

Control Number: 43210



Item Number: 1

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83rd
Legislature, Regular Session, transferred the functions
relating to the economic regulation of water and sewer
utilities from the TCEQ to the PUC effective
September 1, 2014.

45210
MCCOY WATER SUPPLY CORPORATION

Gene Camargo, General Manager
Annabel Salinas, Office Manager
Alfred Garcia, Operations

2125 FM 541 MCCOY, TEXAS 78113

Phone (830)569-5575

Fax (830)569-5576

2014 OCT -6 AM 9:36

PUBLIC UTILITY COMMISSION
FILING CLERK

July 1, 2014

Lisa Fuentes
Team Leader
Utilities Financial Review Team
Water Supply Division
MC 153
P. O. Box 13087
Austin, TX 78711-3087

Re: Revised McCoy Water Supply Corporation Tariff

Dear Ms. Fuentes:

Please find enclosed an original and one copy of the referenced document for your files that reflect the revisions approved by the McCoy WSC Board of Directors at their regularly scheduled meeting of February 13, 2014 and their special meeting of June 26, 2014.

The McCoy WSC Tariff revisions were made to Section F, Non-Standard Service Requirements, and other relevant sections to ensure the entire Tariff is consistent with these revisions.

Additionally, McCoy WSC added new and revised sample agreements, found in Section I, for the purpose of implementing Section F:

- Application for Non-Standard Services (new)
- Non-Standard Service Contract for Non-Subdivision requests (new)
- Revised Non-Standard Service Contract for Subdivision requests

Thank you for your assistance. If you have any questions please call.

Sincerely,



Gene Camargo
General Manager



McCoy Water Supply Corporation

2014 Tariff

2125 FM 541
McCoy, Texas 78113
(830) 569-5575
www.mccoywsc.com

COPY

TABLE OF CONTENTS

SECTION A. RESOLUTIONS	6
SECTION B. STATEMENTS	7
1. Organization	7
2. Non-Discrimination Policy	7
3. Policy and Rule Application	7
4. Corporation Bylaws	7
5. Fire Protection Responsibility	7
6. Damage Liability	7
7. Information Disclosure	7
8. Customer Notice Provisions	8
9. Grievance Procedures	8
10. Customer Service Inspections	8
11. Submetering Responsibility	8
SECTION C. DEFINITIONS	9
SECTION D. GEOGRAPHIC AREA SERVED	13
SECTION E. SERVICE RULES AND REGULATIONS	15
1. Service Entitlement.	15
2. Service Location and Classification	15
<p>3. <i>Service Requirements.</i> The Corporation's Service Application and Agreement Form shall be completed in full and signed by the Applicant(s). 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))</p>	
4. Ownership of equipment.	16
5. Activation of Standard Service	16
7. Activation of Non-Standard Service	16
8. Changes in Service Classification.	16
9. Membership	16
10. Owners and Renters	19
11. Denial of Service	20
12. Applicant's or Transferee's Recourse.	20
13. Insufficient Grounds for Refusal of Service.	20
14. Deferred Payment Agreement.	20
15. Charge Distribution and Payment Application.	21
16. Due Dates, Delinquent Bills, and Service Disconnection Date.	21
17. Rules for Disconnection of Service.	22
18. Billing Cycle Changes	25
19. Back-billing	25
20. Disputed Bills	25
21. Inoperative Meters	25
24. Meter Relocation	26
25. Prohibition of Multiple Connections to a Single Tap	26
26. Master Metered Account Regulations.	27
27. Member's Responsibility	27

SECTION F. NON-STANDARD SERVICE REQUIREMENTS**29**

Part I. General Requirements. This section details the requirements for all types of non-standard service requests

1. Purpose.....	29
2. Application of Rules.....	29
3. Non-Standard Service Application.....	29
4. Design.....	30
5. Non-Standard Service Contract.....	31
6. Construction of Facilities by Applicant Prior to Execution of Service Contract.....	32
7. Dedication of Water System Extension to WSC.....	32
8. Property and Right-of-Way Acquisition.....	32
9. Bids for Construction.....	33
10. Pre-Payment for Construction and Service.....	33
11. Construction.....	33

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.....	33
2. Service within Subdivisions.....	34
3. For Service to subdivisions involving tracts of 50 acres or greater.....	34

SECTION G. RATES AND SERVICE FEES**36**

1. Service Investigation Fee.....	36
2. Membership Fee.....	36
3. Easement Fee.....	36
4. Installation Fee.....	36
5. Equity Buy-In Fee.....	37
6. Monthly Charges.....	37
7. Assessments.....	37
8. Late Payment Fee.....	38
9. Owner Notification Fee.....	38
10. Mortgagee/Guarantor Notification Fee.....	38
11. Returned Check Fee.....	38
12. Reconnect Fee.....	38
13. Seasonal Reconnect Fee.....	38
14. Service Trip Fee.....	38
15. Equipment Damage Fee.....	38
16. Meter Tampering and Diversion Penalty.....	39
17. Customer History Report Fee.....	39
18. Meter Test Fee.....	39
19. Transfer Fee.....	39
20. Information Copy Fee.....	39
21. Customer Service Inspection Fee.....	39
22. Regulatory Assessment.....	39
23. Additional Assessments.....	39
24. Groundwater District Production Fee.....	39
25. Leak Adjustments.....	39
26. Other Fees.....	40

SECTION H. DROUGHT CONTINGENCY AND EMERGENCY WATER DEMAND MANAGEMENT PLAN**41**

1. Introduction.....	41
2. Public Involvement.....	41
3. Coordination with Regional Water Planning Group L.....	41
4. Trigger Conditions.....	41
5. Stage Levels of Water Allocations.....	42
6. Initiation and Termination Procedures.....	43

7. Penalties for Violations	44
8. Exemptions or Waivers	44
9. Implementation.....	45

SECTION I. SAMPLE APPLICATION PACKET 46

CORPORATION USE ONLY 47

SERVICE APPLICATION AND AGREEMENT	47
RIGHT-OF-WAY EASEMENT (Location of Easement Required)	52
RIGHT-OF-WAY EASEMENT (General Type Easement)	54
McCOY WATER SUPPLY CORPORATION	56
APPLICATION FOR NON-STANDARD SERVICE	56
McCOY WATER SUPPLY CORPORATION	65
NON-STANDARD SERVICE CONTRACT	65
McCOY WATER SUPPLY CORPORATION	69
NON-STANDARD SERVICE CONTRACT	69

SECTION J. MISCELLANEOUS TRANSACTION FORMS 77

ALTERNATE BILLING AGREEMENT FOR RENTAL ACCOUNTS	78
CUSTOMER REQUEST THAT PERSONAL INFORMATION CONTAINED IN UTILITY RECORDS NOT BE RELEASED TO UNAUTHORIZED PERSONS	79
CUSTOMER NOTICE OF WATER RATIONING	80
CUSTOMER NOTICE OF VIOLATION	81
CUSTOMER NOTICE OF SECOND VIOLATION AND PENALTY	82
CUSTOMER NOTICE OF SUBSEQUENT VIOLATION AND PENALTY	83
NOTICE OF TERMINATION	84
DEFERRED PAYMENT AGREEMENT	85
INSTALLMENT AGREEMENT	86
LINE EXTENSION REFUND AGREEMENT	87
MEMBERSHIP MORTGAGE AGREEMENT	88
AGREEMENT TO PROVIDE FILL FOR CERTAIN FIRE VEHICLES IN DESIGNATED AREAS	89
AGREEMENT TO PROVIDE FIREFLOW IN DESIGNATED AREAS	93
METER TEST AUTHORIZATION AND TEST REPORT	97
NOTICE TO OWNER OF RENTAL PROPERTY	98
NOTICE OF REQUIREMENT TO COMPLY WITH THE SUBDIVISION AND SERVICE EXTENSION POLICY OF _____ WATER SUPPLY CORPORATION/SPECIAL UTILITY DISTRICT	99
NOTICE OF RETURNED CHECK	100
REQUEST FOR SERVICE DISCONTINUANCE	101
EASEMENT DENIAL LETTER AND AFFIDAVIT	102
SANITARY CONTROL EASEMENT	104
EQUIPMENT AND LINE DEDICATION AGREEMENT	106
TERMINATION NOTICE	107

