



Control Number: 50399



Item Number: 1

Addendum StartPage: 0



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PUBLIC UTILITY COMMISSION
FILING CLERK

December 19, 2019

**CERTIFIED MAIL 7018 0680 0001 6080 9015
RETURN RECEIPT REQUESTED**

50399

Public Utility Commission of Texas
Attention: Filing Clerk
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

Subject: Nevada SUD Water CCN Amendment in Collin County, Texas
PWS ID: 0430053; CCN: 12175

To Whom It May Concern:

Nevada Special Utility District (SUD) is a purchased water utility. It purchases treated surface water from the North Texas Municipal Water District. Nevada SUD has elevated storage, ground storage, pumping facilities and a distribution system currently in place.

The purpose of this application is to allow Nevada SUD to provide service to several new planned housing developments. Three neighboring retail water utilities Copeville SUD, Caddo Basin SUD and the City of Josephine have agreed to decertificate a portion of their water CCNs and transfer these portions to Nevada SUD. These areas are contiguous to the existing Nevada SUD's CCN. Enclosed is the agreement between Nevada SUD, Copeville SUD, Caddo Basin SUD and the City of Josephine.

This agreement also decertificates a portion of Caddo Basin SUD's service area and transfers it to the City of Josephine (PWS 0430036; CCN 12307). The purpose of this transfer is for the City of Josephine to include an existing customer outside its CCN and to provide retail water utility service to a proposed Community ISD campus. This proposed area is contiguous to the City of Josephine's existing CCN. The City of Josephine is a purchased water utility. It purchases treated surface water from the North Texas Municipal Water District. The City of Josephine (PWS 0430036) has elevated storage, ground storage, pumping facilities and a distribution system currently in place.

Nevada SUD has adequate purchase, storage and distribution system in place to serve this additional area. The City of Josephine has adequate purchase, storage and a distribution system in place to serve this additional area.

This amendment proposes two areas:

- Nevada SUD: a portion of Copeville SUD's CCN, a portion of Caddo Basin SUD's CCN and a portion of the City of Josephine's CCN areas are transferred to Nevada SUD. There are eleven existing Nevada SUD customers and fifty-nine existing Caddo Basin SUD customers. In addition, 26,100 feet of Caddo Basin SUD water distribution facilities are transferred to Nevada SUD. There are no existing Copeville SUD or City of Josephine customers being transferred to Nevada SUD. This area is approximately 1,377.8 acres.

DANIEL & BROWN INC.
118 MCKINNEY STREET | PO BOX 606 | FARMERSVILLE, TEXAS 75442
OFFICE 972-784-7777 | WWW.DBICONCONSULTANTS.COM
FIRM REGISTRATION NO: F-002225

1

- City of Josephine: a portion of Caddo Basin SUD's CCN area is transferred to City of Josephine. There is one existing City of Josephine customer and no existing Caddo Basin customers. This area is approximately 311.9 acres.

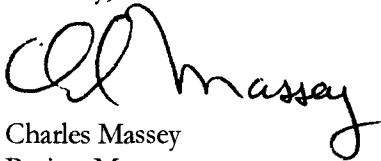
The total area being requested is approximately 1,689.7 acres and includes fifteen existing Nevada SUD and one existing City of Josephine customers.

Please find enclosed the following:

- Seven copies of the completed application to amend a Water Certificate of Convenience and Necessity (CCN) for the SUD in Collin County, Texas.
- Seven copies of a data disk with the applicant's name containing projectable digital data in a single polygon record in a shapefile (.shp) format and georeferenced in NAD83 Texas Statewide Mapping System (US Feet).
- A signature authorization letter.
- A City Limits and Extra Territorial Jurisdiction map showing neighboring cities.
- A system map listing Nevada SUD facilities and distribution system.
- PUC Central Registry tracking number confirmation print-out.

Thank you for considering this proposed CCN amendment. If you need any additional information please contact me at 972-784-7777.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles Massey". The signature is fluid and cursive, with the first name "Charles" written in a larger, more prominent script than the last name "Massey".

Charles Massey
Project Manager

cc: Johnny Rudisill, Nevada SUD (w/ encl)



August 23, 2019

Public Utility Commission of Texas

1701 N. Congress Avenue

P.O. Box 13326

Austin, Texas 78711-3326

RE: Water CCN Amendment Application for Nevada Special Utility District
Signature Authorization

To Whom It May Concern:

This letter serves to authorize Eddy W. Daniel, P.E. of the Engineering Firm Daniel & Brown, Inc. as technical representative for the Nevada Special Utility District regarding the above referenced application. All questions, comments and signature authorizations pertaining to this application shall be directed to Mr. Daniel.

If you have any questions, please feel free to contact me at 972-843-2608.

Sincerely,

A handwritten signature in blue ink, appearing to read "Johnny Rudisill", with a long, sweeping horizontal line extending to the right.

Johnny Rudisill
General Manager

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Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)

*Pursuant to 16 Texas Administrative Code (TAC) Chapter 24, Substantive Rules Applicable to Water and Sewer
Service Providers, Subchapter G: Certificates of Convenience and Necessity*

CCN Application Instructions

- I. **COMPLETE:** In order for the Commission to find the application sufficient for filing, you should adhere to the following:
- Answer every question and submit all required attachments.
 - Use attachments or additional pages if needed to answer any question. If you use attachments or additional pages, reference their inclusion in the form.
 - Provide all mapping information as detailed in Part F: Mapping & Affidavits.
 - Provide any other necessary approvals from the Texas Commission on Environmental Quality (TCEQ), or evidence that a request for approval is being sought at the time of filing with the Commission.
- II. **FILE:** Seven (7) copies of the completed application with numbered attachments. One copy should be filed with no permanent binding, staples, tabs, or separators; and 7 copies of the portable electronic storage medium containing the digital mapping data.
- SEND TO:** Public Utility Commission of Texas, Attention: Filing Clerk, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 (NOTE: Electronic documents may be sent in advance of the paper copy; however, they will not be processed and added to the Commission's on-line Interchange until the paper copy is received and file-stamped in Central Records.)
- III. The application will be assigned a docket number, and an administrative law judge (ALJ) will issue an order requiring Commission Staff to file a recommendation on whether the application is sufficient. The ALJ will issue an order after Staff's recommendation has been filed:
- DEFICIENT (Administratively Incomplete):** Applicant will be ordered to provide information to cure the deficiencies by a certain date (usually 30 days from ALJ's order). **Application is not accepted for filing.**
 - SUFFICIENT (Administratively Complete):** Applicant will be ordered by the ALJ to give appropriate notice of the application using the notice prepared by Commission Staff. **Application is accepted for filing.**
- IV. Once the Applicant issues notice, a copy of the actual notice sent (including any map) and an affidavit attesting to notice should be filed in the docket assigned to the application. Recipients of notice may choose to take one of the following actions:
- HEARING ON THE MERITS:** an affected party may request a hearing on the application. The request must be made within 30 days of notice. If this occurs, the application may be referred to the State Office of Administrative Hearings (SOAH) to complete this request.
 - LANDOWNER OPT-OUT:** A landowner owning a qualifying tract of land (25+ acres) may request to have their land removed from the requested area. The Applicant will be requested to amend its application and file new mapping information to remove the landowner's tract of land, in conformity with this request.
- V. **PROCEDURAL SCHEDULE:** Following the issuance of notice and the filing of proof of notice in step 4, the application will be granted a procedural schedule for final processing. During this time the Applicant must respond to hearing requests, landowner opt-out requests, and requests for information (RFI). The Applicant will be requested to provide written consent to the proposed maps, certificates, and tariff (if applicable) once all other requests have been resolved.
- VI. **FINAL RECOMMENDATION:** After receiving all required documents from the Applicant, Staff will file a recommendation on the CCN request. The ALJ will issue a final order after Staff's recommendation is filed.

FAQ:

Who can use this form?

Any retail public utility that provides or intends to provide retail water or wastewater utility service in Texas.

Who is required to use this form?

A retail public utility that is an investor owned utility (IOU) or a water supply corporation (WSC) must use this form to obtain or amend a CCN prior to providing retail water or sewer utility service in the requested area.

What is the purpose of the application?

A CCN Applicant is required to demonstrate financial, managerial, and technical (FMT) capability to provide continuous and adequate service to any requested area. The questions in the application are structured to support an Applicant's FMT capabilities, consistent with the regulatory requirements.

Application Summary

Applicant: Nevada Special Utility District

CCN No. to be amended: 12175

or ☐ Obtain NEW CCN ☐ Water ☐ Sewer

County(ies) affected by this application: Collin

Dual CCN requested with: _____

CCN No.: _____

(name of retail public utility)

☒ Portion or ☐ All of requested area

Decertification of CCN for: Caddo Basin SUD & Copeville SUD & City of Josephine

CCN No.: 10165 & 11376 & 12307

(name of retail public utility)

☒ Portion or ☐ All of requested area

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Please mark the items included in this filing

<input type="checkbox"/> Partnership Agreement	Part A: Question 4
<input type="checkbox"/> Articles of Incorporation and By-Laws (WSC)	Part A: Question 4
<input type="checkbox"/> Certificate of Account Status	Part A: Question 4
<input checked="" type="checkbox"/> Franchise, Permit, or Consent letter	Part B: Question 7
<input checked="" type="checkbox"/> Existing Infrastructure Map	Part B: Question 8
<input checked="" type="checkbox"/> Customer Requests For Service in requested area	Part B: Question 9
<input checked="" type="checkbox"/> Population Growth Report or Market Study	Part B: Question 10
<input type="checkbox"/> TCEQ Engineering Approvals	Part B: Question 11
<input type="checkbox"/> Requests & Responses For Service to ½ mile utility providers	Part B: Question 12.B
<input type="checkbox"/> Economic Feasibility (alternative provider) Statement	Part B: Question 12.C
<input type="checkbox"/> Alternative Provider Analysis	Part B: Question 12.D
<input type="checkbox"/> Enforcement Action Correspondence	Part C: Question 16
<input checked="" type="checkbox"/> TCEQ Compliance Correspondence	Part D: Question 20
<input checked="" type="checkbox"/> Purchased Water Supply or Treatment Agreement	Part D: Question 23
<input type="checkbox"/> Rate Study (new market entrant)	Part E: Question 28
<input checked="" type="checkbox"/> Tariff/Rate Schedule	Part E: Question 29
<input checked="" type="checkbox"/> Financial Audit	Part E: Question 30
<input type="checkbox"/> Application Attachment A & B	Part E: Question 30
<input type="checkbox"/> Capital Improvement Plan	Part E: Question 30
<input type="checkbox"/> Disclosure of Affiliated Interests	Part E: Question 31
<input checked="" type="checkbox"/> Detailed (large scale) Map	Part F: Question 32
<input checked="" type="checkbox"/> General Location (small scale) Map	Part F: Question 32
<input checked="" type="checkbox"/> Digital Mapping Data	Part F: Question 32
<input checked="" type="checkbox"/> Signed & Notarized Affidavit	Page 12

Part A: Applicant Information

1. A. Name: Nevada Special Utility District
(individual, corporation, or other legal entity)
☐ Individual ☐ Corporation ☐ WSC ☒ Other: District
- B. Mailing Address: 108 N. Warren Street
Nevada, TX 75173
Phone No.: (972) 843-2608 Email: jrudisill@nevadawater.org
- C. Contact Person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title.
Name: Eddy W Daniel, P.E. Title: Dist. Eng
Mailing Address: PO Box 606, Farmersville, TX 75442
Phone No.: (972) 784-7777 Email: eddy@dbiconsultants.com
2. If the Applicant is someone other than a municipality, is the Applicant currently paid in full on the Regulatory Assessment Fees (RAF) remitted to the TCEQ?
☒ Yes ☐ No ☐ N/A
3. If the Applicant is an Investor Owned Utility (IOU), is the Applicant current on Annual Report filings with the Commission?
☐ Yes ☒ No If no, please state the last date an Annual Report was filed: _____
4. The legal status of the Applicant is:
☐ Individual or sole proprietorship
☐ Partnership or limited partnership (*attach* Partnership agreement)
☐ Corporation: Charter number (recorded with the Texas Secretary of State): _____
☐ Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under TWC Chapter 67]
Charter number (as recorded with the Texas Secretary of State): _____
☐ Articles of Incorporation and By-Laws established (*attach*)
☐ Municipally-owned utility
☒ District (MUD, SUD, WCID, FWSD, PUD, etc.)
☐ County
☐ Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)
☐ Other (please explain): _____
5. If the Applicant operates under an assumed name (i.e., any d/b/a), provide the name below:
Name: n/a

Part B: Requested Area Information

6. Provide details on the existing or expected land use in the requested area, including details on requested actions such as dual certification or decertification of service area.

1. Transfer a portion of Caddo Basin SUD's certificated area to Nevada SUD. There are 59 existing Caddo Basin SUD customers and 26,100 feet of Caddo Basin SUD water transmission facilities and 15 existing Nevada SUD customers.
2. Transfer a portion of Copeville SUD's certificated area to Nevada SUD. There are no existing Copeville SUD customers.
3. Transfer a portion of the City of Josephine's certificated area to Nevada SUD. There are 0 existing City of Josephine customers and 0 existing Nevada SUD customers.
4. Transfer a portion of Caddo Basin SUD's certificated area to the City of Josephine. There are no existing Caddo Basin SUD customers and 1 existing City of Josephine customer

7. The requested area (check all applicable):

☒ Currently receives service from the Applicant ☒ Is being developed with no current customers
☒ Overlaps or is within municipal boundaries ☒ Overlaps or is within district boundaries

Municipality: City of Josephine District: Caddo Basin SUD & Copeville SUD

Provide a copy of any franchise, permit, or consent granted by the city or district. If not available please explain:

1. Retail Water Service Area Transfer Agreement between Caddo Basin Special Utility District, Copeville Special Utility District, City of Josephine and Nevada Special Utility District is enclosed.

8. Describe the circumstances (economic, environmental, etc.) driving the need for service in the requested area:

There are several housing developments; Nevada Corners Addition (enclosed), Cox Estates (enclosed), DR Horton and a Community Independent School District campus proposed in the requested area.

9. Has the Applicant received any requests for service within the requested area?

☒ Yes* ☐ No *Attach copies of all applicable requests for service and show locations on a map

10. Is there existing or anticipated growth in the requested area?

☒ Yes* ☐ No *Attach copies of any reports and market studies supporting growth

11. A. Will construction of any facilities be necessary to provide service to the requested area?

☐ Yes* ☒ No *Attach copies of TCEQ approval letters

B. Date Plans & Specifications or Discharge Permit App. submitted to TCEQ: _____

C. Summarize an estimated timeline for construction for any required facilities to serve the requested area:

n/a

D. Describe the source and availability of funds for any required facilities to serve the requested area:

n/a

Note: Failure to provide applicable TCEQ construction or permit approvals, or evidence showing that the construction or permit approval has been filed with the TCEQ may result in the delay or possible dismissal of the application.

12. A. If construction of a physically separate water or sewer system is necessary, provide a list of all retail public water and/or sewer utilities within one half mile from the outer boundary of the requested area below:

n/a

B. Did the Applicant request service from each of the above water or sewer utilities?

☐

Yes*

☒

No

*Attach copies of written requests and copies of the written response

C. Attach a statement or provide documentation explaining why it is not economically feasible to obtain retail service from the water or sewer retail public utilities listed above.

D. If a neighboring retail public utility agreed to provide service to the requested area, attach documentation addressing the following information:

- (A) A description of the type of service that the neighboring retail public utility is willing to provide and comparison with service the applicant is proposing;
- (B) An analysis of all necessary costs for constructing, operating, and maintaining the new facilities for at least the first five years of operations, including such items as taxes and insurance; and
- (C) An analysis of all necessary costs for acquiring and continuing to receive service from the neighboring retail public utility for at least the first five years of operations.

13. Explain the effect of granting the CCN request on the Applicant, any retail public utility of the same kind serving in the proximate area, and any landowners in the requested area. The statement should address, but is not limited to, regionalization, compliance, and economic effects.

A physically separate water system is not required for this proposed CCN amendment. The area being proposed is adjacent to existing Nevada SUD CCN boundaries. Service to the proposed areas will be accomplished by waterline extensions. These proposed areas, to the best of our knowledge, do not adversely affect any particular socio-economic group. The amended certificated service area will allow Nevada SUD to continue meet TCEQ requirements for the provisioning of service within its service area. Granting an amended certificate will also allow Nevada SUD to facilitate system analysis and facility improvements.

Part C: CCN Obtain or Amend Criteria Considerations

14. Describe the anticipated impact and changes in the quality of retail utility service for the requested area:

There are no anticipated impacts to the quality of retail service in the requested area.

15. Describe the experience and qualifications of the Applicant in providing continuous and adequate retail service:

Nevada SUD has a Texas Commission on Environmental Quality (TCEQ) approved public water system (PWS) in place with adequate spare water production and delivery capacities. Nevada SUD's PWS is currently providing drinking water that meets the requirements of the Texas Health and Safety Code and the TCEQ. The City of Josephine has a TCEQ approved PWS in place with adequate spare water production and delivery capacities. The City of Josephine's PWS is currently providing drinking water that meets the requirements of the Texas Health and Safety Code and the TCEQ.

16. Has the Applicant been under an enforcement action by the Commission, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG), or the Environmental Protection Agency (EPA) in the past five (5) years for non-compliance with rules, orders, or state statutes?

☐ Yes* ☒ No

*Attach copies of any correspondence with the applicable regulatory agency concerning any enforcement actions, and attach a description of any actions or efforts the Applicant has taken to comply with these requirements.

17. Explain how the environmental integrity of the land will or will not be impacted or disrupted as a result of granting the CCN as requested:

The proposed CCN amendment would not accelerate the conversion of prime farmland. The current population migration from the cities to the rural areas combined with the economy and land price inflation is urbanizing the rural environment.

