

Control Number: 44843



Item Number: 7

Addendum StartPage: 0



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PUBLIC UTILITY COMMISSION  
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APPLICATION OF CHILDRESS CREEK  
WATER SUPPLY CORPORATION TO  
AMEND ITS WATER CERTIFICATE OF  
CONVENIENCE AND NECESSITY IN  
BOSEQUE COUNTY BY  
DECERTIFYING THE VM NEIGHBORS  
WATER GROUP TRACTS

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PUBLIC UTILITY COMMISSION OF  
TEXAS

**APPLICANT'S RESPONSE TO ORDER NO. 2 AND  
REQUEST FOR EXTENSION OF TIME TO RESPOND TO DEFICIENCIES IN  
APPLICATION**

Comes now, applicant Childress Creek Water Supply Corporation (Childress), and would show the following in response to the July 16, 2015, Order No. 2 of the Public Utility Commission (Commission):

**I. BACKGROUND**

On June 16, 2015, Childress filed an application with the Commission to decertify a portion of the area served by its certificate of convenience and necessity (CCN) No. 11000 in Bosque County, Texas. By its application, Childress seeks to have the Commission decertify the portion of its area occupied by the VM Neighbors Water Group (VM Neighbors) tracts. VM Neighbors operates a water delivery system to nine tracts, which have never received water or wastewater services from Childress. Once the VM Neighbors tracts are decertified, VM Neighbors will qualify to register as an exempt utility. VM Neighbors submitted an Exempt Utility Registration application to the Commission concurrently with Childress's application to amend its CCN. VM Neighbors' registration application was docketed at the Commission as Docket No. 44849. In response to the Commission's Order No. 2 in Docket 44849, VM Neighbors has requested to abate that proceeding pending resolution of Childress's application to amend its CCN by decertifying the VM Neighbors tracts.

On July 16, 2015, the Commission rendered Order No. 2 finding Childress's application deficient in various regards. Order No. 2 set a deadline of August 14, 2015 for Childress to

7

amend its application to cure the deficiencies identified by Commission Staff. Staff identified the following deficiencies and made the following requests of Childress:

1. Provide a copy of the most current tariff;
2. Submit large and small-scale maps;
3. Submit a revised legal description with the coordinates for the proposed service area, or submit digital data in a shapefile or drawing format file; and
4. Clarify the total acreage for the proposed service area.

## II. RESPONSE

In response to the Commission's requests, Childress has attached a copy of its most current tariff as Exhibit A.

In response to the Commission's question about the total acreage, Childress would clarify that the area to be decertified totals 100.41 acres. Tracts 1, 3, 4, 6, 7, and 8 are each 10.01 acres. Tract 5 is 17.99 acres, Tract 9 is 11.14 acres, and Tract 10 is 11.22 acres. The survey plat attached as Exhibit F to Childress's application incorrectly identified Tract 5. Please disregard the green highlighting of Tract 5 on Exhibit F of the application.


Regarding mapping deficiencies and digital data, Childress will need to contract with mapping or survey professionals to prepare the maps and data necessary for Staff to be able to accurately locate the area to be decertified. Obtaining such mapping will require additional time. More specifically, identifying and retaining a surveyor with the capacity and expertise to do this work could take up to three months, due to the limited number of surveyors available and their full schedules. Counsel has discussed this need for additional time with both mapping and legal Staff, and Staff has no objection to a request for more time to complete the necessary maps.

## III. CONCLUSION AND PRAYER

Childress respectfully requests more time in which to prepare the maps and data requested by Staff. Childress requests until Friday, November 13, 2015 to complete and submit such maps and data.

Respectfully Submitted,

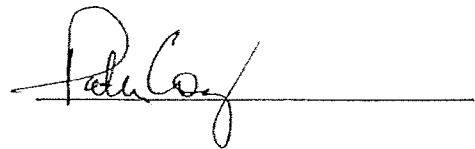
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SB #06918400

PUC Docket No. 44843

**CERTIFICATE OF SERVICE**

I, Patricia Coy, attorney for applicant Childress Creek Water Supply Corporation, certify that a copy of this document was served on all parties of record in this proceeding on the 14<sup>th</sup> day of August, 2015 in accordance with 16 TAC § 22.74.







Childress Creek Water Supply Corporation  
255 CR 3405  
Clifton, Texas 76634  
254-675-2603

# Childress Creek Water Supply Corporation

## Tariff Amendment as of March 1, 2012

## **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 a charge of \$50.00 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 by the Corporation's engineers 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 two to three weeks of the 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, customer service inspection, and administrative costs necessary to provide individual metered water service and shall be \$4900.00 per tap at such time when 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.

Approved March 1, 2012



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. The formula applied to such fee calculated annually after receipt of the system audit is as follows:

**Sample Calculation:**

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

a. Water Fee is \_\_\_\_\_

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	\$30.00
3/4"	1.5	\$45.00
1"	2.5	\$75.00
1 1/2"	5.0	\$150.00
2"	8.0	\$240.00
3" DISP.	9.0	\$270.00
3" CMPD.	16.0	\$480.00
3" TURB.	17.5	\$525.00
4" CMPD.	25.0	\$750.00
4" TURB.	30.0	\$900.00
6" CMPD.	50.0	\$1500.00
6" TURB.	62.5	\$1875.00
8" CMPD.	80.0	\$2400.00

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

- (1) Water - \$4.50 per 1000 gallons for any gallonage over 3000 gallons.
- (2) 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 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 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 \$10.00 shall be applied to delinquent bills. This late payment penalty shall not be applied to any balance to which the penalty was applied in a previous billing, but shall be applied to any unpaid balance during the current billing period.  
**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 46<sup>th</sup> 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 \$10.00 per notification. (See Miscellaneous Transaction Forms.)
10. **Mortgagee/Guarantor Notification Fee.** The Corporation shall assess a fee of \$10.00 for each notification to a Membership lien-holder under agreement prior to Membership cancellation. (See Miscellaneous Transaction Forms.)
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 \$25.00. (See Miscellaneous Transaction Forms)
12. **Reconnect Fee.** The Corporation shall charge a fee of \$65.00 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 \$25.00 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

Approved \_\_\_\_\_

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 \$25.00 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 \$10.00 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 \$50.00 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 \$10.00.
20. **Non-Disclosure Fee.** A fee of \$10.00 shall be assessed any customer requesting in writing that personal information under the terms of this tariff not be disclosed to the public.
21. **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.
22. **Customer Service Inspection Fee.** A fee of \$100.00 will be assessed each Applicant before permanent continuous service is provided to new construction.
23. **Regulatory Assessment.** A fee of 0.5% of the amount billed for water/sewer 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))

24. **Additional Assessments.** In the event any federal, state or local government imposes on the Corporation a "per meter" fee or an assessment based on a percent of water charges, this fee or assessment will be billed and collected as a "pass through" charge to the customer.
25. **Groundwater District Production Fee.** A fee of \_\_\_ per thousand gallons of water used by each customer; this fee is collected to pay a portion of the annual fee charged the Corporation by \_\_\_\_\_ Groundwater Conservation District based on the amount of water pumped from the Corporation's wells located within the boundaries of the District.
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.

