

- 10. Applicant'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.
- 11. Insufficient Grounds for Refusal of Service.** The following shall not constitute sufficient cause for the refusal of service to an Applicant:
- Delinquency in payment for service by a previous occupant of the premises to be served;
  - 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;
  - 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;
  - 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;
  - 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;
- 12. 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)
- 13. Charge Distribution and Payment Application.**
- The Service Availability Charge, Reserved Service Charge or the Inactive Meter Fee** is for the billing period from the 1st day of the month to the last day of the month. Charges shall be prorated for meter installations and service termination's falling during the billing period. Billings for this amount shall be mailed on or about the 28th of the month proceeding 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.
  - Gallage Charge** shall be billed at the rate specified in Section G and billing shall be calculated in one hundred (100) gallon increments. Water charges are based on monthly meter readings and are calculated from reading date to reading date. Readings used in all billing calculations shall be taken by the Corporation's employees or designated representative.
  - Posting of Payments** -- All payments shall be posted against previous balances prior to posting against current billings.
- 14. Due Dates, Delinquent Bills, and Service Disconnection Date.** The Corporation shall mail all bills on or before the 28<sup>th</sup> of each month. All bills are considered the responsibility of each person signing the Service Application and Agreement Form. All bills shall be due and payable on or before 5:00 p.m. Central Standard Time or Central Daylight Savings Time on the 15<sup>th</sup> of the month. Bills are considered late if received by the Corporation after 5:00 p.m. on the 15<sup>th</sup> and will be assessed an appropriate late charge. If the 15<sup>th</sup> of the month is on a weekend or holiday, the past due date for payment purposes shall be the next day the Corporation office is open for business after said weekend or holiday. The Service Disconnection Date/Time is the Date/Time printed on the disconnection notice.

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

- 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.7.h. and E.7.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 of any fact on any form, document, or other agreement required to be executed by the Corporation.
  - 7) Failure of Member to re-apply for service upon notification by the Corporation that Member no longer meets the terms of the service classification originally applied for under the original service application.
  - 8) Cancellation of membership by Member on an account that the Member holds for water service to the Member's renter/lessee, even if the renter/lessee has kept the account balance current under an Alternate Billing Agreement. (Note: The cancellation of membership must be in writing and signed by the Member. CORPORATION ASSUMES NO LIABILITY TO RENTER/LESSEE; MEMBER IS SOLELY RESPONSIBLE FOR COMPLIANCE WITH, AND LIABILITY UNDER ANY FEDERAL, STATE OR LOCAL LAWS CREATING OR PROTECTING RIGHTS OF RENTERS/LESSEES.)
  - 9) Violation of any applicable regulation or pertaining to on-site sewage disposal systems if the Corporation has been requested in writing or 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.19 of this tariff.
- 6) Failure of the Member to pay estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the Corporation is unable to read the meter due to circumstances beyond its control;

**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 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 on 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.

**16. 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.

**17. 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.

**18. 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.

**19. 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.

**20. 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. 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.)

**21. 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. (Is a Misdemeanor)

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

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

**23. 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 submetering 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))

**24. Member's Responsibility.**

- a. 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.
- b. The Member shall be responsible for compliance with all utility, local, and state codes, requirements, and regulations concerning on-site service and plumbing facilities.
  - 1) All connections shall be designed to ensure against on-site sewage contamination, back-flow or siphonage into the Corporation's water supply. In particular, livestock water troughs shall be plumbed above the top of the trough with air space between the discharge and the water level in the trough. (30 TAC 290.46, Health & Safety Code Chapter 366)

- 2) The use of pipe and pipe fittings that contain more than 8.0% lead or solder and flux that contain more than 0.2% lead is prohibited for any plumbing installation or repair of any residential or non-residential facility providing water for human consumption and connected to the Corporation's facilities. Customer service pipelines shall be installed by the applicant and shall be a minimum of SDR-26 PVC pipe. (30 TAC 290.46 )
  - 3) Other site-specific requirements may be imposed by the Corporation. 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.
  - 4) 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 additional cut-off valve may be installed as a part of the original meter installation by the Corporation.)
25. **Mobile Homes.** Mobile homes moved into the CCN shall be subject to a plumbing inspection for LEAD and COPPER before they can be connected to the water system. This rule will apply to New and Used Mobile Homes and the plumbing inspection will be at the expense of the customer. (Charge approved 6/20/05)
26. **Acreage per Meter and Septic System.** The minimum acreage for each water meter is one acre, or the acreage required by the McLennan County Health Department for a septic tank system, whichever is larger. This is to provide sufficient area for proper operation of septic system and to protect adjoining areas from septic infiltration.

## **SECTION F.**

### **DEVELOPER, SUBDIVISION, AND NON-STANDARD SERVICE REQUIREMENTS**

#### **Part 1. 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, local extra-territorial jurisdiction, state, and federal rules and regulations as promulgated from time to time, and with covenants of current indebtedness. The Corporation's responsibility is to provide facilities (at applicant/developer's expense) to the connection of applicant/developer's facilities. The applicant is responsible for design and construction of applicant's facilities within the subdivision and shall comply with local, state, local extra-territorial jurisdiction, and federal rules and regulations. 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. At the time the Applicant submits the Application, 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 dedicated 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, provided the actual costs of the Engineer's services do not exceed the amount of the Non-Standard Service Investigation Fee allotted for engineering services. If the fee for the Engineer's services exceed the allotted fee, the Applicant shall pay the balance of the Engineering fees prior to commencing with the service investigation.
  - c. The Consulting Engineer shall submit to the Corporation a set of detailed plans, specifications, and cost estimates for the project.
  - d. 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 shall be required 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. Guidelines for the service contract may include, but are not limited to:
- a. All costs associated with required administration, design, construction, and inspection of facilities for water service to the Applicant's service area and terms by which these costs are 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. Front-End Capital Contributions, per meter, 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 Front-End Capital Contributions.
  - g. Terms by which the Corporation shall administer the Applicant's project with respect to:
    - 1) Design of the Applicant's service facilities;
    - 2) Securing and qualifying bids;
    - 3) Execution of the Service 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 contemplated.

- 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 on behalf of the Corporation. All right-of-way easements shall be executed on forms provided by 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 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 facility 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 and the Front-End Capital Contribution per each requested meter 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 non-standard service specified by the Applicant. The Applicant is responsible for paying for all costs necessary for non-standard service to a subdivision as determined by the Corporation under the provisions of this Tariff and specifically the provisions of this Section. If the Applicant fails to pay these costs, the Corporation has the right to require payment of these costs by any one or more of the persons purchasing lots or homes within such subdivision before the Corporation is obligated to provide water service. 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 E, 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 by a licensed surveyor

or registered professional engineer; (c) all intended land uses in the development, including detailed information concerning the types of land uses proposed; (d) the projected water demand of the development when fully built out and occupied, the anticipated water demands for each type of land use, and a projected schedule of build-out for the development and associated water demand during the 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 request 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. 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 application and payment of all required fees.

Following receipt of the additional information from Applicant/Developer, the Corporation will proceed with preparing the written report to Applicant/Developer, as described above. By mutual written agreement, the Corporation and the Applicant/Developer may extend the time for review beyond the 90 days provided for expedited petitions to the TCEQ.

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

## **SECTION G.**

### **RATES AND SERVICE FEES**

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

1. ***Service Investigation Fee.*** The Corporation shall conduct a service investigation for each service application submitted at the Corporation office. An initial determination shall be made by the Corporation, without charge, as to whether the service request is Standard or Non-Standard. An investigation shall then be conducted and the results reported under the following terms:
  - a. All Standard Service requests shall be investigated without charge and all applicable costs for providing service shall be quoted in writing to the Applicant within ten (10) working days of application.
  - b. All Non-Standard Service requests shall be subject to a fee, appropriate to each project, of sufficient amount to cover all administrative, legal, and engineering fees associated with investigation of the Corporation's ability to deliver service to the Applicant to;
    - (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, the 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 or actual connections served.
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 on 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 on behalf of the Applicant. (See Section E.3, F.8)
4. ***Installation Fee.*** The Corporation shall charge an installation fee for service as follows:
  - a. **Standard Service** shall include all current labor, materials, engineering, legal, customer service inspection, and administrative costs necessary to provide individual metered water service and shall be charged on a per tap basis as computed immediately prior to such time as metered service is requested and installed.
  - b. **Non-Standard Service** shall include any and all construction labor and materials, inspection, administration, legal, and engineering fees, as determined by the Corporation under the rules of Section F of this Tariff.

c. Standard and Non-Standard Service Installations shall include all costs of any pipeline relocations as per Section E.3.e of this Tariff.

5. **Front-End Capital Contribution.** In addition to the Membership Fee, each Applicant shall be required to contribute capital in an amount projected to defray the cost of up-grading system facilities to meet growth demands created by adding customers. This fee shall be assessed immediately prior to providing or reserving service on a per residential meter equivalent basis for each tap/lot and shall be assigned and restricted to the tap/lot for which the service was originally requested. The current fee is \$2,000.00. This fee is applicable to all new Memberships.

6. **Monthly Charges.**

a. **Service Availability Charge (Monthly Minimum)**

Water Service - The monthly charge for metered water service, which may or may not include allowable gallonage, is based on demand by meter size. Each charge is assessed based on the number of 5/8" X 3/4" meters (as per American Water Works Association maximum continuous flow specifications) (see Miscellaneous) equivalent to the size indicated and is used as a base multiplier for the Service Availability Charge and allowable gallonage. Rates and equivalents are as follows:

METER SIZE	RECOMMENDED CONTINUOUS RATE OF FLOW	METER EQUIVALENTS	MONTHLY RATE
5/8" X 3/4"	10.0 GPM	1.0	\$ 24.50
3/4"	15.0 GPM	1.5	\$ 36.75
1"	25.0 GPM	2.5	\$ 61.25
1-1/2"	50.0 GPM	5.0	\$ 122.50
2"	80.0 GPM	8.0	\$ 196.00
3" DISP.	90.0 GPM	9.0	\$ 220.50
3" CMPD.	160.0 GPM	16.0	\$ 392.00
3" TURB.	175.0 GPM	17.5	\$ 428.75
4" CMPD.	250.0 GPM	25.0	\$ 612.50
4" TURB.	300 GPM	30.0	\$ 735.00
6" CMPD.	500 GPM	50.0	\$ 1225.00
6" TURB.	625 GPM	62.5	\$ 1531.25
8" CMPD.	800 GPM	80.0	\$ 1960.00
10" CMPD	1,150 GPM	115	\$ 2817.50

b. **Reserved Service Charges** -- The monthly charge for each non-standard account at a specific location for which a meter has not been installed but for which the Corporation and the Applicant have entered into agreement and/or contract for reserved service. This monthly charge shall be based on the 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 the Service Availability Charge for Metered Service on a per Service Unit basis.