18. Has the Applicant made efforts to extend retail water or sewer utility service to any economically distressed area located within the requested area?

No

19. List all neighboring water or sewer retail public utilities, cities, districts (including ground water conservation districts), counties, or other political subdivisions (including river authorities) providing the same service located within two (2) miles from the outer boundary of the requested area:

Cities - Royse City, Fate, Josephine

Water Utilities - Copeville SUD, Caddo Basin SUD, Bear Creek SUD (Lavon WSC), Mount Zion WSC, Blackland WSC

Part D: TCEQ Public Water System or Sewer (Wastewater) Information

20. A. Complete the following for all Public Water Systems (PWS) associated with the Applicant's CCN:

TCEQ PWS ID:	Name of PWS:	Date of TCEQ inspection*:	Subdivisions served:
0430053	Nevada Special Utility District	11/21/2017	

*Attach evidence of compliance with TCEQ for each PWS

- B. Complete the following for all TCEQ Water Quality (WQ) discharge permits associated with the Applicant's CCN:

TCEQ Discharge Permit No:	Date Permit expires:	Date of TCEQ inspection*:	Subdivisions served:
WQ-			
WQ-			
WQ-			
WQ-			

*Attach evidence of compliance with TCEQ for each Discharge Permit

- C. The requested CCN service area will be served via: PWS ID: 0430053
WQ -

21. List the number of existing connections for the PWS & Discharge Permit indicated above (Question 20. C.):

Water				Sewer	
0	Non-metered	1	2"	0	Residential
1,037	5/8" or 3/4"	0	3"	0	Commercial
4	1"	0	4"	0	Industrial
0	1 1/2"	0	Other	0	Other
Total Water Connections:		1,042		Total Sewer Connections: 0	

22. List the number of additional connections projected for the requested CCN area:

Water				Sewer	
0	Non-metered	0	2"	0	Residential
250	5/8" or 3/4"	0	3"	0	Commercial
0	1"	0	4"	0	Industrial
0	1 1/2"	0	Other	0	Other
Total Water Connections:		250		Total Sewer Connections: £ 0	

23. A. Will the system serving the requested area purchase water or sewer treatment capacity from another source?

☒ Yes* ☐ No

*Attach a copy of purchase agreement or contract.

Capacity is purchased from:

Water: North Texas Municipal Utility District

Sewer: _____

- B. Are any of the Applicants PWS's required to purchase water to meet the TCEQ's minimum capacity requirements or TCEQ's drinking water standards?

☒ Yes ☐ No

- C. What is the amount of supply or treatment purchased, per the agreement or contract? What is the percent of overall demand supplied by purchased water or sewer treatment (if any)?

	Amount in Gallons	Percent of demand
Water:	130,000,000	100%
Sewer:		0%

24. Does the PWS or sewer treatment plant have adequate capacity to meet the current and projected demands in the requested area?

☒ Yes ☐ No

25. List the name, class, and TCEQ license number of the operators that will be responsible for the operations of the water or sewer utility service provided to the requested area:

Name (as it appears on license)	Class	License No.	Water/Sewer
Johnny Rudisill	B	WD0013252	Water
Caleb Christopher	C	WD0014250	Water
Tyler Seabolt	D	WO0042568	Water

26. A. Are any improvements required for the existing PWS or sewer treatment plant to meet TCEQ or Commission standards?

☐ Yes ☒ No

- B. Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters):

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:

27. Provide a map (or maps) showing all facilities for production, transmission, and distribution, and the location of existing or proposed customer connections, in the requested area. Facilities should be identified on subdivision plats, engineering planning maps, or other large scale maps. Color coding can be used, and is encouraged, to distinguish types of facilities.

Part E: Financial Information

28. If the Applicant seeking to obtain a CCN for the first time is an Investor Owned Utility (IOU) and under the original rate jurisdiction of the Commission, a proposed tariff must be attached to the application. The proposed rates must be supported by a rate study, which provides all calculations and assumptions made. Once a CCN is granted, the Applicant must submit a rate filing package with the Commission within 18 months from the date service begins. The purpose of this rate filing package is to revise a utility's tariff to adjust the rates to a historic test year and to true up the new tariff rates to the historic test year. It is the Applicant's responsibility in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service. Any dollar amount collected under the rates charged during the test year in excess of the revenue requirement established by the Commission during the rate change proceeding shall be reflected as customer contributed capital going forward as an offset to rate base for ratemaking purposes.

29. If the Applicant is an existing IOU, please attach a copy of the current tariff and indicate:

- A. Effective date for most recent rates: _____
- B. Was notice of this increase provided to the Commission or a predecessor regulatory authority?
- ☐ No ☐ Yes Application or Docket Number: _____
- C. If notice was not provided to the Commission, please explain why (ex: rates are under the jurisdiction of a municipality)

If the Applicant is a Water Supply or Sewer Service Corporation (WSC/SSC) and seeking to obtain a CCN, attach a copy of the current tariff.

30. **Financial Information**

Applicants must provide accounting information typically included within a balance sheet, income statement, and statement of cash flows. If the Applicant is an existing retail public utility, this must include historical financial information and projected financial information. However, projected financial information is only required if the Applicant proposes new service connections and new investment in plant, or if requested by Commission Staff. If the Applicant is a new market entrant and does not have its own historical balance sheet, income statement, and statement of cash flows information, then the Applicant should establish a five-year projection.

Historical Financial Information may be shown by providing any combination of the following that includes necessary information found in a balance sheet, income statement, and statement of cash flows:

1. Completed Appendix A;
2. Documentation that includes all of the information required in Appendix A in a concise format; or
3. Audited financial statements issued within 18 months of the application filing date. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

Projected Financial Information may be shown by providing any of the following:

1. Completed Appendix B;
2. Documentation that includes all of the information required in Appendix B in a concise format;
3. A detailed budget or capital improvement plan, which indicates sources and uses of funds required, including improvements to the system being transferred; or
4. A recent budget and capital improvements plan that includes information needed for analysis of the operations test for the system being transferred and any operations combined with the system. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

- 31.** Attach a disclosure of any affiliated interest or affiliate. Include a description of the business relationship between all affiliated interests and the Applicant.

DO NOT INCLUDE ATTACHMENTS A OR B IF LEFT BLANK

Part F: Mapping & Affidavits

- 32.** Provide the following mapping information with each of the seven (7) copies of the application:

1. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The Applicant should adhere to the following guidance:
 - i. If the application includes an amendment for both water and sewer certificated service areas, separate maps must be provided for each.
 - ii. A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document.
 - iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
2. A detailed (large scale) map identifying the requested area in reference to verifiable man-made or natural landmarks such as roads, rivers, and railroads. The Applicant should adhere to the following guidance:
 - i. The map should be clearly labeled and the outer boundary of the requested area should be marked in reference to the verifiable man-made or natural landmarks. These verifiable man-made and/or natural landmarks must be labeled and marked on the map as well.
 - ii. If the application includes an amendment for both water and sewer certificated service area, separate maps need to be provided for each.
 - iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
3. One of the following identifying the requested area:
 - i. A metes and bounds survey sealed or embossed by either a licensed state land surveyor or a registered professional land surveyor. Please refer to the mapping guidance in part 2 (above);

- ii. A recorded plat. If the plat does not provide sufficient detail, Staff may request additional mapping information. Please refer to the mapping guidance in part 2 (above); or
- iii. Digital mapping data in a shapefile (SHP) format georeferenced in either NAD 83 Texas State Plane Coordinate System (US Feet) or in NAD 83 Texas Statewide Mapping System (Meters). The digital mapping data shall include a single, continuous polygon record. The following guidance should be adhered to:
 - a. The digital mapping data must correspond to the same requested area as shown on the general location and detailed maps. The requested area must be clearly labeled as either the water or sewer requested area.
 - b. A shapefile should include six files (.dbf, .shp, .shx, .sbx, .sbn, and the projection (.prj) file).
 - c. The digital mapping data shall be filed on a data disk (CD or USB drives), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

Part G: Notice Information

The following information will be used to generate the proposed notice for the application.
DO NOT provide notice until the application is deemed sufficient for filing and the Applicant is ordered to provide notice.

33. Complete the following using verifiable man-made and/or natural landmarks such as roads, rivers, or railroads to describe the requested area (to be stated in the notice documents). Measurements should be approximated from the outermost boundary of the requested area:

The total acreage of the requested area is approximately: 1,377

Number of customer connections in the requested area: 14

The closest city or town: Nevada

Approximate mileage to closest city or town center: 0

Direction to closest city or town: West

The requested area is generally bounded on the North by: Collin County Road 543

on the East by: Collin County Road 638

on the South by: Farm-to-Market Road 6

on the West by: Eugene Lane

34. A copy of the proposed map will be available at Nevada SUD District Office

Applicant's Oath

STATE OF Texas

COUNTY OF Collin

I, Eddy W. Daniel, P.E. being duly sworn, file this application to
obtain or amend a water or sewer CCN, as District Engineer

(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further represent that the application form has not been changed, altered, or amended from its original form.

I further represent that the Applicant will provide continuous and adequate service to all customers and qualified applicants within its certificated service area should its request to obtain or amend its CCN be granted.

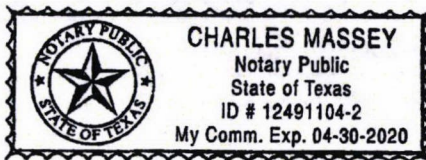
Eddy W. Daniel, P.E.
AFFIANT
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Texas

this day the 19 of December, 2019

SEAL



Charles Massey

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Charles Massey

PRINT OR TYPE NAME OF NOTARY

My commission expires: 04-30-2020

RETAIL WATER SERVICE AREA TRANSFER AGREEMENT

This Retail Water Service Area Transfer Agreement ("Agreement") to transfer retail water utility service facilities and service area is made by and between the **Caddo Basin Special Utility District** ("Caddo Basin"), the **Copeville Special Utility District** ("Copeville"), the **City of Josephine** ("Josephine") and **Nevada Special Utility District** ("Nevada"). Caddo Basin, Copeville, Josephine and Nevada may be individually referred to as a "Party" and collectively referred to as the "Parties."

WHEREAS, Caddo Basin, Copeville and Nevada are conservation and reclamation districts created under the authority of Article XVI, Section 59, Texas Constitution, and governed by Chapters 49 and 65 of the Texas Water Code;

WHEREAS, Josephine is a municipal corporation operating in accordance with the Local Government Code of the State of Texas:

WHEREAS, Nevada provides retail water utility service to the public inside a service area, the boundaries of which are defined by Certificate of Convenience and Necessity ("CCN") No. 12175, covering portions of Collin County and Rockwall County;

WHEREAS, Caddo Basin provides retail water utility service to the public inside a service area, the boundaries of which are defined by CCN No. 10165, covering portions of Collin County and Hunt County;

WHEREAS, Copeville provides retail water utility service to the public inside a service area, the boundaries of which are defined by CCN No. 11376, covering portions of Collin County;

WHEREAS, Josephine provides retail water utility service to the public inside a service area, the boundaries of which are defined by CCN No. 12307, covering portions of Collin County and Hunt County;

WHEREAS, Nevada's northern service area boundary is coterminous with part of Caddo Basin's, Josephine's and Copeville's service area boundary;

WHEREAS, there have been inquiries about furnishing water service to several proposed developments and the Community ISD to be located inside Caddo Basin's service area and in close proximity to Nevada's, Josephine's and Copeville's service areas;

WHEREAS, Caddo Basin has customers and water transmission facilities in the vicinity of the proposed developments and desires to transfer to Nevada that portion of Caddo Basin's certificated service area, facilities and customers containing the property as shown on the map and desires to transfer to Josephine that portion of Caddo Basin's certificated service area containing the property attached as Exhibit "A" (hereinafter the "CCN Transfer Area");

WHEREAS, Copeville and Josephine do not have customers or facilities in the vicinity of the proposed developments and service requests but do have service area adjacent to the proposed developments and service requests; therefore, desire to transfer to Nevada that portion of Copeville's and Josephine's certificated service area containing the property adjacent to the areas to be developed as shown on the map attached as Exhibit "A" (hereinafter the "CCN Transfer Area");

WHEREAS, Nevada owns and operates water distribution and transmission facilities in the vicinity of the CCN Transfer Area and of sufficient size to provide the required level of service;

WHEREAS, Josephine owns and operates water transmission facilities in the vicinity of the CCN Transfer Area and of sufficient size to provide the required level of service;

WHEREAS, Caddo Basin, Copeville, Josephine and Nevada have determined that it is in the best interests of all Parties, existing customers and owners of land located in the CCN Transfer Area for Nevada and Josephine to provide retail water service to the CCN Transfer Area; and

WHEREAS, Caddo Basin, Copeville, Josephine and Nevada are authorized to enter into this agreement pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and Section 13.248 of the Texas Water Code.

NOW, THEREFORE, for and in consideration of the foregoing mutual benefits, covenants, and agreements herein expressed, as well as other good and valuable consideration, the receipt of which is hereby acknowledged, Caddo Basin, Copeville, Josephine and Nevada agree as follows:

1. CCN Transfer Area. Subject to approval of this Agreement by the Texas Public Utility Commission ("PUC"), Caddo Basin hereby transfers to Nevada, and Nevada hereby accepts from Caddo Basin, identified facilities and customers and that portion of CCN No. 10165; Caddo Basin hereby transfers to Josephine, and Josephine hereby accepts from Caddo Basin, that portion of CCN No. 10165; Copeville hereby transfers to Nevada, and Nevada hereby accepts from Copeville, that portion of CCN No. 11376; Josephine hereby transfers to Nevada, and Nevada hereby accepts from Josephine, that portion of CCN No. 12307 collectively identified as the CCN Transfer Area on the attached Exhibit "A". The attached exhibit is incorporated in this Agreement for all purposes.

2. Regulatory Approval. After execution by the Parties, Nevada will file a duplicate original of this Agreement with the PUC in accordance with Section 13.248 of the Texas Water Code. Nevada will prepare an Application for Sale, Transfer, or Merger of a Retail Public Utility (a/k/a an STM Application) to be filed jointly by the Parties with the PUC to formalize the transfer of the CCN Transfer Area and to amend the Parties' respective CCNs accordingly. Nevada will bear all costs associated with preparing and filing the STM Application and pursuing regulatory approval. The Parties will cooperate with each other and the PUC to successfully complete the service area transfer and amendment of the Parties' respective CCNs.

3. Effect of Transfer Approval. Upon approval of this Agreement and the STM Application by the PUC (the "Transfer Effective Date"), the adjusted water CCN boundaries shown on Exhibit "A" will become the permanent water CCN boundaries between Caddo Basin, Copeville, Josephine and Nevada. The Parties agree that, after the Transfer Effective Date, Nevada shall have the sole right and obligation to provide retail water service in the CCN Transfer Area, and Caddo Basin, Copeville and Josephine will have no further obligations or right to provide water serve any future customers in the CCN Transfer Area, except as may be agreed by the Parties in writing.

4. Effective Date. This Agreement is effective between Caddo Basin, Copeville, Josephine and Nevada on the date it is fully executed by both Parties. Transfer of the CCN Transfer Area is effective and enforceable on the Transfer Effective Date.

5. Temporary Service. If an owner of land located in the CCN Transfer Area requests retail water service after execution of this Agreement by the Parties but before the Transfer Effective Date, the Parties agree that Nevada shall extend temporary water service into the CCN Transfer Area to satisfy the requested service.

6. Applicable Law. This Agreement shall be governed by and construed and enforced under the laws of the State of Texas.

7. Performance. The obligations and undertaking of each of the Parties to this Agreement shall be performed in Collin County, Texas. Except for matters within the jurisdiction of the PUC or its successors, the Parties expressly agree that all judicial proceedings to enforce any of the provisions of the Agreement shall take place in Collin County, Texas.

8. Entire Agreement. This Agreement contains the entire agreement between Caddo Basin, Copeville, Josephine and Nevada with respect to the subject matter of this Agreement. No agreement, statement, or promise made by or to any Party or an employee, agent, or officer of any Party is valid, binding, or of any force or effect unless set forth in this Agreement. This Agreement cannot be modified or amended except by a written document approved by the governing bodies of both Parties and signed by an authorized representative of the Party or Parties to be charged.

9. Successors and Assigns. This Agreement shall be binding upon the Parties hereto and upon the Parties' respective successors, representatives and assigns.

10. Agreement Drafted Equally. This Agreement shall be deemed drafted equally by the Parties hereto. The language of all parts of this agreement shall be construed as a whole according to its fair meaning, and any presumption or principle that the language herein is to be construed against either Party shall not apply.

11. Severability. Should any provision of this Agreement be declared invalid, void or unenforceable by a court of competent jurisdiction, the remaining provisions of the Agreement shall remain in full force and effect.

12. Attorney's Fees. In the event that the terms and conditions of the Agreement are breached by either Party, and the Parties participate in a proceeding before any state or federal tribunal because the terms and conditions of this agreement are not being complied with by one of the Parties, the prevailing Party shall recover its fees, damages, costs, attorneys' fees, and such other and further relief from the non-prevailing Party, general or special, at law or in equity, to which the Prevailing party may show itself justly entitled.

13. Governmental Immunity. To the extent necessary to enforce this Agreement, the Parties waive their rights to assert the defense of governmental immunity. Except for the foregoing express waiver of immunity, nothing in this Agreement shall be construed to waive governmental or immunity for either Party.

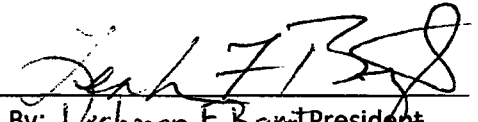
14. Covenant of Authority. The respective signatories to this Agreement covenant that they are fully authorized to sign this Agreement on behalf of their respective Party.