Approved \_\_\_\_\_

Childress Creek Water Supply Corporation  
255 CR 3405  
Clifton, Texas 76634

Tariff Manual  
As of  
March 25, 2008

## TABLE OF CONTENTS

SECTION A. RESOLUTION OF AUTHORITY

SECTION B. STATEMENTS

SECTION C. DEFINITIONS

SECTION D. GEOGRAPHIC AREA SERVED

SECTION E. SERVICE RULES AND REGULATIONS

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

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

**Part I. General Requirements – All Types of Non-Standard Service Requests**

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

6. Non-Standard Service Contract
7. Construction of Facilities by Applicant Prior to Execution of Service Contract
8. Property and Right-of-Way (See Sample Application Packet)
9. Bids for Construction
10. Pre-Payment for Construction and Services
11. Construction

**Part II. Request for Service to Subdivided Property -- Additional Requirements for Developers of Subdivisions**

1. Developer Required to Provide Detailed Information
2. Service Within Subdivisions (Corporation's Obligation to Provide)
3. Service to Subdivisions of 50 Acres or More
4. Execution of Non-Standard Service Contract

**SECTION G.**

**RATES AND SERVICE FEES**

1. Service Investigation Fee
2. Membership Fee
3. Easement Fee (Sample Application Packet)
4. Installation Fee
5. Equity Buy-In Fee (See also Sections C, Definitions, and Miscellaneous for how to calculate)
  - Impact Fee (Option)
6. Monthly Charges
7. Assessments
8. Late Payment Fee
9. Owner Notification Fee (Miscellaneous Transaction Form)
10. Mortgagee/Guarantor Notification Fee (Miscellaneous Transaction Form)
11. Returned Check Fee (Miscellaneous Transaction Form)
12. Reconnect Fee
13. Seasonal Reconnect Fee
14. Service Trip Fee
15. Equipment Damage Fee
16. Customer History Report Fee
17. Meter Test Fee (Miscellaneous Transaction Fee)
18. Transfer Fee (Miscellaneous Transaction Fee)
19. Non-Disclosure Fee
20. Information Copy Fee
21. Customer Service Inspection Fee
22. Franchise Collection Fee
23. Regulatory Assessment
24. Additional Assessments
25. Groundwater District Production Fee
26. Other Fees

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

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

**SECTION I.****SAMPLE APPLICATION PACKET**

1. Water Supply Corporation Application and Agreement Form (USDA RUS-TX Bulletin 1780-9)
2. Right-of-Way Easement (Location Required)(Form FmHA 442-8)
3. Right-of-Way Easement (General)(Form FmHA 442-9)
4. Non-Standard Service Contract

**SECTION J.****MISCELLANEOUS TRANSACTION FORMS**

1. Alternate Billing Agreement for Rental Accounts
2. Confidentiality of Utility Records Form
3. Customer Notice of Water Rationing
4. Customer Notice of Violation of Water Rationing
5. Customer Notice of 2<sup>nd</sup> Violation & Penalty
6. Customer Notice of Subsequent Violation & Penalty
7. Termination Notice—Water Rationing Violations
8. Deferred Payment Agreement
9. Installment Agreement
10. Line Extension Refund Agreement
11. Membership Mortgage Agreement
12. Membership Transfer Authorization
13. Meter Test Authorization and Test Report
14. Notice to Owner of Rental Property
15. Notice of Requirement to comply with the Subdivision and Service Extension Policy
16. Notice of Returned Check
17. Request for Service Discontinuance
18. Right-of-Way Easement Denial Letter and Affidavit Form
19. Equipment and Line Dedication Agreement
20. Termination Notice—Past Due Account
21. Wastewater Billing Services Agreement
22. Developer Dedication, Bill of Sale, & Assignment Agreement
23. Applicant's Notice of Insufficient Information
24. Individual Dedication Agreement
25. Service Inspection Certification
26. Agreement to Provide Fireflow in Designated Areas



**SECTION K.****MISCELLANEOUS**

1. Tariff Filing Requirements (TCEQ)
2. Equity Buy In Fee Calculation Example
3. AWWA Equivalency Chart
4. Voluntary Contributions on Behalf of Emergency Services Policy (Sample)

## SECTION A RESOLUTIONS

THE BOARD OF DIRECTORS OF CHILDRESS CREEK WATER SUPPLY CORPORATION  
ESTABLISHES THAT:

1. This Tariff of the Childress Creek Water Supply Corporation, serving in Bosque and McLennan counties consisting of Sections A. through H. and forms inclusive as per samples prepared by the Texas Rural Water Association, is adopted and enacted as the current regulations and policies effective as of March 25, 2008.
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 ~~all~~ 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.
7. As of the date of adoption of this tariff CCWSC does not supply sewer service.

PASSED and APPROVED this 25 day of March, 2008.

\_\_\_\_\_  
President, Childress Creek Water Supply Corporation

SEAL

ATTEST:

\_\_\_\_\_  
Secretary, Childress Creek Water Supply Corporation

Approved \_\_\_\_\_

\_\_\_\_\_  
WSC

## **SECTION B.** **STATEMENTS**

1. **Organization.** The Childress Creek Water Supply Corporation is a member-owned, non-profit corporation incorporated pursuant to the Texas Water Code Chapter 67, and the provisions of the Texas Business Organizations Code applicable to member owned member controlled non-profit corporations for the purpose of furnishing potable water 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 and or sewer services provided by the Childress Creek Water Supply Corporation, also referred to as Corporation, CCWSC. 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 for refill only by authorized fire departments. The Corporation reserves the right to remove any hydrant, due to improper use or detriment to the system as determined by the Corporation, at any time without notice, refund, or compensation to the contributors unless such hydrants are installed pursuant to the terms of a Non-Standard Service Contract as provided for in Section F, in which event the terms and conditions of the Contract shall apply.
6. **Damage Liability.** The CCWSC is not liable for damages caused by service interruptions, events beyond its control, and for normal system failures. The limit of liability of the CCWSC 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 at 255 CR 3405 Clifton, 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 some non-standard service. Customer service inspections are also required on any existing service when the corporation has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction or addition to the members' water distribution facilities. This inspection is limited to the identification and prevention of cross connections, potential contaminant hazards and illegal lead materials. (30 TAC 290.46(i-j)) (See Tariff Section G. 20.)
11. **Sub metering Responsibility.** Submetering and Non-Submetering by Master Metered Accounts may be allowed in the Corporation's water distribution or sewer collection 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 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.