	Section A
WASTEWATER BILLING SERVICES FOR A RETAIL PUBLIC UTILITY PROVIDED BY A NON-PROFIT WATER SUPPLY CORPORATION	108
AGREEMENT TO DISCONNECT WATER SERVICE FOR NON-PAYMENT OF WASTEWATER SERVICE	113
DEDICATION, BILL OF SALE AND ASSIGNMENT	116
APPLICANT'S NOTICE OF INSUFFICIENT INFORMATION	118
DEDICATION, BILL OF SALE AND ASSIGNMENT	119
SERVICE INSPECTION CERTIFICATION	121
SECTION K. MISCELLANEOUS	122
TARIFF FILING REQUIREMENTS (New form 12/10)	122
CALCULATION OF THE AVERAGE NET EQUITY BUY IN FEE OF A SAMPLE UTILITY	123
TRWA RECOMMENDED 5/8" X 3/4" METER EQUIVALENTS BASED ON AWWA SPECIFICATIONS AND DESIGN CRITERIA	124

SECTION A. RESOLUTIONS

THE BOARD OF DIRECTORS OF McCoy Water Supply Corporation ESTABLISHES THAT:

1. This Tariff of the McCoy Water Supply Corporation, serving in Atascosa, Live Oak and Wilson counties consisting of Sections A. through K. and forms inclusive, is adopted and enacted as the current regulations and policies effective as of March 1, 2013.
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 (or revisions) 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.
6. This tariff has been adopted (revised) in compliance in Open Meeting in compliance with the Open Meeting Act, Chapter 551 of the Texas Government Code.

PASSED and APPROVED this 14th day of February, 2013.

President, McCoy Water Supply Corporation

SEAL

ATTEST:

Secretary, McCoy Water Supply Corporation

Approved June 26, 2014

SECTION B. STATEMENTS

1. **Organization.** The McCoy Water Supply Corporation ("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 and or sewer utility 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, disability, or marital status.
3. **Policy and Rule Application.** These policies, rules, and regulations apply to the water services provided by the Corporation. 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 Bylaws.** The Corporation Members have adopted bylaws 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 by authorized fire departments in accordance with a contract with the Corporation to supply water for use in fire suppression. 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 Corporation is not liable for damages caused by service interruptions, events beyond its control, and for normal system failures. The limits of liability of the Corporation 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 in McCoy, 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. **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 an employee of the Corporation.** An individual customer may request in writing that their address, telephone number, and account records 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 the Corporation 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 entitled to vote on a list to be made available to the Corporation's voting members, or their agents or attorneys, in connection with a meeting of the Corporation's members. The Corporation shall give its applicants and customers notice of rights to confidentiality under this policy and all prevailing associated fees for such request.

8. ***Customer Notice Provisions.*** The Corporation shall give written notice of monthly rate changes by mail or hand delivery to all consumers at least 30 days prior to the effective date of the new rate. The notice shall contain the old rates, new rates, effective date of the new rate, 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 an 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:
 - a. By presentation of concerns to the Corporation's manager or authorized staff member. If not resolved to the satisfaction of the aggrieved party then,
 - b. By presenting a letter to the Board of Directors stating the individual's grievance or concern and the desired result.
 - c. The Board of Directors shall respond to the complaint by communicating the Board's decision in writing.
 - d. 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 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, pressure regulation, and illegal lead materials. (30 TAC 290.46(j)) (See Tariff Section G. 22.)
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 on 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 and 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 on Environmental Quality.

SECTION C. DEFINITIONS

Active Service – The status of any Member receiving authorized service under the provisions of this Tariff.

Applicant – A person, partnership, cooperative corporation, corporation, agency, public or private organization of any type applying for service with the McCoy Water Supply Corporation.

Base Rate – The monthly charge assessed each Member/Customer for the opportunity of receiving service. The Base Rate is a 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 McCoy Water Supply Corporation that is vested with the management of the affairs of the Corporation. (Section 22.001(1), Business Organizations Code)

Bylaws – The rules pertaining to the governing of the McCoy Water Supply Corporation adopted by the Corporation Members. (Section 22.001(2), Business Organizations Code)

Capital Recovery Fee: A fee based on total capital costs, divided by the total service capacity in residential meter equivalents and calculated for each approved applicant according to their demand in residential meter equivalents required to provide them with Non-Standard Service within a McCoy WSC Board designated Capital Recovery Fee Area. (See Tariff Section F).

Capital Recovery Fee Area: Area(s) within the McCoy WSC subject to requests for Non-Standard Service and requiring additional infrastructure that are established by the McCoy WSC Board through Resolution(s), that identify boundaries of a Capital Recovery Fee Area; associated projected demand in residential meter equivalents; estimated total costs; types and capacities of infrastructure; and the resulting unit capital recovery fee. (See Tariff Section F).

Certificate of Convenience and Necessity (CCN) – The authorization granted under Chapter 13 Subchapter G of the Texas Water Code for McCoy Water Supply Corporation to provide water utility service within a defined territory. McCoy Water Supply Corporation has been issued Certificate Number 10649. Territory defined in the CCN shall be the Certificated Service Area. (See Tariff Section D. Certificated Service Area Map)

Corporation – The McCoy Water Supply Corporation. (Section B. 3 of this Tariff)

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

Disconnection of Service – The discontinuance of water or sewer service by the Corporation to a Member/Customer.

Easement – A private perpetual dedicated right-of-way for the installation of water and or sewer 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). This may also include restrictions on the adjacent area to limit the installation of sewer lines or other facilities that would restrict the use of any area of the easement. (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 – Each Applicant shall be required to achieve parity with the contributions to the construction of the Corporation's facilities' existing capacity that have been made previously by existing Members. This fee shall be assessed prior to providing or reserving service on a per service unit basis for each property and shall be assigned and restricted to that property for which the service was originally requested. (Tariff 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/sewer easements, and location(s) of lakes, streams, or rivers through the property. The McCoy Water Supply Corporation shall determine if a plat submitted for the purpose of this Tariff shall qualify as a final plat. For 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 Members/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. (Tariff Section E. 9 b., and Sample Application Packet - USDA RUS-TX Bulletin 1780-9 (Rev. 01/09))

Liquidated Membership – A Membership that 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 who holds a membership in the Corporation and who is a record owner of the property served, that has qualified for service and been certified as a member in accordance with the Corporation's Tariff. (TX Water Code Section 13.002(11), TX Water Code Section 67.016 (d))

Membership – A non-interest bearing stock or right of participation purchased from the Corporation evidencing a Member's interest in the Corporation. (See Tariff Section E. 9 b and Business Organizations Code Sections 22.053, 22.151(c))

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. (30 TAC 291.3(25) Definitions, Texas Water Code Section 13.043(g))

Proof of Ownership – For the purpose of this tariff, applicants for service and membership shall provide proof of ownership of the real estate to be served by deed of trust, warranty deed, or other

recorded documentation. (Texas Water Code Section 67.016 (d))

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 or who may otherwise be termed a tenant. (See Tariff Section E. 10.)

