapter E Deceptive Trade Practices & Consumer Protection Act.

3. **For Service to subdivisions involving tracts of 50 acres or greater**, the Applicant must provide the following in addition to all other information otherwise required by this Section:
 - a. Map and description of the area to be served using map criteria in 30 TAC 291.105(a)(2)(A-G).
 - b. Time frame for :
 1. Initiation of service
 2. Service to each additional phase following the initial service
 - c. Level of service (quantity and quality) for:
 1. Initial needs
 2. Phased and final needs and projected land uses that support the requested level of service for each phase.
 - d. Manner of service for:
 1. Initial needs

2. Phased and final needs and projected land uses that support the requested level of service for each phase.
- e. Any additional information requested by the Corporation necessary to determine the capacity and the costs for providing the requested service.
- f. Copies of all required approvals, reports and studies done by or for the Applicant to support the viability of the proposed development.

Applicant must provide reasonable sufficient information, in writing, to allow the Corporation to determine whether the level and manner of service specified by the Applicant can be provided within the time frame specified by the Applicant and to generally determine what capital improvements, including expansion of capacity of the Corporation's production, treatment and/or storage facilities and/or general transmission facilities properly allocable directly to the service request are needed. If the Applicant proposes development in phases, the Applicant should specify the level and manner of service and the estimated time frame within which that service must be provided for each phase, and the Applicant must depict the currently estimated location of each phase on the maps required under 30 TAC Section 291.105(a)(2)(A-G). It is important that the Applicant's written request be complete. A complete application by the Applicant should include:

- (a) The proposed improvements to be constructed by the Applicant;
- (b) A map or plat signed and sealed by a licensed surveyor or registered professional engineer;
- (c) The intended land use of the development, including detailed information concerning the types of land uses proposed;
- (d) The projected water and/or sewer demand of the development when fully built out and occupied, the anticipated water demands for each type of land use, and a projected schedule of build-out;
- (e) A schedule of events leading up to the anticipated date upon which service from the CCN holder will first be needed; and
- (f) A proposed calendar of events, including design, plat approval, construction phasing and initial occupancy.

Applicant must establish that current and projected service demands justify the level and manner of service being requested. In making his/her written request for service, the Applicant must advise the corporation that he/she may request expedited decertification from the TCEQ.

Upon payment of required fees, the Corporation shall review Applicant's service request. If no additional information is required from Applicant, the Corporation will prepare a written report on Applicant's service request, subject to any final approval by the Corporation's governing body (if applicable) which must be completed within the 90 days from the date of application and payment of the required fees. The Corporation's written report will state whether the requested service will be provided, whether the requested service can be provided within the time frame specified by the Applicant, and the cost for which the Applicant will be responsible (including capital improvements, easements or land acquisition costs, and professional fees.)

In the event the Corporation's initial review of the applicant's service shows that additional information is needed, the Corporation will notify Applicant of the need for such additional information. Notice of the need for additional information will be made in writing within 30 days of the date the Corporation receives the Applicant payment of the required fees. Applicant should respond to the Corporation's request for additional information within 15 days of receipt of the Corporation's written request. In any case, the Corporation will provide the written report, including any final approval by the Corporation's Board (if applicable) within 90 days from the date of the initial written application and payment of all required fees.

By mutual written agreement, the Corporation and the Applicant may extend the time for review beyond the 90 days provided for expedited petitions to the TCEQ.

4. **Final Approval** – Upon final approval by the Corporation and acceptance of the proposal for service by the Applicant, a non-standard service contract will be executed and the corporation shall provide service according to the conditions contained in the Non-Standard Service Contract.

SECTION G

RATES and SERVICE FEES

DATE APPROVED: _____ SCWSC

**SECTION G.
RATES AND SERVICE FEES**

Unless specifically defined in this Tariff, all fees, rates, and charges as herein stated shall be non-refundable.