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

1. See if they have registered with the TCEQ, (Section 13 Texas Water Code Subchapter M.)
  2. See that they do not charge their tenants more than the total amount of charges that you have billed. If the aggregate bill is greater than the Corporation's charge, the Master Metered Account Customer is considered by the TCEQ to be a separate Public Water System and will be required to comply with all TCEQ regulations.
  3. Protect the System's CCN. Should the Master Metered Account Customer continue to violate these or other State regulations, the Corporation will need to request a Cease and Desist Order from the TCEQ. (Texas Water Code Section 13.252 and 30 TAC Section 291.118 )
12. ***Voluntary Contributions Policy.*** The Corporation's board has approved and set up guidelines for accepting Voluntary Contributions on Behalf of Emergency Service Providers in our service area. The policy adopted sets up the guidelines for collection, accounting, and distribution of funds to the respective local Emergency Service Response entities. References Texas Water Code Section 13.143 & Section 67.017 (See Voluntary Contribution Policy in Miscellaneous Section.)

## **SECTION C.** **DEFINITIONS**

**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 Childress Creek Water Supply Corporation.

**Board of Directors** -- The governing body elected by the Members of the Childress Creek Water Supply Corporation 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 Childress Creek Water Supply Corporation adopted by the Corporation Members. (Section 22.001(2), Business Organizations Code)

**Certificate of Convenience and Necessity (CCN)** -- The authorization granted under Chapter 13 Subchapter G of the Texas Water Code for Childress Creek Water Supply Corporation to provide water and/or sewer utility service within a defined territory. Childress Creek Water Supply Corporation has been issued Certificate Number 11000. Territory defined in the CCN shall be the Certificated Service Area. (See Tariff Section D. Certificated Service Area Map)

**Corporation** -- The Childress Creek 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. 9-02) or Form RUS-TX 442-9 (Rev. 9-02)) 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 Corporations facilities 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

Approved \_\_\_\_\_

\_\_\_\_\_  
WSC

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 Childress Creek 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.

**Impact Fee**-- A charge or assessment against the property for which service is requested to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to new development within the Corporation's service area. The term includes amortized charges, lump-sum charges, capital recovery fees, contributions in aid of construction, and any other fee that functions in this manner. (Tariff Section G. 5, also see Chapter 395 Local Government Code)

**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. 8. b., and Sample Application Packet - USDA RUS-TX Bulletin 1780-9 (Rev. 09/02))

**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 a fee simple title to 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 purchased from the Corporation evidencing a Member's interest in the Corporation. (See Tariff Section E. 8 b and Sections 22.053, 22.151(c), Business Organizations Code)

**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 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 by deed of trust, warranty deed, or other recordable documentation of fee simple title to real estate to be served. (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.

**Residence or Dwelling** -- A residence or dwelling is considered a location that has both kitchen and bathroom facilities.

**Renter** -- A consumer who rents or leases property from a Member or who may otherwise be termed a tenant. (See Tariff Section E. 9.)

**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., E. 6. 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 Service Availability Charge for Metered Service on a per Service Unit basis. (See Tariff Section F. 6. 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 based on the total months for which service is suspended multiplied by the amount of the monthly minimum fee the Corporation charges active customers.

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

**Service Application and Agreement** -- A written agreement between the Member/Applicant and the Corporation defining the specific type of service requirements requested on the current service application and agreement form, and the responsibilities of each party required before service is furnished. (See Sample Application Packet RUS-TX Bulletin 1780-9 (Rev. 09/02) or Non-Standard Service Contract)

**Service Investigation Fee** -- A fee for costs associated with determining if service is available and determining cost of service. (See Tariff Section G. 1.)

**Service Unit** -- The base unit of service used in facilities design and rate making. For the purpose of this Tariff, a service unit is a 5/8" X 3/4" water meter. Sewer facilities are designed and rates are based on the basis of population served or demand. (See Tariff Section G. 6. a., Miscellaneous)

**Subdivide** -- To divide the surface area of land into lots or tracts. (Local Government Code Chapter 232, Section 232.021 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 Chapter 232, Section 232.021 Definitions)



**Subdivision** -- An area of land that has been subdivided into lots or tracts. (Local Government Code Chapter 232, Section 232.021 Definitions)

**Tariff** -- The operating policies, service rules, service extension policy, service rates, rationing policies, sample application packet, and miscellaneous transaction forms adopted by the Board of Directors. A copy of this Board approved tariff is on file at the Corporation office and as required since September 1, 1989 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 CCWSC 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. 8 c., Miscellaneous Transaction Forms, Section 67.016 Texas Water Code)

**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. (See Texas Water Code Section 67.011 (b)).

## **SECTION D.**

### **GEOGRAPHIC AREA SERVED**

This section includes an area map that shows the Corporation's Certificated Service Area. Therefore, the Corporation's documents of the current service area correspond to the area and/or facilities as approved by the TCEQ in its Certificate of Convenience and Necessity. **It is the responsibility of the Corporation to properly file a map showing its service area with the TCEQ and to file for any changes in that service area. This copy of the Commission's official service map will serve as documentation in the event of future disputes over service areas.**

### **CERTIFICATE OF CONVENIENCE AND NECESSITY**

To Provide (Water or Sewer) Service under V.T.C.A., Water Code  
and Texas Commission on Environmental Quality Substantive Rules

**Certificate No. 11000**

#### **I. Certificate Holder:**

Name: Childress Creek Water Supply Corporation

Address: 255 County Road 3405  
Clifton, Texas 76634

#### **II. General Description and Location of Service Area:**

Service area includes lines and meters plus 200 feet on each side contained within the following generally described area of Bosque County, Texas:

\* On CR 3528 from the boundary of McLennan and Bosque County northwest to the intersection of FM 1637.

\* On FM 1637 from approximately .25 miles north of the boundary of McLennan/Bosque Counties, west along FM 1637 for approximately 1 mile to the intersection of Highway 56 and FM 1637.

\* Beginning at a point .1 miles south of intersection of FM 1637 and Highway 56, north along Highway 56 for approximately 1.7 miles.

\* Beginning at Highway 56 from the point .2 mile south of the intersection of FM 1637 and traveling northwest along the Bosque River for 2.5 miles until intersecting CR 3110, then turning west until intersects Highway 56.

\* Beginning approximately 1.25 miles north of the City of Valley Mills in the west line of Highway 6 and proceeding 3.25 miles north along Highway 6.