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. 5. b. and Miscellaneous)

Reserved Service Charge – A 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 reserving service. This monthly charge shall be based on the Corporation's fixed costs to service the Applicant's dedicated facilities on a per Service Unit basis. This charge reserves service to the Applicant's property designated to receive service. This fee is determined on a case by case basis but shall never exceed the Base Rate for Metered Service on a per Service Unit basis. (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 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. 01/09) and, if required, the McCoy WSC Application for Non-Standard Service and the McCoy WSC 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 purpose of this Tariff, a service unit is a 5/8" X 3/4" water meter or residential meter equivalent. (See Tariff Section G. 6. a., Miscellaneous)

Subdivide – To divide the surface area of land into lots or tracts. (Local Government Code Section 232.021(11) Definitions, Texas Water Code Section 13.2502 (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 Section 232.021(12) Definitions)

Subdivision – An area of land that has been subdivided into lots or tracts. (Local Government Code Section 232.021(13) Definitions)

Tariff – The operating policies, service rules, service extension policy, service rates, rationing policies adopted by the Board of Directors. The sample application packet and miscellaneous transaction forms are appended to the Tariff for informational purposes only. 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 Tariff Section E. 1, E. 2, E. 3, and E. 5 are met. Applicant must have paid an Indication of Interest Fee.

Texas Commission on 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 McCoy WSC Membership by legal means from a person or entity desiring to forfeit and transfer current rights of Membership to another person or entity. (See Tariff Section E. 9 c., Texas Water Code Section 67.016)

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, Section 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**CERTIFICATE OF CONVENIENCE AND NECESSITY**

To Provide Water Service under Texas Water Code
and Texas Commission on Environmental Quality Substantive Rules

Certificate No. 10649

I. Certificate Holder:

Name: McCoy Water Supply Corporation

Address: 2125 FM 541
McCoy, Texas 78113

II. General Description and Location of Service Area:

The area covered by this certificate is located starting at the Atascosa/Bexar County line then south encompassing the area in Atascosa County east of Pleasanton and Jourdanton, then south including the towns of Campbellton and Whitsett; then west towards Charlotte and back north to Leming and areas north of Leming back to the Atascosa/Bexar County Line.

III. Certificate Maps:

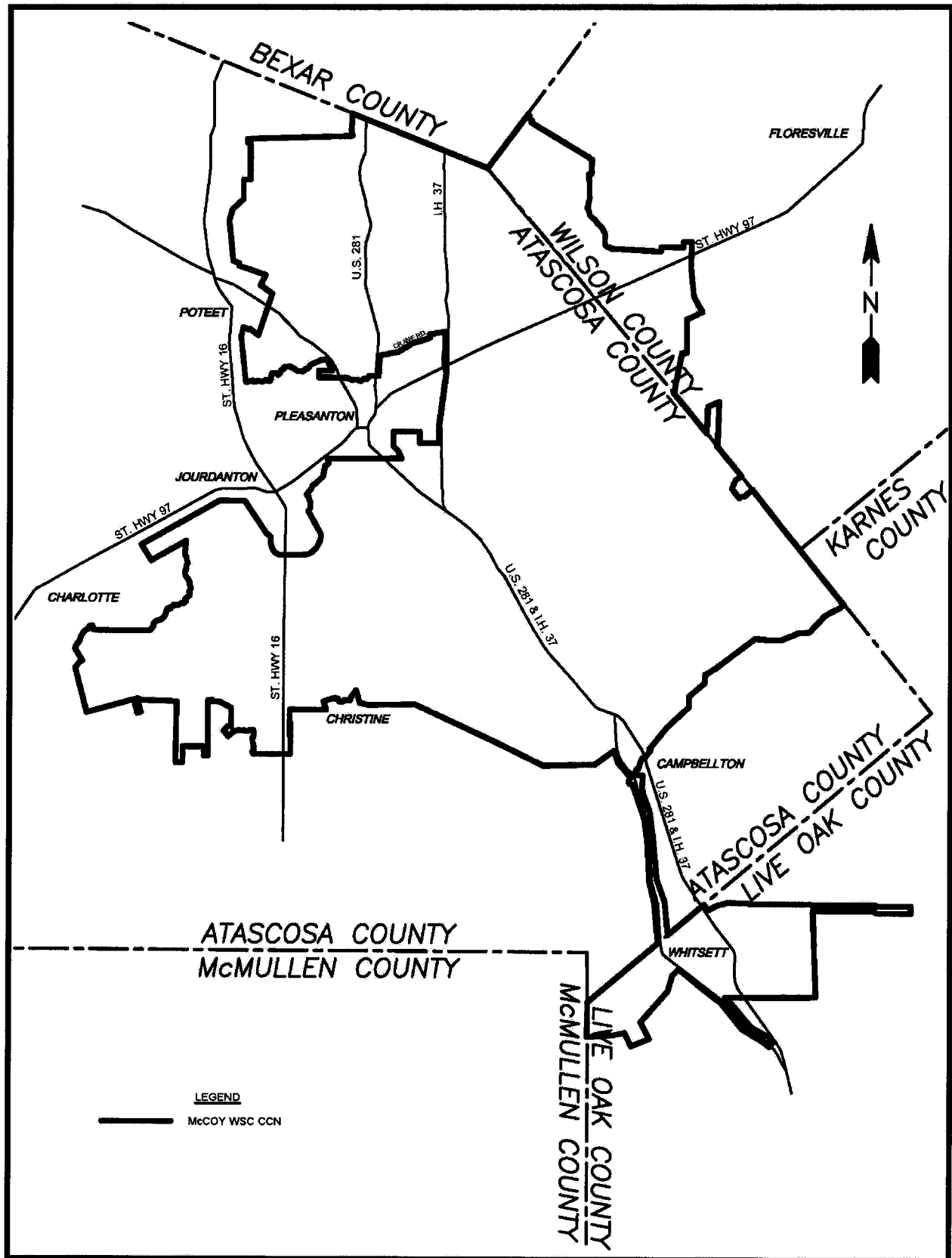
The certificate holder is authorized to provide water service in the area identified on the Commission's official service area map, WRS-255, maintained in the offices of the Texas Commission on Environmental Quality, 12015 Park 35 Circle, Austin, Texas with all attendant privileges and obligations.

This certificate is issued under Application No. 10649-C and subject to the rules and orders of the Commission, the laws of the State of Texas, conditions contained herein and may be revoked for violations thereof. The certificate is valid until amended or revoked by the Commission.

Issued Dated:

ATTEST: _____

For the Commission



SECTION E. SERVICE RULES AND REGULATIONS

1. **Service Entitlement.** The Applicant(s) shall be considered qualified and entitled to water utility 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. (30 TAC 291.85 (a))
2. **Service Location and Classification.** For the purposes of this Tariff, service requested by the Applicant(s) shall be for real estate designated to receive the service provided by the Corporation. Service shall be through a meter tap located on that designated real estate unless otherwise approved by the board. Service shall be divided into the following two classes:
 - a. **Standard Service** is defined as a single family residential meter.
 - b. **Non-Standard Service** is defined as any service request which requires a larger meter service, or service to a Master Metered Account (see E 26 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(s). 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 form, required by the Corporation, must be completed by the Applicant for the purpose of allowing future facility additions. (See Sample Application - RUS-TX Bulletin 1780-9 (Rev. 01/09), 30 TAC 290.47 Appendix C.)
 - b. The Applicant shall provide proof of ownership 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 title to the real estate designated to receive service. (Texas Water Code Sections 67.016 (e), and 13.002 (11)).
 - c. On the 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 F 3. 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/sewer 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 forty five (45) days. After that time the Applicant may re-apply for service or pay the standby fee. (30 TAC 291.81 (a) (1))