15. Captions. The captions contained herein are for convenience and reference only and are not intended to define, extend or limit any provision of this Agreement.

16. No Third Party Beneficiaries. This Agreement does not create any third party benefits to any person or entity other than the named Parties hereto, and is solely for the consideration and purposes herein expressed.

EXECUTED by Caddo Basin Special Utility District, Copeville Special Utility District, City of Josephine and Nevada Special Utility District under the authority of their respective governing bodies in duplicate originals on the dates indicated below.

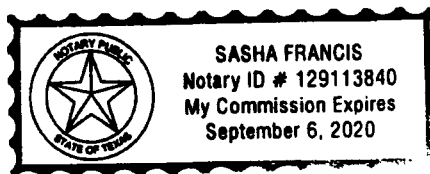
CADDO BASIN SPECIAL UTILITY DISTRICT, a
Texas political subdivision


By: Leahmon F. Bryant President
J. GENERAL MANAGER
Date: 10/30/19

STATE OF TEXAS §
COUNTY OF HUNT §

Before me, the undersigned authority, on this day personally appeared Leahmon F. Bryant
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged
to me that he executed the same as the act of Caddo Basin Special Utility District, a Texas political
subdivision, as its President, for the purposes and consideration therein expressed.

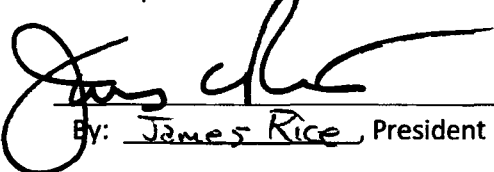
Given under my hand and seal of office this 30th day of October, 2019.



Notary Public, State of Texas



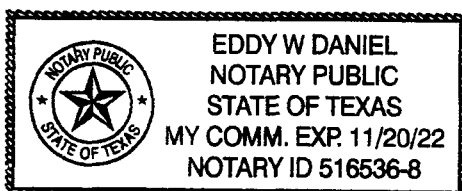
COPEVILLE SPECIAL UTILITY DISTRICT, a
Texas political subdivision


By: James Rice President
Date: 11-14-2019

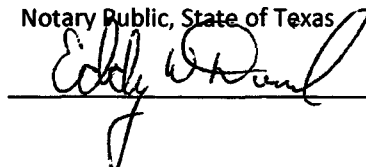
STATE OF TEXAS §
COUNTY OF COLLIN §

Before me, the undersigned authority, on this day personally appeared James Rice
known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged
to me that he executed the same as the act of Copeville Special Utility District, a Texas political subdivision,
as its President, for the purposes and consideration therein expressed.

Given under my hand and seal of office this 14th day of Nov., 2019.



Notary Public, State of Texas





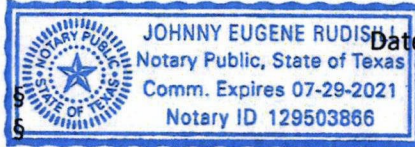
NEVADA SPECIAL UTILITY DISTRICT, a Texas political subdivision

Debra Caldwell

By: Debra Caldwell, President

Date: 10-25-19

STATE OF TEXAS
COUNTY OF COLLIN



Before me, the undersigned authority, 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 executed the same as the act of Nevada Special Utility District, a Texas political subdivision, as its President, for the purposes and consideration therein expressed.

Given under my hand and seal of office this 25 day of October, 2019.



Notary Public, State of Texas

Johnny Eugene Rudish

CITY OF JOSEPHINE, a Texas municipal corporation

Joe Holt

By: Joe Holt, Mayor

Date: 10-15-19

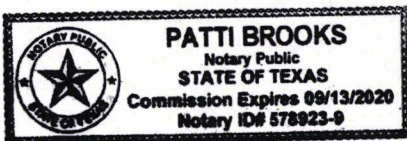
STATE OF TEXAS §
COUNTY OF COLLIN §

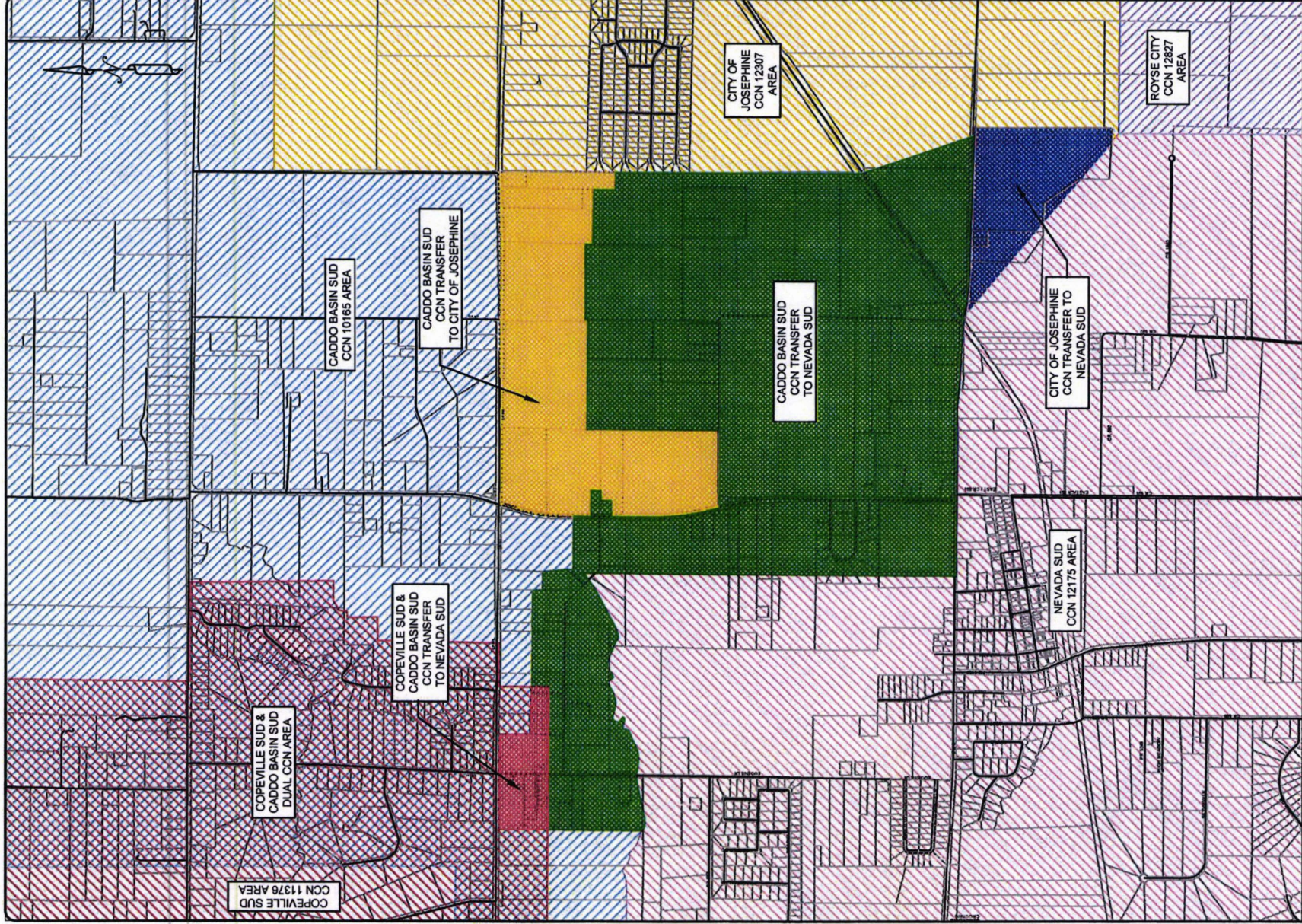
Before me, the undersigned authority, on this day personally appeared Joe Holt, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same as the act of City of Josephine, a municipal corporation, as its Mayor, for the purposes and consideration therein expressed.

Given under my hand and seal of office this 15 day of October, 2019.

Notary Public, State of Texas

Patti Brooks





PROPOSED CCN TRANSFER AREAS
FOR
NEVADA SUD
COLLIN COUNTY, TEXAS



Daniel & Brown Inc.
118 McKinney St.
P.O. Box 606
Farmersville, Texas 75442
Phone 972-784-1777
www.DBIConsultants.com

DESIGNED: E.W.D.	DATE: 04-15-19	FIRM REGISTRATION NO.: F-00226
DRAWN: M.K.W.	REVISION: 05-13-19	
FILE: N:\nevada SUD\CCN TRANSFER 2019\CCN TRANSFER		

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OVERSIZED DOCUMENT(S)

TO VIEW

OVERSIZED DOCUMENT(S)

PLEASE GO TO

CENTRAL RECORDS

(512) 936-7180

Part B Question 9

NOEL & GERRY HARRIS
2.00 ACRES
VOL. 5788, PG. 4760
R.P.R.C.C.T.

STEVEN P. SCHOBERT
5.982 ACRES
INST. # 20130730001069060
O.P.R.C.C.T.

K&M PROPERTIES ONE, LLC
19.210 ACRES
VOL. 5028, PG. 4107
D.R.C.C.T.

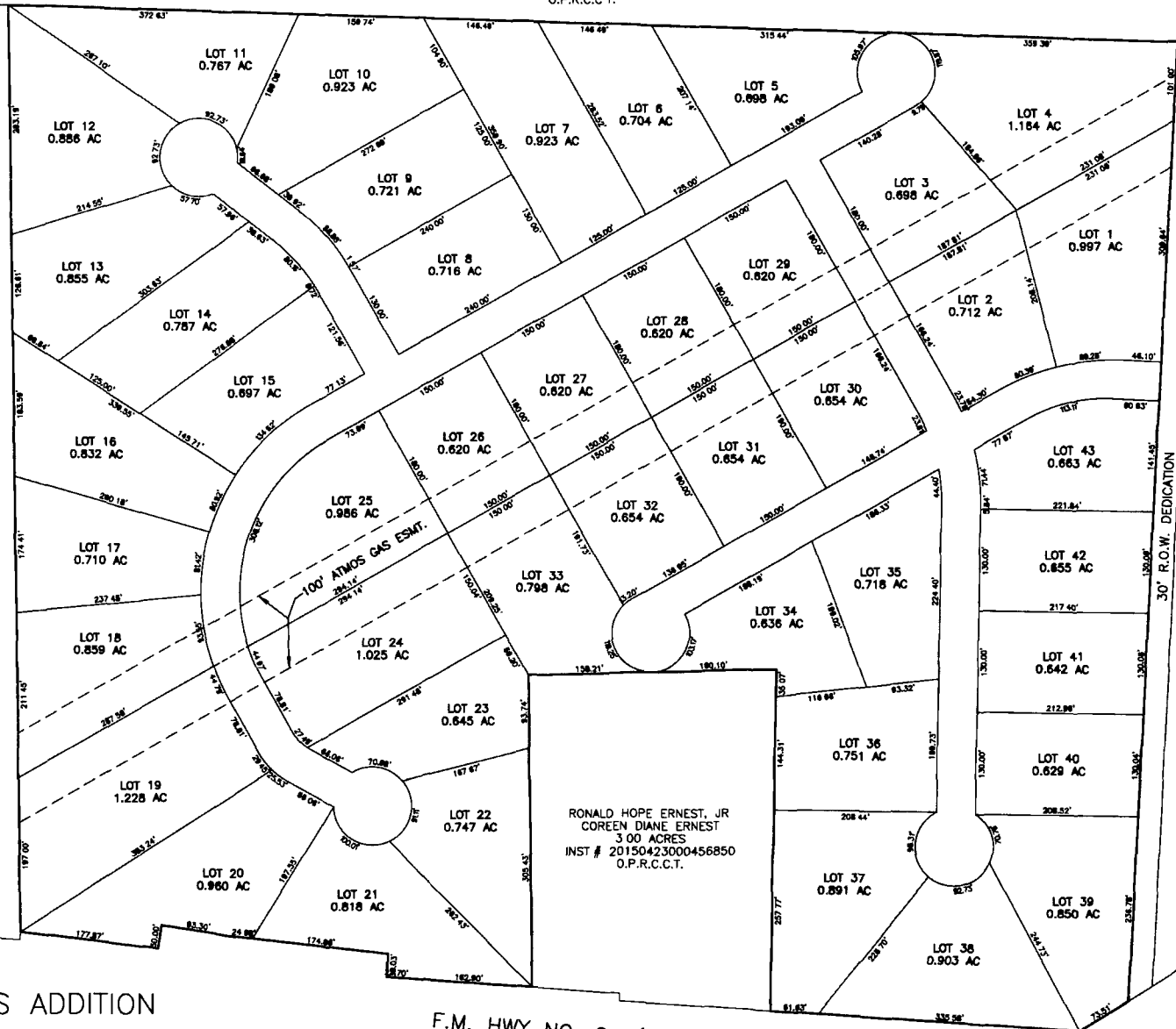
CLAY POTTER
15.000 ACRES
CC# 96-0046608
O.P.R.C.C.T.

WILLIAM SCOTT SMITH
41.034 ACRES
VOL. 4740, PG. 1540
D.R.C.C.T.

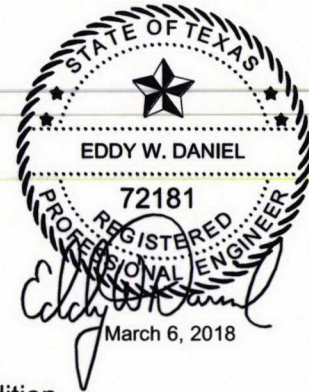
NEVADA CORNERS ADDITION
43 RESIDENTIAL LOTS

F.M. HWY NO. 6 (80' R.O.W.)

COUNTY ROAD NO. 595
30' R.O.W. DEDICATION



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March 6, 2018

Mr. Johnny Rudisill, General Manager
Nevada Special Utility District
108 N. Warren Street
Nevada, TX 75173

RE: Water Utility Service to the Proposed Nevada Corners Addition
Collin County, Texas

Dear Johnny:

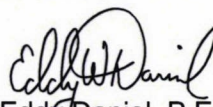
Nevada Special Utility District (NSUD) has received a request for water utility service to the proposed Nevada Corners Addition from Bart Carroll (see attached). The development is generally located on the north side of FM 6 and the west side of CR 595. There are proposed to be 43 lots in the development.

The development is located within the certificated service area (CCN # 10165) of Caddo Basin SUD but NSUD has the available waterlines to provide service to the proposed development more readily than Caddo Basin SUD. Caddo Basin SUD has agreed to relinquish service to the proposed development as long as NSUD agrees to serve the existing customer located inside the proposed development and the customers and area located on the south side of FM 6 so there is no co-mingling of facilities. In order for NSUD to provide adequate water service to the lots I recommend the following:

- Off-site waterlines will have to be extended from the existing 8-inch waterline located on East Drive to the proposed development.
- On-site waterlines will be required to be extended within the proposed development.
- The existing 2-inch Caddo Basin SUD waterline located north of the development will be capped and a flush valve will be installed.
- The existing 2-inch Caddo Basin SUD waterline serving the south side of FM 6 will have to be connected to the new NSUD waterlines.
- The developer will also be required to meet other applicable conditions of water service as provided in the district's rate order.

This "will-serve" letter can be forwarded to the appropriate officials as may be necessary for the developer to accomplish the necessary platting.