Rates and Service Fees Overview.

a.	Service Investigation Fee.	
	(1) Standard Service (G.1.a).....	No Charge
	(2) Non-Standard Service (G.1.b).....	Actual Cost
b.	Membership Fee (G.2.).....	\$100.00
c.	Easement Fee (G.3.).....	\$25.00
d.	Installation Fees	
	(1)*Standard Service (Short Side Tap) (G.4.b).....	\$1024.00
	(2)*Long Side Tap (G.4.b)..... (Road Bore \$600.00 + 1024.00)	\$1624.00
	(3) Non-Standard Service (G.4.c).....	Actual Cost
e.	Equity Buy-In Fee (also known as Aid for Future Construction).....	\$124.00
f.	Monthly Charges	
	(1) Minimum Monthly Charge (zero usage) (G.6.a).....	\$25.00
	(2) Reserved Service Charge (G.6.b).....	\$25.00
g.	Gallage Charges	
	(1) Charge per 1000 gallons 0 to 10,000 (G.6.c.1).....	\$3.00
	(2) Charge per 1000 gallons 10,001 to 20,000 (G.6.c.1).....	\$3.50
	(3) Charge per 1000 gallons 20,001 and above (G.6.c.1).....	\$3.75
h.	Regulatory Assessment Fee (G.6.c.2).....1/2 of one (1%) of charge for retail water service.	
i.	Volunteer Fire Department Donation (G.6.c.3).....	\$1.00
j.	Late Payment Fee if bill not paid by 20 th of each month (G.9).....	\$10.00
l.	Owner Notification Fee (G.8).....	\$10.00
m.	Mortgagee/Guarantor Notification Fee (G.9).....	\$10.00
n.	Returned Check Fee (G.10).....	\$30.00
o.	Reconnect Fee for Disconnects (G.11).....	\$60.00
p.	Reconnect Fee for New Account(G.11.b).....	\$100.00
q.	Service Trip Fee (G.12.).....	\$25.00
r.	Equipment Damage Fee (G.13.).....	Estimated or Actual Cost
s.	Customer History Report (G.14.).....	\$15.00
t.	Meter Test Fee (G.15.).....	\$20.00
u.	Transfer Fee (G.16.).....	\$20.00
w.	Non-Disclosure Fee (G.18.).....	\$5.00
x.	Information Disclosure Fee (G.19.).....	Cost of providing service
y.	Tariff Copy (G.20.).....	\$25.00
z.	Customer Service Inspection Fee (G.21).....	\$125.00
aa.	Other Fees (G.22).....	Cost of providing service

1.

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

- a. 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. All Non-Standard Service requests shall be subject to a fee, appropriate to each project, of sufficient amount to cover all administrative, legal, and engineering fees associated with investigation of the Corporation's ability to deliver service to the Applicant to;
provide cost estimates of the project,
to present detailed plans and specifications as per final plat,
to advertise and accept bids for the project,
to present a Non-Standard Service Contract to the Applicant, and
to provide other services as required by the Corporation for such investigation.
Non-Standard Contract shall be presented to the Applicant within a suitable amount of time as determined by the complexity of the project (See Section F.)

2. **Membership Fee.** At the time application for service is approved, a non-refundable Membership Fee must be paid before service shall be provided or reserved for the Applicant by the Corporation.

- a. The Membership fee for water service is \$100.00 for each service unit.
- b. Membership fee for oversized or Master Metered Accounts shall be based on multiples of meter size equivalence.

3. **Easement Fee.** When the Corporation determines that private right-of-way easements and/or facilities sites are necessary to provide service to the Applicant, the Applicant shall be required to make good faith efforts to secure easements in behalf of the Corporation and/or pay all costs incurred by the Corporation in validating, clearing, and retaining such right-of-way in addition to tap fees otherwise required pursuant to the provisions of this Tariff. The costs may include all legal fees and expenses necessary to attempt to secure such right-of-way and/or facilities sites in behalf of the Applicant. (See Section E.2.c.(2), Section F.7.a.)

4. **Installation Fees.** The Corporation shall charge an installation fee for service as follows.

- a. **Standard Service** shall include all current labor, materials, engineering, customer service inspection, and administrative costs necessary to provide individual metered service and shall be charged on a per tap basis immediately prior to such time as service is requested and installed.
- b. **Non-Standard** shall include any and all construction labor and materials, customer service inspection, legal, engineering and administrative fees, as determined by the Corporation under the rules of Section F of this Tariff.
- c. **Standard and Non-Standard Service Installations** shall include all costs of any pipeline relocations as per Section E.1.c.(6) of this Tariff.