- e. 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, the Applicant, prior to receiving the requested service, shall grant easement required under this Tariff and in addition to the normally required fees for new customer service, shall pay such sums as are reasonably necessary to cap the existing line in the ROW and construct the appropriate line or lines within that easement for the Corporation's system-wide service. (see Miscellaneous Transaction Forms)
4. **Ownership of equipment.** All water meters 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 or refunded) and reconnection costs. Reconnection cost is the base rate charge, multiplied by number of months that service was disconnected. In no instance shall the reconnection cost exceed the Equity buy in fee of a new meter. Re-Service costs may also include any delinquent charges if the applicant is the person that previously incurred those charges, seasonal reconnect fee as appropriate, and other applicable costs necessary to restore service.
 - c. **Performance of Work.** All tap and equipment installations specified by the Corporation shall be completed by the Corporation staff or designated representative after all application requirements have been met. The tap for a standard service request shall be completed within five (5) working days whenever practicable, but not later than 10 working days. This time may be extended for installation of facilities or system improvements for a Non-Standard Service Request. (See Section F)
 - 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 Commission on Environmental Quality or successor agency. The customer must, at his or her expense, properly install, inspect, test, maintain and provide all required documentation of any approved backflow prevention device required by the Corporation. (30 TAC 290.46(j); Service Agreement Form)
7. **Activation of Non-Standard Service.** Activation of Non-Standard Service shall be conducted as prescribed by terms of Section F of this Tariff.
8. **Changes in Service Classification.** If at any time the Corporation determines that the customer service needs changed from those 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, Section E 17.
9. **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 Transferees.

- b. **Membership.** Upon qualification for service, qualification for Membership, 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. The Membership entitles the Member to one (1) vote in the election of directors and in such other matters requiring the approval of the Corporation's Members at any Annual or Special Membership Meeting of the Corporation as prescribed by the Corporation Bylaws. Ownership of more than one (1) Membership shall not authorize the Member to cast more than one (1) vote at any annual or special meeting. Each Membership thereby represented may be assigned to the specified parcel of land originally designated to receive service at the time of application. (Texas Water Code Section 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 (upon issuance of a Membership) 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 Sub-Section 1. Service Entitlement)
- c. **Transfers of Membership.** (Texas Water Code Section 67.016)
 - 1) A Member is entitled to transfer Membership in the Corporation only under the following circumstances:
 - (a) The Membership is transferred by will to a person related to the Transferor within the second degree by consanguinity; or
 - (b) The Membership is transferred without compensation to a person related to the Transferor within the second degree by consanguinity; or
 - (c) The Membership is transferred without compensation or by sale to the Corporation; or
 - (d) The Membership is transferred as a part of the conveyance of real estate from which the Membership arose.
 - 2) In the event that Membership is transferred pursuant to the provisions of Subsection 9 c. (1) of this Section, 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 be considered a new application for service and is not binding on the Corporation until such transfer has been approved as provided by Subsection 9 c. (3) of this Section.
 - 3) Qualifications for service upon transfer of Membership set forth in Subsection 9 c. (1) of this and 9 c. (2) of this Section 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) The Transferee has completed the required Application Packet including granting the Corporation with a private utility easement on the form provided by the Corporation;
 - (b) The Transferee has paid the balance of the Transferor's membership fee to the face value

- of the Transferor's membership fee, to the extent that it was partially liquidated; and
- (c) 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 membership is requested the corporation will give the transferee written notice of 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.
- d. **Cancellation of Membership.** To keep a Membership in good standing, a Base Rate 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 liquidation of the Membership Fee and forfeiture of the Membership. A Member may be relieved of this obligation to pay by surrendering the Membership, properly documented, 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 surrender of a properly endorsed Membership 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 the Activation of Service Subsection E 6. of this Tariff. (Texas Water Code Section 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 a Service Application and Agreement, and the delinquent Member owns more than one Membership, 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, Subsection 17.). 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 Subsection E 6. 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 Section 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 canceled Membership to a person or entity that has legal title to the real estate from which the canceled membership arose and for which water or sewer service is requested (Texas Water Code Section 67.016). 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 non-judicial foreclosure. The Corporation will require 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 a 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 Subsection E 9.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 12 months. The Corporation shall not require the payment of any security prior to the expiration of 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 17. of this Tariff, with a copy of the notice to the bankruptcy Trustee.
- j. **Cancellation and Re-Assignment of Membership as a Result of Divorce (or Dissolution of Joint Tenancy).** The Corporation shall transfer the membership to a spouse (or joint tenant) who has been awarded the property designated to receive service. The Corporation must be provided adequate documentation of the ownership rights of the spouse (or joint tenant) requesting transfer, such as final divorce decree, temporary court order, or agreement. In no event shall any membership(s) be transferred if the transferee does not otherwise meet the qualifications for membership and for service.

10. Owners and Renters. Any Member having complied with the requirements of this Tariff, renting or leasing property designated to receive service according to the terms of this tariff to other parties, is responsible for all charges due the Corporation. The membership for rental or leased properties shall be in the name of the owner of the property as required by this Tariff. 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 if the owner requests that the tenant be billed for utility service. (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 will notify the Member of the renter's past due payment status. Such notification will be subject to a service charge (see Miscellaneous Transaction Forms). The corporation reserves the right to discontinue billing to a third party, with 30 days' notice to the member, and may at its discretion bill the Member directly.

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.

11. Denial of Service. The Corporation may deny service for the following reasons:

- a. Failure of the Applicant or Transferee to complete all application requirements, including granting an easement, completing all forms, and paying 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;
- d. Failure of Applicant or Transferee to provide representatives or employees of the Corporation reasonable access to property, for which service has been requested;
- e. Failure of Applicant or Transferee to comply with all governmental rules and regulations of the Corporation's tariff on file with the state regulatory agency governing the service applied for by the Applicant;
- f. 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
- g. Applicant's service facilities are known to be inadequate or of such character that satisfactory service cannot be provided.
- h. Failure of Applicant or transferee to comply with applicable regulations for on-site sewage disposal systems if the Corporation has been requested to deny service by the TCEQ or the TCEQ's designated representative under Chapter 366 of the Texas Health and Safety Code.
- i. Failure of the 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.)

12. 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.

13. 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 member or occupant of the premises to be served;
- b. Failure to pay a bill to correct previous underbilling 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 member or 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 member or customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill;

14. Deferred Payment Agreement. The Corporation may offer a deferred payment plan to a Member or rental tenant 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. The Corporation may consider another deferred payment agreement provided payments will be made by automatic bank draft or credit/debit card. Non-payment of any amount under an additional deferred payment agreement will cause service to be disconnected immediately and service will not be restored until the account is paid in full and all other charges resulting from the disconnection of service are fully paid. In the event the requestor is a tenant of rental property the Corporation shall notify the owner/member of the deferred payment agreement.

15. Charge Distribution and Payment Application.

- a. **The Base Rate or the Reserved Service Charge** is for the billing period from the 1st day of the month to the last day of the month. Charges shall 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 month preceding the month for which this charge is due. All services 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 ten (10) gallon increments. Water charges are based on monthly meter readings and are calculated from billing date to billing date. Readings used in all billing calculations shall be taken by the Member, the Corporation's employees or designated representative. These readings are due on or before the due date.
- c. **Posting of Payments.** All payments shall be posted against previous balances and late fees 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, money order, credit card, automatic debit on customer's bank account, or draft on bank. 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 Bills, and Service Disconnection Date.

- a. The Corporation shall mail all bills on or about the 1st of the month. All bills are considered the responsibility of each person signing the Service Application and Agreement Form. 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 10 day grace period may then be allowed for delayed payments prior to mailing of 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 the 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 the 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 65 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 no 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 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. For the purposes of disconnecting sewer service under these policies, water service will be terminated in lieu of disconnecting sewer service. In instances of nonpayment of sewer service or other violations by a Member who is not a water customer, the Corporation has the option to disconnect the sewer tap or take other appropriate actions.