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

**Water Rate**

The \$/1000 gallons rate is:

0	10,000 gallons	\$3.70
10,000	– 20,000 gallons	\$3.90
20,001	- 30,000 gallons	\$4.10
30,001	- 40,000 gallons	\$4.35
40,001	- 50,000 gallons	\$4.70
50,001	- 60,000 gallons	\$8.35
60,001	- and above gallons	\$9.35

The Corporation shall, as required by Section 5.235, Water Code of the State of Texas, collect from each of its retail customers a regulatory assessment equal to one-half of one percent of the charge for retail water service. This charge shall be collected in addition to other charges for utility service. This fee is collected on all charges pertaining to Section G.6 Monthly Charges of this Tariff. (30 TAC 291.76 d.(3)(i))

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. (Article XVIII of Bylaws, Section I.)
8. **Late Payment Fee.** Once per billing period, a penalty of \$15.00 shall be applied to delinquent bills. This late payment penalty shall not be applied to any balance to which the penalty was applied in a previous billing, but shall be applied to any unpaid balance during the current billing period. **NOTE:** For Political Subdivisions and state agencies the above late payment fee does not apply. Instead a late penalty of 1% shall be assessed for any amount unpaid on the 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. (See 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 \$15.00. (see Miscellaneous Transaction Forms)



12. **Reconnect Fee.** The Corporation shall charge a fee of \$25.00 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.3.b. Re-Service.
13. **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 (unless the service call is in response to damage of the Corporation's or another Member's facilities) or for the purpose of disconnecting or collecting payment for services.
14. **Equipment Damage Fee.** If the Corporation's facilities or equipment have been damaged by tampering, by-passing, installing unauthorized taps, reconnecting service without authority, or other service diversion, a fee shall be charged equal to the actual costs for all labor, material, and equipment necessary for repair, replacement, and other Corporation actions. This fee shall be charged and paid before service is re-established. If the Corporation's equipment has not been damaged, a fee equal to the actual costs for all labor, material, equipment, and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authority shall be charged. All components of this fee will be itemized, and a statement shall be provided to the Member. If the Corporation's facilities or equipment have been damaged due to negligence or unauthorized use of the Corporation's equipment, right-of-way, or meter shut-off valve, or due to other acts for which the Corporation incurs losses or damages, the Member shall be liable for all labor and material charges incurred as a result of said acts or negligence.
15. **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.
16. **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.
17. **Non-Disclosure Fee.** A fee of \$5.00 shall be assessed any customer requesting in writing that personal information under the terms of this tariff not be disclosed to the public.
18. **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 Texas Buildings and Procurement Commission set forth in 1 TAC Section 111.70.
19. **Customer Service Inspection Fee.** A fee of \$50.00 will be assessed each Applicant before permanent continuous service is provided to new construction. A \$15.00 Re-Inspection Fee will be assessed to the Applicant each time the Customer Service Inspector has to return to the property to re-inspect the new construction before it passes inspection and permanent continuous service is provided to the facility.
20. **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 by the Corporation by the McLennan County Groundwater Conservation District based on the amount of water pumped from the Corporation's wells located within the boundaries of the District.
21. **Other Fees.** All services outside the normal scope of utility operations which the Corporation may be compelled to provide at the request of a customer or Member shall be charged to the recipient based on the cost of providing such service.

22. **Copy of Tariff.** A fee of \$15.00 will be charged for a copy of the tariff.
23. **Attorney's Fee.** If the Corporation incurs attorney's fees, court costs, or related expenses including expert fees and expenses (collectively called "Attorney's fees"), incident to (1) collecting any Member's late-paid or unpaid fee, charge, bill, rate or contribution which is assessed or charged under any Tariff provision, or (2) any Member's violation or breach of any Tariff provision, the Corporation shall be entitled immediately upon demand to reimbursement from the Member for such Attorney's fees, and if unpaid may recover such Attorney's fees from the Member in a legal action.
24. **Administrative Fees.** The Corporation will charge an administrative fee of \$25.00 for copies or photocopies of documents or other such statements of information in response to requests for such information from any individual or business entity or agency.
25. **Fees and Charges For Adding a Development, Subdivision or Non-Standard System to the System.** The Developer is to pay for the investigation of the existing system to determine if the development, subdivision or non-standard service can be served or if improvements are needed to serve the subdivision or non-standard service.
- The preliminary Hydraulic Study charge will be an Engineer's Fee. This fee is payable in advance to the Spring Valley WSC.
- If the Engineers report indicates that the Spring Valley WSC can handle the increased load, then the Spring Valley WSC and the Developer may enter into an agreement. If the Engineers report shows the Spring Valley WSC cannot handle the increased load, then the Developer and the Engineer may enter into a contract for the Engineer to draw up plans and costs for bringing the Spring Valley WSC up to capacity to handle the increased demand, it being understood that the Developer shall pay the Engineer for this study and the Developer shall bear the entire cost of upgrading the Spring Valley WSC to serve his development, subdivision or non-standard service.
26. **Regulatory Assessment.** A fee of 0.5% of the amount billed for water service will be assessed each customer; this assessment is required under Texas law and TCEQ regulations. **NOTE:** The regulatory assessment is not to be collected from state agencies, wholesale customers, or buyers of non-potable (not drinkable) water. (Ref. TCEQ RG-199 revised Oct. 2002. TCEQ Section 291.76 (c).)
27. **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.
28. **Broken Cut-Off Replacement Fee.** A fee of \$100.00 shall be assessed if a customer/member breaks/damages the curb-stop (company cut-off).

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

**1. INTRODUCTION**

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

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

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

**2. PUBLIC INVOLVEMENT**

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

**3. COORDINATION WITH REGIONAL WATER PLANNING GROUP**

The water service area of Spring Valley Water Supply Corp. is located within the Brazos River Authority and Spring Valley Water Supply Corp. has provided a copy of the Plan to the Brazos River Authority.

**4. TRIGGER CONDITIONS**

The Drought Emergency Management Committee is responsible for monitoring water supply and demand conditions on a monthly basis (or more frequently if conditions warrant) and shall determine when conditions warrant initiation or termination of each stage of the plan, that is, when the specific triggers are reached. The Committee will monitor monthly operating reports, water supply or storage tank levels and/or rainfall as needed to determine when trigger conditions are reached. The triggering

Approved September 17, 2007

Spring Valley WSC

conditions described below take into consideration: the vulnerability of the water source under drought of record conditions, the production, treatment and distribution capacities of the system, and member usage based upon historical patterns

- a. **Stage I - Mild Conditions:** Stage I water allocation measures may be implemented when one or more of the following conditions exist:
  - 1. Water consumption has reached 80 percent of daily maximum supply for three (3) consecutive days.
  - 2. Water supply is reduced to a level that is only 20 percent greater than the average consumption for the previous month.
  - 3. There is an extended period (at least eight (8) weeks) of low rainfall and daily use has risen 20 percent above the use for the same period during the previous year.
- b. **Stage II - Moderate Conditions:** Stage II water allocation measures may be implemented when one of the following conditions exist:
  - 1. Water consumption has reached 90 percent of the amount available for three consecutive days.
  - 2. The water level in any of the water storage tanks cannot be replenished for three (3) consecutive days. Example: The highest recorded water level drops \_\_\_\_ ( ) feet or more for \_\_\_\_ ( ) consecutive days.
- c. **Stage III - Severe Conditions:** Stage III water allocation measures may be implemented when one of the following conditions exist:
  - 1. Failure of a major component of the system or an event which reduces the minimum residual pressure in the system below 20 psi for a period of 24 hours or longer.
  - 2. Water consumption of 95 percent or more of the maximum available for three (3) consecutive days.
  - 3. Water consumption of 100 percent of the maximum available and the water storage levels in the system drop during one 24 hour period.
  - 4. Natural or man-made contamination of the water supply source(s).
  - 5. The declaration of a state of disaster due to drought conditions in a county or counties served by the Corporation.
  - 7. Other unforeseen events which could cause imminent health or safety risks to the public.

## 5. STAGE LEVELS OF ALLOCATIONS

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

- a. **Stage I - Mild Conditions**
  - 1. Alternate day, time of day, or duration restrictions for outside water usage allowed. (System will notify Customers which restriction is in effect)
  - 2. The system will reduce flushing operations.

3. Reduction of customer's water use will be encouraged through notices on bills or other method.

**b. Stage II - Moderate Conditions**

- a. All outside water use is prohibited (except for livestock or other exemption or variance granted under this section).

- b. Make public service announcements as conditions change via local media (TV, radio, newspapers, etc.).

**c. Stage III - Severe Conditions**

1. All outside watering prohibited.
2. Water use will be restricted to a percentage of each member's prior months usage. This percentage may be adjusted as needed according to demand on the system. Notice of this amount will be sent to each customer.
- c. Corporation shall continue enforcement and educational efforts.

**NOTE :**

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

**6. INITIATION AND TERMINATION PROCEDURES**

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

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

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

A sample Customer Notice of rationing condition is included in Miscellaneous Transaction Forms of this tariff.

If the water allocation program extends 30 days then the Chairperson of the Drought/Emergency Management Committee or manager shall present the reasons for the allocations at the next scheduled Board Meeting and shall request the concurrence of the Board to extend the allocation period.

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

## **7. PENALTIES FOR VIOLATIONS**

- a. First Violation** – The customer/member will be notified by a written notice of their specific violation and the penalty to be assessed for continued violations.
- b. Second Violation** – The Corporation will assess a penalty of \$ \_\_\_\_\_.
- c. Subsequent Violations** – The Corporation will assess an additional penalty of \$ \_\_\_\_\_ for violations continuing after the Second Violation.

**These provisions apply to all customers of the Corporation.**

## **8. EXEMPTIONS OR WAIVERS**

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

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

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

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

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

- Variances granted shall include a timetable for compliance.
- Variances granted shall expire when the water allocation is no longer in effect, unless the petitioner has failed to meet specific requirements. No variance allowed for a condition requiring water allocation will continue beyond the termination of water allocation under

Schedule F. Any variance for a subsequent water allocation must be petitioned again. The fact that a variance has been granted in response to a petition will have no relevance to the Committee's decision on any subsequent petition.

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

## **9. IMPLEMENTATION**

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

This Plan was adopted by the Board at a properly noticed meeting held on September 19, 2004.

**Spring Valley**  
**WATER SUPPLY CORPORATION**  
**SERVICE APPLICATION & AGREEMENT**

**CORPORATION USE ONLY**

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

Please Print:      DATE \_\_\_\_\_

APPLICANT'S NAME \_\_\_\_\_

CO-APPLICANT'S NAME \_\_\_\_\_

CURRENT BILLING ADDRESS:

FUTURE BILLING ADDRESS:

\_\_\_\_\_  
 \_\_\_\_\_

PHONE NUMBER - Home (    )    -    Work (    )    -   

PROOF OF OWNERSHIP PROVIDED BY (Warranty Deed etc) \_\_\_\_\_

DRIVER'S LICENSE NUMBER OF APPLICANT \_\_\_\_\_

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

\_\_\_\_\_  
 PREVIOUS OWNER'S NAME AND ADDRESS (If transferring Membership)

ACREAGE \_\_\_\_\_ DWELLING SQ FT \_\_\_\_\_

NUMBER IN FAMILY \_\_\_\_\_ LIVESTOCK & NUMBER \_\_\_\_\_

SPECIAL SERVICE NEEDS OF APPLICANT: \_\_\_\_\_

NOTE: FORM MUST BE COMPLETED BY APPLICANT ONLY. (A MAP OF SERVICE LOCATION MAY BE REQUIRED).

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

White, Not of Hispanic Origin	Black, not of Hispanic Origin	American Indian or Alaskan Native	Hispanic	Asian or Pacific Islander	Other (Specify)	Male
						Female

EQUAL OPPORTUNITY PROGRAM

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SVWSC 100048



AGREEMENT made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between Spring Valley Water Supply Corporation, a corporation organized under the laws of the State of Texas (hereinafter called the corporation), and \_\_\_\_\_, (hereinafter called the Applicant and/or Member),  
Witnesseth:

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

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

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

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

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

The Applicant hereby agrees to obtain, utilize, and/or reserve service as soon as it is available. Applicant, upon qualification for service under the terms of the Corporation's policies, shall further qualify as a Member and the Indication of Interest Fee shall then be converted by the Corporation to a Membership Fee. Applicant further agrees to pay, upon becoming a Member, the monthly charges for such service as prescribed in the Corporation's tariff. Any breach of this agreement shall give cause for the Corporation to liquidate, as damages, the fees previously paid as an indication of interest. In addition to any Indication of Interest Fees forfeited, the Corporation may assess a lump sum of \$300.00 as liquidated damages to defray any losses incurred by the Corporation. If delivery of service to said location is deemed infeasible by the Corporation as a part of this project, the Applicant shall be denied Membership in the Corporation and the Indication of Interest Fee, less expenses, shall be refunded. The Applicant may re-apply for service at a later date under the terms and conditions of the Corporation's policies. For the purposes of this agreement, an Indication of Interest Fee shall be of an amount equal to the Corporation's Membership Fees.