- \* Beginning again approximately 4 miles south of the City of Clifton in the west line of Highway 6 and proceeding approximately 3.25 miles north.
- \* From the intersection of FM 854 and Highway 6 south along the west line of FM 854 for 1 mile and turning west along the north line along FM 217 for approximately .25 miles.
- \* From the intersection of Highway 6 and CR 3125, 1.25 west along CR 3125 and then west approximately .25 miles along CR 3137.
- \* From the intersection of CR 3125 and CR 3137, north on CR 3125 until CR 3125 intersects FM 2602.
- \* From the intersection of FM 2602 and CR 3125 east along FM 2602 to Highway 6 and encompassing an area less than one mile wide by .75 miles which includes Childress Creek WSC plant No. 2.
- \* On a line that is an extension of CR 3325 beginning at the Bosque River and continuing along the north side of CR 3325 to the intersection of CR 3325 and CR 3310.
- \* From a point approximately .5 miles south of the intersection of CR 3325 and CR 3310 and travelling north along the west side CR 3310 for approximately 7 miles until CR 3310 intersects FM 708.
- \* From the intersection of FM 219 and FM 708 and proceeding south on FM 708 for approximately 8.8 miles until FM 708 intersects Highway 56.
- \* From the intersection of FM 219 and FM 708, east on FM 219 for approximately 3 miles to the intersection of FM 219 and CR 3405.
- \* From the intersection of FM 219 and CR 3405 south across private property and then along CR 3405 and turning west with CR 3405 to the intersection of 708.
- \* From the intersection of CR 3405 and CR 3430 south along the west side of CR 3430 to the intersection of CR 3430 and FM 708.
- \* From the intersection of FM 708 and Highway 56, west for 1.25 miles along Highway 56 to a point southeast of Highway 56 where an area of certification for Plant No. 1 of the water supply corporation of 1/4 mile by 1/8 mile.
- \* From the intersection of Highway 56 and CR 3505, east along the south line of CR 3505 and across private property approximately 4.5 miles.
- \* From the intersection of Highway 56 and CR 3360, west across private land to the intersection of CR 3360 and CR 3350 and proceeding south on CR 3350 for approximately 1.75 miles and from that same intersection travelling north approximately 1 mile.
- \* From the intersection of CR 3405 and CR 3425, east along CR 3425 and traveling north along both CR 3410 and CR 3415 to FM 219.

- \* From the intersection of FM 219 and CR 3237, northwest along CR 3232 for approximately one mile.
- \* From the intersection of FM 219 and CR 3265, west to FM 1991.
- \* From the intersection of FM 1991 and CR 3265, north along the east line of FM 1991 for approximately .6 miles.
- \* From the intersection of FM 219 and CR 3240, northwest along the west line CR 3240 for approximately 1.2 miles.
- \* From a point approximately 1 mile northwest of FM 219 on CR 3220 following CR 3220 until CR 3220 intersects CR 3230.
- \* From the intersection of CR 3220 and CR 3230, approximately 1.3 miles northeast and .25 miles southwest.
- \* From the intersection of CR 3220 and 3230, approximately 2 miles northwest along the west line of CR 3220 to the intersection of CR 1060.
- \* From the intersection of CR 1060 and 3220, approximately 2.2 miles southwest along CR 1060 to the intersection of CR 3210.
- \* From the intersection of CR 1060 and CR 3210 approximately 1.4 miles south along the west line of CR 3210.

### III. Certificate Maps:

The certificate holder is authorized to provide (water or sewer) 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. 30999-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

Bosque County  
Betty Outlaw  
County Clerk  
Meridian, Tx 76665

 FILE COPY



70 2007 00000890

Instrument Number: 2007-00000890

As

Recorded On: March 01, 2007

CERTIFICATE

Parties: CHILDRESS CREEK WATER SUPPLY CORPORATION

Billable Pages: 5

To PUBLIC TO THE

Number of Pages: 6

Comment: CCN WATER MAP

( Parties listed above are for Clerks reference only )

**\*\* Examined and Charged as Follows: \*\***

Cash Warranty Deed	32.00
Total Recording:	32.00

\*\*\*\*\* DO NOT REMOVE THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\*

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

**File Information:**

Document Number: 2007-00000890

Receipt Number: 4657

Recorded Date/Time: March 01, 2007 10:49:32A

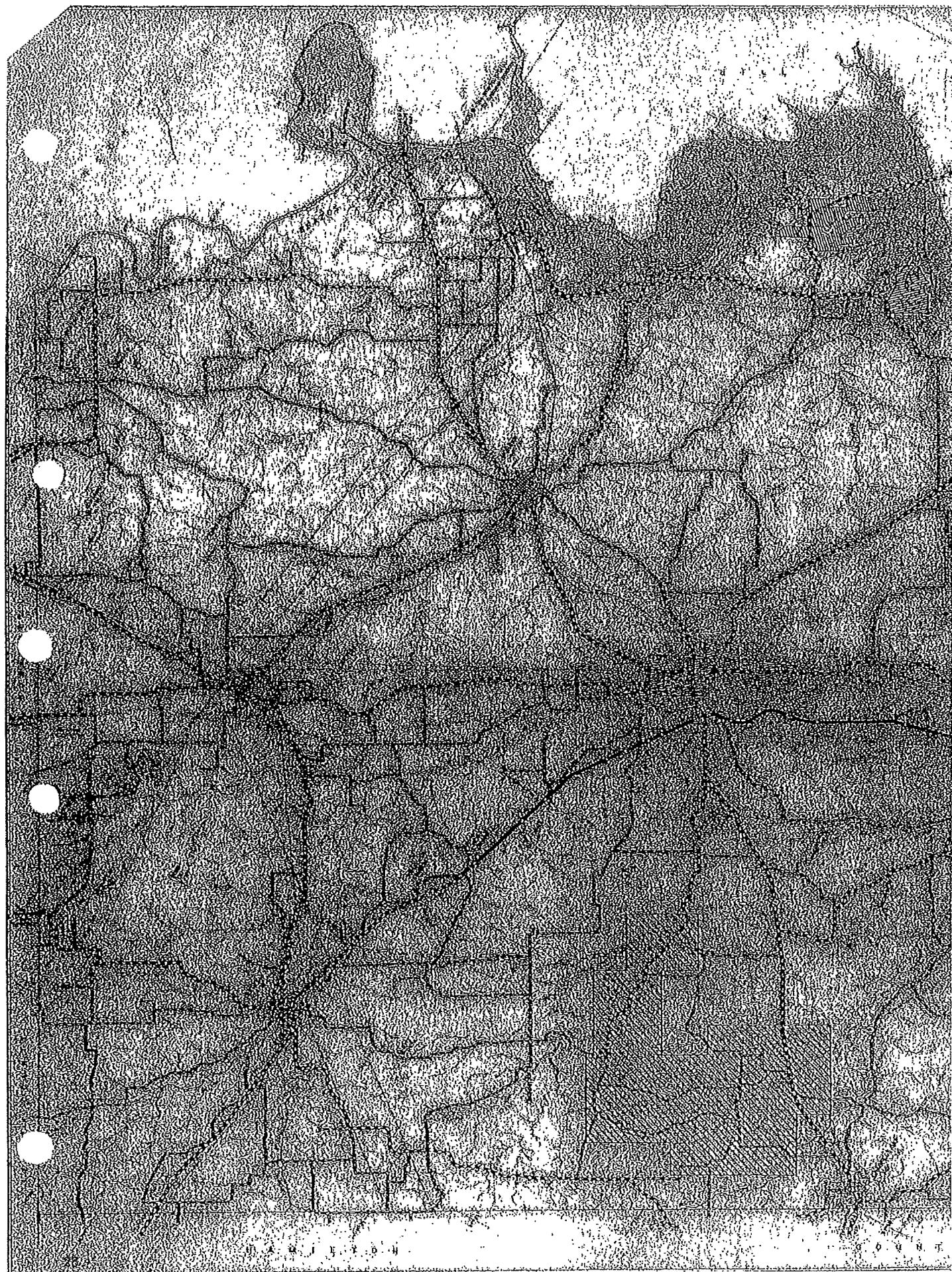
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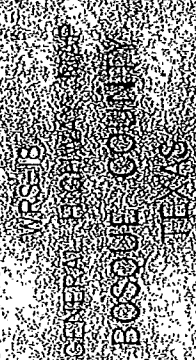
ROBERTSON, ROBERTSON & SILAS  
ATTORNEYS AT LAW  
PO BOX 547  
CLIFTON TX 76634