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. **NOTE:** “cash only,” means certified check, money order, or cash.
- 2) Failure to pay a delinquent account for utility service, failure to timely provide a deposit or other security under Section E 9 (i), or failure to comply with the terms of a deferred payment agreement (Miscellaneous Transaction Forms);
- 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 (including, where appropriate, Section H), 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) Failure to pay a delinquent account billed by the Corporation for sewer utility service provided by [Retail Public Utility] pursuant to the Corporation’s Agreement with the [Retail Public Utility]. (See Miscellaneous Transaction Forms; 30 TAC 291.88(e), 291.87(g); Texas Water Code 13.147, 13.250(b)(2))

- 9) Cancellation of membership by Member on an account that the Member holds for water/sewer 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/LESSEE; MEMBER IS SOLELY RESPONSIBLE FOR COMPLIANCE WITH, AND LIABILITY UNDER ANY FEDERAL, STATE OR LOCAL LAW CREATING OR PROTECTING RIGHTS OF RENTERS/LEESSEES.)
 - 10) Violation of any applicable regulation or pertaining to on-site sewage disposal systems if the Corporation has been requested in writing to disconnect service by the TCEQ or the TCEQ's designated representative under Chapter 366 of the Texas Health and Safety Code.
 - 11) Failure to pay charges arising from service trip fee as defined in Section G 14., meter re-read fee, or meter read fee when customer on self-read plan failed to submit their meter reading.
 - 12) 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 or sewer 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's/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.
 - 13) Failure to disconnect or secure additional service tap(s) for an RV or other service connection (See E 25. of this Section) after notification by the Corporation of violation of the Prohibition of Multiple Connections.
- a. 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 public health nuisance under Chapter 341.011 of the Health and Safety Code. If there is reason to believe a dangerous or hazardous condition exists, the Corporation may conduct a customer service inspection (CSI) to verify the hazardous condition and may notify the local county health office. The Corporation will disconnect without notice if the Member refuses to allow access for the purpose of confirming the existence of such condition and/or removing the dangerous or hazardous condition (30 TAC 290.46(j) and 290.46(i)). Service will be restored when a CSI confirms no health hazard exists, the health hazard has been removed or repaired, or the health hazard has been isolated from the Corporation's water system by the installation of a backflow prevention device.
 - 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 (5) 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 reconnected service without authority following termination of service for nonpayment; and
 - 4) In instances of tampering with the Corporation's meter or equipment, by-passing 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 the 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 the 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 the Member to pay charges arising from an underbilling occurring due to any misapplication of rates more than six (6) months prior to the current billing;
 - 4) Failure of the 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 underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due under the Inoperative Meters subsection E 21. 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.
- 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 reconnecting 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 on Environmental Quality.
- f. **Disconnection for Ill Customers.** The Corporation may not discontinue service to a delinquent residential Member or tenant permanently residing in an individually metered dwelling unit when that Member or tenant 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 Accounts and Non-Standard Sewer 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 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 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. 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 9.c.

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 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 six (6) months, based on amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.

22. Bill Adjustment.

- 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 current Membership except in cases involving the transfer of a Membership conditioned on payment of delinquent obligations by the Transferee, as provided under Subsection 9 c. 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 this Section, the term "Tampering" shall mean meter-tampering, by-passing, or diversion of the Corporation's service equipment, or other instances of diversion, including:
 - 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,
 - 5) other electrical and mechanical means of tampering with, by-passing, or diverting service, and
 - 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 Tampering is on the Corporation. Photographic evidence or any other reliable and credible evidence may be used; however, any evidence shall be accompanied by a sworn affidavit by the Corporation's staff when any action regarding Tampering is initiated. A court finding of 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 Section 28.03.

- b. If the Corporation determines under subsection (a) that Tampering 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 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 six (6) times 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 a penalty to the owner.

24. Meter Relocation. Relocation of services shall be allowed by the Corporation provided that:

- a. The relocation is limited to the existing property designated to receive service;
- b. A current easement for the proposed location has been granted to the Corporation; and
- c. The Member pays the actual cost of relocation plus administrative fees.

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 or sewer tap. 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 tap (See Section E 26.) 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 for a first violation and for subsequent violations service will be disconnected without notice in accordance with E 17. b. (See Sample Application Packet RUS-TX Bulletin 1780-9 (Rev. 01/09))
- b. For purposes of this section, the following definitions shall apply:
 - 1) A "multiple 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 a water line serving another residence or commercial or industrial facility. Water lines to outbuildings, barns or other accessory structures shall not be consider 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 sewer 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 if the situation is not corrected.

26. Master Metered 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 and/or non-standard sewer service to these facilities at an Applicant's request.

27. Member's Responsibility.

- a. The Member shall provide access to the meter tap location as per the easement and 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.
- 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 ensure against on-site sewage contamination, 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 in the trough. (30 TAC 290.46, Health & Safety Code Chapter 366)

- 2) The use of pipe and pipe fittings that contain more than 8.0% lead or solder and flux that contain more than 0.2% lead is prohibited for any plumbing installation or repair of any residential or non-residential facility providing water for human consumption and connected to the Corporation's facilities. Customer service pipelines shall be installed by the applicant. (30 TAC 290.46)
 - 3) Service shall be discontinued without further notice when installations of new facilities or repair of existing facilities are found to be in violation of this regulation until such time as the violation is corrected.
- 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 as 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 have a cut-off valve within two feet of the meter 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.
 - f. The member is required to notify the system 48 hours prior to digging or excavation activities along or near water/sewer lines and appurtenances. The preferred form of notification is utilization of the Texas 811 system.

SECTION F. NON-STANDARD SERVICE REQUIREMENTS

Part I. General Requirements. This section details the requirements for all types of non-standard service requests.

1. **Purpose.** It is the purpose of this Section to define the process by which the specific terms and conditions for service to subdivisions and other kinds of Non-Standard Service are determined, including the Non-Standard Service Applicant's and the 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 the real property and the Non-Standard Service Agreement must reference the real estate to be benefitted for recording purposes in the county deed records.

2. **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. Examples of non-standard services for a single tract of land can include, but are not limited to, road bores, extensions to the distribution system, service lines exceeding 3/4" diameter and service lines exceeding 100 feet. Non-residential or residential service applications requiring a larger sized meter typically will be considered non-standard. The minimum size meter provided to non-standard service members is a 3/4" meter. All Non-Standard meters will be required to have a back flow preventer, in place, prior to initiation of service. 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 or their designee shall interpret on an individual basis case-by-case 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 shall be set forth in a legally enforceable, contractual agreement to be entered into by the Corporation and the service Applicant, upon Board approval.

3. **Non-Standard Service Application.** The Applicant shall meet the following requirements to request Non-Standard Service from the Corporation:
 - a. The Applicant shall provide the Corporation a completed Non-Standard Service Application. The Applicant shall specify all service needs, such as large meter size, size of subdivision or multi-use facility.
 - b. A final plat (see Tariff Definition Section – Final Plat) approved by the Corporation must accompany the Application showing the Applicant's requested service area. The plat must be approved by all governmental authorities exercising jurisdiction over lot sizes, sewage control,

drainage, right-of-way, and other service facilities. Plans, specifications, and special requirements of such governmental authorities shall be submitted with the plat. Applicants for single taps (non-subdivision requests) involving extension or upsizing of facilities shall be required to submit maps, plans, drawings or other depictions detailing the location of the requested extension and details of demand requirements.

NOTE: If applicable, it is the responsibility of the Applicant to secure all necessary approvals of the subdivision before a Non-Standard Service Contract is executed by the Corporation and the Applicant.