All water shall be metered by meters to be furnished and installed by the Corporation. The meter and/or wastewater connection is for the sole use of the Member or customer and is to provide service to only one (1) dwelling or one (1) business. Extension of pipe(s) to transfer utility service from one property to another, to share, resell, or submeter water to any other persons, dwellings, businesses, or property, etc., is prohibited.

The Corporation shall have the right to locate a water service meter and the pipe necessary to connect the meter on the Member's property at a point to be chosen by the Corporation, and shall have access to its property and equipment located upon Member's premises at all reasonable and necessary times for any purpose connected with or in the furtherance of its business operations, and upon discontinuance of service the Corporation shall have the right to remove any of its equipment from the Member's property. The Member shall install at their own expense any necessary service lines from the Corporation's facilities and equipment to the point of use, including any customer service isolation valves, backflow prevention devices, clean-outs, and other equipment as may be specified by the Corporation. The Corporation shall also have access to the Member's property for the purpose of inspecting for possible cross-connections and other undesirable plumbing practices.

The Corporation is responsible for protecting the drinking water supply from contamination or pollution which could result from improper plumbing practices. This service agreement serves as notice to each customer of the plumbing restrictions which are in place to provide this protection. The Corporation shall enforce these restrictions to ensure the public health and welfare. The following undesirable plumbing practices are prohibited by state regulations:

- a. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an airgap or an appropriate backflow prevention assembly in accordance with state plumbing regulations. Additionally, all pressure relief valves and thermal expansion devices must be in compliance with state plumbing codes.
- b. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the proper installation of an airgap or a reduced pressure-zone backflow prevention assembly and a service agreement must exist for annual inspection and testing by a certified backflow prevention device tester.
- c. No connection which allows condensing, cooling or industrial process water to be returned to the public drinking water supply is permitted.
- d. No pipe or pipe fitting which contains more than 8.0 % lead may be used for the installation or repair of plumbing on or after July 1, 1988, at any connection which provides water for human consumption.
- e. No solder or flux which contains more than 0.2 % lead may be used for the installation or repair of plumbing on or after July 1, 1988, at any connection which provides water for human consumption.
- f. No plumbing fixture is installed which is not in compliance with a state-approved plumbing code.

The Corporation shall maintain a copy of this agreement as long as the Member and/or premises is connected to the public water system. The Member shall allow his property to be inspected for possible cross-connections and other undesirable plumbing practices. These inspections shall be conducted by the Corporation or its designated agent prior to initiating service and periodically thereafter. The inspections shall be conducted during the Corporation's normal business hours. The following will be inspected: New construction, modifications/renovations that involve plumbing, any structure, including mobile homes, moved into the CCN of the Corporation and are connected to the water system. Additionally, if a cross connection, backflow potential, or modification is suspected an inspection will be accomplished.

The Corporation shall notify the Member in writing of any cross-connections or other undesirable plumbing practices which have been identified during the initial or subsequent inspection. The Member shall immediately correct any undesirable plumbing practice on their premises. The Member shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Corporation. Copies of all testing and maintenance records shall be provided to the Corporation as required. Failure to comply with the terms of this service agreement shall cause the

Corporation to either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Member.

In the event the total water supply is insufficient to meet all of the Members, or in the event there is a shortage of water, the Corporation may initiate the Emergency Rationing Program as specified in the Corporation's Tariff. By execution of this agreement, the Applicant hereby shall comply with the terms of said program.

By execution hereof, the Applicant shall hold the Corporation harmless from any and all claims for damages caused by service interruptions due to waterline breaks by utility or like contractors, tampering by other Member/users of the Corporation, normal failures of the system, or other events beyond the Corporation's control.

The Member shall grant to the Corporation, now or in the future, any easements of right-of-way for the purpose of installing, maintaining, and operating such pipelines, meters, valves, and any other equipment which may be deemed necessary by the Corporation to extend or improve service for existing or future Members, on such forms as are required by the Corporation.

By execution hereof, the Applicant shall guarantee payment of all other rates, fees, and charges due on any account for which said Applicant owns a Membership Certificate. Said guarantee shall pledge any and all Membership Fees against any balance due the Corporation. Liquidation of said Membership Fees shall give rise to discontinuance of service under the terms and conditions of the Corporation's tariff.

By execution hereof, the Applicant agrees that non-compliance with the terms of this agreement by said Applicant shall constitute denial or discontinuance of service until such time as the violation is corrected to the satisfaction of the Corporation.

Any misrepresentation of the facts by the Applicant on any of the four pages of this agreement shall result in discontinuance of service pursuant to the terms and conditions of the Corporation's tariff.

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Applicant Member

---

Date Approved

UNITED STATES DEPARTMENT OF AGRICULTURE  
Farmers Home Administration

RIGHT OF WAY EASEMENT  
(Location of Easement Required)

KNOW ALL MEN BY THESE PRESENTS, That \_\_\_\_\_  
(hereinafter called "Grantors"), in consideration of one dollar (\$1.00) and other good and valuable consideration paid by Spring Valley WSC, (hereinafter called "Grantee"), the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, transfer, and convey to said Grantee, its successors, and assigns, a perpetual easement with the right to erect, construct, install and lay and thereafter use, operate, inspect, repair, maintain, replace, and remove \_\_\_\_\_ over and across \_\_\_\_\_ acres of land, more particularly described in instrument recorded in \_\_\_\_\_, Deed Records, McLennan County, Texas, together with the right of ingress and egress over Grantors' adjacent lands for the purpose for which the above mentioned rights are granted. The easement hereby granted shall not exceed 15' in width, the center line thereof to be located across said land as follows:

The consideration recited herein shall constitute payment in full for all damages sustained by Grantors by reason of the installation of the structures referred to herein, and the Grantee will maintain such easement in a state of good repair and efficiency so that no unreasonable damages will result from its use to Grantors' premises. This agreement together with other provisions of this grant shall constitute a covenant running with the land for the benefit of the Grantee, its successors, and assigns. The Grantors covenant that they are the owners of the above described lands and that said lands are free and clear of all encumbrances and liens except the following:

The easement conveyed herein was obtained or improved through Federal financial assistance. This easement is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the regulations issued pursuant thereto for so long as the easement continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the Grantee owns it, whichever is longer.

IN WITNESS WHEREOF the said Grantors have executed this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

ACKNOWLEDGEMENT

STATE OF TEXAS  
COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared \_\_\_\_\_ known to me to be the person(s) whose name(s) is(are) subscribed to the foregoing instrument, and acknowledged to me that he(she) (they) executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS THE \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Seal)

\_\_\_\_\_  
(Notary Public in and for) \_\_\_\_\_ County, Texas.

UNITED STATES DEPARTMENT OF AGRICULTURE  
Farmers Home Administration

RIGHT OF WAY EASEMENT  
(General Type Easement)

KNOW ALL MEN BY THESE PRESENTS, that \_\_\_\_\_  
(hereinafter called "Grantors"), in consideration of one dollar (\$1.00) and other good and valuable consideration paid by Spring Valley WSC, (hereinafter called "Grantee"), the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, transfer, and convey to said Grantee, its successors, and assigns, a perpetual easement with the right to erect, construct, install, and lay and thereafter use, operate, inspect, repair, maintain, replace, and remove water distribution lines and appurtenances over and across \_\_\_\_\_ acres of land, more particularly described in instrument recorded in Doc # \_\_\_\_\_, Deed Records, McLennan County, Texas, together with the right of ingress and egress over Grantor's adjacent lands for the purpose for which the above mentioned rights are granted. The easement hereby granted shall not exceed 15' in width, and Grantee is hereby authorized to designate the course of the easement herein conveyed except that when the pipeline(s) is installed, the easement herein granted shall be limited to a strip of land 15' in width the center line thereof being the pipeline as installed.

In the event the easement hereby granted abuts on a public road and the county or state hereafter widens or relocates the public road so as to require the relocation of this water line as installed, Grantor further grants to Grantee an additional easement over and across the land described above for the purpose of laterally relocating said water line as may be necessary to clear the road improvements, which easement hereby granted shall be limited to a strip of land 15' in width the center line thereof being the pipeline as relocated.

The consideration recited herein shall constitute payment in full for all damages sustained by Grantors by reason of the installation of the structures referred to herein and the Grantee will maintain such easement in a state of good repair and efficiency so that no unreasonable damages will result from its use to Grantor's premises. This agreement together with other provisions of this grant shall constitute a covenant running with the land for the benefit of the Grantee, its successors, and assigns. The Grantors covenant that they are the owners of the above described land and that said lands are free and clear of all encumbrances and liens except the following:

The easement conveyed herein was obtained or improved through Federal financial assistance. This easement is subject to the provisions of the Title VI of the Civil Rights Act of 1964 and the regulations issued pursuant thereto for so long as the easement continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the Grantee owns it, whichever is longer.

IN WITNESS WHEREOF the said Grantors have executed this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**ACKNOWLEDGEMENT**

STATE OF TEXAS

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared \_\_\_\_\_ known to me to be the person(s) whose name(s) is(are) subscribed to the foregoing instrument, and acknowledged to me that he (she) (they) executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS THE \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Seal)

\_\_\_\_\_  
(Notary Public in and for) \_\_\_\_\_ County, Texas.

## NON-STANDARD SERVICE AGREEMENT

STATE OF TEXAS  
COUNTY OF McLENNAN

THIS AGREEMENT is made and entered into by and between \_\_\_\_\_, hereinafter referred to as "Developer", and Spring Valley Water Supply Corporation, hereinafter referred to as "WSC".

WHEREAS, Developer is engaged in developing that certain \_\_\_\_\_ acres of land in \_\_\_\_\_, County, Texas, more particularly known as the \_\_\_\_\_ subdivision, according to the plat thereof recorded at Vol. \_\_\_\_\_, Page \_\_\_\_\_ of the Plat Records of \_\_\_\_\_ County, Texas, said land being hereinafter referred to as "the Property"; and,

WHEREAS, WSC owns and operates a water system which supplies potable water for human consumption and other domestic uses to customers within its service area; and,

WHEREAS, Developer has requested WSC to provide such water service to the Property through an extension of WSC's water system, such extension being hereinafter referred to as "the Water System Extension"; NOW THEREFORE:

KNOW ALL MEN BY THESE PRESENTS:

THAT for and in consideration for the mutual promises hereinafter expressed, and other good and valuable consideration, the sufficiency of which is hereby acknowledged by the parties, Developer and WSC agree as follows:

1. **Engineering and Design of the Water System Extension.**

(a) The Water System Extension shall be engineered and designed by a Texas Registered Professional Engineer in accordance with the applicable specifications of the WSC and all governmental agencies having jurisdiction. All plans and specifications must be reviewed and approved by WSC's consulting engineer prior to the issuance of any request for bids for the construction of the Water System Extension. After such approval of the plans and specifications by the WSC's consulting engineer, the plans and specifications shall become part of this Agreement by reference and shall more particularly define "the Water System Extension".