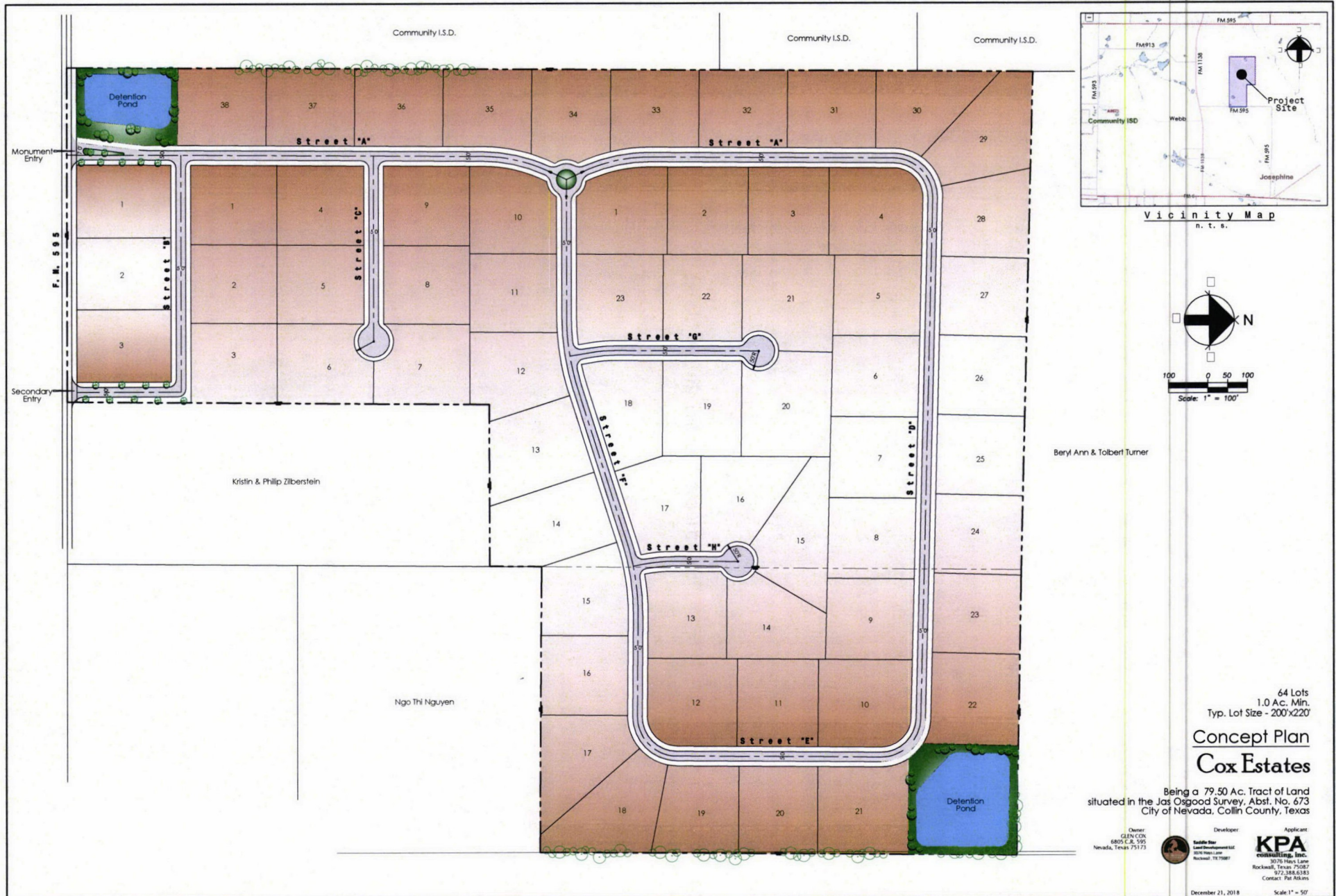
Sincerely,


Eddy Daniel, P.E.
District Engineer

DANIEL & BROWN INC.
118 MCKINNEY STREET | PO BOX 606 | FARMERSVILLE, TEXAS 75442
OFFICE 972-784-7777 | WWW.DBICONCONSULTANTS.COM
FIRM REGISTRATION NO: F-002225

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Part B Question 9



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Texas Water Development Board
2021 Regional Water Plan – Population Projections for 2020-2070
Water User Groups by Region, County, and Basin in Texas

Region	County	WUG Name	2020	2030	2040	2050	2060	2070
C	COLLIN	BEAR CREEK SUD	5,179	8,287	11,920	16,695	20,961	26,474
C	COLLIN	CADDO BASIN SUD	2,315	2,922	4,004	5,337	6,868	8,517
C	COLLIN	COPEVILLE	3,959	4,945	6,148	8,574	15,171	26,007
C	COLLIN	JOSEPHINE	1,434	2,300	3,226	4,175	4,352	4,352
C	COLLIN	NEVADA SUD	2,418	2,004	3,512	11,407	27,028	48,652
C	COLLIN	ROYSE CITY	2,225	10,604	19,182	30,063	40,153	52,844
C	COLLIN	COUNTY-OTHER	4,000	4,000	4,000	4,000	7,944	12,350
C	ROCKWALL	BEAR CREEK SUD	670	843	1,159	1,514	3,020	6,383
C	ROCKWALL	BLACKLAND WSC	4,237	4,804	5,163	5,312	5,986	5,914
C	ROCKWALL	FATE	15,994	20,789	28,000	37,000	45,000	50,000
C	ROCKWALL	MOUNT ZION WSC	2,521	3,171	3,869	4,660	5,590	6,542
C	ROCKWALL	NEVADA SUD	75	91	111	449	1,122	2,019
C	ROCKWALL	ROYSE CITY	9,054	9,706	10,000	24,000	40,712	45,160
C	ROCKWALL	COUNTY-OTHER	2,491	3,516	3,602	3,367	3,768	5,843
Total			56,572	77,982	103,896	156,553	227,675	301,057
Percentage Growth				37.85%	33.23%	50.68%	45.43%	32.23%
NEVADA SUD GROWTH PROJECTIONS - OVERALL			2020	2030	2040	2050	2060	2070
Neighboring Systems Growth Average				40.33%	32.13%	44.30%	37.89%	25.49%
Nevada SUD Growth Average				-15.96%	72.94%	227.24%	137.43%	80.00%
Total Population Projections			2,493	2,095	3,623	11,856	28,150	50,671
Total Number of Meters Projections *			831	698	1,208	3,952	9,383	16,890

* Assumes 3 persons per meter

Note: the TWDB 2021 Regional Water Plan population projections and resulting meter projections are less than the existing connections (part D question 21) for Nevada SUD.

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Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Jon Niermann, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 17, 2018

Mr. Lonnie Sanders, President
Nevada Special Utility District (SUD)
PO Box 442
Nevada, Texas 75173-0442

Re: Public Water Supply Comprehensive Compliance Investigation at:
Nevada SUD, 108 Warren St, Nevada, Collin County, Texas
RN101459733, PWS ID No. 0430053, Investigation No. 1454518

Dear Mr. Sanders:

On November 21, 2017, Ms. Merissa Green of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Regional Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for public water supply systems. No violations are being alleged as a result of the investigation; however, please see the enclosed Summary of Investigation Findings.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Ms. Green in the D/FW Regional Office at (817) 588-5846.

Sincerely,

A handwritten signature in blue ink, appearing to read "Charles Marshall".

Charles Marshall
Team Leader, Public Water Supply Program
D/FW Regional Office

CM/mg

Enclosure: Summary of Investigation Findings

NEVADA WSC

108 WARREN ST

NEVADA, COLLIN COUNTY, TX 75173

Investigation #

1454518

Investigation Date: 11/21/2017

Additional ID(s): 0430053

Track No: 662933

30 TAC Chapter 290.43(c)(3)

Alleged Violation:

Investigation: 1454518

Comment Date: 12/18/2017

Failure to maintain the overflow line on the elevated storage tank and ground storage tank at Pump Station #2.

During the comprehensive compliance investigation, it was noted that the overflow lines on the elevated storage tank and ground storage tank at Pump Station #2 needed improvement. The overflow on the elevated storage tank came to ground level, had a screened opening, then was piped to a drainage ditch and no gravity hinged, weighted cover could be located. The overflow line cover on the ground storage tank at Pump Station #2 had a gap of more than 1/16 inch.

30 TAC 290.43(c)(3) Overflows shall be designed in strict accordance with current AWWA standards. If the overflow terminates at any point other than the ground level, it shall be located near enough and at a position accessible from a ladder or the balcony for inspection purposes. The overflow(s) shall be sized to handle the maximum possible fill rate without exceeding the capacity of the overflow(s). The discharge opening of the overflow(s) shall be above the surface to the ground and shall not be subject to submergence. The discharge opening shall be covered with a gravity-hinged and weighted cover, an elastomeric duckbill valve, or other approved device to prevent the entrance of insects and other nuisances. When the tank is not overflowing, the cover shall close automatically and fit tightly with no gap over 1/16 inch.

Recommended Corrective Action: Perform maintenance on the overflow lines on the elevated storage tank and the ground storage tank at Pump Station #2 to ensure a gravity-hinged and weighted cover closes tightly with no gap more than 1/16 inch

Resolution: Photographs were received from the public water system on December 5 and 6, 2017, documenting the improvements made to the overflow lines on the elevated storage tank and the ground storage tank at Pump Station #2. The photographs confirm that a gravity-hinged weighted cover closes tightly with no gap at each tank. Based on the documentation, the violation was resolved.

Facility	TCEQ Requirements §290.45		Nevada SUD Capacity	% of Capacity	Max # of connections at 85% utilization	Max # of connections at 100% utilization
	Total System		1,042 Connections			
Production Cap.	0.6 GPM/Conn	625 gallons	2,750 gallons	22.73%	3,896	4,583
Purchased	0.6 GPM/Conn		2,750 gallons		3,896	4,583
PS #1			800			
PS #2			1,950			
Total Storage	200 gallons/Conn	208,400 gallons	700,000 gallons	29.77%	2,975	3,500
Ground Storage			400,000 gallons			
PS #1			200,000			
PS #2			200,000			
Elevated Storage	200 gallons/Conn	208,400 gallons	300,000 gallons			
District Office			100,000			
Take Point			200,000			
Pressure Tank	0 gallons/Conn	0 gallons	0 gallons	0.00%	Note 2	Note 2
			0			
			0			
Pump Capacity	0.6 GPM/Conn	625 GPM	2,750 GPM	22.73%	3,896	4,583
PS #1			800			
PS #2			1,950			

Note: Nevada SUD currently meets TCEQ §290.45(b)(1)(D)(iii), Minimum Water System Capacity Requirements of at least 200 gallons of elevated storage per connection. This allows the pumping requirements to be lowered from 2.0 GPM to 0.6 GPM.

Note 2: Per TCEQ §290.45(b)(1)(D)(iv), Nevada SUD has elevated storage of 100 gallons per connection

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AMENDATORY CONTRACT

THE STATE OF TEXAS :

COUNTY OF COLLIN :

THIS CONTRACT made and entered into as of this the 21st day of December, 1972, by and between the North Texas Municipal Water District, (Hereinafter called "District") a water conservation district, created by Chapter 62, Acts of the Regular Session of the 52nd Legislature, (Hereinafter called "Chapter 62") pursuant to Article 16, Section 59 of the Constitution, and the Nevada Water Supply Corporation, Collin County, Texas, (Hereinafter called the "Company"):

W I T N E S S E T H

WHEREAS, the parties hereto entered into a contract dated November 6, 1959, under which the District agreed to tender and make available to the Company and the Company agreed to purchase from the District, water in accordance with the provisions of said Contract; and

WHEREAS, said Contract is amended hereby, as hereinafter provided; IT IS AGREED BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. Paragraph 1 of said Contract is hereby amended so that the same shall read as follows:

"1. QUANTITY. District agrees during the period of this contract to tender and make available to the Company, for its own use and for distribution to all customers served by the Company's Distribution System, treated water in the volume required by the Company

provided that the maximum rate of delivery of such water shall not exceed the rate as provided in Section 6 hereof, and Company agrees to pay the District for such service in accordance with the provisions of Section 6 hereof.

"Should Company desire to increase the size of delivery facilities (tap, connection and meter) a formal request stating the desired increase shall be addressed to the Board of Directors of the District and shall then become a matter of negotiation between Company and District.

District will use its best efforts to remain in a position to furnish water as herein contracted to be sold to Company but its obligations shall be limited to the amount of water available in Lavon Reservoir and shall be subordinate to the rights of the Member Cities of the District."

2. Section 6 of said Contract is hereby amended so that the same shall read as follows:

"6. PRICE AND TERMS. The service to be performed under this contract by District consists of the readiness of the District to deliver to Company, on demand, water in accordance with the provisions of Section 1 hereof.

"In return for such service Company agrees to compensate District by payment of certain minimum annual sums of money, for each of said sums District agrees, if required by Company to deliver all, or so much thereof as Company may desire, of a certain corresponding volume of water as follows:

- (A) The minimum amount of water the Company will be required to purchase at this rate or such other rate as may be from time to time determined by the Board, shall be re-adjusted annually for the ensuing year and such amount shall be determined in the same manner as said amount is determined for the Member Cities of the District. During the ensuing year the Company shall purchase a minimum amount the total of which is equal to the amount of water withdrawn by the Company from the District's System during the highest use of any previous year after calendar year 1973, or 7,500,000 gallons whichever is greater, at a rate of 5 cents above the rate established for Member Cities of the District, but in no event less than 25 cents per thousand gallons. Any water delivered in excess of the amount allowed for the annual minimum will be purchased at a rate of 5 cents per thousand gallons above the amount charged Member Cities for excess water, but in no event less than 10 cents per thousand gallons. This provision is subject to the limitation of Section 1 hereof.
- "The Company will be entitled to a maximum rate of delivery which will be determined in the same manner as a maximum rate of delivery is determined for Member

Cities, but in any event shall not be less than 55,000 gallons per day nor more than 2.50 times the annual daily average of the Company.

- (B) Payment of the minimum annual service charges listed above shall be made each year by the Company to the District in twelve equal monthly installments, each of which shall be due and payable on or before the tenth day of the month following the service. Payment for water delivered any year in excess of the volume allowed for the minimum annual payment effective for that year shall be made by the Company to the District at the rate specified in Section 6 (A) hereof in accordance with the following method:

When the Company exceeds 100 per cent of the annual minimum amount during any year, excess water will be billed on the regular bill of the second month following the month in which the 100 per cent level was reached, for the excess water delivered in the month prior to the month being billed, and this procedure will continue to the end of the calendar year with the Company making payments for all excess not previously paid for on or before the 10th day of January following the end of such year.

- Page 5 -

(C) In the event that Company shall fail to make any such monthly payment or annual installment within the time herein in this Section Specified, interest on such amount shall accrue at the rate of five per cent (5%) per annum from the date such payment becomes due and can be paid in full with interest as herein specified. In the event such payment is not made within sixty (60) days of the date such payment becomes due District may at its option discontinue delivery of water to the Company until the amount to District is paid in full with interest as specified herein.

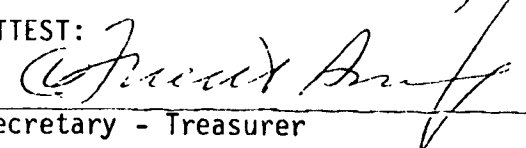
IN WITNESS WHEREOF, the Parties have executed this amendatory contract, this the 21st day of December 1972.

NORTH TEXAS MUNICIPAL WATER DISTRICT

By

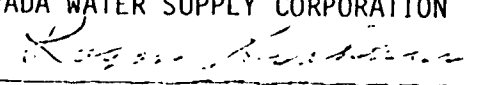

President

ATTEST:

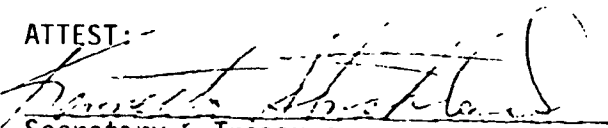

Secretary - Treasurer

NEVADA WATER SUPPLY CORPORATION

By


President

ATTEST:-


Secretary - Treasurer

THE STATE OF TEXAS }

COUNTY OF COLLIN }

BEFORE ME, the undersigned Notary Public in and for Collin County, Texas, on this day personally appeared LOGAN GRAHAM and KENNETH STRICKLAND, known to me to be the persons whose names are subscribed to the foregoing instrument, and known to me to be, respectively, the President and Secretary - Treasurer of the North Texas Municipal Water District, and each acknowledged to me that he executed said instrument for the purposes and considerations therein expressed, and in the capacity herein stated, and as the act and deed of North Texas Municipal Water District.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21st day of December, 1972.



NOTARY PUBLIC, COLLIN COUNTY, TEXAS

THE STATE OF TEXAS }

COUNTY OF COLLIN }

BEFORE ME, the undersigned Notary Public in and for Collin County, Texas, on this day personally appeared LOGAN GRAHAM and KENNETH STRICKLAND, each known to me to be the persons whose names are subscribed to the foregoing instrument, and each acknowledged to me that he executed the same for the purposes and considerations therein expressed, and in the capacity therein stated as the act and deed of the Nevada Water Supply Corporation, Nevada, Texas.

EXECUTED under my hand and seal of office this the 21st day of December, 1972.


NOTARY PUBLIC, COLLIN COUNTY, TEXAS

ORIGINAL**NORTH TEXAS MUNICIPAL WATER DISTRICT****NEVADA WATER SUPPLY CORPORATION
POTABLE WATER SUPPLY CONTRACT**

THE STATE OF TEXAS §
 §
 THE COUNTY OF COLLIN §

THIS CONTRACT (the "Contract") made and entered into as of this the 23rd day of September, 2004, by and between the North Texas Municipal Water District, hereinafter called "NTMWD", a conservation and reclamation district created under Article 16, Section 59, of the Texas Constitution, and the Nevada Water Supply Corporation, hereinafter called "Customer".

W I T N E S S E T H:

WHEREAS, NTMWD and Customer are authorized to enter into this Contract pursuant to NTMWD's Enabling Legislation, Chapter 791 of the Texas Government Code, (the "Interlocal Cooperation Act") and other applicable laws; and,

WHEREAS, Customer is desirous of obtaining an adequate and dependable water supply; and

WHEREAS, Customer and NTMWD have executed a potable water supply contract dated November 6, 1957 and amended on December 21, 1972 under which NTMWD agreed to tender and make available to Customer and Customer agreed to purchase from NTMWD treated water in accordance with the provisions of said contract; and

WHEREAS, NTMWD currently delivers treated water to Customer at a point of delivery located on the NTMWD Rockwall-Royse City twelve inch (12") pipeline; and

WHEREAS, Customer has requested an additional point of delivery from the NTMWD Wylie-Rockwall-Farmersville System twenty-four inch (24") pipeline to provide for current and future demands within its service area; and

WHEREAS, Customer desires for NTMWD to transfer delivery of forty-one million (41,000,000) gallons of potable water per year from the point of delivery located on the NTMWD Rockwall-Royse City pipeline to the requested point of delivery to be located on the NTMWD Wylie-Rockwall-Farmersville System pipeline; and

WHEREAS, it is deemed necessary and advisable by the parties hereto that the potable water supply contract dated November 6, 1957 and amended on December 21, 1972 be amended and completely replaced with this Contract so that the entire relationship between NTMWD and Customer with respect to potable water service will be set forth in this Contract.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, NTMWD agrees to furnish water, and Customer agrees to pay for water upon the terms and conditions and for the consideration hereinafter set forth, to wit:

Section 1. DEFINITION OF TERMS. The following terms and expressions as used in this Contract, unless the context clearly shows otherwise, shall have the following meanings:

- (a) "Annual Payment" means the amount of money to be paid to NTMWD by Customer during each Annual Payment period.
- (b) "Annual Payment Period" means NTMWD's fiscal year, which currently begins on October 1 of each calendar year and ends on September 30 of the next following calendar year, but which may be any twelve (12) consecutive month period fixed by NTMWD.
- (c) "Contract Date" means the effective date of this Contract as executed by both parties.
- (d) "Customer" means the Nevada Water Supply Corporation, the Contracting Party.
- (e) "NTMWD" means the North Texas Municipal Water District as defined in the preamble to this Contract.
- (f) "Member City or Cities" means the Cities of Allen, Farmersville, Forney, Frisco, Garland, McKinney, Mesquite, Plano, Princeton, Richardson, Rockwall, Royse City and Wylie.
- (g) "MGD" is an abbreviation for "million gallons of water per day" and means a quantity of water during a period of time expressed for convenience in terms of an average annual daily quantity during an Annual Payment Period.
- (h) "System" means collectively the existing and future water system of NTMWD for projects, water storage, treatment, transmission and supply, including all dams, reservoirs, and other properties or interests therein wherever located. Said terms do not include any of NTMWD's facilities that provide wastewater treatment or disposal services, or solid waste disposal services, of any kind. Said terms do not include any facilities acquired or constructed by NTMWD with the proceeds from the issuance of "Special Facilities Bonds", which are payable from any source, contract, or revenues whatsoever, other than revenues from the System.
- (i) "Water Year" means the period of August 1 of each calendar year through July 31 of the next following calendar year or such other twelve (12) month period designated by NTMWD to all Member Cities and customers.