- c. A Non-Standard Service Investigation Fee shall be paid to the Corporation for purposes of paying initial administrative, legal, and engineering fees. The Corporation shall refund any balance that remains after it has completed its service investigation, and has completed all legal and engineering services associated with processing a request. In the event such a fee is not sufficient to pay all expenses incurred by the Corporation, the Applicant shall pay to the Corporation upon the Corporation's request all additional expenses that have been, or will be incurred by the Corporation and Corporation shall have no obligation to complete processing of the Application until all remaining expenses have been paid.
 - d. If after the service investigation has been completed, the Corporation determines that the Applicant's service request is for property located, in whole or in part, outside the area described in the Corporation's Certificate of Convenience and Necessity, service may be extended provided that:
 - 1) The service location is not in an area receiving similar service from another retail Corporation;
 - 2) The service location is not within another retail Corporation's Certificate of Convenience and Necessity; and
 - 3) The Corporation's Certificate of Convenience and Necessity shall be amended to include the entirety of Applicant's property for which service is requested. Applicant shall pay all costs incurred by Corporation in amending its CCN, including but not limited to engineering and professional fees. If the service location is contiguous to or within one-fourth (1/4) mile of Corporation's Certificate of Convenience and Necessity, Corporation may extend service prior to completing the amendment to its CCN, but will do so only upon Applicant's legally enforceable agreement to fully support such amendment (including but not limited to payment of all professional fees, including legal, surveying and engineering fees incurred by Corporation in securing the amendment).
4. **Design.** The Corporation shall approve the design requirements of the Applicant's required facilities prior to initiation of a Non-Standard Service Contract in accordance with the following schedule:
- a. The Corporation's Consulting Engineer shall design, or review and approve plans for, all on-site and off-site service facilities for the Applicant's requested service within the Corporation's specifications, incorporating any applicable municipal or other governmental codes and specifications.
 - b. The Consulting Engineer's fees shall be paid out of the Non-Standard Service Investigation Fee under Tariff Section F 3.
 - c. The Consulting Engineer shall submit to the Corporation a set of detailed plans, specifications, and cost estimates for the project.
 - d. The Corporation's Engineer shall ensure that all facilities for any Applicant 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.

- e. The Corporation's Board of Directors shall review and take action on any and all Non-Standard Service Applications prior to and as the basis for the Corporation's approval of any Non-Standard Service Contract.
- f. The Corporation's Board may designate a Capital Recovery Fee for those areas within the McCoy WSC CCN where service requests for a tap exceed normal 5/8" residential meter requirements, known as Non-Standard Service requests. These requests for Non-Standard Service requiring additional infrastructure to be fulfilled, shall be addressed by the Corporation's Board through Resolutions that identify the projected costs of service and boundaries of the designated Capital Recovery Fee Area.

Service requests will be defined by residential meter equivalents; the estimated total costs; types and capacities of infrastructure; and will be assessed as the associated estimated capital recovery fee per meter equivalent. The total capital costs associated with providing service within the Capital Recovery Fee Area shall be shared by all Corporation Board approved applicants requesting Non-Standard Services Capital Recovery Fee Area.

5. ***Non-Standard Service Contract.*** Applicants requesting or requiring Non-Standard Service shall be requested to execute a written contract (see Section I Sample Forms). Said contract shall define the terms of service prior to construction of required service facilities. The Non-Standard Service Contract may include, but is 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 to be paid.
 - b. Procedures by which the Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.¹
 - c. Equity Buy-In Fee (Front-end Existing Capital Contributions) required by the Corporation in addition to the other costs required under this Section.
 - d. Capital Recovery Fee as applicable to the service request and approved by the Corporation's Board of Directors.
 - e. Monthly Reserved Service Charges as applicable to the service request.
 - f. Terms by which service capacity shall be reserved for the Applicant and duration of reserved service with respect to the demand which the level and manner of the service will have upon the Corporation's system facilities.
 - g. Terms by which the Applicant shall be reimbursed or compensated for fees duplicated in assessments for monthly rates and Equity Buy-In Fees.
 - h. Terms² 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 Contract;
 - 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.
 - i. Terms³ by which the Applicant shall indemnify the Corporation from all third party claims or lawsuits in connection with the project.

¹ "b" may be applicable only to requests for Non-Standard service to subdivisions

² Parts of "g" may be applicable only to requests for Non-Standard service to subdivisions

³ "h" may be applicable only to requests for Non-Standard service to subdivisions

- j. Terms by which the Applicant shall dedicate, assign and convey to the Corporation all constructed facilities and related rights (including contracts, easements, rights-of-way, deeds, Bills of Sale, warranties, and so forth) by which the Corporation shall assume operation and maintenance responsibility for the Applicant's project.
6. ***Construction of Facilities⁴ by Applicant Prior to Execution of Service Contract.*** The Corporation and the Applicant must execute a Non-Standard Service Contract prior to initiation of any and all work to deliver service to 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 Corporation.
7. ***Dedication of Water System Facilities Extension to WSC.***
- 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 by Bill of Sale prior to placement into service. 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.
 - Upon transfer of ownership of the Facilities, Applicant shall warrant materials and performance of the Facilities constructed by Applicant for 12 months following the date of the transfer.
8. ***Property and Right-of-Way Acquisition.*** With regard to construction of facilities, the Corporation shall require private right-of-way easements or purchase of private property as per the following conditions:
- If the Corporation determines that right-of-way easements or facility sites outside the Applicant's property are required, the Applicant shall secure easements or else 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 RUS Form 442-8 or 442-9 (Rev. 6-06))
 - All additional costs associated with facilities that must be installed in public rights-of-way on behalf of the Applicant, due to the inability of the Applicant to secure private right-of-way easements, such as including road bores and TxDOT approvals shall be paid by the Applicant. Alternatively, Applicant shall pay all costs, including legal and other professional fees and the condemnation award in the event Corporation secures such private easements or facility sites through eminent domain proceedings.
 - 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 and off-site facilities.
 - Easements and facilities sites shall be prepared for the construction of the Corporation's pipelines and facility installations in accordance with the Corporation's requirements and at the expense of the Applicant.

⁴ "6" may be applicable only to requests for Non-Standard service to subdivisions

9. ***Bids for Construction***⁵. 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 (as per Engineer's determination), 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 qualified bidder in accordance with the following criteria:
- 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;
 - The Contractor shall provide an adequate bid bond under terms acceptable to the Corporation;
 - The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the Corporation;
 - The Contractor shall supply favorable references acceptable to the Corporation;
 - The Contractor shall qualify with the Corporation as competent to complete the work (including but not limited to current water license, OSHA competent person training, and other licenses / certificates as required to complete the project); and
 - The Contractor shall provide adequate certificates of insurance as required by the Corporation and designate the Corporation as an additional insured.
10. ***Pre-Payment for Construction and Service***. At the time of execution of the Non-Standard Service Contract, the Applicant shall pay to the Corporation all costs in accordance with the terms of the Non-Standard Service Contract.
11. ***Construction***⁶.
- All roadwork pursuant to state, county and/or municipal standards (as 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, approved road sleeves /casings may be installed prior to road construction to avoid road damage during construction of Applicant's facilities.
 - The Corporation shall, at the expense of the Applicant, inspect the facilities to ensure compliance with Corporation standards.
 - Construction plans and specifications shall be strictly adhered to, but the Corporation reserves the right to issue change-orders of any specifications, due to unforeseen circumstances during the design phase, to better facilitate construction or 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 an engineering evaluation of the requested service to the property described in the application.
- Completion of requirements described in Section F Part I, including completing the *Non-Standard Service Application*.