*Betty Outlaw*  
Betty Outlaw Bosque County Clerk







## SECTION E

### SERVICE RULES AND REGULATIONS

1. **Service Entitlement.** The Applicant(s) shall be considered qualified and entitled to water and or sewer 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 or sewer 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 service on an existing pipeline where pipeline or service facility extensions are not required and special design and/or engineering considerations are not necessary. Typically, this would include 5/8" X 3/4" or 3/4" sized water meter services set on existing pipelines or 4" gravity sewer taps, pressure collection facilities installed or connected to collection lines no more than five feet in depth.
  - b. **Non-Standard Service** is defined as any service request which requires a larger meter service, service to a Master Metered Account (see B. 3. c. 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 (Typically this would be the applicant's spouse). (See Sample Application RUS-TX Bulletin 1780-9 (Rev. 09/02))
  - 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. 09/02), 30 TAC 290.47 Appendix C.) **NOTE:** This requirement may be delayed for Non-Standard Service requests.
  - b. The Applicant shall provide proof of ownership to property for which service has been requested in a manner acceptable to the Corporation. Proof of ownership shall consist of warranty deed, deed of trust or other recordable documentation of fee simple title to the real estate designated to receive service. (Texas Water Code 67.016 (e), and 13.002 (11)).
  - c. On 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 are 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.4. 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. The Corporation shall consider master metering and/or non-standard sewer service to apartments, condos, trailer /RV parks, or business centers and other similar type enterprises at an Applicant's request provided the total number of units to be served are all:

- owned by the same person, partnership, cooperative, corporation, agency, public or private organization of any type but not including a family unit,
  - directly inaccessible to public right-of-way, and
  - considered a commercial enterprise i.e. for business, rental, or lease purposes.
- d. Notice of application approval and costs of service determined by the Corporation shall be presented to the Applicant in writing and shall remain in effect for a period not to exceed thirty (30) days. After that time the Applicant must re-apply for service. (30 TAC 291.81 (a) (1))
- 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. **Requirements for Mandatory Sewer Connection.** -- [Optional: does not apply to EDAP Funded Recipients.] Effective [insert date of adoption of tariff provision by Board], the installation of any private on-site wastewater treatment or holding facility on property within the Corporation's certificated service area which is less than 300 feet (measured from boundary line of the property to the nearest point of the Corporation's wastewater collection system along a public-right-of-way or utility easement) is prohibited and service to any such property will be provided by the Corporation. (Note: This does not apply to any person who has installed an on-site wastewater holding or treatment facility if that on-site facility was installed prior to construction and operation of the Corporation's wastewater collection system within 300 feet of the property or prior to the effective date stated herein.) Any costs for connection to the Corporation's wastewater collection system in excess of the standard costs required under Section G must be paid for by the wastewater service applicant. The Corporation must review and approve plans and specifications for any connection prior to construction (Texas Water Code 49.234).

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 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), reconnection costs, 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 equipment for 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)

**6. Activation of Non-Standard Service.** Activation of Non-Standard Service shall be conducted as prescribed by terms of Section F of this Tariff.

**7. 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.15.

**8. Membership.**

- a. **Eligibility** - Eligibility for Membership shall not guarantee service to the Applicant or Transferee; however, qualification for service is a prerequisite to Membership eligibility for new Applicants or continued Membership for Transferees.
- b. **Membership** - Upon qualification for service, qualification for Membership, and payment of the required fees, the Corporation shall certify the Applicant as a Member. The Membership shall entitle the Member to one (1) connection to the Corporation's water/sewer utility service and one (1) share of Corporation Stock. 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 and Stock thereby represented may be assigned to the specified parcel of land originally designated to receive service at the time of application. (Texas Water Code 67.016) **NOTE (1):** In the event that the Corporation is conducting a potential Members survey for indications of interest in future service for the purpose of determining the feasibility of an initial construction or expansion project under RUS guidelines, 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)