(b) The Water System Extension must be sized to provide continuous and adequate water service to the property based on plans for the development of the Property based on plans for the development of the Property provided to WSC by the Developer. WSC may require the Water System Extension to be oversized in anticipation of the needs of other customers of the WSC, subject to the obligation to reimburse the Developer for any such oversizing as provided below.

2. **Required Easements or Rights-of-Way.**

(a) Developer shall be responsible for dedicating or acquiring any easements across privately owned land which are necessary for the construction of the Water System Extension and for obtaining any Governmental approvals necessary to construct the Water System Extension in public right-of-way.

(b) Any easements acquired by the Developer shall be assigned to WSC upon proper completion of the construction of the Water System Extension. The validity of the legal instruments by which the Developer acquires any such easements and by which Developer assigns such easements to WSC must be approved by WSC's attorney.

3. **Construction of the Water System Extension.**

a) Developer shall advertise for bids for the construction of the Water System Extension in accordance with generally accepted bidding practices and shall award the contract for the construction of the Water System Extension subject to the approval of the WSC. WSC may reject any bid.

b) The Water System Extension shall be constructed in accordance with the approved plans and specifications. WSC shall have the right to inspect all phases of the construction of the Water System Extension. Developer must give written notice to WSC of the date on

which construction is scheduled to begin so that WSC may assign an inspector. WSC may charge reasonable inspection fees based on the actual costs of labor, travel and incidental expenses of the inspectors, plus 10% overhead.

**4. Dedication of Water System Extension to WSC.**

Upon proper completion of construction of the Water System Extension and final inspection thereof by WSC, the Water System Extension shall be dedicated to the WSC by an appropriate legal instrument approved by WSC's Attorney. The Water System Extension shall thereafter be owned and maintained by WSC.

**5. Cost of the Water System Extension.**

- (a) Developer shall pay all costs associated with the Water System Extension as a contribution in aid of construction, including without limitation to the cost of the following:
  - (1) engineering and design;
  - (2) easement or right -of-way acquisition;
  - (3) construction;
  - (4) inspection;
  - (5) attorneys' fees;
  - (6) governmental or regulatory approvals required to lawfully provide service.
- (b) Developer shall indemnify WSC and hold WSC harmless from all of the foregoing costs.
- (c) Provided, however, nothing herein shall be construed as obligating the Developer to maintain the Water System Extension subsequent to its dedication and acceptance for maintenance by WSC.
- (d) If WSC has required the Water System Extension to be oversized in anticipation of the needs of the other customers of WSC, WSC shall reimburse Developer for the additional costs of construction attributable to the oversizing, as determined by the WSC's consulting engineer, in three annual installments without interest beginning one year after dedication of the Water System Extension to WSC.

**6. Service From the Water System Extension.**

- (a) After proper completion and dedication of the Water System Extension to WSC, WSC shall provide continuous and adequate water service to the Property, subject to all duly adopted rules and regulations of WSC and the payment of the following:
  - (1) All standard rates, fees and charges as reflected in WSC's approved tariff;
  - (2) Any applicable impact fee adopted by WSC;
  - (3) Any applicable reserved service charge adopted by WSC.
- (b) It is understood and agreed by the parties that the obligation of WSC to provide water service in the manner contemplated by this Agreement is subject to the issuance by the Texas Natural Resource Conservation Commission and all other governmental agencies having jurisdiction of all permits, certificates or approvals required to lawfully provide such service.
- (c) Unless the prior approval of WSC is obtained, the Developer shall not:
  - (1) construct or install additional water lines or facilities to service areas outside the Property;
  - (2) add any additional lands to the Property for which water service is to be provided pursuant to this agreement; or
  - (3) connect or serve any person or entity who, in turn, sells water service directly or indirectly to another person or entity.

**7. Effect of Force Majeure.**

In the event either party is rendered unable by force majeure to carry out any of its obligations under this

Agreement, in whole or in part, then the obligations of that party, to the extent affected by the force majeure shall be suspended during the continuance of the inability, provided however,



that due diligence is exercised to resume performance at the earliest practical time. As soon as reasonably possible after the occurrence of the force majeure relied upon to suspend performance, the party whose contractual obligations are affected thereby shall give notice and full particulars of the force majeure to the other party.

The cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure" includes acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of the government of the United States or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and civil disturbances, explosions, breakage, or accidents to equipment, pipelines, or canals, partial or complete failure of water supply, and any other inability's of either party, whether similar to those enumerated or otherwise, that are not within the control of the party claiming the inability and that could not have been avoided by the exercise of due diligence and care. It is understood and agreed that the settlement or strikes and lockouts shall be entirely within the discretion of the party having the difficulty and that the requirement that any force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party if the settlement is unfavorable to it in the judgment of the party having the difficulty.

**8. Notices.**

Any notice to be given hereunder by either party to the other party shall be in writing and may be effected by personal delivery or by sending said notices by registered or certified mail, return receipt requested, to the address set forth below. Notice shall be deemed given when deposited with the United States Postal Service with sufficient postage affixed. Any notice mailed to the WSC shall be addressed:

SPRING VALLEY WSC  
P. O. BOX 399  
LORENA, TEXAS 76655

Any notice mailed to Developer shall be addressed:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Either party may change the address for notice to it by giving notice of such change in accordance with the provisions of this paragraph.

**9. Severability.**

The provisions of this Agreement are severable, and if any word, phrase, clause, sentence, paragraph, section, or other part of this Agreement or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Agreement to other persons or circumstances shall not be affected thereby and this Agreement shall be construed as if such invalid or unconstitutional portion had never been contained therein.

10. **Entire Agreement.**

This Agreement, including any exhibits attached hereto and made a part hereof, constitutes the entire agreement between the parties relative to the subject matter of this Agreement. All prior agreements, covenants, representations, or warranties, whether oral or in writing, between the parties are merged herein.

11. **Amendment.**

No amendment of this Agreement shall be effective unless and until it is duly approved by each party and reduced to a writing signed by the authorized representatives of the WSC and the Developer, respectively, which amendment shall incorporate this Agreement in every particular not otherwise changed by the amendment.

12. **Governing Law.**

This Agreement shall be construed under and in accordance with the laws of the State of Texas and all obligations of the parties are expressly deemed performable in McLennan County, Texas.

13. **Venue.**

Venue for any suit arising hereunder shall be in McLennan County, Texas.

14. **Successors and Assigns.**

This Agreement shall be binding on and shall inure to the benefit of the heirs, successors and assigns of the parties.

15. **Assignability.**

The rights and obligations of the Developer hereunder may not be assigned without the prior written consent of the WSC.

16. **Effective Date.**

This Agreement shall be effective from and after the date of due execution by all parties.

IN WITNESS WHEREOF each of the parties has caused this Agreement to be executed by its duly authorized representative in multiple copies, each of equal dignity, on the date or dates indicated below.

"WSC"

DEVELOPER

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## ALTERNATE BILLING AGREEMENT FOR RENTAL ACCOUNTS

NAME: \_\_\_\_\_

METER #: \_\_\_\_\_

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

ACCT #: \_\_\_\_\_

I hereby authorize Spring Valley Water Supply Corporation to send all billings on my account to the person(s) and address below until further written notice;

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I understand that under this agreement that I will be given notice by the Corporation of all delinquencies on this account prior to disconnection of service. A notification fee shall be charged to the account in accordance with the provisions of the Corporation's Tariff.

I also understand that I am responsible to see that this account balance is kept current, as is any other account in the Corporation. This account shall not be reinstated until all debt on the account has been retired.

Signature \_\_\_\_\_

Date \_\_\_\_\_

## **NEW LAW EFFECTS CONFIDENTIALITY OF UTILITY RECORDS**

The Texas Legislature passed H.B. 859 this past session to allow various utilities to maintain confidentiality of certain records at the request of the customer. Effective September 1, 1993, H.B. 859 provides that a government-operated utility which provides water, sewer, garbage, gas, or electricity for compensation, may not disclose personal information in a customer's account records if the customer requests in writing that the utility keep the information confidential. The utility is required to include with a bill sent to each of its customers a notice of the customer's right to request confidentiality of personal information as well as any applicable fee or form required to comply with such requests. Personal information means an individual's address, telephone number, or social security number. This bill applies to WSC's, cities, districts and all governmental bodies who are subject to the Open Records Act.

Such confidentiality does not prohibit a WSC from disclosing the name and address of each member on a list to be made available to the Corporation's voting members, or their agents or attorneys, in connection with any annual or special meeting of the Corporation's members.

The attached forms are designed for your use and may be copied, customized to your utility's needs, and mailed to each customer as required by law. Note the following instructions:

Form #1 is for use by cities or districts.

Form #2 is for use by water supply corporations.

Type your address in the appropriate spaces.

Fill in the charge for the service (not to exceed \$5.00).

This is a one-time requirement for each customer. All existing customers should be notified by use of these or similar forms and all new applicants should be given notice and opportunity for confidentiality of records. The attached forms may be used in your application for new services.

**YOU CAN NOW REQUEST THAT PERSONAL INFORMATION  
CONTAINED IN OUR UTILITY RECORDS  
NOT BE RELEASED TO UNAUTHORIZED PERSONS**

The Texas Legislature recently enacted a bill, effective September 1, 1993, allowing publicly-owned utilities to give their customers the option of making the customer's address, telephone number, and social security number confidential.

***IS THERE A CHARGE FOR THIS SERVICE?***

Yes. There is a one-time charge of \$5.00 to cover the cost of postage and implementation which must be paid at the time of request.

***HOW CAN YOU REQUEST THIS?***

Simply complete the form at the bottom of this page and return it with your check or money order for \$5.00 to:  
Spring Valley Water Supply Corporation  
P. O. Box 399  
Lorena, Texas 76655

Your response is not necessary if you do not want this service.

**WE MUST STILL PROVIDE THIS INFORMATION UNDER LAW TO CERTAIN PERSONS.**

We must still provide this information to (1) an official or employee of the state or a political subdivision of the state, or the federal government acting in an official capacity; (2) an employee of a utility acting in connection with the employee's duties; (3) a consumer reporting agency; (4) a contractor or subcontractor approved by and providing services to the utility or to the state, a political subdivision of the state, the federal government, or an agency of the state or federal government; (5) a person for whom the customer has contractually waived confidentiality for personal information; or (6) another entity that provides water, wastewater, sewer, gas, electricity, or drainage service for compensation.

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**Detach And Return This Section**

Yes, I want you to make my personal information (address, telephone number, and social security number) confidential. I have enclosed my payment of \$5.00 for this service.

\_\_\_\_\_  
*Name of Account Holder*

\_\_\_\_\_  
*Account Number*

\_\_\_\_\_  
*Address*

\_\_\_\_\_  
*Area Code/Telephone Number*

\_\_\_\_\_  
*City, State, Zip Code*

\_\_\_\_\_  
*Signature*

## CUSTOMER NOTICE OF WATER RATIONING

DATE: \_\_\_\_\_

TO: Customers of Spring Valley Water Supply Corporation

FROM: \_\_\_\_\_, Manager, Spring Valley WSC

Due to extreme water usage during the past weeks our system is unable to meet the demand of all water needs. Therefore, under our Emergency Water Rationing Program on file with the Texas Commission on Environmental Quality, Stage \_\_\_\_\_ - \_\_\_\_\_ Rationing will begin on \_\_\_\_\_ and will be in effect no later than \_\_\_\_\_ or until the situation improves.