⁵ "9" may be applicable only to requests for Non-Standard service to subdivisions

⁶ "11" may be applicable only to requests for Non-Standard service to subdivisions

- 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 Subdivisions.*** 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 non-standard 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 provide 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 the 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 the 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 reasonably 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:

- 1) the proposed improvements to be constructed by the Applicant;

- 2) a map or plat signed and sealed by a licensed surveyor or registered professional engineer;
- 3) the intended land use of the development, including detailed information concerning the types of land uses proposed;
- 4) the projected water 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;
- 5) a schedule of events leading up to the anticipated date upon which service from the CCN holder will first be needed; and
- 6) 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 the 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 costs 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 proposal for service by the Applicant, the 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

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

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, 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 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;
 - 1) provide cost estimates of the project,
 - 2) to present detailed plans and specifications as per final plat,
 - 3) to advertise and accept bids for the project,
 - 4) to present a Non-Standard Service Contract to the Applicant, and
 - 5) to provide other services as required by the Corporation for such investigation. A Non-Standard Service Contract shall be presented to the Applicant within a suitable amount of time as determined by the complexity of the project. (See Section F.)
2. **Membership Fee.** At the time the application for service is approved, a refundable Membership Fee must be paid for each service requested 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 3., Section F 8. b.)
4. **Installation Fee.** The Corporation shall charge an installation fee for service as follows:
 - a. **Standard Service** shall include all current labor, materials, engineering, legal, customer service inspection, and administrative costs necessary to provide individual metered water or wastewater service and shall be charged on a per tap basis as computed immediately prior to such time as metered service is requested and installed.
 - b. **Non-Standard Service** shall include any and all construction labor and materials, inspection, administration, legal, and engineering 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 3(e) of this Tariff.

5. **Equity Buy-In Fee.** In addition to the Membership Fee, each Applicant shall be required to achieve parity with the contributions to the construction of the Corporation's facilities capacity that have been made previously by existing Members. This fee shall be assessed immediately prior to providing or reserving service on a per service unit basis for each property and shall be assigned and restricted to that property for which the service was originally requested. This fee shall be set aside for future capacity improvements such as line upgrades, new tanks, treatment, or production. This fee is currently \$2,200.00 but may be re-calculated on an annual basis to ensure parity is achieved.

6. **Monthly Charges.**

a. **Base Rate**

- 1) Water Service - The monthly charge for standard metered water service is for a 5/8" by 3/4" meter. The 5/8" X 3/4" meter charge is used as a base multiplier for larger non-standard meters in accordance with the following chart based on American Water Works Association maximum continuous flow specifications:

METER SIZE	5/8" X 3/4" METER EQUIVALENTS	MONTHLY RATE
5/8" X 3/4"	1.0	\$33.50
3/4"	1.5	\$50.25
1"	2.5	\$83.75
1 1/2"	5.0	\$167.50
2"	8.0	\$268.00
3" DISP.	9.0	\$301.50
3" CMPD.	16.0	\$536.00
3" TURB.	17.5	\$586.25
4" CMPD.	25.0	\$837.50
4" TURB.	30.0	\$1,005.00
6" CMPD.	50.0	\$1,675.00
6" TURB.	62.5	\$2,093.75
8" CMPD.	80.0	\$2,680.00

- b. **Gallage Charge.** In addition to the Base Rate, a gallage charge shall be added at the following rates for usage during any one (1) billing period.

- 1) Water - \$2.25 per 1,000 gallons for any gallage from 0 to 10, 000 gallons.
- 2) Water - \$2.75 per 1,000 gallons for any gallage from 10,001 to 20, 000 gallons.
- 3) Water - \$3.25 per 1,000 gallons for any gallage from 20,001 to 50, 000 gallons.
- 4) Water - \$3.75 per 1,000 gallons for any gallage greater than 50, 000 gallons.
- 5) The Corporation shall, as required by Section 5.701, 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))

7. **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 or wastewater charges to be insufficient for the payment of all costs incident to the operation of the Corporation's system

during the year in which such charges are collected, the Board shall make and 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 is 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)

8. **Late Payment Fee.** Once per billing period, a penalty of \$15.00 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.

NOTE: For Political Subdivisions and state agencies the above late payment fee does not apply. Instead a late penalty of 1% shall be assessed for any amount unpaid on the 46th day after the bill is received by the state agency or political subdivision and an additional 1% shall be assessed for each month thereafter that the bill remains unpaid. (Government Code Chapter 2251)

9. **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 Fee shall be \$25.00 per notification. (See Miscellaneous Transaction Forms).
10. **Mortgagee/Guarantor Notification Fee.** The Corporation shall assess a fee of \$25.00 for each notification to a Membership lien-holder under agreement prior to Membership cancellation. (See Miscellaneous Transaction Forms.)
11. **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 \$35.00. (See Miscellaneous Transaction Forms)
12. **Reconnect Fee.** The Corporation shall charge a fee of \$75.00 for reconnecting service after the Corporation has previously disconnected the service for any reason provided for in this Tariff except for activation of service under Section E 6.b. Re-Service.
13. **Seasonal Reconnect Fee.** Base Rate multiplied by the number of months during which service is suspended, not to exceed 9 months during any 12 consecutive months.
14. **Service Trip Fee.** The Corporation shall charge a trip fee of \$55.00 for any service call or trip to the Member's tap as a result of a request by the Member or resident for response to damage of the Corporation's or another Member's facilities, for customer service inspections due to suspicion of meter tampering, bypass or diversion of service, or for the purpose of disconnecting or collecting payment for services. For service trips that extend beyond one hour, such as when an extended line location is required, the Corporation shall charge \$100.00 per employee per hour for each additional hour required.
15. **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.

16. ***Meter Tampering and Diversion Penalty.*** In addition to the Equipment Damage Fee, the Corporation may charge a penalty for "Tampering" as defined in Section E 23. 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.
17. ***Customer History Report Fee.*** A fee of \$2.50 shall be charged to provide a copy of the Members record of past water purchases in response to a Member's request for such a record.
18. ***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 \$35.00 shall be imposed on the affected account.
19. ***Transfer Fee.*** An Applicant for service who is a Transferee shall complete all required application forms, etc., and pay a Transfer Fee of \$25.00.
20. ***Information Copy Fee.*** A fee for the copying of any public information will be charged to the person requesting that information in compliance with the cost rules of the Government Code Section 552.261 et. seq.
21. ***Customer Service Inspection Fee.*** A fee of \$45.00 will be assessed each Applicant before permanent continuous service is provided to new construction.
22. ***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 of non-potable (not drinkable) water. (Ref. TCEQ RG-199 revised Oct. 2002. TCEQ Section 291.76 (c))
23. ***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/sewer charges, this fee or assessment will be billed and collected as a "pass through" charge to the customer.
24. ***Groundwater District Production Fee.*** (Reserved)
25. ***Leak Adjustments.*** A onetime adjustment will be granted to Member's who can demonstrate repair of a leak on the Member's side of the service line. Adjustments will be made only when the cumulative water loss exceeds 50,000 gallons or more. The adjustment calculation will be based on an average month's usage over the previous twelve (12) months, with the remaining charge per thousand gallons calculated at the lower gallonage rate.

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

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 the water availability can be preserved. Since emergency conditions can occur rapidly, responses must also be enacted quickly. This plan has been prepared in advance considering conditions that will initiate and terminate the rationing program.

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 may 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 times, 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 WSC 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 stages of rationing as imposed by the Board. Paragraph 4 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 L.*

Being located within the Region "L" water planning area a copy of this Plan will be 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 I – Mild Conditions. Stage I 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.
 - c. Stage III – Severe Conditions. Stage III water allocation measures may be implemented when one of the following five conditions exist:
 - 1) Failure of a major component of the system or an event which reduces the minimum residual pressure in the system below 20 psi for a period of 24 hours or longer.
 - 2) Water consumption of 95 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 or 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 Paragraph 4. 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: Voluntary Water Use Restrictions.
 - 1) Water customers are requested to voluntarily limit the irrigation of landscaped areas to Sundays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8), and Saturdays and Wednesdays for water customers with a street address ending in an odd number (1, 3, 5, 7 or 9), and to irrigate landscapes only between the hours of midnight and 10:00 a.m. and 8:00 p.m. to midnight on designated watering days.
 - 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: Mandatory Water Use Restrictions.
 - 1) Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited to Sundays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8), and Saturdays and Wednesdays for water customers with a street address ending in an odd number (1, 3, 5, 7 or 9), and irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at any time if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.
 - 2) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rinses. Vehicle washing may be done at any time on the immediate premises of a

commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.