Section 2. QUANTITY. NTMWD agrees to sell and to deliver potable water under this Contract to Customer at its Point of Delivery as described in Section 5 hereof, and Customer agrees to take at its Point of Delivery all water required for use by Customer during the term of this Contract, including all potable water for Customer's own use and for distribution to all customers served by Customer's water distribution system, or within the Customer's existing Texas Commission on Environmental Quality ("TCEQ") certified service area. It is specifically provided, however, that after the Contract Date, unless required to do otherwise by the TCEQ or a court of competent jurisdiction, Customer shall not enter into, renew, or amend with regard to

volume of water to be supplied, any agreement to provide wholesale or retail potable water for use outside its boundaries, its extraterritorial jurisdiction, or its certified service area unless each such agreement is approved by NTMWD (which approval shall not be unreasonably withheld unless the projected additional volume affects NTMWD's ability to provide service to others or conflicts with law or NTMWD policy). Customer shall not become a party to any contract for the sale of potable water, which would violate or be inconsistent with the provisions of this Contract. NTMWD will use its best efforts to furnish and remain in position to furnish potable water sufficient for all reasonable potable water requirements of Customer, but its obligation shall be limited to the amount of potable water available to it from the System during routine operation.

The maximum volume allowed shall be that volume capable of being supplied by the routine operation of NTMWD's System utilizing the meter and meter sizes as described in Section 5, POINT(S) OF DELIVERY, at the defined Point of Delivery.

Section 3. OTHER CONTRACTS. NTMWD reserves the right to supply potable water from the System to additional parties as determined by the Board of Directors of NTMWD.

Section 4. QUALITY. The water to be delivered by NTMWD and received by Customer shall be potable water. Customer has satisfied itself that such water will be suitable for its needs, but NTMWD is obligated to treat such water so as to meet the standards of all State and Federal agencies having jurisdiction over water quality. NTMWD and Customer shall cooperate, each within its legal powers, in preventing, to the extent practicable, the pollution and contamination of the reservoirs and watersheds from which water is obtained.

Section 5. POINT(S) OF DELIVERY. The Point of Delivery for Customer shall be as follows:

1. Point of Delivery No. 1 – A six-inch (6") meter and six-inch (6") tap located at the intersection of S.H. 66 and F.M. 1138 on the NTMWD Rockwall-Royse twelve-inch (12") pipeline.
2. Point of Delivery No. 2 – A four-inch (4") meter and six-inch (6") tap generally located at Engineering Station 136 + 70 on the NTMWD Wylie-Rockwall-Farmersville System twenty-four inch (24") pipeline.

Customer shall construct, maintain, and operate, at its own cost and expense, all facilities and equipment necessary to receive and take all potable water delivered to it under this Contract. All facilities and equipment must be inspected and approved by NTMWD and any construction from NTMWD's pipeline through the air gap connection must meet NTMWD standard specifications. No change in the type or size of meters, or size of the tap, shall be allowed unless this Contract has been amended as set forth in Section 10, MODIFICATION.

Section 6. MEASURING EQUIPMENT. Customer shall furnish, and install at its own expense at the Point of Delivery the necessary rate of flow equipment of a standard type approved by NTMWD for measuring properly the quantity of potable water delivered under this Contract and such meter and other equipment so installed shall become the property of NTMWD. Customer shall have access to such metering equipment at all reasonable times, but the reading, calibration, and adjustment thereof shall be done only by the employees or agents of NTMWD. For the purpose of this Contract, the original record or reading of the meter shall be the journal or other record book maintained by NTMWD in its office in which the records of the employees or agents of NTMWD who take the reading may be transcribed. Upon written request of Customer,

NTMWD will provide a copy of such journal or record book, or permit it to have access to the same in the office of NTMWD during reasonable business hours.

Not more than once in any six (6) month time period, NTMWD shall test its meter if requested in writing by Customer to do so, in the presence of a representative of Customer, and the parties shall jointly observe any adjustments which are made to the meter in case any adjustments shall be necessary, and if the check meter hereinafter provided for has been installed, the same shall also be calibrated by Customer in the presence of a representative of NTMWD and the parties shall jointly observe any adjustment if necessary. If Customer shall in writing request NTMWD to calibrate its meter, then NTMWD shall give Customer notice of the time when any such calibration is to be made and if a representative of Customer is not present at the time set, NTMWD may proceed with calibration and adjustment in the absence of any representative of Customer.

If either party at any time observes a variation between the delivery meter and the check meter or meters, if any such check meter or meters shall be installed, such party will promptly notify the other party, and the parties hereto shall then cooperate to procure an immediate calibration test and joint observation of any adjustment and the same meter or meters shall then be adjusted to accuracy. Each party shall give the other party forty-eight (48) hours notice of the time of all tests of meters so that the other party may conveniently have a representative present.

If upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of two percent (2%), registration thereof shall be corrected for a period extending back to the time when such inaccuracy began, if such time is ascertainable, and if such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the last date of calibration, but in no event further back than a period of six (6) months. If for any reason any meters are out of repair so that the amount of water delivered cannot be ascertained or computed from the reading thereof, the water delivered through the period such meters are out of service or out of repair shall be estimated and agreed upon by the parties hereto upon the basis of the best data available. For such purpose, the best data available shall be deemed to be the registration of any check meter or meters if the same have been installed and are accurately registering. Otherwise, the amount of water delivered during such period may be estimated (i) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation, or (ii) estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

Customer may, at its option and its own expense, install and operate a check meter to check each meter installed by NTMWD, the measurement of water for the purpose of this Contract shall be solely by NTMWD's meters, except in the cases hereinabove specifically provided to the contrary. All such check meters shall be of standard make and shall be subject at all reasonable times to inspection and examination by any employee or agent of NTMWD, but the reading, calibration and adjustment thereof shall be made only by Customer except during any period when a check meter may be used under the provisions hereof for measuring the amount of water delivered, in which case the reading, calibration, and adjustment thereof shall be made by NTMWD with like effect as if such check meter or meters had been furnished or installed by NTMWD.

Section 7. UNIT OF MEASUREMENT. The unit of measurement for potable water delivered under this Contract shall be 1,000 gallons of water, U.S. Standard Liquid Measure.

Section 8. PRICE AND TERMS. The service to be performed under this Contract by NTMWD consists of the readiness of NTMWD to deliver to Customer upon its demand, water in accordance with the conditions, limitations and provisions of this Contract.

In return for such service Customer agrees to compensate NTMWD by payment of certain minimum annual sums of money, for each of which said sums NTMWD agrees, if required by Customer, to deliver all, or so much thereof as Customer may desire, of a certain corresponding volume of water as follows:

(a) For the First Annual Payment Period beginning October 1, 2004, Customer will take or pay for 71,813,000 gallons of water (196,748 gallons per day) at a rate of five cents (5¢) per 1,000 gallons above the rate established for Member Cities, but in no event less than fifty cents (50¢) per 1,000 gallons. Any water delivered in excess of the amount allowed for the annual minimum will be purchased at a rate of five cents (5¢) per 1,000 gallons above the amount charged to Member Cities for excess water. The maximum rate of delivery shall not exceed 2.5 times the daily average of water supplied to Customer hereunder, which is consistent with the capabilities and abilities of NTMWD facilities, and it is understood that NTMWD may from time to time adjust the maximum rate of delivery on an equitable and uniform basis to all Member Cities and customers, including Customer. If potable water must be rationed, such rationing shall, within the limits permitted by law, be accomplished by NTMWD on an equal basis of the relative actual total amount of all potable water taken by each respective customer or Member City, respectively, during the last preceding Annual Payment Period in which rationing among said customer or Member City was not necessary. The minimum amount of water Customer will be required to purchase at the above rate, or such other rate, as may be from time to time determined by NTMWD, shall be calculated annually for each ensuing year and such amount shall be determined in the same manner as said amount is determined for the Member Cities. The annual minimum to be purchased during any ensuing year shall not be less than the highest total amount withdrawn by Customer during any previous year or 71,813,000 gallons, whichever is greater.

Notwithstanding the annual minimum that has been established as set forth above in this Section 8. (a), commencing on October 1 of the fiscal year following the date in which the first delivery of water at Point of Delivery No. 2 is made available to Customer, the annual minimum requirement that has been established for Point of Delivery No. 1 shall be reduced by 41,000,000 gallons.

(b) The quantities and rates set forth in Section 2 and Section 8 hereof shall be reviewed at the end of the first full Annual Payment Period of service after the first delivery of water to Customer, and each year thereafter, and the minimum amount of water to be purchased, rate per 1,000 gallons and the maximum rate of delivery shall be re-determined by the Board of Directors of NTMWD at that time in the same manner as applied to NTMWD Member Cities.

(c) Payment of the minimum annual service charge listed above shall be made each year by Customer to NTMWD in twelve (12) equal monthly installments, each of which shall be due and payable on or before the 10th day of the month following the service.

(d) It is further agreed that, in addition to the amounts required to be paid by Customer herein, if during any Water Year Customer uses System treated water in excess of the minimum amount applicable to it for the Annual Payment Period which commenced during such Water Year, then Customer shall pay an "Excess Water Charge" equal to that part of the operation and maintenance expenses (e.g. electric power, chemicals, and other similar cost) directly attributable

to supplying such excess treated water to Customer, all as determined by NTMWD. Such Excess Water Charge shall be billed by NTMWD to Customer as soon as practicable after the end of such Water Year and shall be paid to NTMWD as soon as practicable thereafter, and in all events prior to the beginning of the next Annual Payment Period. Such Excess Water Charge shall be credited to and be used to paying part of the operation and maintenance expenses for the then current Annual Payment Period and reduce to the extent of such credits the amounts which otherwise would be payable by Customer during such then current Annual Payment Period.

(e) Liability for making payments, as herein set forth, shall commence on October 1, 2004.

(f) In the event that Customer shall fail to make any such monthly payment or annual payment within the time herein in this section specified, interest on such amount shall accrue at the rate of ten percent (10%) per annum from the date such payment becomes due until paid in full with the interest as herein specified. In the event such payment is not made within thirty (30) days from the date such payment becomes due, NTMWD may at its option discontinue delivery of water to Customer until the amount due NTMWD is paid in full with interest as herein specified.

Section 9. TERM OF CONTRACT. This Contract shall continue in force and effect for a period of thirty (30) years from the date of this Contract.

Section 10. MODIFICATION. This Contract may be changed or modified only by written agreement of the parties and only after having obtained approval from the governing bodies of both NTMWD and Customer. No change or modification shall be made to this Contract which will affect adversely the prompt payment when due of all moneys required to be paid by Customer under the terms of this Contract.

Section 11. FORCE MAJEURE. If by reason of force majeure any party hereto shall be rendered unable wholly or in part to carry out its obligations under this Contract, other than the obligation of Customer to make the payments required under Section 8 of this Contract, then if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as employed herein shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or on account of any other causes not reasonably within the control of the party claiming such inability.

Section 12. INSURANCE. NTMWD agrees to carry and arrange for fire, casualty, public liability, and/or other insurance, including self insurance for purposes and in amounts which, as determined by NTMWD, ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that NTMWD shall not be required to provide liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of NTMWD's legal counsel, be liable under the Texas Tort Claims Act or any similar law or judicial decision. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment, to minimize

the interruption of the services of such facilities. All premiums for such insurance shall constitute just and reasonable operation and maintenance expense. The insurance coverage does not extend to any facility owned by Customer.

Section 13. REGULATORY BODIES AND LAWS. This Contract is subject to all applicable Federal and State Laws and any applicable permits, ordinances, rules, orders, and regulations of any local, state or federal governmental authority having or asserting jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum, having jurisdiction.

Section 14. NOTICES. Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made, or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three (3) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

If to NTMWD, to:

Executive Director
North Texas Municipal Water District
P.O. Box 2408
Wylie, Texas 75098

If to Customer, as follows:

General Manager
Nevada Water Supply Corporation
P. O. Box 442
Nevada, Texas 75173

The parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days written notice to the other parties hereto.

Section 15. SEVERABILITY. The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State of Texas or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any other situation or circumstance, and it is intended that this Contract shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision,

clause, or word had not been included herein, and the rights and obligations of the parties hereto shall be construed and remain in force accordingly.

Section 16. VENUE. All amounts due under this Contract including, but not limited to, payments due under this Contract or damages for the breach of this Contract, shall be paid and be due in Collin County, Texas, which is the County in which the principal administrative offices of NTMWD are located. It is specifically agreed among the parties to this Contract that Collin County, Texas, is a principal place of performance of this Contract.

Section 17. OTHER CONDITIONS AND PROVISIONS.

(a) Operation and Maintenance of System. NTMWD will continuously operate and maintain the System in an efficient manner and in accordance with good business and engineering practices, and at reasonable cost and expense.

(b) Title to Water: Indemnification. Title to all water supplied to Customer shall be in NTMWD up to the Point of Delivery, at which point title shall pass to Customer. NTMWD and Customer shall save and hold each other harmless from all claims, demands, and causes of action, which may be asserted by anyone on account of the transportation and delivery of said water while title remains in such party. As between the parties, Customer shall have the first right to use all effluent produced from its wastewater treatment plant for reuse solely for its own purposes. To the extent that effluent produced by Customer is discharged to water courses of the State, the right of Customer to reuse such effluent produced from its wastewater treatment is terminated, and NTMWD shall have the right as between the parties, and pursuant to any necessary authorization of the State, to appropriate and reuse such discharged effluent.

(c) Operating Expenses of Customer. Customer represents and covenants that all payments to be made by it under this Contract shall constitute reasonable and necessary "operating expenses" of its system, as defined in Section 1502.056, Texas Government Code, and that all such payments will be made from the revenues of its system. Customer represents and has determined that the potable water supply to be obtained from the System, including the Projects and other System facilities, is absolutely necessary and essential to the present and future operation of its water system and is the only available and adequate source of supply of potable water. Accordingly, all payments required by this Contract to be made by Customer shall constitute reasonable and necessary operating expense of its respective system as described above, with the effect that the obligation to make such payments from revenues of such systems shall have priority over any obligation to make any payments from such revenues (whether of principal, interest, or otherwise) with respect to all bonds or other obligations heretofore or hereafter issued by Customer.

(d) Customer's Rate for Waterworks System. Customer agrees throughout the term of this Contract to continuously operate and maintain its waterworks system, and to fix and collect such rates and charges for water services to be supplied by its waterworks system as aforesaid as will produce revenues in an amount equal to at least (i) all of its payments under this Contract and (ii) all other amounts required to be paid from said revenues by the provisions of the ordinances or resolutions authorizing its revenue bonds or other obligations now or hereafter outstanding and to file appropriate financial reports related to the Customer's system including annual audits.

Section 18. WATER CONSERVATION. Customer agrees to adopt and enforce any and all ordinances generally related to water conservation as may be required by the rules of the TCEQ and/or as may be adopted or recommended by the Board of Directors of NTMWD.

Section 19. SPECIAL CONDITIONS.

(a) The parties hereto acknowledge that they have entered into this Contract to set forth the terms and conditions under which NTMWD will continue to sell potable water to Customer and that upon execution, this Contract shall supercede and replace any prior contracts or agreements between the parties.

(b) The meter size, location and any quantity set forth in this Contract are intended to meet the water needs of Customer. The needs of Customer are independently determined by Customer, and NTMWD has conducted no independent evaluation of the Customer's water system.

(c) Customer agrees to use its best efforts to complete construction of metering facilities and control equipment necessary to utilize the new Point of Delivery No. 2 by October 1, 2007.

(d) Customer and NTMWD mutually agree to the following conditions in accordance with NTMWD's standard policy for "Additional Delivery Points and Transmission Line Extensions," designated as District Policy No. 8 for the new Point of Delivery No. 2:

I. Customer Responsibilities

- a. Customer agrees to furnish the site and to construct adequate water storage and pump station facilities so that the maximum rate of delivery will not exceed 2.5 times the daily average delivery at the new Point of Delivery No. 2.
- b. Customer shall construct the metering station and pipeline connection to the NTMWD Wylie-Rockwall-Farmersville System twenty-four inch (24") pipeline in accordance with NTMWD specifications with NTMWD having the right of plan review from the tap through the air gap connection at the receiving storage tank with full construction inspection authority.
- c. Customer shall agree to accept a new annual minimum on Point of Delivery No. 2 established as follows:
 1. The capital component of the Member City rate shall be calculated for the then current fiscal year which is to be divided into the total cost of the project, including replacement cost for pipeline capacity, pump station, engineering, right-of-way, and construction, to determine the annual sixth year minimum necessary to provide for the annual debt service cost for the project.