5. **Equity Buy-In Fee. (Also known as Aid for Future Construction)** In addition to the Membership Fee, each Applicant shall be required to achieve parity with existing Members by contributing capital in an amount projected to defray the cost of upgrading system facilities to meet growth demands created by adding customers. This fee shall be assessed immediately prior to providing or reserving service on a per service unit basis for each tap/lot and shall be assigned and restricted to the tap/lot for which the service was originally request. The formula applied to such fee calculated annually after receipt of the system audit is as follows

Sample Calculation:

Total Contributions and Assets of the Corporation minus (-)
 Accumulated Depreciate minus (-)
 Outstanding Corporation Debt Principle minus (-)
 Developer Contributions minus (-)
 Grants received divided by
 Total Number of Existing Member/Customers =
 Average Net Equity Buy-In Fee

Water Fee is \$124.00

6. **Monthly Charges.**

Service Availability Charge (Minimum Monthly Charge). The monthly charge, which includes a metered water service allotment of zero (0) to one thousand (1,000) gallons, is \$20.00 per month for each service unit.

b. **Reserved Service Charges.** The monthly charge for each active account at a specific location for which a meter has not been installed but for which the Corporation and the Applicant have entered into agreement and/or contract for reserved service. This monthly charge shall be based on the Corporations fixed costs to serve the Applicant's dedicated facilities on a per Service Unit basis, determined on a case by case basis but shall never exceed the Service Availability Charge for Metered Service on a per Service Unit basis.

c. **Gallonage Charges.** In addition to the Service Availability Charge, a gallonage charge shall be added at the following rates for usage during any one (1) billing period.

- (1) \$2.75 per 1000 gallons for any gallonage from 0 to 10,000 gallons
 \$3.25 per 1000 gallons for any gallonage from 10,001 to 20,000 gallons, and
 \$3.50 per 1000 gallons for any gallonage from 20,001 and above
- (2) The Corporation shall, as required by Section 5.235, Water Code of the State of Texas, collect from each of its retail customers a regulatory assessment equal to one-half of one percent of the charge for retail water or wastewater service. This charge shall be collected in addition to other charges for utility service. This fee is collected on all charges pertaining to Section G.6 Monthly Charges of this Tariff. (30 TAC 291.76 d.(3) (i))

- (3) The Corporation, as part of its billing process, collects voluntary contributions on behalf of the Liberty County Voluntary Fire Department and Emergency Medical Service. The Corporation shall retain from the proceeds the lesser amount of five-percent or the total administrative costs for filling, collecting, and disbursing the voluntary contributions.
- 6. Assessments** – If at the end of the fiscal year, or in the event of emergency repairs, the Board of Directors determines the total amount derived from the collection of water charges to be insufficient for the payment of all costs incident to the operations of the Corporation’s system during the year in which such charges are collected, the Board shall make the levy an assessment against each Member of the Corporation as the Board may determine or as may be required by Rural Development, so that the sum of such assessments and the amount collected from water and other charges I sufficient to fully pay all costs of the operation, maintenance, replacement, and repayment on indebtedness for the year’s operations. (See Article XVIII of USDA Model Bylaws, Section 1)
7. **Late Payment Fee.** Once per billing period, a penalty of \$10.00 shall be applied to delinquent 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.
8. **Owner Notification Fee.** The Corporation may, at the expense of the Member, notify said Member of a renter/lessee delinquent account status prior to disconnection of service. The Owner Notification Fees shall be \$10.00 per notification including the costs of certified mail delivery. (See Miscellaneous Transaction Forms)
9. **Mortgagee/Guarantor Notification Fee.** The Corporation shall assess a fee of \$10.00 for each notification to a Membership lien-holder under agreement prior to Membership cancellation. (See Miscellaneous Transaction Forms)
10. **Returned Check Fee.** In The event a check, draft, or any other similar instrument is given by a person, firm, corporation, or partnership to the Corporation for payment of services provided for in this Tariff, 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 charge of \$30.00. (See Miscellaneous Transaction Forms)
11. **Reconnect Fee.** The Corporation shall charge a fee of \$60.00 for reconnecting service after the Corporation has previously disconnected service for any reason provided for in this Tariff except for activation of service under Section E.3.b. (Re-Service).