**Transfers of Membership.** (Texas Water Code 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 Sub-Section 8.c. (1) such transfer shall not be completed or recorded on the books and records of the Corporation until such time as the transferor has provided satisfactory evidence to the Corporation of such transfer. A transfer of Membership shall not be binding on the Corporation until such transfer has been approved as provided by Sub-Section 8.c. (3).
- 3) Qualifications for service upon transfer of Membership set forth in Sub-Section 8.c.(1) and 8.c.(2) shall be subject to approval of the Corporation and shall be recorded on the books and records of the Corporation only upon the following terms and conditions:
- (a) A Transfer Authorization Form has been completed by the Transferor and Transferee;
  - (b) The Transferee has completed the required Application Packet;
  - (c) All indebtedness due the Corporation has been paid; and
  - (d) 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 10<sup>th</sup> 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 Service Availability Charge or a Reserved Service Charge must be paid monthly to the Corporation, whether or not water is used. Failure to pay this monthly charge to the Corporation shall jeopardize the Member's Membership standing and give rise to 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 Sub-Section E.3. of this Tariff. (Texas Water Code 67.016)
- e. **Liquidation Due To Delinquency** -- When the amount of the delinquent charges owed by the Member equals the Membership Fee, the Membership Fee shall be liquidated and the Membership canceled and transferred back to the Corporation. In the event the Member leaves a balance due on an account guaranteed under the terms of 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 16.). The Corporation shall collect any remaining account balances by initiation of legal action. Re-instatement of service shall be subject to the terms of the Activation of Service Sub-Section E. 3 of this Tariff.
- f. **Cancellation Due To Policy Non-Compliance** -- The Corporation may cancel a Membership anytime a Member fails to comply with policies of the Corporation, including but not limited to Member's failure to provide proof of ownership of the property from which the Membership arose. (Texas Water Code 67.016)

- g. **Re-assignment of Canceled Membership** -- The Corporation, upon cancellation of Membership under the provisions of this Tariff, may re-assign the Membership rights thereby granted to any person who satisfactorily demonstrates eligibility for Membership, including but not limited to proof of ownership of the property from which the Membership arose. (Texas Water Code 67.016)
  - h. **Mortgaging of Memberships** -- Nothing herein shall preclude a Member from mortgaging his/her Membership. However, notification to the holder of any security interest (mortgagee/lien-holder) of account status of Member/mortgagor will be provided only upon satisfactory completion of requirements for such conditions under the Membership Mortgage Agreement (See Miscellaneous Transaction Forms). Prior to the cancellation of any Membership as provided under Sub-Section E. 8.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 (16) 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.
9. **Owners and Renters.** Any Member, renting or leasing real estate property designated to receive service according to the terms of this tariff to other parties, is responsible for all charges due the Corporation. The Corporation may bill and/or receive payment from the renter or lessee for utility service (at Member Request) as a third party, but the Member is fully responsible for any and all unpaid bills left by the renter/lessee. The owner shall be required to sign an Alternate Billing Agreement. (See Miscellaneous Transaction Forms.) The Member shall take responsibility for any necessary deposits from the renter/lessee to ensure payment of a past due bill. The Corporation will notify the Member of the renter's past due payment status. Such notification will be subject to a service charge (see Section: Miscellaneous Transaction Forms).
10. **Denial of Service.** The Corporation may deny service for the following reasons:
- a. Failure of the Applicant or Transferee to complete all required easements, forms and pay all

- required fees and charges;
- b. Failure of the Applicant or Transferee to comply with rules, regulations, policies, and bylaws of the Corporation;
  - c. Existence of a hazardous condition at the Applicant's property which would jeopardize the welfare of the Members/Users of the Corporation upon connection;
  - 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.
11. ***Applicant's or Transferee's Recourse.*** In the event the Corporation refuses to serve an Applicant under the provisions of these rules, the Corporation must notify the Applicant, in writing, on the basis of its refusal. The Applicant may file for an appeal, in writing, with the Board of Directors of the Corporation.
12. ***Insufficient Grounds for Refusal of Service.*** The following shall not constitute sufficient cause for the refusal of service to an Applicant:
- a. Delinquency in payment for service by a previous occupant of the premises to be served;
  - b. Failure to pay a bill to correct previous 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 customer as guarantor thereof unless the guarantee was made in writing to the Corporation as a condition precedent to service;
  - e. Failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill;
13. ***Deferred Payment Agreement.*** The Corporation may offer a deferred payment plan to a Member who cannot pay an outstanding balance in full and is willing to pay the balance in reasonable installments as determined by the Corporation, including any Late Penalty Fees or interest on the monthly balance to be determined as per agreement. (See Miscellaneous Transaction Forms) Failure to make required and timely payments as provided in any deferred payment agreement will void that agreement and service will be discontinued.
14. ***Charge Distribution and Payment Application.***
- a. **The Service Availability Charge 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 and/or Payments for this amount shall be received in the office of the Corporation by the 10<sup>th</sup> 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 taken by each member and are calculated from reading date to reading date. Readings used in service disconnection billing calculations shall be taken by the Corporation's employees or designated representative.
- c. **Posting of Payments** -- All payments shall be posted against previous balances prior to posting against current billings.
- d. **Forms of Payment:** The Corporation will accept the following forms of payment: cash, personal check, cashier's check, money order. The Corporation will not accept two-party checks, pay checks, or any other instrument of payment that is not made out to the Corporation. The Corporation reserves the right to require exact change and may refuse to accept payments made using more than \$1.00 in coins.

**15. Due Dates, Delinquent Bills, and Service Disconnection Date.** Childress Creek Water Supply Corporation is a self-billing system. It is the members responsibility to read their meter or meters on or about the 1<sup>st</sup> day of each month. Fill in the monthly coupon (provided by the corporation), look at the payment chart in back of the billing book and figure amount due. Mail coupon and payment to the Corporations office, payment is due in the office by the 10<sup>th</sup> of the month. Payments received after the 10<sup>th</sup> will incur a \$10.00 penalty. Reminder post cards will be mailed on or about the 11<sup>th</sup> of the month. If payment and late penalty are not received by the 25<sup>th</sup> of the month your service will be disconnected on or about the 26<sup>th</sup> of the month. If the past due date or the 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 the said weekend or holiday.

\*Upon written request, any residential customer 60 years of age or older who occupies the entire premises of a dwelling receiving water utility service from the Corporation shall receive extension of the past due date, without penalty. The extension shall not exceed 10 days beyond the usual 10 day payment period for a total of no more than 20 days from the date meter reading date. The request may specify extension of the late payment periods for current and subsequent billings. (Reference Utilities Code Section 182.001 - 182.005)