Stage \_\_\_\_\_ rationing allows \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

The Board has authorized the installation of a flow restrictor in your line if you are found violating these rules. Subsequent violations may result in temporary termination of service. If you feel you have good cause for a variance from this rationing program please contact us in writing at the address above. A complete copy of our approved Rationing Program is available for review at our business office.

Thank you for your cooperation.

**SPRING VALLEY WSC  
DEFERRED PAYMENT AGREEMENT**

By execution of this Agreement, the undersigned Member agrees to payment of outstanding debt for water utility service as set forth below:

Member agrees to pay \$ \_\_\_\_\_ per month, in addition to current monthly water utility service rates, fees, and charges, as set forth in the Corporation's Tariff, until the account is paid in full. Any fees normally assessed by the corporation on any unpaid balance shall apply to the declining unpaid balance.

Failure to fulfill the terms of this Agreement shall institute the Corporation's disconnection procedures as set forth in the Corporation's Tariff unless other satisfactory arrangements are made by the Member and approved by the Corporation's authorized representative.

\_\_\_\_\_  
Member

\_\_\_\_\_  
Date

\_\_\_\_\_  
Spring Valley WSC Authorized Representative

**SPRING VALLEY WATER SUPPLY CORPORATION  
INSTALLMENT AGREEMENT**

AN AGREEMENT made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between Spring Valley Water Supply Corporation, a corporation organized under the laws of the State of Texas (hereinafter called the Corporation) and \_\_\_\_\_, (hereinafter called the Applicant and/or Member).

By execution of this Agreement, the undersigned Member agrees to payment of outstanding debt for water utility service rates, fees, and charges, as set forth in the Corporation's Tariff, until the \_\_\_\_\_ (Front-End Capital Contribution, High water bill from a leak, or other connection fee) is paid in full. Any fees normally assessed by the Corporation on any unpaid balance shall apply to the declining unpaid balance.

Failure to fulfill the terms of this Agreement shall institute the Corporation's disconnection procedures as set forth in the Corporation's Tariff.

APPROVED AND ACCEPTED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ at the regular monthly meeting of the Board of Directors of the Spring Valley Water Supply Corporation.

\_\_\_\_\_  
President, Spring Valley WSC

\_\_\_\_\_  
Sec/Treasurer, Spring Valley WSC

THE STATE OF TEXAS  
COUNTY OF McLENNAN

IN WITNESS WHEREOF the said Member/Applicant has executed this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

BEFORE ME, the undersigned, a Notary Public in and for said County and State of Texas, on this day personally appeared \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the same for the purpose and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for \_\_\_\_\_  
County, Texas.

\_\_\_\_\_  
Member/Applicant

Commission Expires \_\_\_\_/\_\_\_\_/\_\_\_\_



## SPRING VALLEY WATER SUPPLY CORPORATION LINE EXTENSION REFUND AGREEMENT

The Spring Valley Water Supply Corporation Board affirms that \_\_\_\_\_ will be compensated as provided in this Refund Agreement approved at the regular board meeting on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, on a prorated basis for construction costs for the \_\_\_\_\_ feet of \_\_\_\_\_ inch line extension which have been paid by \_\_\_\_\_. This will be collected from all approved applicants requesting service from said line extension, to a maximum of \_\_\_\_\_ connections for a period not to exceed \_\_\_\_\_ years from the \_\_\_\_\_ day of \_\_\_\_\_ in the year of \_\_\_\_\_ (date the line extension was completed and/or approved for service) after which time the Refund Agreement will expire and the Corporation shall be under no further obligation to \_\_\_\_\_. The Corporation shall transfer said compensation within \_\_\_\_\_ days of receipt.

It is to understand that the Corporation will secure this compensation through new customer service fees from applicants for service from said line extension, and from no other sources. Accordingly, the compensation provided by this Refund Agreement will be modified automatically in the event any applicant requesting service from said line extension obtains a final administrative or Judicial Determination limiting the amount of the Corporation may charge applicants for service from said line extension.

This agreement entered into on the \_\_\_\_\_ day \_\_\_\_\_ in the year of \_\_\_\_\_ by:

Spring Valley Water Supply Corporation

\_\_\_\_\_  
Signed by Applicant

\_\_\_\_\_  
Signed by President

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

\_\_\_\_\_  
City

\_\_\_\_\_  
Zip

\_\_\_\_\_  
City

\_\_\_\_\_  
Zip

\_\_\_\_\_  
Witness

Date filed: \_\_\_\_/\_\_\_\_/\_\_\_\_

THE STATE OF TEXAS  
COUNTY OF McLENNAN

IN WITNESS WHEREOF the said Member/Applicant and President of Spring Valley WSC has executed this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

BEFORE ME, the undersigned, a Notary Public in and for \_\_\_\_\_ County and State of Texas, on this day personally appeared \_\_\_\_\_ and \_\_\_\_\_ known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that he/she/they executed the same for the purpose and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

## **SPRING VALLEY WATER SUPPLY CORPORATION MEMBERSHIP MORTGAGE AGREEMENT**

This agreement hereby verifies that the Spring Valley WSC provides or is able to provide utility service under the terms and conditions of its Tariff to the property so designated in this agreement.

The Spring Valley WSC does meet the service requirements of the Texas Commission on Environmental Quality and currently holds all authorization or certification required.

The Membership available/assigned to this property is transferable to all legally qualifying interests upon compliance with the terms and conditions of the Spring Valley WSC's Tariff, including but not limited to completion of all required forms and applications, payment of all fees, and payment of final account balances.

The Spring Valley WSC shall notify any Loan/Membership guarantor and/or mortgagee by certified mail at least thirty (60) days prior to Membership/Service termination and guarantor/mortgagee hereby guarantees payment of any account balances required to prevent termination of Membership by the Spring Valley WSC.

A guarantor and/or mortgagee shall qualify as a bona fide lien-holder to the Membership by providing a Deed of Trust\*, to be hereto affixed, for the real property in question and designated below which clearly defines the guarantor and/or mortgagee as the lien-holder of the Membership and the real property for which Membership was issued. Spring Valley WSC shall notify the entity so designated in the Deed of Trust\*.

Legal Description of Property:

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\_\_\_\_\_  
Mortgagee (Lien-Holder)

\_\_\_\_\_  
Guarantor (If Applicable)

\_\_\_\_\_  
Spring Valley WSC Representative

\_\_\_\_\_  
Date

**Note:** \* Please attach Deed of Trust or other proof of ownership for permanent record.

**SPRING VALLEY WATER SUPPLY CORPORATION  
METER TEST AUTHORIZATION  
AND TEST REPORT**

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

DATE OF REQUEST: \_\_\_\_\_ PHONE NUMBER (DAY): \_\_\_\_\_

ACCOUNT NUMBER: \_\_\_\_\_ METER SERIAL NUMBER: \_\_\_\_\_

REASONS FOR REQUEST: \_\_\_\_\_

Members requesting a meter test may be present during the test, but if not, Member shall accept test results shown by the Corporation. The test shall be conducted in accordance with the American Water Works Association standards and methods on a certified test bench. Member agrees to pay \$\_\_\_\_.00 for the test if the results indicate an AWWA acceptable performance, plus any outstanding water utility service. In the event that the Member is required to pay for the test and for outstanding water utility service as set forth herein, said charges shall be applied to the next billing sent to the Member after the date of the test.

\_\_\_\_\_  
Signed by Member

**TEST RESULTS**

Low Flow (1/4 GPM) \_\_\_\_\_% AWWA Standard 97.0 - 103.0 %

Intermediate (2 GPM) \_\_\_\_\_% AWWA Standard 98.5 - 101.5 %

High Flow (10 GPM) \_\_\_\_\_% AWWA standard 98.5 - 101.5 %

Register test \_\_\_\_\_ minutes at \_\_\_\_\_ gallons per minute recorded per \_\_\_\_\_ gallons.

Meter tests accurately; no adjustments due.

Meter tests high; adjustment due on water charges by \_\_\_\_\_ %

Meter tests low; no adjustment due.

Test conducted by \_\_\_\_\_ Approved

**SPRING VALLEY WSC  
NOTICE TO OWNER OF RENTAL PROPERTY**

You are hereby given notice that your renter/lessee is past due on your account with the Corporation. The renter/lessee has been sent a second and final notice, a copy of which is enclosed herein, and the utility service will be scheduled for disconnection unless the bill is paid by the final due date. If disconnection occurs, the Corporation's policies under the terms and conditions of its Tariff shall govern restoration of disconnected service. A fee of \$\_\_\_\_.00 has been posted to the account for mailing of this notice. Any unpaid bills, service fees, or reconnect fees (service trip fees) are chargeable to the owner. If you have any questions concerning the status of this account, please do not hesitate to call.

Spring Valley WSC Management

Amount Due Including Service Charges \_\_\_\_\_

Final Due Date \_\_\_\_\_

**NOTICE OF REQUIREMENT TO COMPLY WITH THE SUBDIVISION AND  
SERVICE EXTENSION POLICY OF  
SPRING VALLEY WATER SUPPLY CORPORATION  
/SPECIAL UTILITY DISTRICT**

Pursuant to Chapter 13.2502 of the Texas Water Code, Spring Valley Water Supply Corporation/Special Utility District hereby gives notice that any person who subdivides land by dividing any lot, tract, or parcel of land, within the service area of Spring Valley Water Supply Corporation/Special Utility District, Certificate of Convenience and Necessity No. 11287, in McLennan County, into two or more lots or sites for the purpose of sale or development, whether immediate or future, including re-subdivision of land for which a plat has been filed and recorded or requests more than two water or sewer service connections on a single contiguous tract of land must comply with the extension policy stated in Section "F" in Spring Valley Water Supply Corporation's tariff.

**Spring Valley Water Supply Corporation is not required to extend retail water service to a service applicant in a subdivision where the developer of the subdivision has failed to comply with the Subdivision Policy.**

Among other requirements, the Subdivision Policy requires:

Applicable elements of the Subdivision Policy, depending on the specific circumstances of the subdivision service, may include:

- Evaluation by Spring Valley Water Supply Corporation of the impact a proposed subdivision service extension will make on Spring Valley Water Supply Corporation's water supply/sewer service system and payment of the costs for this evaluation;

- Payment of fees for reserving water supply/sewer capacity;

- Forfeiture of reserved water supply/sewer service capacity for failure to pay applicable fees;

- Payment of costs of any improvements to Spring Valley Water Supply Corporation's system that are necessary to provide the water/sewer service;

- Construction according to design approved by Spring Valley Water Supply Corporation and dedication by the developer of water/sewer facilities within the subdivision following inspection.

Spring Valley Water Supply Corporation's tariff and a map showing Spring Valley Water Supply Corporation's service area may be reviewed at Spring Valley Water Supply Corporation's office. The tariff/policy and service area map also are filed of record at the Texas Commission on Environmental Quality in Austin, Texas and may be reviewed by contacting the TCEQ, c/o Utility Rates and Services [Certification and Rate Design] Section, Water Utilities Division, P.O. Box 13087, Austin, Texas 78711.

**SPRING VALLEY WSC  
NOTICE OF RETURNED CHECK**

**TO:**

**DATE:**

**CHECK NUMBER:**

**AMOUNT OF CHECK:**

Your check has been returned to us by your bank for the following reasons:

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You have ten days from the date of this notice in which to redeem the returned check and pay an additional \$\_\_\_\_.00 Returned Check Fee. Redemption of the returned check and payment of additional fees may be made by cash, money order, or certified check. If you have not redeemed the returned check and paid the additional service fees within ten (10) days, your utility service will be disconnected.