2. The following shall be the actual six-year minimums applicable to Point of Delivery No. 2 each year commencing on October 1 of the fiscal year following the date in which the first delivery of water at Point of Delivery No. 2 is made available to Customer:

	Annual Gallons		
	Minimum Required For Replacement Cost	Minimum Transferred From Point Of Delivery No. 1	Total Minimum
First Year	7,496,000	41,000,000	48,496,000
Second Year	11,994,000	41,000,000	52,994,000
Third Year	16,492,000	41,000,000	57,492,000
Forth Year	20,990,000	41,000,000	61,990,000
Fifth Year	25,487,000	41,000,000	66,487,000
Sixth Year	29,985,000	41,000,000	70,985,000

3. After the sixth year minimum has been reached, the minimum shall be increased in accordance with the then policy of the Board for all minimums so long as the minimum shall never be lower than the sixth year minimum.
4. The cost of replacement capacity in the pipeline is calculated to be \$210,000.
- d. Customer agrees to pay for all water purchased through Point of Delivery No. 2 at a rate of five cents (5¢) per 1,000 gallons above the rate established for Member Cities until the sixth year annual minimum is achieved without the benefit of excess water sales through the new delivery point until the consumption at the new delivery point is in excess of the sixth year minimum. The minimum for each year during the six-year period shall be in accordance with the schedule provided above, except that in any year that Customer exceeds the next projected year's minimum, the higher of the two shall be the new minimum.

II. NTMWD Responsibilities

- a. NTMWD shall review and has the right of approval or disapproval of plans and specifications for the construction of the metering station and pipeline connection. NTMWD must approve plans and specifications through the air gap connection at the receiving storage tank prior to award of any construction contract.
- b. NTMWD will use every effort to provide the required volume at the new delivery point but this Contract in no way binds NTMWD to provide volumes at Point of Delivery No. 2 in excess of the available capacity of the Wylie-Rockwall-Farmersville System twenty-four inch (24") pipeline as it relates to each community contractually.

- c. All regulations and provisions for restrictions on usage of water applicable to any other delivery points in this system will also be applicable to Point of Delivery No. 2.

IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written, which is the date of this Contract.

NORTH TEXAS MUNICIPAL WATER DISTRICT

By: Joe Garza

President

ATTEST:

Sherrill Bell
Secretary

(SEAL)

NEVADA WATER SUPPLY CORPORATION

By: Hal Hartman

President, Board of Directors Hal Hartman

ATTEST:

Steve Pendill
Secretary Steve Pendill

(SEAL)

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Appendix A

MONTHLY SERVICE CHARGES

(Adopted by Ord. 2018-003, Aug. 13, 2018)

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

Meter Size	Meter Equivalents	Monthly Base Rate
5/8" x 3/4"	1.0	\$ 30.00
3/4"	1.5	41.25
1"	2.5	68.75
1½"	5.0	137.50
2"	8.0	220.00

2. **Gallonge Charge.** In addition to the Base Rate, residential and commercial customers of the District will be assessed a Gallonge Charge at the following rates for water usage during a monthly billing period:

1,000 to 10,000 gallons.	\$7.91 per thousand
10,001 to 15,000 gallons.	\$8.46 per thousand
15,001 to 20,000 gallons.	\$8.96 per thousand
20,001 to 25,000 gallons.	\$9.51 per thousand
>25,000 gallons.	\$10.01 per thousand

3. **Regulatory Assessment.** In accordance with TCEQ regulations, the District shall collect from each customer a regulatory assessment equal to 0.5% of the monthly charges collected by the District for water utility service. [See 30 TAC § 291.76(d)(3)].

4. **Wholesale Rate.** Wholesale, hydrant and temporary service customers of the District will pay \$6.24 per thousand gallons of water used during a billing period. Customers may also be responsible for paying a monthly base rate or such fees or charges to be assessed in pursuant to the terms of a wholesale water contract with the District.

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NEVADA SPECIAL UTILITY DISTRICT

P.O. Box 442
108 N. Warren Street
Nevada, Texas 75173
(972) 843-2608

RATE ORDER

CERTIFICATE OF CONVENIENCE AND NECESSITY NO. 12175
COLLIN COUNTY AND ROCKWALL COUNTY, TEXAS

Adopted February 15, 2016

Prepared by:
GAY, MCCALL, ISAACKS & ROBERTS, P.C.
777 EAST 15TH STREET
PLANO, TEXAS 75074
(972) 424-8501

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SECTION A.
ADOPTION & AUTHORITY

(Adopted by Ord. 2016-001, Feb. 15, 2016)

1. **Effective Date.** This Rate Order was originally adopted by the Board of Directors of the Nevada Special Utility District on February 15, 2016, by adoption of Ordinance No. 2016-001. This Rate Order took effect immediately upon its adoption.

2. **Preexisting Penalties and Vested Rights.** The adoption of this Rate Order shall not affect any offense or act committed or done, or any penalty or forfeiture incurred, or any contract or vested right established or accrued under the District's predecessor, the Nevada Water Supply Corporation, prior to the effective date of the adoption of this Rate Order.

3. **Official Rate Order; Copies.**

(a) **Location and Maintenance.** The official Rate Order approved by the Board of Directors shall be maintained by the Assistant Secretary in the District's regular office. The Assistant Secretary will clearly enter and delineate all additions, deletions and amendments to the Rate Order adopted from time to time by the Board.

(b) **Copies Available.** An official copy of the Rate Order shall be available to the public for examination at the District's regular office during regular office hours. A copy of this Rate Order shall be made available upon request and payment of a \$12.00 reproduction charge.

4. **Conflicts.** Rules and regulations of state and federal agencies having applicable jurisdiction, promulgated under any applicable state or federal law, shall supersede all terms of this Rate Order that directly conflict with such State and Federal rules or regulations. If any section, paragraph, sentence, clause, phrase, word or words of this Rate Order are declared unconstitutional or in violation of law, the remainder of this Rate Order shall not be affected thereby and shall remain in full force and effect.

SECTION B.

STATEMENTS

(Adopted by Ord. 2016-001, Feb. 15, 2016)

1. **Organization.** The District was formed by converting the Nevada Water Supply Corporation to the Nevada Special Utility District under the authority of Article XVI, Section 59, of the Texas Constitution, and Chapters 49 and 65 of the Texas Water Code. The District operates pursuant to Texas law and the regulations and authority of the Texas Commission on Environmental Quality and the Public Utility Commission. The District exists for the purpose of furnishing potable water utility service for domestic use. The District is managed by a Board of Directors whose members are elected by qualified voters residing within the political boundaries of the District.

2. **Non-discrimination Policy.** Service is made available to all qualified applicants that comply with the provisions of this Rate Order regardless of race, creed, color, national origin, sex, disability or marital status.

3. **Policy and Rule Application.** These policies, rules and regulations apply to the service provided by the District. Failure on the part of a customer or applicant to observe these policies, rules and regulations gives the District authority to deny or discontinue service.

4. **Fire Protection.** The District's water system provides potable water primarily for domestic consumption and will provide additional capacity to meet reasonable local demand characteristics. It is not a primary responsibility of the District to provide fire-flows from the District's water system. However, it is District policy to design and construct the water system with sufficient capacity to provide fire-flows and the District will use its best efforts to maintain and operate the water system in accordance with any applicable fire-flow standards. Therefore, the District does not imply that fire protection is available on the District's water system at all times and in all places. All hydrants or flush valves are for the operation and maintenance of the system and may be used for refill only by authorized fire departments. The District reserves the right to remove any hydrant due to improper use or detriment to its water system as determined by the District.

5. **Damage Liability.** Pursuant to state law, the District is not liable for damages caused by service interruptions due to waterline breaks or equipment failure, tampering by third persons or customers of the District, system failures, system maintenance or repairs, or other events beyond the District's control. The limit of liability of the District is the extent of the cost of service provided. Notwithstanding anything herein to the contrary, nothing in this Rate Order shall be construed as a waiver of immunity by the District of its officials.

6. **Public Information Disclosure.** District records shall be kept at the District's office located at 108 N. Warren, Nevada, Texas 75173. All information collected, assembled or maintained by or for the District shall be disclosed to the public in accordance with the Texas Public Information Act. An individual customer may request in writing that the District

keep the customer's name, address and telephone number confidential. **In no event and under no circumstances shall the District disclose the Social Security Number of any customer to any person other than an employee of the District with a need to know it for District business purposes.** Such confidentiality does not prohibit the District from disclosing this information to an official or employee of the state or a political subdivision of the state acting in an official capacity or an employee of the District acting in connection with the employee's duties. A reasonable charge pursuant to the Texas Public Information Act may be assessed to any person requesting copies of District records.

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

8. **Customer Service Inspections.** A customer service inspection is an examination of private water distribution facilities for the purpose of providing, denying or terminating water service. The District requires a customer service inspection certificate to be completed prior to providing continuous water service to new construction and for all new customers as part of the activation of standard and some non-standard service. The District may also require customer service inspections of existing service connections when the District has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction or addition to private water distribution facilities. Under the foregoing conditions, the inspection is limited to the identification and prevention of cross connections, potential contaminant hazards and illegal lead materials. [30 TAC § 290.46(j)]. A customer service inspection is not a plumbing inspection as defined and regulated by the Texas State Board of Plumbing Examiners (TSBPE).

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

10. **Submetering Responsibility.** Submetering and non-submetering by Master Metered Accounts may be allowed in the District's water system provided the Master Metered Account customer registers with the Texas Commission on Environmental Quality (TCEQ) and complies with its rules on submetering at Title 30, Chapter 291, Subchapter H of the Texas Administrative Code. The District has no jurisdiction over or responsibility to tenants receiving water under a Master Metered Account, and such tenants are not considered customers of the District. Any interruption or impairment of water service to the tenants is the responsibility of the Master Metered Account customer. Any complaints regarding submetering should be directed to the TCEQ. From time to time, the District may check on the master metered account customer to:

- (a) verify that the master metered account customer is registered with the

TCEQ (Water Code, Chapter 13, Subchapter M);

(b) verify that the master metered account customer charges tenants no more than the total amount of charges billed (if the aggregate bill is greater than the District's charge, the Master Metered Account Customer is considered by the TCEQ to be a separate public water system and it will be required to comply with all TCEQ regulations); or

(c) protect the District's CCN area. Should the master metered Account customer continue to violate these or other state regulations, the District will apply to the TCEQ for a cease and desist order (Water Code, §13.252 and 30 TAC §291.118).

11. District Forms Policy. The District has promulgated official forms for various administrative and customer service purposes. Official forms must be used when applicable. The District reserves the right to amend, revise and discontinue use of any form, and to create and use new forms for any reason including compliance with federal and state laws and regulations, improving administrative efficiency, preparing for future system demands, and meeting the unique service needs of developers and non-standard service applicants or customers.

SECTION C. DEFINITIONS

(Adopted by Ord. 2016-001, Feb. 15, 2016)

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

1. **Applicant:** A person, corporation, organization, government or governmental subdivision or agency, business trust, estate trust, partnership, association, or any other legal entity applying to the District for service. A person must have reached the age of majority (18 years) in Texas to apply for service. (Civil Practices & Remedies Code § 129.001).

2. **Board of Directors** (or) **Board:** The governing body of the District elected by qualified voters residing within the District's boundaries in accordance with applicable election laws.

3. **Certificate of Convenience and Necessity** (or) **CCN:** The authorization granted by the Texas Commission On Environmental Quality under Chapter 13, Subchapter G, of the Texas Water Code for the District to provide water utility service within a defined territory. The District has been issued CCN No. 12175.

4. **Customer:** Any person receiving service from the District.

5. **Deposit:** A non-interest bearing refundable fee as set by the Board of Directors based upon the size of the water meter or customer class, which is held by the District as security for service being rendered.

6. **Designated representative** (or) **District representative:** The General Manager of the District or a representative or employee of the District engaged in carrying out the terms of or performing services prescribed by this Rate Order pursuant to either general or specific authorization to do so from the General Manager or the Board of Directors.

7. **Developer:** Any person that subdivides land, requests two (2) or more water service connections on a single contiguous tract of land, or who is developing a non-residential project with a water demand that cannot be served through a standard residential water meter (5/8" x 3/4"). [See Water Code § 13.2502(e)(1)].

8. **Disconnection of service:** The discontinuance of water service to a customer of the District.

9. **District:** Nevada Special Utility District.

10. **Easement:** A private perpetual dedicated right-of-way for the installation of water or wastewater service lines and facilities that allow the District access to property for

purpose of operating, maintaining, replacing, upgrading, or installing one or more pipelines and appurtenant facilities, to limit installation of structures or obstacles that may interfere with the District's intended use of the easement.

11. **Final plat:** A complete and exact plan for the subdivision or development of a tract of land which has been approved by all local governments having jurisdiction pursuant to Chapters 212 or 232 of the Texas Local Government Code. The District shall determine if a plat submitted under this Rate Order qualifies as a final plat. [See 30 TAC § 291.85].

12. **General manager:** The person appointed to the position of General Manager by the Board of Directors and given full authority to manage and operate the affairs of the District subject only to orders of the Board.

13. **Hazardous condition:** A condition that jeopardizes the health and welfare of District customers or employees as determined by the District or any other regulatory authority with jurisdiction.

14. **Mobile Home Park:** A property on which spaces are rented for the occupancy of manufactured or mobile homes for non-transient residential use and for which rent is paid at intervals of one month or longer.

15. **Person:** Any natural person, firm, corporation, cooperative, limited liability company, partnership, unincorporated association, public agency or governmental entity, or any other public or private organization or entity of any type or character.

16. **Public Utility Commission (or) PUC:** A Texas state regulatory agency having certain jurisdictional authority over water and wastewater service utilities.

17. **Recreational Vehicle:** A motor vehicle primarily designed as temporary living quarters for recreational, camping, or travel use, which includes a travel trailer, camping trailer, truck camper, and motor home. [See Transportation Code § 522.0044(b)]

18. **Recreational Vehicle Park:** A commercial property that is designated primarily for recreational vehicle transient guests use for which fees for site service connections are paid daily or longer. [See Water Code § 13.087]

19. **Re-Service:** Providing service to an applicant at a location at which service previously existed and at which there is an existing setting for a meter. Costs of such re-servicing shall be as established in this Rate Order or based on justifiable expenses in connection with such re-servicing.

20. **Service:** Any act performed, anything furnished or supplied, and any facilities or waterlines committed to, or used by, the District in the performance of its obligations under the Texas Water Code, the Texas Administrative Code, or applicable Commissioner's Court Order to its customers, employees, other retail public utilities and the public, as well as the interchange of facilities between the District and one or more retail public utilities.

21. **Service application and agreement (or) service agreement:** A written agreement between a customer and the District defining the type or level of service requested, and the responsibilities of each party regarding the service to be provided on the property designated to receive service.

22. **Service Area:** The geographic area in which the District furnishes water service as described in CCN No. 12175. Sometimes referred to as a "certificated service area".

23. **Service classification:** The type of water service required by an applicant as may be determined by the District based on specific criteria such as estimated or actual usage, meter size, demand, nature of use, and other factors related to the applicant's request.

24. **Service unit:** The base service unit used by the District for rate making and to determine service classification is a 5/8" x 3/4" water meter.

25. **Subdivide:** To divide the surface area of land into lots or tracts. [See Local Gov't Code § 232.021(11)].

26. **Subdivision:** An area of land that has been subdivided into lots or tracts. [See Local Gov't Code § 232.021(13)].

27. **Temporary service:** The nonstandard water service classification assigned to an applicant that is in the process of constructing a residential or commercial structure. The District may also apply this classification to other nonpermanent service uses. The District may provide temporary water service for up to six (6) months from the date of application for temporary service. Temporary service may be extended upon request and approval of the District's General Manager on a case-by-case basis. As a prerequisite to receiving temporary service, the applicant must pay the applicable Temporary Service Charges, pursuant to Section G.16 of this Rate Order.

28. **Texas Commission on Environmental Quality (or) TCEQ:** A state regulatory agency having certain jurisdictional authority of water and wastewater service utilities.

29. **Water system:** The water treatment, storage and distribution facilities operated by or constructed by or for the District, and any water system extensions, improvements or facilities that may be built within the District's certificated service area in the future.

SECTION D.
GEOGRAPHIC AREA SERVED

(Adopted by Ord. 2016-001, Feb. 15, 2016)

1. Certificate Holder. The District has been granted CCN No. 12175 for the purpose of providing retail water service to the public. CCN No. 12175 was transferred from the Nevada Water Supply Corporation to the District by order of the TCEQ dated March 2, 2015, and is held subject to District compliance with applicable state law and the regulations and orders of the TCEQ and PUC. The CCN is valid until amended or revoked by the TCEQ.

2. Certificated Service Area Maps. The PUC maintains official service area maps at the following location: Public Utility Commission of Texas 1701 N. Congress Ave., Austin, Texas 78711.

A copy of CCN No. 12175 with the District's water service area map follows this page.

SECTION E.
SERVICE RULES AND REGULATIONS

(Adopted by Ord. 2016-001, Feb. 15, 2016)

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

2. **Application Procedures and Requirements.**

(a) Service Classifications. Applications to the District for service shall be divided into the following two (2) classes:

(1) *Standard Service.* Standard service is defined as service from an existing District service line where line or service facility extensions are not required and special design and/or engineering considerations are not necessary. Standard water service is provided to a 5/8" x 3/4" meter set on an existing District waterline. The District may classify applications for service to commercial or industrial uses or for service requiring a one inch (1") or larger meters non-standard pursuant to Section E.2(b).