- a. In addition to the reconnect fee, if the service has been disconnected for late or non-payment, all delinquent billing must be paid in full.
 - b. The Corporation may charge a fee of \$100.00 for reconnecting a service when deemed necessary.
12. **Service Trip Fee.** The Corporation shall charge a trip fee of \$25.00 for any service call or trip to the Member's tap as a result of request by the Member or resident (unless the service call is in response to damage of the Corporation's or another Member's facilities) or for the purpose of disconnecting or collecting payment for services.
13. **Equipment Damage Fee.** If the Corporation's facilities or equipment have been damaged by tampering, by-passing, installing unauthorized taps, reconnecting service without authority, or other service diversion, a fee shall be charged equal to the actual costs for all labor, material, and equipment necessary for repair, replacement, and other Corporation actions. This fee shall be charged and paid before service is re-established. If the Corporation's equipment has not been damaged, a fee equal to the actual costs for all labor, material, equipment, and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authority shall be charged. All components of this fee will be itemized, and a statement shall be provided to the Member. If the Corporation's facilities or equipment have been damaged due to negligence or unauthorized use of the Corporation's equipment, right-of-way, or meter shut off valve, or due to other acts for which the Corporation incurs losses or damages, the Member shall be liable for all labor and material charges incurred as a result of said acts or negligence.
15. **Meter Tampering and Diversion Penalty.** In addition to the Equipment Damage Fee, the Corporation may charge a penalty for "Tampering" as defined in Section E23. The penalty may only be assessed against the person who committed the Tampering. An owner cannot be assessed for the Tampering committed by their tenant. The penalty shall not exceed six (6) times the base rate.
14. **Customer History Report.** A fee of \$15.00 shall be charged to provide a copy of the Member's record of past water purchases in response to a Member's request for such a record.
15. **Meter Test Fee.** The Corporation shall test a Member's meter upon written request of the Member. Under the terms of Section E of this Tariff, a charge of \$20.00 shall be imposed on the affected account. (See Miscellaneous Transaction Forms)
16. **Transfer Fee.** An Applicant for service who is Transferee shall complete all required application forms, etc. and pay a Transfer Fee of \$20.00. (See Miscellaneous Transaction Forms)

18. **Non-Disclosure Fee.** A fee of \$5.00 shall be assessed any customer requesting in writing that personal information under the terms of this tariff not be disclosed to the public. (See Miscellaneous Transaction Forms)
19. **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 Corporation based on the level of service and costs to provide such information, but not to be inconsistent with the terms of the Texas Open Records Act: Article 6252-17a.
20. **Tariff Copy.** A fee of \$25.00 shall be charged by the Corporation for each requested copy of its Tariff.
21. **Customer Service Inspection Fee.** A fee of \$25.00 will be assessed each Applicant before permanent continuous service is provided to new construction. The customer must have Customer Service Inspection done their self from a list of CSI inspectors provided by Corporation.
22. **Other Fees.** All services outside the normal scope of utility operations which the Corporation 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.
24. **Regulatory Assessment.** A fee of 0.5% of the amount billed for water service will be assessed each customer; this assessment is required under Texas law and TCEQ regulations. NOTE: The regulatory assessment is not to be collected from state agencies, wholesale customers or buyers on non-potable (not drinkable) water. (Ref. TCEQ RG-199 revised Oct. 2002 TCEQ Section 29.76©)
25. **Additional Assessments.** In the event any federal. State or local government imposes on the Corporation 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.

SECTION H

DROUGH CONTINGENCY and EMERGENGY WATER DEMAND MANAGEMENT PLAN

DATE APPROVED: _____ SCWSC

**SECTION H.
DROUGHT CONTINGENCY
AND
EMERGENCY WATER DEMAND MANAGEMENT PLAN**

1. INTRODUCTION

The goal of this plan is to cause a reduction in water use in response to drought or emergency conditions so that 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.