SPRING VALLEY WSC MANAGEMENT

## WATER SUPPLY CORPORATION REQUEST FOR SERVICE DISCONTINUANCE

I, \_\_\_\_\_, hereby request that my water meter (SSN# \_\_\_\_\_) or account number \_\_\_\_\_ located on \_\_\_\_\_, be disconnected from Spring Valley Water Supply Corporation service and that my membership fee is be refunded to me. I understand that if I should ever want my service reinstated I may have to reapply for service as a new member and I may have to pay all costs as indicated in a then current copy of the Spring Valley Water Supply Corporation Tariff. Future ability to provide service will be dependent upon system capacity, which I understand may be limited and may require capital improvements to deliver adequate service. I also understand that these improvements will be at my cost. I further represent to the Corporation that my spouse joins me in this request and I am authorized to execute this Request for Service Discontinuance on behalf of my spouse.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date of Signature

**NOTE:** Charges for service will terminate when this signed statement is received by the Spring Valley WSC office. A \$5.00 fee will be assessed for the processing of this transaction and deducted from the membership fee in addition to final charges.

**SPRING VALLEY WATER SUPPLY CORPORATION  
RIGHT-OF-WAY EASEMENT DENIAL FORM AND AFFIDAVIT**

\_\_\_\_\_  
PROPERTY OWNER'S NAME

\_\_\_\_\_  
LEGAL DESCRIPTION OF PROPERTY

Spring Valley WSC has attempted to acquire an easement for a community water distribution system across your property. It is now necessary to require an easement either be granted or refused by you within thirty (30) days after receipt of this notice. Attached is Spring Valley WSC's standard easement form as furnished to us by the Farmers Home Administration. If you are not in agreement to grant easement, sign the middle portion of this document and return it to us, at which time this document will be filed in our office. Failure to return this document or the attached easement will result in a copy of this document being completed and signed by us to keep on file for future reference purposes. Failure to grant easement does not relieve Spring Valley WSC of the obligation to serve water to the aforementioned property in the future, but does make the then current property owner, at time of application for water service, responsible for the financial burden of moving the water line from public right-of-way to private right-of-way plus any other normal charges for service. For further clarification, contact our office at P. O. Box 399, Lorena, Texas 76655.

I, \_\_\_\_\_ hereby refuse Spring Valley WSC easement for a community water distribution system on the aforementioned property.

\_\_\_\_\_  
Signature of Property Owner

**AFFIDAVIT**

Being duly sworn upon my oath, I hereby certify that this is a true copy of the document sent by certified mail to \_\_\_\_\_ on \_\_\_\_\_, and a signed receipt verifying delivery and acceptance is on file in the office of Spring Valley WSC, \_\_\_\_\_, Texas. I further certify a signed easement or signed refusal of easement was not received within thirty (30) days following receipt by property. I further state under oath that the engineer for the Corporation has furnished the property owner an estimate of cost for rerouting pipeline for which easement was denied to private property.

\_\_\_\_\_  
Official of Spring Valley WSC

THE STATE OF TEXAS  
COUNTY OF McLENNAN

THIS INSTRUMENT was acknowledged before me on \_\_\_\_\_, 20\_\_ by \_\_\_\_\_.

\_\_\_\_\_  
Notary Public, McLennan County, Texas  
My Commission Expires: \_\_\_\_\_



**SPRING VALLEY WATER SUPPLY CORPORATION  
TERMINATION NOTICE**

**TO:**

**ACCOUNT NUMBER:**

**DATE:**

**DATE OF SCHEDULED TERMINATION:**

You are hereby advised that the delinquent status of your account is jeopardizing your Membership with the Corporation. If payment is not received by our office within ten days of the date of this notice, your utility service will be terminated. To regain service after termination, you must re-apply for a new Membership and pay all costs applicable to purchasing a new Membership under the terms of the Corporation's Tariff. If you have no intentions of retaining our service, make sure the service line is capped. We will not cap your line for you, but will remove the meter regardless of the circumstances.

**SPRING VALLEY WSC MANAGEMENT**

**SPRING VALLEY WATER SUPPLY CORPORATION  
P. O. BOX 399  
LORENA, TEXAS 76655**

**857-8614**

Waco-McLennan County Health District  
225 W. Waco Drive  
Waco, Texas 76708

Dear Sir,

We have installed a water meter at the following location:

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

This information is provided so you may check on availability/approved septic system.

SPRING VALLEY WSC MANAGEMENT

#### TARIFF FILING REQUIREMENTS

Effective September 1, 1989, all non-profit water supply corporations are required to file their tariff with the Texas Commission on Environmental Quality for information purposes only. Tariffs should be mailed to:

Texas Commission on Environmental Quality,  
P.O. Box 13087  
Capitol Station  
Austin, Texas 78711-3087  
Attention: Rate Section Tariff Clerk

The deadline for filing tariffs was January 1, 1990. Utilities failing to comply with the Commission's rules may be subject to fines and penalties. The Commission will accept voluntary compliance with the filing requirements without penalty.

## RE-SERVICE ILLUSTRATION

The following illustration demonstrates the intent of Section E. 3. b. of this Tariff.

### Example Case:

A meter is currently active on a tract of land and serves a 3-bedroom house. The meter and service has been active for several years. The original cost of the service to this property included a \$100 Membership Fee, a \$250 materials and labor charge, and a \$500 Equity Buy In Fee.

The Buy In Fee is the Corporation's estimated cost of production, storage, and distribution capacity lost when the customer was added. This Buy In Fee is assessed to defray the cost of replacing the lost capacity to meet future growth needs. The purpose is to keep the rates down for existing customers. This is accomplished because the Buy In Fee eliminates, at least in theory, the need to borrow money to expand the system.

The Corporation currently has a Service Availability Charge of \$12.00 and a Reserved Service Charge of \$10.00 per month. The Service Availability Charge is assessed for active metered accounts and covers the cost of service to that customer. The Reserved Service Charge is assessed for active non-metered accounts and covers the same costs for metered accounts except meter reading, billing, and maintenance costs which cannot be attributed to non-metered accounts.

The Reserved Service Charge is the monthly cost for holding capacity that would otherwise be available to paying, active accounts. This supports the concept that all water systems have limited capacity and therefore cannot reserve service without compensation for anyone who might otherwise restrict the utility from adding a paying customer.

The house has been vacant for six months and the Member is behind on his water payments approximately \$120.00. The Corporation locked the meter after the first month of delinquency and is now liquidating the \$100.00 Membership Fee. A \$20.00 balance remains on the account at the time the account is inactivated.

Because the former Member paid a \$500.00 Buy In Fee on the tract of land on which the meter was set, the Corporation cannot charge this fee on this tract again. However, the Corporation cannot reserve system capacity or service at this location without some charge for reserving the capacity or service. We can assume that since a house exists on the tract of land, there is a good possibility that someone will want service at that location. It would be good business on the part of the Corporation to reserve service capacity for this location. However, we cannot reserve service without charging for reserved service.

The solution to this problem is to set up an accounting system for these types of inactive accounts. Each inactive account, like this hypothetical case, could be debited monthly an amount equal to the Corporation's Reserved Service Charge. The debit balance would accumulate monthly until such time as the total balance equaled the \$500.00 Buy In Fee.

At such time as a new Applicant comes in to request service at the property in question, the cost

of service would include a \$100.00 Membership Fee, actual cost of labor and materials to reinstall the meter, and whatever balance was showing on the account. If the property remains vacant until such time as the \$500.00 Buy In Fee is totally diminished, then any new Applicants would be required to pay the prevailing rate for service.

To clarify our example, let's say that a new Applicant comes twelve months after the date of Membership liquidation. There would be then twelve monthly assessments or debits on this account of the Reserved Service Fee. This fee is \$10.00 per month in our example, so a total of \$120.00 worth of debits would be due from the Applicant in addition to the \$100.00 Membership Fee and, for example's sake, \$60.00 for the re-installation of a meter in the empty meter box. The total cost of Re-Service to the Applicant would be \$280.00.

While this process may seem complicated, it does allow the Corporation to recover all of its costs of reserving service and sets a time frame for which the Buy In Fee is held intact for a particular property. However, a more conservative approach is to only charge the Membership Fee, labor, and materials cost to Re-Service a property. You may choose this option to avoid any controversy and minimize your bookkeeping efforts.

## CALCULATION OF THE AVERAGE NET EQUITY BUY IN FEE OF A SAMPLE UTILITY

Meaningful determination of the A.N.E.P. Fee is achieved only when the following conditions are met in calculation of the fee:

1. An accurate accounting of the fixed and cash assets of the utility should be maintained, preferably by a Certified Public Accountant;
2. All funds obtained as an "impact fee," Equity Buy In Fee, or other similar funds which are to be used for future capital expenditures should be maintained in a separate fund and earmarked for this purpose. This amount should not include the Membership Reserve or debt reserves;
3. A realistic depreciation schedule should be maintained for each asset item based on its anticipated useful life rather than on the life of the debt incurred to pay for the asset; and
4. An actual count should be retained of existing and terminated accounts for which capital contributions have been received, but not to include Membership transfers. This count shall be the number of Contributing Members on which the average is taken in calculation of the Net Equity Buy In Fee.

### EXAMPLE:

Capital Contributed To-Date By:

Plus Fixed Assets Of The Corporation.....	\$2,000,000.00
Less Accumulated Depreciation.....	\$750,000.00
Less Outstanding Long Term Debt Excluding Current Maturities .....	\$800,000.00
Equals Corporation Equity .....	\$450,000.00
Less Developer's Capital Contribution.....	\$57,000.00
Equals Net Equity.....	\$393,000.00
Average Net Equity Per 2,000 Contributing Members .....	\$196.50
Average Net Equity Buy In Fee = \$346.50	

**SPRING VALLEY WATER SUPPLY CORPORATION  
REGULAR MEETING OF BOARD OF DIRECTORS  
February 14, 2017**

**NOTICE OF MEETING**

Notice is hereby given that a meeting of the Board of Directors of Spring Valley Water Supply Corporation ("Spring Valley WSC" or the "Corporation") will be held on Tuesday, February 14, 2017, at 5:15 p.m. in the Aqua offices located at 7025 Sanger Ave., Waco, TX 76710, to consider and act upon the following matters:

1. Call to order, roll call, and determination of quorum.
2. Recognition of visitors.
3. Public Comments – Members or visitors will be given the opportunity to address the Board with comments or concerns about the operations and maintenance of the water system. Due to time constraints, public comments will be limited to two (2) minutes per speaker, subject to President's discretion. See notes below. Any item requiring action will be placed on the agenda for the next Board Meeting.
4. Review and approve minutes from previous Board Meeting (December)
5. Review possible action on any new meter requests
6. Financial Statement Review by Frank Alexander
7. Tabor Engineering – Update on projects
8. Dirk Gibson – Readdress original meter request
9. Michael Smith – Discuss request of additional discount to water leak
10. Michael Dutschmann – Update on matter
11. Discussion and possible action on Patsy Judd scholarship
12. Regular update on Bluebonnet Water Supply and possible action
13. Discuss and vote on a Resolution of the Board declaring election of unopposed candidates, pursuant to 67.0055 of Texas Water Code
14. Questions to the Board by Aqua Texas representative concerning general operational issues
15. Water system operations report by representative of Aqua Texas (no action to be taken by the Board), including the following: (A) operations report; (B) water usage and accountability; (C) facilities, equipment, and repairs; and (D) financial report.
16. Review and approval of monthly bills for payment of expenses of Spring Valley WSC.
17. Adjourn into Executive Session if needed as allowed by Texas Government Code Section 551.074.
18. Reconvene into Public Session. Discussion and possible action regarding matters discussed in Executive Session.
19. Set time and place for next regular meeting of the Board. Tuesday, March 7, 2017, immediately following the Annual Meeting at Lorena High School Commons Area, 1 Leopard Lane, Lorena, TX 76655.
20. Adjourn

**Public Comments:** Pursuant to the Texas Open Meetings Act and the Bylaws of Spring Valley WSC, the Board reserves the right to impose reasonable limits on the number of speakers and other reasonable limitations on public comments. In accordance with the Texas Open Meetings Act, the Board will not act on, deliberate, or discuss at the meeting any public comments brought before them at this time; provided, however, that the Board may (A) make a statement of specific factual information given in response to an inquiry; (B) recite existing policy in response to an inquiry; or (C) propose to place the subject on the agenda for a subsequent Board meeting.