**16. Rules for Disconnection of Service.** The following describes the rules and conditions for disconnection of service. 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 (8) (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 - Figure 1: 30 TAC 291.85 (e)(2) Appendix A "SEWER BILLING SERVICES FOR A RETAIL PUBLIC UTILITY PROVIDED BY A NON-PROFIT WATER SUPPLY CORPORATION")
  - 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/LESSEES.)
  - 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.
- b. **Disconnection Without Notice** -- Water utility service may be disconnected without notice for any of the following conditions:
- 1) A known dangerous or hazardous condition exists for which service may remain disconnected for as long as the condition exists, including but not limited to a public health nuisance under Chapter 341 of the Health and Safety Code, or there is reason to believe a dangerous or hazardous condition exists and the Member refuses to allow access for the purpose of confirming the existence of such condition and/or removing the dangerous or hazardous condition (30 TAC 290.46 (j) );
  - 2) 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
  - 3) 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. 20. 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 and Disabled** -- The Corporation may not discontinue service to a delinquent residential Member permanently residing in an individually metered dwelling unit when that Member establishes that discontinuance of service will result in some person at that residence becoming seriously ill or more seriously ill if service is discontinued. Each time a Member seeks to avoid termination of service under this Sub-section, the Member must have the attending physician call or contact the Corporation within sixteen (16) days of issuance of the bill. A written statement must be received by the Corporation from the physician within twenty-six (26) days of the issuance of the utility bill. The prohibition against service termination shall last sixty-three (63) days from the issuance of the utility bill or such lesser period as may be agreed upon by the Corporation and Member's physician. The Member shall enter into a Deferred Payment Agreement (see Miscellaneous Transaction Forms).
- 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 SUBCHAPTER H, 291.126)
- 1) The Corporation shall send a notice to the Member as required. This notice shall also inform the Member that notice of possible disconnection will be provided to the tenants of the service complex in five (5) days if payment is not rendered before that time.
  - 2) At least five (5) days after providing notice to the Member and at least five (5) days prior to disconnection, the Corporation shall post at 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.

17. **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.
18. **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. 8. h.
19. **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. 8. h.
20. **Inoperative Meters.** Water meters found inoperative will be repaired or replaced within a reasonable time. If a meter is found not to register for any period, unless by-passed or tampered with, the Corporation shall make a charge for units used, but not metered, for a period not to exceed three (3) months, based on amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.
21. **Bill Adjustment 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 Sub-Section 6.h. The billing adjustment shall be made to the degree of the meter's inaccuracy as determined by the test. The Member shall complete a Meter Test Request Form prior to the test. (See Misc. Transaction Forms.)
22. **Meter Tampering and Diversion.** For purposes of these Sections, meter-tampering, by-passing, or diversion shall all be defined as tampering with the Corporation's service equipment, by-passing the same, or other instances of diversion, such as:
  - a. removing a locking or shut-off device used by the Corporation to discontinue service,
  - b. physically disorienting the meter,
  - c. attaching objects to the meter to divert service or to by-pass,
  - d. inserting objects into the meter, and
  - e. other electrical and mechanical means of tampering with, by-passing, or diverting service.The burden of proof of meter-tampering, by-passing, or diversion 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 meter-tampering as provided for in these Sections is initiated. A court finding of meter tampering may be used instead of photographic or other evidence, if applicable. Unauthorized users of services of the Corporation shall be prosecuted to the extent allowed by law under the

## Texas Penal Code 28.03.

23. **Meter Relocation.** Relocation of services shall be allowed by the Corporation provided that:
- The relocation is limited to the existing property designated to receive service;
  - A current easement for the proposed location has been granted to the Corporation; and
  - The Member pays the actual cost of relocation plus administrative fees.
24. **Prohibition of Multiple Connections To A Single Tap.** No more than one (1) residential, commercial, or industrial service connection is allowed per meter. The Corporation may consider allowing an apartment building or mobile home/RV park to apply as a "Master Metered Account" and have a single meter (This refers to Section E, 3. c. Any unauthorized sub-metering or diversion of service shall be considered a Multiple Connection and subject to disconnection of service. If the Corporation has sufficient reason to believe a Multiple Connection exists, the Corporation shall discontinue service under the Disconnection with Notice provisions of this Tariff. (see Sample Application Packet RUS-TX Bulletin 1780-9 (Rev. 09/02)
25. **Member's Responsibility.**
- The Member shall read their respective meter or meters and comply with the self billing system described under item 15 section E.
  - The Member shall provide access to the meter 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.
  - The Member shall be responsible for compliance with all utility, local, and state codes, requirements, and regulations concerning on-site service and plumbing facilities.
    - 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)
    - 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)
    - All pipe and fittings used by the customer to convey sewage from its source to the sewer line must be a minimum of D-3034, SDR-35 or equivalent, 4-inch diameter pipe. No DWV (drain waste and vent) pipe or fittings will be allowed. All joints must be watertight and pipe must be installed to recommended grade. All non-household sewer customers who have potential for dirt, grit, sand, grease, oil, or similar substances must install and maintain a trap ahead of their entrance to the Corporation's sewer collection piping. A double cleanout is required at the property line and recommended at the house. The Corporation may impose other site-specific requirements. All sewer and potable water service pipeline installations must be a minimum of nine feet apart and meet all applicable plumbing standards for crossings, etc.  
Requirements for Traps:  
(A) Discharges requiring a trap include but are not limited to:
      - grease or waste containing grease in amounts that will impede or stop the flow in the public sewers;
      - oil, flammable wastes;

- (iii) sand, and other harmful ingredients.
- (B) Any person responsible for discharges requiring a trap shall, at his own expense, and as required by the approving authority:
  - (i) Provide equipment and facilities of a type and capacity approved by the approving authority;
  - (ii) locate the trap in a manner that provides ready and easy accessibility for cleaning and inspection; and
  - (iii) maintain the trap in effective operating condition.
- (C) Approving Authority Review and Approval (By the Board of Directors or Agency):
  - (i) If pretreatment or control is required, the approving authority shall review and approve design and installation of equipment and processes!
  - (ii) The design and installation of equipment and processes must conform to all applicable statutes, codes, ordinances and other laws.
  - (iii) Any person responsible for discharges requiring pretreatment, flow equalizing or other facilities shall provide and maintain the facilities in effective operating condition at his own expense.

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 on the Member's side of the meter for purposes of isolating the Member's service pipeline and plumbing facilities from the Corporation's water pressure. The valve shall meet AWWA standards (a ball valve is preferred). The Member's use of the Corporation's curb stop or other similar valve for such purposes is prohibited. Any damage to the Corporation's equipment shall be subject to service charges. (This cut-off valve may be installed as a part of the original meter installation by the Corporation.)

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

### Part I. General Requirements

This section details the requirements for all types of non-standard service requests.

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

- 2 **Purpose.** It is the purpose of this Section to define the process by which the specific terms and conditions for service to subdivisions 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.

3. **Application of Rules.** This Section is applicable to subdivisions, additions to subdivisions, developments, or whenever additional service facilities are required for a single tract of property. 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 \_\_\_\_ feet. Non-residential or residential service applications requiring a larger sized meter typically will be considered non-standard. 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 whether or not the Applicant's service request shall be subject to all or part of the conditions of this Section.