A Drought Emergency Management Committee consisting of two Board Members and the System Manager will monitor usage patterns and public education efforts and will make recommendations to the Board on future conservation efforts, demand management procedures or any changes to this plan. The Committee will develop public awareness notices, bill stuffers, and other methods that will begin and continue as a constant type of reminder that water should be conserved at all time, not just during a drought or emergency. This Committee will also review and evaluate any needed amendments or major changes due to changes in the South Cleveland Water Supply Corporation's service area population, distribution system or supply. This review and evaluation will be done on a regular basis of five years unless conditions necessitate more frequent amendments.

The plan will be implemented according to the three states of rationing as imposed by the Board. Section D describes the conditions that will trigger these stages.

2. PUBLIC INVOLVEMENT

Opportunity for the public to provide input into the preparation of the plan was provided by the Board by scheduling and providing public notice of a public meeting to accept input on the Plan. Notice of the meeting was provided to all customers. In the adoption of this plan, the Board considered all comments from customers.

3. COORDINATION WITH REGIONAL WATER PLANNING GROUP

Being located within the "H" regional water planning area, a copy of this Plan has been provided to that Regional Water Planning Group.

4. TRIGGER CONDITIONS

The Drought Emergency Management Committee is responsible for monitoring water supply and demand conditions on a monthly basis (or more frequently if conditions warrant) and shall determine when conditions warrant initiation or termination of each stage of the plan, that is, when the specified triggers are reached. The Committee will monitor monthly operating reports, water supply or storage tank levels and/or rainfall as needed to determine when trigger conditions are reached. The triggering conditions described below take into consideration the vulnerability of the water source under drought of record conditions; the production, treatment and distribution capacities of the system, and member usage based upon historical patterns.

- a. **Stage 1 – Mild Conditions:** Stage 1 water allocation measures may be implemented when one or more of the following conditions exist:
- 1.) Water consumption has reached 80 percent of daily maximum supply for three (3) consecutive days
 - 2.) Water supply is reduced to a level that is only 20 percent 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 20 percent above the use for the same period during the previous year.
- b. **Stage II – Moderate Conditions:** Stage II water allocation measures may be implemented when one of the following conditions exist:
- 1.) Water consumption has reached 90 percent of the amount available for three consecutive days.
 - 2.) The water level in any of the water storage tanks cannot be replenished for three (3) consecutive days. Example: The highest recorded water level drops ten (10') feet or more for three (3) consecutive days.
- c. **Stage III – Sever Conditions:** Stage III water allocation measures may be implemented when one of the following five conditions exists:
- 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 percent or more of the maximum available for three (3) consecutive days.
 - 3.) Water consumption of 100 percent of the maximum available and the water storage levels in the system drop during one 24-hour period.
 - 4.) Natural man-made contamination of the water supply source(s).
 - 5.) The declaration of a state of disaster due to drought conditions in a county or counties served by the Corporation.
 - 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.

5. STAGE LEVELS OF WATER ALLOCATIONS

The stage levels of water allocations are to be placed in effect by the triggers in Section D. The System shall institute monitoring and enforce penalties for violations of the Drought Plan for each of the Stages listed below. The water allocation measures are summarized below.

- a. **Stage I – Mild Conditions**
- 1) Alternate day, time of day, or duration restrictions for outside water usage allowed. (System will notify Customers which restriction is in effect)
 - 2) The system will reduce flushing operations.
 - 3) Reduction of customers' water use will be encouraged through notices on bills or other method.

b. Stage II – Moderate Conditions

- 1) All outside watering prohibited (except for livestock variances).
- 2) Make public service announcements as conditions change via local media (TV, radio, newspaper, etc.).

c. Stage III – Severe Conditions

- 1) All outside water prohibited.
- 2) Water use will be restricted to a percentage of each member's prior month 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) Corporation shall continue enforcement and educational efforts.

NOTE:

- Refer to your water purchase contact for additional restrictions/requirements that may be imposed by stipulations from the wholesale supplier.
- There may be additional restrictions imposed by Governmental Entities.
- Meters will be read as often as necessary to insure compliance with this program for the benefit of all customers.

6. INITIATION AND TERMINATION PROCEDURES

Once a trigger condition occurs, the Corporation, or its designated responsible representative, shall, based on recommendation from the Chairperson of the Drought/Emergency Management Committee, decide if the appropriate stage of rationing shall be initiated. The initiation may be delayed if there is a reasonable possibility the water system performance will not be compromised by the condition. If water allocation is to be instituted, written notice to the customers shall be given.