**Executive Session:** Spring Valley WSC reserves the right to adjourn into executive/closed session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by the Texas Open Meetings Act, including, without limitation, Texas Government Code Sections 551.071 (consultation with attorney), 551.072 (deliberations about real property), 551.073 (deliberations about gifts and donations), 551.074 (personnel matters), 551.076 (deliberations about security devices), and 551.086 (economic development). No final action, decision, or vote will be taken on any matter in executive/closed session.

**Persons with Disabilities:** Persons with disabilities who plan to attend the meeting and who may need auxiliary aids or services are requested to call (254) 776-1999, at least two (2) business days prior to the meeting so that appropriate arrangements can be made.

Dated: February 9, 2017

By:   
Kelli Fernandez Villarreal for SVWSC

Certified Mail – Return Receipt Requested

**Spring Valley-3**

August 24, 2016

Michael Dutschmann  
1085 Rivercrest Rd.  
Valley Mills, Texas 76689

Re: Spring Valley Water Supply Corporation - Water Service

Dear Mr. Dutschmann:

Your request for a water service investigation for six meters indicates a desire for what Sections E, F, and G of the Spring Valley Water Supply Corporation (Spring Valley) Tariff define as Non-Standard Service. The water service investigation has been completed and water system improvements will be required to provide the requested service. The City of Waco has informed Spring Valley that the subject property that you requested we investigate is within the extraterritorial jurisdiction of the City of Waco and your project must comply with the City of Waco Subdivision Ordinance (see attached-mails received from the City of Waco officials). Water improvements must meet City of Waco requirements and are estimated to cost \$180,000. If you have a competing estimate, please share that information with Spring Valley.

To complete the application process, the following items must be submitted by you to Spring Valley :

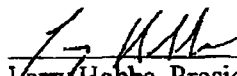
- Step 1. Service Application and Agreement (copy attached)
- Step 2. Final plat approved by all governmental authorities exercising jurisdiction over lot sizes, sewage control, drainage, right-of-way, and other service facilities.
- Step 3. Pay Spring Valley \$20,000.00 for estimated engineering fees for design, plans and specifications. The cost of engineering fees will be determined based on the approved final plat.
- Step 4. Provide easements for the required construction.
- Step 5. Provide written regulatory verification of viable sewage facilities.
- Step 6. Upon completion of Items #1, #2, #3, #4, and #5 above, Spring Valley Engineer will complete plans and specifications for the required improvements.
- Step 7. Spring Valley will receive sealed bids for the required construction.
- Step 8. A Non-Standard Service Contract will be prepared by Spring Valley's attorney which will include the applicable items in Section F, Paragraph 6 of the Spring Valley Tariff. Upon finalization, this contract will need to be executed by both you and Spring Valley as part of the application process.
- Step 9. Pay the construction cost of the required improvements to Spring Valley plus pay meter and service charges to Spring Valley.
- Step 10. Spring Valley will complete construction and set meters for service

Should you have any questions, please contact our office.

Yours very truly,

SVWSC 100080



  
\_\_\_\_\_  
Larry Hobbs, President \*  
Spring Valley Water Supply Corporation

**Spring Valley**  
**WATER SUPPLY CORPORATION**  
**SERVICE APPLICATION & AGREEMENT**

CORPORATION USE ONLY	
Date Approved	
Service Classification	
Cost	
Work Order Number	
Eng. Update	
Account Number	
Service Inspection Date	

Please Print: DATE \_\_\_\_\_

APPLICANT'S NAME \_\_\_\_\_

CO-APPLICANT'S NAME \_\_\_\_\_

CURRENT BILLING ADDRESS: \_\_\_\_\_

FUTURE BILLING ADDRESS: \_\_\_\_\_

PHONE NUMBER - Home (\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_ Work (\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_

Cell (\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_ Email Address: \_\_\_\_\_

PROOF OF OWNERSHIP PROVIDED BY (Warranty Deed etc) \_\_\_\_\_

DRIVER'S LICENSE NUMBER OF APPLICANT \_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

ACREAGE \_\_\_\_\_ DWELLING SQ FT \_\_\_\_\_

NUMBER IN FAMILY \_\_\_\_\_ LIVESTOCK & NUMBER \_\_\_\_\_

SPECIAL SERVICE NEEDS OF APPLICANT: \_\_\_\_\_

**NOTE: FORM MUST BE COMPLETED BY APPLICANT ONLY. (A MAP OF SERVICE LOCATION MAY BE REQUIRED).**

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

☐ White, Not of Hispanic Origin   
 ☐ Black, not of Hispanic Origin   
 ☐ American Indian or Alaskan Native   
 ☐ Hispanic   
 ☐ Asian or Pacific Islander   
 ☐ Other (Specify)   
 ☐ Male   
 ☐ Female

Agreement made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ between Spring Valley Water Supply Corporation, a corporation organized under the laws of the State of Texas (hereinafter called the corporation) and \_\_\_\_\_

(Hereinafter called the Applicant and /or Member),

Witnesseth:

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

The Member shall pay the Corporation for service hereunder as determined by the corporation's tariff and upon the terms and conditions set forth therein, a copy of which has been provided as an information packet, for which

Member acknowledges receipt hereof by execution of this agreement. A copy of this agreement must be executed before service may be provided to the Applicant.

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

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

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

The Applicant hereby agrees to obtain, utilize, and/or reserve service as soon as it is available. Applicant, upon qualification for service under the terms of the Corporation's policies, shall further qualify as a Member and the Indication of Interest Fee then shall be converted by the Corporation to a Membership fee. Applicant agrees to pay, upon becoming a Member, the monthly charges for such services as prescribe in the Corporation's tariff. Any breach of this agreement shall give cause for the Corporation to liquidate, as damages, the fees previously paid as an indication of interest. In addition to any Indication of Interest Fees forfeited, the Corporation may assess a lump sum of \$ 300.00 as liquidated damages to defray any losses incurred by the corporation. If delivery of said location is deemed infeasible by the Corporation as a part of this project, the Applicant shall be denied Membership in the Corporation and the Indication of Interest Fee, less expenses, shall be refunded. The Applicant may re-apply for service at a later date under the terms and conditions of the Corporation's policies. For the purpose of the agreement, an Indication of Interest Fee shall be of an amount equal to the Corporation's Membership Fees.

All water shall be metered by meters furnished and installed by the Corporation. The meter connection is for the sole use of the Member or customer and is to provide service to only one (1) dwelling or one (1) business. Extension of pipe (s) to transfer utility service from one property to another, to share, resell, or submeter to any other persons, dwellings, businesses, or property, ect., is prohibited.

The Corporation shall have the right to locate a water service meter and pipe necessary to connect the meter on the Member's property at a point to be determined by the Corporation, and shall have access to its property and equipment located upon the Members premise at all reasonable and necessary times for any purpose connected with or in the furtherance of its business operations, and upon discontinuance of service the Corporation shall have the right to remove any of its equipment from the member's property. The member shall install at their own expense any necessary service lines from the Corporation's facilities and equipment to the point of use, including service isolation valves, backflow prevention devices, clean-outs, and other equipment as may be specified by the corporation. The Corporation shall have access to the member's property for the purpose of inspecting for possible cross-connection and other undesirable plumbing practices.

The Corporation is responsible for protecting the drinking water supply from contamination or pollution which could result from improper plumbing practices. The service agreement services as notice to each customer of the plumbing restrictions which are in place to provide this protection. The Corporation shall enforce these restrictions to ensure the public health and welfare. The following undesirable plumbing practices are prohibited by state regulations.

- a) No direct connections between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water supply by an air gap or an appropriate backflow prevention Device. Additionally, all pressure relief valves and thermal expansion deices must be in compliance with state plumbing codes.
- b) No cross connection between the public drinking water supply and private well is permitted. These potential threats to the public drinking water supply shall be eliminated at the service by an air gap or reduced pressure-zone backflow device Installed by an approve installer and a contract to have it tested annually and a the original copy of the test returned to the water company for their records.
- c) No connection, which allows condensing, cooling or industrial process water to be returned to the public drinking water supply, is permitted.
- d) No pipe or fitting which contains more than 0.25% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
- e) No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection, which provides water for human use.
- f) No plumbing fixture is to be installed which is not in compliance with state-approved plumbing code.

The Corporation shall maintain a copy of this service agreement as long as the Member and/or premises is connected to the public water system. The Member shall allow his property to be inspected for possible cross-connections and any other undesirable plumbing practices. These inspections shall be conducted by the Corporation or its designated agent prior to initiating service and periodically thereafter. The inspections shall be conducted during the Corporation's normal business hours. The following will be inspected: New construction, modifications/ renovations that involve plumbing any structure, including mobile homes, moved into the CCN of the Corporation and are connected to the water system. Additionally. If a cross connection, backflow potential is suspected an inspection will be accomplished.

The Corporation shall notify the Member in writing of any cross-connections or other undesirable plumbing practices which have been identified during the initial or subsequent inspection. The Member shall immediately correct any undesirable plumbing practice on their premises. The Member shall, at his own expense, properly install, test, and maintain any backflow prevention device required by the Corporation. Copies of all testing and maintenance records shall be provided to the Corporation as required. Failure to comply with these terms of this service agreement shall cause the Corporation to terminate the service or properly install, test, maintain an appropriate back flow prevention device at the service connection. Any expense associate with the enforcement with this agreement shall be billed to the Member.