This Section sets forth the general terms and conditions pursuant to which the Corporation will process Non-Standard Service Requests. The specific terms and conditions pursuant to which the Corporation will provide non-standard service in response to any request will depend upon the nature of such request and may be set forth in a legally enforceable,

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

4. **Non-Standard Service Application.** The Applicant shall meet the following requirements prior to the initiation of a Non-Standard Service Contract by the Corporation:
- a. The Applicant shall provide the Corporation a completed Service Application And Agreement giving special attention to the item(s) on SPECIAL SERVICE NEEDS OF THE APPLICANT.
  - 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 involving extension or upsizing of facilities shall be required to submit maps or plans detailing the location of the requested extension and details of demand requirements.

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

- c. A Non-Standard Service Investigation Fee shall be paid to the Corporation in accordance with the requirements of Section G of this Tariff 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).

5. **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. 4.
  - 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 provided however, that the Corporation shall pay the expense of such upgrading in excess of that which is reasonably allocable to the level and manner of service requested by the Applicant.
6. **Non-Standard Service Contract.** Applicants requesting or requiring Non-Standard Service may be requested to execute a written contract, drawn up by the Corporation's Attorney, in addition to submitting the Corporation's Service Application and Agreement. Said contract shall define the terms of service prior to construction of required service facilities. The service contract may include, but is not limited to:
  - a. All costs associated with required administration, design, construction, and inspection of facilities for water/sewer service to the Applicant's service area and terms by which these costs are to be paid.
  - b. Procedures by which the Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.
  - c. Equity Buy-In Fee (Front-end Capital Contributions) required by the Corporation in addition to the other costs required under this Section.
  - d. Monthly Reserved Service Charges as applicable to the service request.
  - e. Terms by which 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.
  - f. Terms by which the Applicant shall be reimbursed or compensated for fees duplicated in assessments for monthly rates and Equity Buy-In Fees.
  - g. Terms by which the Corporation shall administer the Applicant's project with respect to:
    - 1) Design of the Applicant's service facilities;
    - 2) Securing and qualifying bids;
    - 3) Execution of the Service 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.

- h. Terms by which the Applicant shall indemnify the Corporation from all third party claims or lawsuits in connection with the project.
- i. 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, warranties, and so forth) by which the Corporation shall assume operation and maintenance responsibility for the Applicant's project. The Applicant shall also provide reproducible as-built drawings of all constructed facilities. The as-built drawings must verify that all facilities have been properly located within the easements conveyed to the Corporation.
- j. Terms by which the Board of Directors shall review and approve the Service Contract pursuant to current rules, regulations, and bylaws.

**7. Construction of Facilities by Applicant Prior to Execution of Service Contract** -- The Corporation and the Applicant must execute a Non-Standard Service Contract prior to the purchase of supplies and materials or initiation of construction of facilities by the Applicant. In the event that the Applicant commences construction of any such facilities prior to execution of a Contract with the Corporation, then the Corporation may refuse to provide service to the Applicant or, in a subdivision, to any person purchasing a lot or home from the Applicant. Alternatively the Corporation may require full costs of replacing/repairing any facilities constructed without prior execution of a contract from any person buying a lot or home from Applicant. At a minimum, the Corporation will require that all facilities be uncovered by the Applicant for inspection by the Corporation, require that any facilities not approved by the Corporation be replaced, and take any other lawful action determined appropriate by the Board of Directors of the Corporation.

**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:

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

9. **Bids For Construction.** The Corporation's Consulting Engineer shall advertise for bids for the construction of the Applicant's proposed facilities in accordance with generally accepted practices. Plans and specifications shall be made available, with or without charge (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:
  - a. The Applicant shall sign the Service Contract noting willingness to proceed with the project and shall pay all costs in advance of construction associated with the project;
  - b. The Contractor shall provide an adequate bid bond under terms acceptable to the Corporation;
  - c. The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the Corporation;
  - d. The Contractor shall supply favorable references acceptable to the Corporation;
  - e. The Contractor shall qualify with the Corporation as competent to complete the work (including but not limited to current water/sewer license, OSHA competent person training, and other licenses / certificates as required to complete the project); and
  - f. The Contractor shall provide adequate certificates of insurance as required by the Corporation.
10. **Pre-Payment For Construction and Service.** After the Applicant has executed the Service Agreement, the Applicant shall pay to the Corporation all costs necessary for completion of the project prior to construction and in accordance with the terms of the Non-Standard Service Contract.
11. **Construction.**
  - a. 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.
  - b. The Corporation shall, at the expense of the Applicant, inspect the facilities to ensure compliance with Corporation standards.
  - c. 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**

In addition to PART I requirements, this section contains additional requirements for developers of subdivisions.

1. All developers or subdividers of property 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.



a. Completion of requirements described in **Section F, Part I. 4. Non-Standard Service Application** above.

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 nonstandard service specified by the Applicant. The Applicant is responsible for paying for all costs necessary for non-standard service to a subdivision as determined by the Corporation under the provisions of this Tariff and specifically the provisions of this Section; if the Applicant fails to pay these costs, the Corporation has the right to require payment of these costs by any one or more of the persons purchasing lots or homes within such subdivision before the Corporation is obligated to provide water/sewer service. 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 Section 13.257, Texas Water Code and the Texas Deceptive Trade Practices-Consumer Protection Act, Chapter 17, Subchapter B, Business and Commerce Code.

3. For Service to subdivisions involving tracts of 50 acres or greater, the Applicant / Developer 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 Section 291.105(a)(2)(A-G of the TCEQ's Rules).

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 / Developer to support the viability of the proposed development.

Applicant / Developer must provide reasonably sufficient information, in writing, to allow the Corporation to determine whether the level and manner of service specified by the Applicant / Developer can be provided within the time frame specified by the Applicant / Developer 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 / Developer proposes development in phases, the Applicant / Developer 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 / Developer 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 / Developer's written request be complete. A complete application by the Applicant / Developer should include: (a) the proposed improvements to be constructed by the Applicant / Developer; (b) a map or plat signed and sealed by a licensed surveyor or registered professional engineer; (c) the intended land use of the development, including detailed information concerning the types of land uses proposed; (d) the projected water and/or sewer demand of the development when fully built out and occupied, the anticipated water/sewer demands for each type of land use, and a projected schedule of build-out; (e) a schedule of events leading up to the anticipated date upon which service from the CCN holder will first be needed; and a proposed calendar of events, including design, plat approval, construction phasing and initial occupancy. Applicant / Developer 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 / Developer must advise the CCN holder that he/she may request expedited decertification from the TCEQ.

Upon payment of the required fees, the Corporation shall review Applicant / Developer's service request. If no additional information is required from Applicant / Developer, the Corporation will prepare a written report on Applicant / Developer'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 / Developer, and the costs for which the Applicant / Developer 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 / Developer's service shows that additional information is needed, the Corporation will notify Applicant / Developer 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 / Developer's payment of the required fees. Applicant / Developer 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.