(2) *Non-Standard Service.* Non-standard service includes service to a subdivision or commercial development, service that requires a one-inch (1") or larger meter, temporary water service, service to a Master-Metered Account, or service that requires construction of additions or improvements to the District's water system. The District shall determine the appropriate size and type of meter to serve non-standard service applicants.

(b) Requirements for Standard and Non-Standard Service.

(1) Prior to receiving service, an applicant must complete and sign a Service Application and Agreement. For service to subdivisions and certain commercial purposes, the applicant must enter into a Non-standard Service Contract prepared by the District.

(2) As a condition for service, the District may require an applicant to complete and execute a waterline easement form, a sanitary control easement and/or such other easement form(s) required to grant the District a right of access to construct, install, maintain, replace, upgrade, inspect or test any facility necessary to serve the applicant as well as the District's purposes in providing system-wide service. [See Tex. Water Code § 49.218. Note that this requirement may be delayed for non-standard service applicants.] New meters shall be

located within a utility easement at or near the boundary line of the property designated for service.

(3) The applicant shall provide proof of ownership or lawful authority to control or possess the real property designated to receive service. To prove ownership, the applicant must produce a deed or other recordable documentation of fee simple title. To prove authority to control or possess, the applicant must produce a counter-signed lease or rental agreement.

(4) *Individual Metering for Multiple Use Facilities.* At the request of a property owner or an owner's authorized agent, the District shall install individual meters owned by the District in an apartment house, manufactured home community, multiple use facility, or condominium on which construction began after January 1, 2009, unless the District determines that the installation of individual meters is not feasible. If the installation of individual meters is not feasible, the property owner or manager shall install, at the property owner's or manager's expense, a plumbing system that is compatible with the installation of submeters or individual meters. The District shall be entitled to the payment of reasonable costs to install individual meters pursuant to 16 TAC § 24.122(d). The District shall consider master metering or other non-standard service to apartments, condos, mobile home and recreational vehicle parks, business centers and other similar type enterprises at an applicant's request provided the total number of units to be served are:

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

(B) not directly accessible to a public right-of-way (such as a gated community); and

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

(5) Notice of application approval and costs of service as determined by the District shall be presented to the applicant in writing and shall remain in effect for a period not to exceed thirty (30) days. After that time the applicant must re-apply for service. [16 TAC § 24.81(a)(1)].

(6) If a water main has been located in the public right-of-way and is adjacent to applicant's property, then the District may, in its sole discretion, require the applicant, prior to receiving the requested service, grant an easement as required under this Rate Order. In addition to the normally required fees for new customer service, the District may require the Applicant to pay such sums as are reasonably necessary to remove or cap the existing water main in the public right-of-way and to construct the appropriate lines within that easement for the District's water distribution system.

(7) If an applicant fails to provide all documentation or information required at the time of application, the District will issue written notice that the applicant must provide the documentation or information within ten (10) days or service will be terminated. This provision applies to both standard and non-standard service requests.

3. Activation of Standard Service.

(a) New Service Connection. The District shall charge a Deposit, Connection Fee and other applicable fees as required under Section G of this Rate Order. The fees shall be quoted in writing to the applicant. An applicant must pay all fees or enter into a Deferred Payment Agreement prior to installation of a new service connection.

(b) Re-Service. On property where service previously existed, the District shall charge the following fees or charges before restoring service:

(1) The District will charge a Deposit and Activation Fee if the meter was pulled from the service location within twelve (12) months prior to the re-service request.

(2) The District will charge a Re-service Fee if the meter was pulled from the service location more than twelve (12) months prior to the re-service request. [See Section G.23. Re-Service Fee]

(c) Performance of Work. The District shall install all standard service taps and equipment necessary to provide service within five (5) working days after approval and receipt of payment of all quoted fees and charges for the property designated to receive service, unless service requires construction of a line extension from the District's water system. Where service previously existed, this shall occur within one (1) work day. This time may be extended for installation of facilities and equipment necessary to serve a request for non-standard service. [See 16 TAC § 24.85].

(d) Inspection of Customer Service Facilities. The District shall inspect an applicant's property to insure compliance with state required Minimum Acceptable Operating Practices For Public Drinking Water Systems as promulgated by the TCEQ or its successor agency. [30 TAC § 290.46(j)].

4. Line Extension Reimbursement. An approved applicant may be obligated to pay to the District, on a pro-rated basis, a line reimbursement fee to reimburse the District or a third-party for prior capital outlays to extend service to that area.

5. Changes in Service Classification. If at any time the District determines that the service classification of a customer has changed from that originally applied for and that additional or different facilities are necessary to provide adequate service, the District shall require the customer to re-apply for service under the terms and conditions of this Rate Order. Customers failing to comply with this provision shall be subject to Disconnection with Notice under Section E.14(a) below.

6. Landlords and Tenants.

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

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

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

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

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

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

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

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

(f) failure of an applicant to provide proof of ownership, control or possession of the property designated to receive service to the satisfaction of the District (e.g., presenting a deed, lease agreement, or other reliable documentation);

(g) the District has determined that the applicant's service facilities are known to be inadequate or of such character that satisfactory service cannot be provided;

(h) failure of an applicant to comply with applicable regulations for on-site sewage disposal systems if the District has been requested to deny service by the TCEQ or the TCEQ's designated representative under Chapter 366 of the Texas Health and Safety Code; or

(i) failure of the applicant to pay any previous outstanding delinquent account(s) with the District in full.

8. **Applicant's Recourse.** In the event the District refuses to serve an applicant under the provisions of this section, the District shall inform the applicant in writing of the basis of its refusal and that the applicant may file a written complaint with the Board of Directors.

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

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

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

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

(d) failure to pay a bill of another customer as guarantor thereof unless the guarantee was made in writing to the District as a condition precedent to service, re-service or re-activation;

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

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

10. **Deferred Payment Agreement.** The District may enter into a Deferred Payment Agreement, not to exceed a term of one (1) year, with a customer who cannot pay an outstanding balance in full and is willing to pay the balance in reasonable installments as determined by the District, including any late payment penalties or interest on the monthly balance to be determined as per agreement.

11. *[Reserved for Future Use]*

12. **Charge Distribution an Payment Application.**

(a) Base Rate. The applicable Base Rate shall be charged for the billing period from the first day of the billing period to the last day of the billing period. The Base Rate shall be prorated for meter installations and service terminations falling during a billing period. All active service connections shall be assessed a monthly base rate

charge whether or not there is use of service.

(b) Gallonge Charge. A Gallonge Charge shall be billed at the rate specified in Section G and shall be calculated in one thousand (1000) gallon increments. Charges for water usage are based on monthly meter readings and are calculated from reading date to reading date. The District shall take all meter readings used in calculating billing.

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

(d) Forms of Payment. The District will accept the following forms of payment: cash, personal check, cashier's check, money order or credit cards. The District will not accept two-party checks, pay checks or any other instrument of payment that is not made payable solely to the District. The District reserves the right to require exact change and may refuse to accept payments made using more than \$1.00 in coins.

13. Due Dates, Delinquent Bills and Service Disconnection Date.

(a) The District reads meters on or about the 17th day of each month and mails bills on or about the last day of each month. All bills are considered the responsibility of the person(s) who signed the Service Application and Agreement applicable to the property receiving service. All bills shall be due and payable upon receipt and are past due beyond the 15th day of each month, which allows approximately fifteen (15) days for payment, after which time a penalty shall be applied pursuant to Section G. Payments made by mail will be considered late if postmarked after the past due date. Final notice shall be delivered by mail, text message, email or telephone allowing ten (10) additional days for payment prior to disconnection. The ten (10) additional days shall begin on the day the final notice is deposited with the U.S. Postal Service or sent by text or email. If the past due date for a regular or final bill falls on a weekend or holiday, the past due date for payment purposes shall be the next day the District office is open for business after said weekend or holiday. For all disputed payment deadlines, the date postmarked on each bill will determine the beginning of each billing cycle or final notice mailings.

(b) Upon written request, any residential customer sixty five (65) years of age or older who occupies the entire premises of a dwelling receiving water utility service from the District shall receive an extension of the past due date, without penalty. The extension shall not exceed ten (10) days beyond the usual fifteen (15) day payment period, for a total of no more than twenty-five (25) days from the date the bill is issued. [See Utilities Code §§ 182.001 - 182.005].

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

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

(1) returned checks (see Section E.15 Returned Check Policy);

(2) failure to pay a delinquent account for utility service provided by the District, failure to timely provide a deposit, or failure to comply with the terms of a Deferred Payment Agreement;

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

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

(5) failure to comply with the terms of a service agreement, the District's drought contingency plan or this Rate Order provided the District has given notice of said failure to comply, and the customer has failed to comply within a specified amount of time after notification;

(6) failure to provide District personnel or designated representatives access to a meter or to property designated to receive service is received for purposes of inspecting and verifying the existence of potential hazardous conditions or policy violations;

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

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

(9) violation of any applicable regulation or statute pertaining to on-site sewage disposal systems if the District has been requested in writing to disconnect service by the TCEQ or the TCEQ's designated representative under Chapter 366 of the Texas Health & Safety Code.

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

(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 as defined in Sections 341.011 or 343.011 of the Texas Health and Safety Code and regulations adopted pursuant thereto. If the District has reason to believe a dangerous or hazardous condition exists, the District may conduct a customer service inspection (CSI) to verify the hazardous condition and may notify the local county health office. The District will disconnect without notice if the customer refuses to allow access to the property for the purpose of confirming the existence of such condition and/or removing the

dangerous or hazardous condition. [See Sections E.3(d) and E.23; 30 TAC § 290.46(i), (j)]. Service will be restored when a CSI confirms no health hazard exists, the health hazard has been removed or repaired, or the health hazard has been isolated from the District's water system by the installation of an appropriate backflow prevention device;

(2) service is connected without District authority by a person who has not made application for service or who has reconnected service without District authority following termination of service for nonpayment;

(3) in instances of tampering with the District's meter or equipment, by-passing the meter or equipment, or other diversion of service; or

(4) a returned check is received on an account that was scheduled for disconnection, service shall be immediately disconnected in accordance with the District's standard delinquent account policy. Notice shall be provided by same day mail or hand delivery that an insufficient check was received. Notice shall state the hours and location where the insufficient check can be redeemed to allow service to be reconnected.

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

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

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

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

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

(5) failure of the customer to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due under Section E.20 below (Inoperative Meters);

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

(7) in response to a request for disconnection by an owner of rental property where the tenant is billed directly by the District as authorized by the

owner, and the renter's account is not scheduled for disconnection under the rules for disconnection of service in this Rate Order.

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

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

(f) Disconnection Due to Illness or Disability. The District may not discontinue service to a delinquent residential customer permanently residing in an individually metered dwelling unit when that customer establishes that discontinuance of service will result in some person at that residence becoming seriously ill or more seriously ill if service is discontinued. To avoid disconnection under these circumstances, the customer must provide a written statement from a physician to the District prior to the stated date of disconnection. Service may be disconnected in accordance with Section E.14(a) if the following month's bill and the past due bill are not paid by the due date of the next month's bill, unless the customer enters into a deferred payment agreement with the District.

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

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

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

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

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

(i) Disconnection of Temporary Service. When a customer receiving temporary service fails to comply with the conditions stated in the temporary service agreement or other rules of this Rate Order, service may be terminated with notice.

15. **Returned Check Policy.** Payment by check which has been rejected for insufficient funds, closed account, or for which a stop payment order has been issued is not deemed to be payment to the District. The District shall mail, via the U.S. Postal Service, a Notice of Returned Check requiring that a returned instrument be redeemed at the District office within ten (10) days of the date of the notice. Redemption of the returned instrument shall be made by cash, money order, or certified check. Failure to meet these terms shall result in disconnection of service. A customer shall be considered a bad credit risk for having an instrument returned as insufficient or non-negotiable for any reason for any two billing periods within a 12-month period, and shall be placed on a "cash-only" basis for a 12-month period during which the District will only accept payment by means of a certified check, money order or cash.

16. **Billing Cycle Changes.** The District retains the right to change monthly billing cycles at any time and for any reason.

17. **Back-billing.** If a customer was undercharged for service, the District may back-bill the customer for the amount which was under-billed. The back-billing period shall not exceed six (6) months unless such undercharge was the result of meter tampering, bypass, or diversion of service by the customer as defined in Section E.23 below. If the under-billing amounts to \$25 or more, the District may offer to enter into a Deferred Payment Agreement with the customer for the same length of time as that of the under-billing. In cases of meter tampering, bypass, or diversion of service, the District may, but is not required to, offer a customer a deferred payment plan.

18. **Disputed Bills.** In the event of a dispute between a customer and the District regarding any monthly bill, the dispute shall be resolved or disposed of in accordance with the Grievance Procedures set forth in the following Section E.19, except as follows:

(a) Notice of the bill dispute must be submitted to the District, in writing, and a payment equal to the customer's average monthly usage at current rates must be received by the District prior to the due date posted on the disputed bill.

(b) The customer shall not be required to pay the disputed portion of a bill which exceeds the amount of that customer's average monthly usage at current rates pending the completion of the determination of the dispute. For purposes of this subsection, the customer's average monthly usage shall be the average of the customer's usage for the preceding 12-month period. Where no previous usage history exists, consumption for calculating the average monthly usage shall be estimated on the basis of usage levels of similar customers under similar conditions.

(c) Notwithstanding any other section of this Rate Order, a utility customer's service shall not be subject to discontinuance for nonpayment of that portion of a bill under dispute pending the completion of the determination of the dispute. The customer is obligated to pay any billings not disputed as established in Section E.14 of this Rate Order (relating to Disconnection of Service).

19. **Grievance Procedures.** Any customer of the District or person demonstrating

an interest under the policies of this Rate Order in becoming a customer shall have an opportunity to voice concerns or grievances to the District by the following means and procedures:

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

(b) If the General Manager does not resolve the grievance to the satisfaction of the aggrieved party, the party may appeal the General Manager's decision, in writing, to the President of the Board of Directors for disposition. The written notice of appeal must be submitted to the District within seven (7) days after the date of the General Manager's written response to the notice of grievance.

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

(d) If under this subsection an aggrieved party contests a charge or fee as sole or partial basis of a grievance, the contested charge or fee shall be suspended until such time as the grievance is satisfactorily resolved by the General Manager, the deadline for delivering an appeal to the President of the Board of Directors has passed, or the Board of Directors has rendered its final disposition of the dispute. This provision does not apply to disputed monthly bills pursuant to Section E.18 above.

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

21. Bill Adjustment Due To Meter Error. The District shall test any customer's meter upon written request of the customer. In the event the meter tests within the accuracy standards of The American Water Works Association, a meter test fee as prescribed in Section G.14 of this Rate Order 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 for a period of no more than six (6) months. The billing adjustment shall be made to the degree of the meter's inaccuracy as

determined by the test. The customer must complete and sign a Meter Test Authorization and Test Report prior to the test.

22. Leak Adjustment Policy.

(a) A customer who receives an unusually high monthly bill due to a leak on the customer's property is eligible for a one-time billing adjustment provided all of the following conditions apply:

(1) the customer has not previously requested a leak adjustment by the District for any property owned by the customer; and

(2) the water usage reflected in the high monthly bill must show a minimum of four-times the customer's average monthly usage for the property where the leak occurred; and

(3) on or before the due date of the high monthly bill, the customer must submit to the District a written request for a leak adjustment together with payment equal to the customer's average monthly water usage at current rates and documentary evidence that the leak was repaired (such as a plumber's invoice or receipt for parts purchased to repair the leak).

(b) If the General Manager determines that the absence of a frost-proof lockable faucet contributed to the water loss for which an adjustment is requested, then the General Manager may require the customer to install a frost-proof lockable faucet as an additional condition to receiving a leak adjustment.

(c) Customers eligible for an adjustment will be charged the District's wholesale rate for water use in excess of the customer's average monthly usage as indicated on the high monthly bill. For purposes of this section, a customer's "average monthly usage" shall mean the average of the customer's monthly water usage at the subject property during the preceding 12 months, or lesser history if the customer has not received service at the subject property for 12 months, or, where no previous usage history exists for that customer at the subject property, the average monthly usage shall be estimated by the General Manager of the District based on usage levels of similar customers under similar conditions.

23. Meter Tampering and Diversion of Service. All meters connected to the District's water system shall be provided, owned, installed and maintained by the District. Meter-tampering, by-pass and diversion of service is prohibited. For purposes of this Rate Order, meter tampering, bypass, or diversion shall be defined as tampering with a District meter or service equipment causing damage or unnecessary expense to the District, bypassing the same, or other instances of diversion of service, such as:

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

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

The burden of proof of meter-tampering, by-passing, or diversion is on the District. Photographic evidence or any other reliable and credible evidence may be used; however, any evidence shall be accompanied by a sworn affidavit by one or more employees or agents of the District upon the initiation of an action for meter-tampering under this Rate Order. A court finding of meter tampering may be used instead of photographic or other evidence, if applicable. Unauthorized users of District services shall be prosecuted to the fullest extent allowed by law under the Texas Penal Code §§ 12.21 and 28.03.

24. Service Facility Relocation.

(a) Upon customer request, relocation of service facilities on the same property designated to receive service shall be allowed by the District provided that:

- (1) an easement for the proposed location has been granted to the District;
and
- (2) the customer pays a Meter Relocation Fee. [See Section G.15].

(b) The District retains the right to relocate service facilities at its expense for any purpose.

25. Prohibition of Multiple Connections to a Single Tap. No more than one (1) residential, commercial or industrial service connection is allowed per meter. The District may permit the owner of an apartment building, mobile home/RV park or other commercial account to apply for a single meter as a "Master-Metered Account". Any unauthorized submetering or diversion of service shall be considered a "multiple connection" and subject to disconnection of service. If the District has sufficient reason to believe a multiple connection exists, the District shall discontinue service under the Disconnection with Notice provisions.