PUC DOCKET NO. 45995  
SOAH DOCKET NO. 473-17-0952-WS

RECEIVED

MICHAEL DUTSCHMANN'S APPEAL §  
OF THE COST OF SERVICE FROM §  
SPRING VALLEY WATER SUPPLY §  
CORPORATION IN MCLENNAN §  
COUNTY §

PUBLIC UTILITY COMMISSION

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OF TEXAS

DIRECT TESTIMONY AND EXHIBITS

OF

KENNETH MAYS

ON BEHALF OF

SPRING VALLEY WATER SUPPLY CORPORATION

February 24, 2017

**DIRECT TESTIMONY AND EXHIBITS OF**

**KENNETH MAYS**

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**ATTACHMENTS:**

**Spring Valley-11** Correspondence with TCEQ Regarding Dutschmann

**Spring Valley-12** City of Lorena letter to Spring Valley

1                                   **DIRECT TESTIMONY OF KENNETH MAYS**

2                                   **ON BEHALF OF**

3                                   **SPRING VALLEY WATER SUPPLY CORPORATION**

4                                   **I.      BACKGROUND AND QUALIFICATIONS**

5   **Q.    Please state your name and address.**

6   **A.    My name is Kenneth Mays.   My address is 2879 Pilgrim Lane, Lorena Texas**  
7       **76655.**

8  
9   **Q.    By whom are you employed and in what position?**

10   **A.   I am currently retired.**

11  
12   **Q.   On whose behalf are you testifying in this proceeding?**

13   **A.   I am providing testimony on behalf of Spring Valley Water Supply Corporation**  
14       **("Spring Valley").**

15  
16   **Q.    What is your connection with Spring Valley?**

17   **A.   I served on the Spring Valley board of directors as the board President for 20 years,**  
18       **from 1984 through 2003.   I was a member of Spring Valley from 1983 through**  
19       **2012.   Spring Valley has retained my services to assist in responding to the appeal**  
20       **of Mr. Michael Dutschmann in this proceeding.**

1    **Q.    Please describe your educational background.**

2    **A.    I graduated from Texas A&M College, now Texas A&M University, in 1956.**

3

4    **Q.    Do you belong to any professional organizations?**

5    **A.    Not currently, but I was a member of the Texas Rural Water Association for more**  
6       **than 20 years.**

7

8    **Q.    Please describe your professional career.**

9    **A.    Immediately following graduation from Texas A&M, I entered the United States**  
10       **Air Force, where I served as a Jet Fighter Pilot for 28 years. I was a distinguished**  
11       **graduate of the United States Air Force War College. I retired with the rank of**  
12       **Colonel. Following my retirement, I entered the residential and small commercial**  
13       **construction business for 15 years. I spent a number of years as the field**  
14       **construction manager for a civil engineering firm. I also spent a period of time as**  
15       **Public Utility Director for the City of Woodway, Texas.**

16

17   **Q.    Have you previously testified in regulatory proceedings?**

18   **A.    No, I have not.**

19

20   **Q.    How does your background relate to the issues in this case?**

21   **A.    As a former President of the Spring Valley board of directors and a long-time**  
22       **member, I possess a thorough knowledge of the history of Spring Valley, including**



1 the development of its Certificate of Convenience and Necessity (“CCN”) area. I  
2 also have personal knowledge regarding various members of the Dutschmann  
3 family regarding their repeated inquiries regarding obtaining water service from  
4 Spring Valley and neighboring utilities.

## 6 II. OVERVIEW OF TESTIMONY

7 **Q. Please describe the purpose of your testimony and provide a summary of the**  
8 **subjects on which you will testify.**

9 **A.** I have reviewed the December 1, 2016 Public Utility Commission of Texas’  
10 (“PUC”) Preliminary Order in this appeal. The primary purpose of my testimony  
11 is to provide information to the Administrative Law Judge and the PUC regarding  
12 Preliminary Issue No. 2, which states as follows:

13 2. Did Spring Valley agree to the City of Lorena providing water  
14 service to any customers inside Spring Valley’s certificated  
15 service area? If so, were the agreements submitted to and  
16 approved by the appropriate regulatory authority?

17  
18 **Q. Have you attached any documents to your testimony?**

19 **A.** Yes; I have attached Exhibits **Spring Valley-11** and **Spring Valley-12** to my direct  
20 testimony. **Spring Valley 11** is a copy of 2010 correspondence to the Texas  
21 Commission on Environmental Quality (“TCEQ”) regarding a complaint by the

1       Dutschmanns.   **Spring Valley 12** is a letter from the City of Lorena to Spring  
2       Valley addressing mutual CCN boundaries.

3

4                   **III.    SPRING VALLEY AND CITY OF LORENA CCN AREAS**

5   **Q.    Are you familiar with the Spring Valley CCN area and its history?**

6   **A.    Yes, I am.    As board President, I spearheaded the Spring Valley CCN application**  
7       process and worked with neighboring water utilities during that process, which  
8       culminated in the boundary amendment of water CCN #11287 in approximately  
9       2000, which was granted earlier as a facilities CCN.

10

11 **Q.    As part of the CCN application process did you work with the City of Lorena**  
12 **to establish boundaries?**

13 **A.    Yes.    I worked closely with the City of Lorena and other neighboring utilities,**  
14 including the City of Bruceville-Eddy, in the late 1990s timeframe during the CCN  
15 application process.

16

17 **Q.    Were there any issues regarding those negotiations that you view as significant**  
18 **for purposes of this proceeding?**

19 **A.    Yes.    During the negotiation process, there were a very limited number of Lorena**  
20 water customers whose property would fall within the to-be-established Spring  
21 Valley CCN area on the north side of Pilgrim Lane, but whose meters were located  
22 across the street on the south side of Pilgrim Lane.   As part of the negotiation

1 process, those Lorena customers, who had been served by Lorena for decades, were  
2 given the opportunity to become members of Spring Valley or to remain customers  
3 of Lorena. These Lorena customers, whose property is located near the  
4 Dutschmann property, elected to remain with Lorena. The negotiations resulted  
5 in a joint submission to the TCEQ between Spring Valley and the City of Lorena  
6 modifying the respective boundaries.

7  
8 **Q. As the product of these negotiation, did Spring Valley agree to the City of**  
9 **Lorena providing water service to customers inside the Spring Valley service**  
10 **area?**

11 **A.** No, in my opinion. As I explained above, while the limited number of parcels on  
12 the North side of Pilgrim Lane continued to be served by Lorena after the CCN  
13 boundaries were established, the meters, which is where I understand utility service  
14 ends, remained inside the Lorena CCN area.

15  
16 **Q. Is this the first time that you have provided this background information to a**  
17 **regulatory agency?**

18 **A.** No, it is not. As background, Spring Valley has had numerous encounters with one  
19 or more members of the Dutschmann family over a period of thirty years. While  
20 Spring Valley has always been ready and willing to provide service to the property,  
21 the Dutschmann family has never agreed to pay the costs associated with extension  
22 of service to the property. One such incident occurred in 2010. Mr. Floyd

1 Dutschmann submitted a complaint to the TCEQ on the ground that the City of  
2 Lorena had expressed its inability to serve the Dutschmann property. Upon the  
3 TCEQ's request, Spring Valley submitted a letter, a copy of which is attached as  
4 **Spring Valley-11**, explaining just what I have testified to above. This is a  
5 recurring matter and has cost Spring Valley tens of thousands of dollars.  
6 Unfortunately, much of the documentation evidencing these encounters was lost.  
7 Some of these records may be available at the Commission or the TCEQ.

8

9 **Q. Do you have any other documentation in your possession supporting your**  
10 **testimony that Spring Valley has not authorized Lorena to serve inside of your**  
11 **CCN area?**

12 **A. Yes. Attached as Spring Valley-12 is a true and correct copy of a letter received**  
13 **by Spring Valley from the Lorena City Manager. This letter affirms that the**  
14 **Dutschmanns have attempted to obtain water service from the City of Lorena on**  
15 **numerous occasions and that Spring Valley and the City of Lorena have continued**  
16 **to honor their agreed to CCN boundaries. That letter also explains that the City of**  
17 **Lorena has imposed a moratorium on providing water service outside its CCN area.**

18

19 **Q. Have you reviewed Mr. Dutschmann's direct testimony in this proceeding?**

20 **A. Yes, I have.**

21

1 **Q. Did Mr. Dutschmann allege any violations of the Spring Valley tariff?**

2 **A.** No, not in my opinion, which is based on my 20 years of experience administering  
3 the Spring Valley tariff. I might point out that the Spring Valley tariff, which is  
4 attached to Mr. Larry Hobbs' testimony, was developed by the Texas Rural Water  
5 Association, of which I was a member for more than 20 years. The Texas Rural  
6 Water Association developed this language working closely with the TCEQ to  
7 ensure that it complied with all applicable state law and regulations. Spring Valley  
8 adopted the TRWA model tariff verbatim.

9  
10 **Q. To your knowledge, has Mr. Dutschmann sought alternative cost estimates?**

11 **A.** No, not that I am aware.  
12

13 **Q. Based on your knowledge of and interaction with the Dutschmann family over**  
14 **a 30-year period, do you have any comment or opinion regarding the accuracy**  
15 **of Mr. Dutschmann's direct testimony?**

16 **A.** Yes. As I testify above, I was the Spring Valley board President for a 20-year  
17 period beginning in 1984. Mr. Dutschmann's testimony is completely false in  
18 many respects. The request for water service for an unfinished home referenced in  
19 Mr. Dutschmann's testimony actually occurred in the late 1980s, not the mid-1990s,  
20 as Mr. Dutschmann testifies. More importantly, any such quote would not be  
21 reflective of today's costs.  
22

1     **Q.**     **Does this conclude your prefiled direct testimony?**

2     **A.**     Yes, but I reserve the right to supplement my testimony as additional information  
3             becomes available.



## City of Lorena

107-A S. Frontage Road

Lorena, Texas 76655

(254) 857-4641 Fax (254) 857-4118

Spring Valley-11

February 22, 2017

Spring Valley Water Supply Corporation

Attn: Kenneth Mays

P.O. Box 20246

Waco, Texas 76702

Mr. Mays,

The Dutschmann family has approached the City of Lorena numerous times, in person and via the telephone, to provide water to their property located on Pilgrim Lane. However, the Dutschmann's land on Pilgrim Lane falls outside both the City limits and Lorena's Certificates of Convenience and Necessity (CCN). Therefore, City administration informed the Dutschmann family that the City of Lorena will not provide their property on Pilgrim Lane the water they request.

On January 26, 2016, Kenneth Mays met with the administration of the City of Lorena. Mr. Mays, a representative of the Spring Valley Water Supply Corporation, stated the Dutschmann's property on Pilgrim Lane fell under the CCN of the Spring Valley Water Supply Corporation. He asked that we, the City of Lorena, respect the CCN of the Spring Valley Water Supply Corporation in this matter. Therefore, the administration of the City of Lorena agreed not to infringe upon the rights of the Spring Valley Water Supply Corporation.

I further explained to Mr. Mays that on November 14, 2016, in Ordinance No: 2015-1116-01, the City imposed a Moratorium on the connection of property outside the City limits of the City of Lorena, Texas, and outside the City's Certificated Area to the City of Lorena's water supply system. Therefore, the City of Lorena has no interest or right to serve water to the Dutschmann's property located on Pilgrim Lane.

Respectfully,

Joseph R. Pace

City Manager

City of Lorena

107A S. Frontage Rd.

Lorena, Texas 76655

[jp pace@lorenatx.gov](mailto:jp pace@lorenatx.gov)

SPRING VALLEY WATER SUPPLY CORPORATION

Po Box 399

Lorena, TX 76655

19 November 2010

TCEQ Curtis Fisher  
MC 153  
PO Box 13087  
Austin, TX 78711-3087

Dear Mr Fisher,

Attached is file information pertaining to the request of water meters from Spring Valley WSC by Mr Floyd Dutschman. On a reoccurring bases since the early 1980s he has requested meters and all request have been approved. His property is totally within the CCN of Spring Valley WSC. The Dutschmans have requested water from the City of Lorena, but the request was denied because their property is in the CCN of Spring Valley WSC. Lorena does serve some meters with in our CCN, but they existed before our area CCN was established. During the coordination of the CCN it was agreed to allow Lorena to continue to serve the existing meters. No other meters on a permanent basis have been allowed to connect to the water supply of the City of Lorena. You will note in the enclosed information there is a report from our engineer estimating the cost of providing water for 11 meters. This was done in good faith from Spring Valley WSC and to this date the Dutschmans have not exercised this option.

We have attempted to work with the Dutschmans since the early 1980s. All developers must pay an impact fee and it must be paid before a project begins. When the Dutschmans pay their impact cost, Spring Valley WSC will provide them water after plat approval by the City of Waco. In the last 15 years we have provided water to three substantial housing developments with in our CCN. All have paid their impact cost before the project begin and are very satisfied with our service.

We trust the information we have provided will assist you in clearing up this long standing matter. Please feel free to call me at 254-749-5818 should you need additional information.

Sincerely,

Kenneth W. Mays,  
Board Member