- 3) Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or Jacuzzi-type pools is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight.
 - 4) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
 - 5) Use of water from hydrants shall be limited to firefighting, related activities, or other activities necessary to maintain public health, safety, and welfare, except that use of water from designated fire hydrants for construction purposes may be allowed under special permit from the Corporation.
 - 6) Use of water for the irrigation of golf course greens, tees, and fairways is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight. However, if the golf course utilizes a water source other than that provided by the Corporation, the facility shall not be subject to these regulations.
 - 7) All restaurants are prohibited from serving water to patrons except upon request of the patron.
 - 8) The following uses of water are defined as non-essential and are prohibited: wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas; use of water to wash down structures for purposes other than immediate fire protection; use of water for dust control; flushing gutters or permitting water to run or accumulate in any gutter or street; and failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s).
 - 9) Make public service announcements as conditions change via local media (TV, radio, newspapers, etc.).
- c. Stage III – Severe Conditions: In addition to Stage II Restrictions.
- 1) Irrigation of landscaped areas shall be limited to designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight and shall be by means of hand-held hoses, hand-held buckets, drip irrigation, or permanently installed automatic sprinkler system only. The use of hose-end sprinklers is prohibited at all times.
 - 2) The watering of golf course tees is prohibited unless the golf course utilizes a water source other than that provided by the Corporation.
 - 3) The use of water for construction purposes from designated fire hydrants under special permit is to be discontinued.
 - 4) Corporation shall continue enforcement and educational efforts.

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.

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 the tariff rules. The notice will show the amount of penalty * to be assessed for continued violations.
- b. Second Violation. The Corporation will assess a penalty * of \$ 75.00.
- c. Subsequent Violations. The Corporation will assess an additional penalty * of \$50 for violations continuing after the Second Violation. The Corporation may also install a flow restricting device in the customer's meter service to limit the amount of water that will pass through the meter in a 24 hour period. The costs of this procedure will be for the actual work and equipment and shall be paid by the customer.
- d. Termination. The Corporation will terminate service for up to 7 days for continuing violations under this section. Service will remain off until any delinquent penalty * or other assessment is fully paid including a charge for the service call to restore service.

These provisions apply to all customers of the Corporation.

NOTE: PENALTY * – A WSC is allowed to charge a reasonable penalty to customers that fail to comply with the Rationing Procedures in accordance with TAC 291.41 (j) if:

- 1) the penalty is clearly stated in the tariff;
- 2) the penalty is reasonable and does not exceed six (6) times the minimum monthly bill stated in the water supply corporation's current tariff; and
- 3) the water supply corporation has deposited the penalty in a separate account dedicated to enhancing water supply for the benefit of all the water supply corporation's customers.

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 Plan 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:

- 1) Name and address of the petitioner(s).
- 2) Purpose of water use.
- 3) Specific provision(s) of the Plan from which the petitioner is requesting relief.
- 4) 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.
- 5) Description of the relief requested.
- 6) Period of time for which the variance is sought.
- 7) 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.
- 8) 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:

- 1) Variances granted shall include a timetable for compliance.
- 2) 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 any 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 February 14, 2013.

SECTION I. SAMPLE APPLICATION PACKET

Water Supply Corporation Application and Agreement Form (USDA RUS-TX Bulletin 1780-9 (Rev. 1-09))

Right-of-Way Easement (Location Required)(Form RD-TX 442-8 (Rev. 6-06))

Right-of-Way Easement (General)(Form RD-TX 442-9 (Rev. 6-06))

Application for Non-Standard Water Service (McCoy WSC 2-14)

Non-Standard Service Contract for Non-Subdivision Requests (McCoy WSC 2=14)

Non-Standard Service Contract for Subdivision Requests (Rev. 2-14)

McCoy Water Supply Corporation
2125 FM 541
McCoy, Texas 78113
Office #(830)569-5575/Fax #(830)569-5576
Email: mccoyswc@mccoyswc.com

CORPORATION USE ONLY

Date Approved: _____
Service Classification: _____
Cost: _____
Work Order Number: _____
Eng. Update: _____
Account Number: _____
Service Inspection Date: _____

SERVICE APPLICATION AND AGREEMENT

Please Print: DATE _____

APPLICANT'S NAME _____

CO APPLICANT'S NAME _____

CURRENT BILLING ADDRESS:

FUTURE BILLING ADDRESS:

PHONE NUMBER Home (_____) _____ - _____ Work (_____) _____ - _____

PROOF OF OWNERSHIP PROVIDED BY _____

DRIVER'S LICENSE NUMBER OF APPLICANT _____

LEGAL DESCRIPTION OF PROPERTY (Include name of road, subdivision with lot and block number)

PREVIOUS OWNER'S NAME AND ADDRESS (if transferring Membership)

ACREAGE _____ HOUSEHOLD SIZE _____

NUMBER IN FAMILY _____ LIVESTOCK & NUMBER _____

SPECIAL SERVICE NEEDS OF APPLICANT _____

NOTE: FORM MUST BE COMPLETED BY APPLICANT ONLY. A MAP OF SERVICE LOCATION REQUEST MUST BE ATTACHED.

The following information is requested by the Federal Government in order to monitor compliance with Federal laws prohibiting discrimination against applicants seeking to participate in this program. You are not required to furnish this information, but are encouraged to do so. This information will not be used in evaluating your application or to discriminate against you in any way. However, if you choose not to furnish it, we are required to note the race/national origin of individual applicants on the basis of visual observation or surname.

Ethnicity: ☐ Hispanic or Latino
☐ Not of Hispanic or Latino

Race:
☐ White ☐ Black or African American ☐ American Indian/Alaska Native
☐ Asian ☐ Native Hawaiian or Other Pacific Islander

Gender: ☐ Male ☐ Female

RUS-TX Bulletin 1780-9 (1-09)

Service Application
and Agreement
page 2 of 5

AGREEMENT made this _____ day of _____,
_____, between McCoy Water Supply Corporation, a corporation organized under the laws of the
State of Texas (hereinafter called the Corporation) and _____

(hereinafter called the Applicant and/or Member),

Witnesseth:

The Corporation shall sell and deliver water and/or wastewater service to the Applicant and the Applicant shall purchase, receive, and/or reserve service from the Corporation in accordance with the bylaws and tariff of the Corporation as amended from time to time by the Board of Directors of the Corporation. Upon compliance with said policies, including payment of a Membership Fee, the Applicant qualifies for Membership as a new applicant or continued Membership as a transferee and thereby may hereinafter be called a Member.

The Member shall pay the Corporation for service hereunder as determined by the Corporation's tariff and upon the terms and conditions set forth therein, a copy of which has been provided as an information packet, for which Member acknowledges receipt hereof by execution of this agreement. A copy of this agreement shall be executed before service may be provided to the Applicant.

The Board of Directors shall have the authority to discontinue service and cancel the Membership of any Member not complying with any policy or not paying any utility fees or charges as required by the Corporation's published rates, fees, and conditions of service. At any time service is discontinued, terminated or suspended, the Corporation shall not re-establish service unless it has a current, signed copy of this agreement.

If this agreement is completed for the purpose of assigning utility service as a part of a rural domestic water and/or wastewater system loan project contemplated with the Rural Development, an Applicant shall pay an Indication of Interest Fee in lieu of a Membership Fee for the purposes of determining:

- a. The number of taps to be considered in the design and
- b. The number of potential ratepayers considered in determining the financial feasibility of constructing
 - 1) a new water system or
 - 2) expanding the facilities of an existing water system.