Written notice of the proposed water allocation measure shall be mailed or delivered to each affected customer upon the initiation of each stage. In addition, upon adoption of Stage II or Stage III, a notice will be placed in a local newspaper or announced on a local radio or television station. The customer notice shall contain the following information:

- a. The date water allocation shall begin,
- b. The expected duration,
- c. The stage (level) of water allocations to be employed,
- d. Penalty for violations of the water allocation program, and
- e. Affected area or areas.

A sample Customer Notice of water allocation conditions is included in Miscellaneous Transaction Forms of this Tariff.

If the water allocation program extends 30 days then the Chairperson of the Drought/Emergency Management Committee or manager shall present the reasons for the allocations at the next

scheduled Board Meeting and shall request the concurrence of the Board to extend the allocation period.

When the trigger condition no longer exists then the responsible official may terminate the water allocations provided that such an action is based on sound judgment. Written notice of the end of allocations shall be given to customers. A water allocation period may not exceed 60 days without extension by action of the Board.

7. PENALTIES FOR VIOLATIONS

- a. **First Violation** – The customer/member will be notified by a written notice of their specific violation and their need to comply with tariff rules. The notice will show the amount of penalty *to be assessed for continued violations.
- b. **Second Violation** – The Corporation may install a flow restricting device in the customer's service line to limit the amount of water that will pass through the meter in a 24 hour period. The cost of this shall be the actual cost to do the work and shall be paid by the customer.
- c. **Subsequent Violations** – The Corporation may terminate service for up to 7 days and charge for the service call to restore service.

These provisions apply to all customers of the Corporation.

8. EXEMPTIONS OR WAIVERS

The Drought/Emergency Management Committee may, in writing, grant temporary variance for existing water uses otherwise prohibited under this Plan if it is determined that failure to grant such variance would cause an emergency condition adversely affecting the health or sanitation for the public or the person requesting such variance and if one or more of the following conditions are met:

- a. Compliance with this Plan cannot be technically accomplished during the duration of the water supply shortage or other condition for which the Plan is in effect.
- b. Alternative methods can be implemented which will achieve the same level of reduction in water use.

Persons requesting an exemption from the provisions of this Ordinance shall file a petition for variance with the Drought/Emergency Management Committee within 5 days after the Plan or a particular drought response stage has been invoked or after a condition justifying the variance first occurs. All petitions for variances shall be reviewed by the Committee and shall include the following:

- ◆ Name and address of the petitioner(s).
- ◆ Purpose of water use.
- ◆ Specific provision(s) of the Plan from which the petitioner is requesting relief.
- ◆ D

- ◆ Detailed statement as to how the specific provision of the Plan adversely affects the petitioner or what damage or harm will occur to the petitioner or others if petitioner complies with this Plan.
- ◆ Description of the relief requested.
- ◆ Period of time for which the variance is sought.
- ◆ Alternative water use restrictions or other measures the petitioner is taking or proposes to take to meet the intent of this Plan and the compliance date.
- ◆ Other pertinent information, as requested by the Committee.

Variances granted by the Committee shall be subject to the following conditions, unless specifically waived or modified by the Committee or Board of Directors.

- ◆ Variances granted shall include a timetable for compliance.
- ◆ Variances granted shall expire when the water allocation is no longer in effect, unless the petitioner has failed to meet specified requirements. No variance allowed for a condition requiring water allocation will continue beyond the termination of water allocation under Section F. Any variance for a subsequent water allocation must be petitioned again. The fact that a variance has been granted in response to a petition will have no relevance to the Committee's decision on any subsequent petition.

No variance shall be retroactive or otherwise justify and violation of this Plan occurring prior to the issuance of the variance.

9. IMPLEMENTATION

The Board establishes a Drought/Emergency Management Committee by Resolution, the chairperson of which will be the responsible representative to make Drought and Emergency Water Management actions. This Committee will review the procedures in this plan annually or more frequently. Modifications may be required to accommodate system growth, changes in water use demand, available water supply and/or other circumstances.

This Plan was adopted by the Board at a properly noticed meeting held on _____, 2005