(a) For purposes of this section, the following definitions shall apply:

- (1) A "multiple connection" is the connection to any portion of a customer's water line that is connected to a primary delivery point already serving one

residence or commercial facility for the purpose of diverting service to another residence or commercial facility. Water lines connecting to outbuildings, barns or other accessory structures will not be considered a multiple connection if (i) the structure is located on the same tract as the primary delivery point, and (ii) the structure is not used as a residence or commercial facility.

(2) "Primary delivery point" means the physical location of a meter that is installed in accordance with this Rate Order and applicable law, and which provides water service to one residence or to one commercial facility of a District customer.

(3) "Residence" means any structure used for human habitation that includes kitchen and bathroom facilities or other evidence of habitation as defined by the District.

(4) "Commercial" facility means any structure or combination of structures at which any business trade, occupation, profession or other commercial activity is conducted. A business conducted within a customer's residence or property that does not require water in addition to that provided to the customer's residence shall not be considered a separate commercial facility

(b) The District agrees to allow customers in good standing to share water usage with a visitor on their property housed in a recreation vehicle (RV) or travel trailer for a period of no longer than three months. However, if the recreational vehicle or travel trailer is being used as a permanent residence, the District will require the property owner to install an additional meter to serve the recreational vehicle or travel trailer. The District may require the installation of an additional meter for a customer who routinely has more than one visitor at a time residing in recreation vehicles or travel trailers, or has multiple visitors throughout the year. The customer must submit a written request to the District's business office at least five (5) business days prior to sharing District water with a visitor. The District has the right to refuse or deny the shared usage for any reason. The District also has the right to inspect the premises for any potential cross-contamination issues as outlined in the Customer Service Inspection requirements and to ensure that the meter is properly sized for the additional usage at the time of total peak water demand. *These requirements pertain to visitors only.* No commercial usage where fees for water are charged is allowed. If a customer is found to violate these conditions, the customer will be sent a letter of notice stating that water service will be cut off in ten (10) days if the situation is not corrected.

26. Customer Responsibilities.

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

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

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

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

(2) It is prohibited to use pipe and pipe fittings that contain more than 8.0% lead, or solder or flux that contains more than 0.2% lead, in private water distribution facilities installed on or after July 1, 1988 is prohibited for any plumbing installation or repair of any residential or non-residential facility providing water for human consumption and connected to the District's facilities. It is prohibited to use pipe and pipe fittings that contain more than 0.25% lead in private water distribution facilities installed on or after January 4, 2014. Customer service pipelines shall be installed by the applicant. [30 TAC § 290.46].

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

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

(c) Backflow Prevention Assembly Requirements for Septic.

(1) Chapter 344 of the Texas Water Code, the Landscape Irrigation Program Regulations, applies to all irrigation systems. These regulations require the use of a Reduced Pressure Principle Backflow Prevention Assembly (RPZ) on irrigation systems that are installed on property which also has an On-Site Sewage Facility (OSSF). This is due to the significant increase in the contamination hazard posed by the OSSF.

(2) Prior to the adoption of the current Landscape Irrigation Rules in 2009, a double-check valve assembly (DCVA) was an acceptable form of backflow prevention for irrigation systems installed on property which also has an OSSF. After 2009, the new rules an RPZ is required. As a result, many currently installed irrigation systems lack the appropriate, required backflow prevention. To remedy this the District will implement the following policy: If an irrigation system is connected to a potable water supply and requires major maintenance, alteration,

repair, or service, the system just be connected to the potable water supply through an approved, properly installed backflow prevention method as defined in the title before any major maintenance, alteration, repair or service is performed.

(d) Payment on Multiple Accounts. A customer owning more than one service connection shall keep all payments current on all accounts. Failure to maintain current status on all accounts shall be enforceable as per Service Application and Agreement executed by the customer or the terms of this Rate Order.

(e) Extent of District Ownership and Maintenance. The District'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 District shall be subject to charges pursuant to this Rate Order.

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

27. Prohibited Plumbing Practices

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

(b) No cross-connection between the water supply and a private water system is permitted. These potential threats to the public drinking water supply must be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.

(c) No connection which allows water to be returned to the public drinking water supply is permitted.

(d) No pipe or pipe fitting which contains more the eight percent (8.0%) lead may be used for the installation or repair of plumbing at any connection which provides water for human use.

(e) No solder and flux which contains more than two-tenths of one percent (0.2%) lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

28. Water Service Connections.

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

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

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

(d) The customer must, at the customer's expense, properly install a backflow prevention device as required by the District. [30TAC § 290.38(17), (31)]

(e) All costs to extend or oversize District water mains or service lines to serve any residential or commercial user or any undeveloped area within the District shall be the sole responsibility of the property owner and/or developer requesting service.

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

(a) All new residential or commercial connections to the District's water system shall be made in accordance with previous Section E.28 and the Rules and Regulations for Public Water Systems issued by the TCEQ as set forth in Subchapter D, Chapter 290, Title 31 of the Texas Administrative Code. In the event of a conflict between the provisions of Section E.28 and the TCEQ's Rules and Regulations for Public Water Systems, the more stringent shall apply.

(b) Water pipe and fittings shall be of brass, copper, cast iron, galvanized malleable iron, galvanized wrought iron, galvanized steel or other approved materials.

(c) Water lines and sewer lines shall not be less than three feet (3') apart horizontally and shall be separated by undisturbed or compacted earth.

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

(1) The bottom of the water line at all points shall be at least twelve inches

(12") above the top of the sewer line.

(2) The water line shall be placed on a solid shelf excavated at one side of the common trench and the two lines shall be separated by a minimum of eighteen inches (18").

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

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

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

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

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

(i) Lawn sprinkling systems shall be equipped with an approved reduced pressure zone (RPZ) valve. The RPZ valve shall be installed at least twelve inches (12") above the surrounding ground and above a sufficient number of heads so at no time will the RPZ valve be subjected to back pressure or drainage.

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

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

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

30. Authority to Tap or Repair District Facilities. No person other than a duly authorized employee or agent of the District is authorized to tap or make any connection to a District owned water distribution line, except for emergency fire-fighting purposes, or to make any repairs or alterations to any meter, meter box, tap, pipe, cock or other fixture connected to the District's water system. The District reserves the right, immediately and without notice, to:

(a) remove the meter or disconnect water service to any customer whose meter has been tampered with; and

(b) to repair any damage to the District's water facilities; and

(c) to assess an equipment damage fee to the customer under Section G.12 of this Rate Order.

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

32. Enforcement for Violations of Rate Order.

(a) Enforcement.

(1) *Civil Penalties.* Any person violating any provision of this Rate Order may be subject to a civil penalty of not more than \$2,000.00 for each violation. Each day that a violation of this Rate Order is permitted to exist shall constitute a separate violation. A penalty under this section is in addition to any other penalty or remedy provided by the laws of the State of Texas or this Rate Order. A penalty under this section may be enforced by complaint filed in the appropriate court of jurisdiction in the county in which the District's principal office or meeting place is located.

(2) *Liability for Costs.* Any person violating any provision of this Rate Order shall be liable to the District for any expense, loss or damage incurred by the District by reason of such violation and the District's enforcement thereof. If the District prevails in any legal action to impose a civil penalty or otherwise enforce this Rate Order, it may, in the same action, recover any reasonable fees for attorneys, expert witnesses, and other costs incurred by the District before the court.

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

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

(Adopted by Ord. 2016-001, Feb. 15, 2016)

1. **District Limitations.** All applicants shall recognize that the District must comply with state and federal laws and regulations as promulgated from time-to-time, and with covenants of current indebtedness. The District is not required to extend retail utility service to any applicant requesting standard service to a lot or tract in a subdivision where the developer responsible for the subdivision has failed to comply with the requirements of the District's subdivision service extension policies and non-standard service requirements set forth in this section.

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 types of non-standard service are determined, including the non-standard service applicant's and the District's respective costs. For purposes of this section, the term "applicant" shall refer to a developer or person that desires to secure non-standard service from the District. The applicant must be the same person or entity that is authorized to enter into a contract with the District setting forth the terms and conditions pursuant to which non-standard service will be furnished to the property. In most cases, the applicant will be the owner of the property for which non-standard service is sought. An applicant other than the property owner must furnish evidence to the District that the applicant has authority to request non-standard service either on behalf the owner or for the property itself.

3. **Application of Rules.** This section is applicable to subdivisions, additions to subdivisions, commercial, industrial and governmental developments, and any situation where greater than standard-sized service facilities are required to serve a single tract of property. Most non-residential service applications will be considered non-standard by the District, at its sole discretion. For purposes of this Rate Order, applications subject to this section shall be defined as "non-standard." This section may be altered or suspended for facility expansions constructed by the District at its expense. The District's General Manager shall interpret, on an individual basis, whether or not an applicant's service request shall be subject to all or part of the conditions of this section. For purposes of this section the term "project" includes subdivisions, additions to subdivisions, and commercial, industrial and governmental developments.

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

4. Non-standard Service Application. The applicant shall meet the following requirements prior to entering into a Non-standard Service Contract with the District:

(a) The applicant shall complete and submit three (3) copies of a Non-standard Service Application to the District, while giving special attention to that portion entitled "Special Service Needs of the Applicant."

(b) Simultaneous with submission of the Non-standard Service Application, the applicant must submit the following for District approval: (1) three copies of the proposed final plat showing the applicant's requested service area; (2) three copies of the proposed water plans for review by the District's consulting engineer; and, (3) a computer file of the final plat and water plans in Acrobat PDF format. The final plat must be approved by all governmental authorities exercising jurisdiction over lot sizes, sewage control, drainage, right-of-way, and other service facilities except to the extent Section F.3 above is applicable. Plans, specifications, and special requirements of such governmental authorities shall be submitted with the plat. Applicants for single taps that require an extension or over-sizing of District facilities may be required to submit maps or plans detailing the location of the requested extension and details of demand requirements.

(c) The applicant shall pay a Service Investigation Fee (See Section G.2) to the District to reimburse any administrative, surveying, engineering and legal fees incurred by the District to process the Non-standard Service Application. If the initial fee amount is not sufficient to pay all expenses incurred by the District, the applicant shall pay to the District all remaining expenses that have been or will be incurred by the District, and the District shall have no obligation to complete processing of the request until all remaining expenses have been paid.

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

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

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

(3) the District's CCN shall be amended at the PUC to include the entirety of the applicant's property for which service is requested and the applicant shall pay all costs incurred by the District in amending its CCN including surveying, engineering and legal fees. If the service location is contiguous to or within one-fourth (1/4) mile of the District's certificated service area, the District may extend service prior to completing the amendment to its CCN, but will do so only upon applicant's legally enforceable agreement to fully support such amendment including payment of all surveying, engineering and legal fees incurred by District in securing the amendment.

5. Facilities Design and Approval.

(a) **Design Requirements.** Upon receipt of a completed Non-standard Service Application and Service Investigation Fee, the District shall study the design requirements of the applicant's required facilities before preparing a Non-standard Service Contract in accordance with the following:

(1) The District's General Manager or consulting engineer, as appropriate, shall review and approve the plats and plans for all on-site and off-site service facilities for compliance with District specifications. The General Manager or consulting engineer will notify the applicant in writing of any required changes to the proposed plats or plans. Allow a minimum of thirty (30) days for the review process.

(2) The District's consulting engineer shall ensure all facilities for any applicant meet the demands for service as platted or requested in the plans or plat submitted by the applicant. The consulting engineer will also determine the fire-flow design for any non-standard service request including new subdivisions, based on density, type of structure and other factors. The District reserves the right to upgrade or oversize the planned service facilities to meet future customer demands on condition that the applicant is reimbursed the additional expense due to such upgrading or oversizing.

(3) The size and location of waterlines and other service facilities will be determined by the District's General Manager or consulting engineer, as appropriate, whose determination is final. In all new installations, the District's waterlines shall be installed on the opposite side of the road as franchise or other utilities except where that may not be possible as determined by the District. Where it is not possible to install waterlines and franchise utilities on the opposite side of the road, a minimum of ten feet of separation shall be maintained.

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

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

(6) The water system shall be designed to afford effective circulation of water with a minimum of dead ends. All dead-end mains shall be provided with acceptable flush valves and discharge piping. All dead-end lines less than two inches (2") in diameter will not require flush valves if they end at a customer service connection. Where dead ends are necessary as a stage in the growth of the system, they shall be located and arranged to ultimately connect the ends to

provide circulation. [See 30 TAC § 290.44(d)(6)].

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

(a) payment of all costs associated with required administration, design, construction and inspection of facilities for water service to the project;

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

(c) reservation of service capacity for the applicant and duration of reserved service with respect to the impact the applicant's service demand will have upon the District's water system capability to meet other service requests;

(d) terms by which the applicant shall indemnify the District from all third party claims or lawsuits arising from or related to the project;

(e) terms by which the applicant shall convey or dedicate all constructed service facilities to the District, and by which the District shall assume operation and maintenance responsibility, including any enforcement of warranties related to construction of the service facilities;

(f) terms by which the applicant shall grant title or easements to the District for rights-of-way, constructed service facilities, and service facility sites, or terms by which the applicant shall provide for the securing of required rights-of-way and sites;

(g) terms by which the Board of Directors shall review and approve any applicable Non-standard Service Contract or any other contract related to the project pursuant to current rules, regulations and policies of the District; and

(h) terms by which the District may administer the applicant's project with respect to: (i) the design of the applicant's water service facilities; (ii) dispensing advanced funds for construction of facilities required for the applicant's service; (iii) inspecting construction of facilities; and, (iv) testing facilities and closing the project.

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

of Directors.

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

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

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

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

(d) Easements and facility sites shall be prepared for construction of the District's mains, service lines and service facilities in accordance with the District's requirements and at the expense of the applicant.

8. Contractor Selection. Applicants shall select a qualified contractor to construct water and wastewater facilities required by the District to serve a project. The District reserves the right to reject any contractor selected by the applicant. Alternatively, the District may agree to construct the service facilities provided the applicant pays all estimated constructions costs prior to the commencement of construction.

9. Construction.

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

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

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

(d) After completing construction of the water service facilities, the applicant shall deliver to the District three (3) copies of as-built drawings plus one copy in Acrobat PDF electronic format. The as-built drawings shall verify that all facilities have been properly located within the easements or rights-of-way conveyed or dedicated to the District. The District's receipt of the as-built drawings shall be a condition of acceptance of the service facilities.

10. **Dedication of Service Facilities.** Upon proper completion of construction of an applicant's on-site and off-site service facilities, final inspection and approval thereof by the District, and applicant's payment to the District of all required fees and charges in connection therewith, the applicant shall convey and dedicate the service facilities to the District by an appropriate legal instrument prepared by the District's attorney, and the District shall accept the dedication. The District shall thereafter own the water service facilities subject to applicant's maintenance bond in an amount of not less than twenty percent (20%) of the total construction cost of the service facilities and for a term of not less than two (2) years. The maintenance bond is subject to prior approval by the District's attorney.

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

SECTION G.
RATES AND SERVICE FEES

(Adopted by Ord. 2016-001, Feb. 15, 2016)

1. **Classes of Users.** All users of the District's water services shall be grouped into the following classes:

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

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

(c) Outside users or customers. Persons located outside the District's service area who receive District service.

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

2. **Service Investigation Fee.** The District will conduct a service investigation for each service application submitted to the District. The District will first determine whether a service request is Standard or Non Standard. Requests for standard residential service will be investigated without charge and all applicable costs for providing service will be quoted in writing to the applicant within ten (10) working days of application. Non-standard service requests will be charged a Service Investigation Fee to cover all administrative, legal, and engineering fees incurred by the District to evaluate the service needs of the project and prepare a Non-standard Service Contract.

(a) Commercial Service. The General Manager of the District will the cost to investigate commercial service requests to be paid in advance by applicants.

(b) Subdivisions. Developers requesting non-standard service to subdivisions will be assessed according to the size of the development as follows:

2-10 tracts. \$250.00

10-20 tracts. \$500.00
20-50 tracts. \$1,000.00
50-100 tracts. \$2,500.00
>100 tracts. the General Manager will estimate the cost

3. Deposits.

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

(1) The Deposit for residential users is \$300.00 for each service unit.

(2) The Deposit for commercial users and for non-standard service customers, including Master Metered Accounts, shall be an amount equal to one-sixth of the estimated annual billings as determined by the General Manager of the District.

(b) Adjustment of Commercial Deposit. If actual monthly billings of a commercial customer are more than twice the amount of the estimated billings at the time service was established, the District may require payment of an additional deposit within fifteen (15) days after the issuance of written notice.

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

(d) Refund of Deposit. If service is not connected, or after disconnection of service, the District shall refund the service applicant's or customer's deposit in excess of the unpaid bills for service furnished. In the event that a surplus of \$5.00 or more exists after the final bill is paid, the balance of the Deposit will be paid to the customer within forty-five (45) days provided the customer has given the District written notice of a forwarding address. All requests for Deposit refunds shall be made in writing and must be delivered to the District within ninety (90) days of termination of service. In the event that an outstanding balance exists after the Deposit is applied, the District shall attempt to collect the outstanding balance by all lawful means available.

(e) Failure to Provide Forwarding Address for Refund. If the District is not provided with a valid forwarding address in writing to send the balance of a deposit, or if after mailing the balance to the address provided it is returned by the postal service, then the District will hold the deposit balance for **one year**. After the one-year holding period expires, the District will turn the money over to the Texas Comptroller's

office. The customer may still claim the deposit balance from the Texas Comptroller.

(f) Transfer of service. A transfer of service from one service location to another within the District's service area shall not be deemed a disconnection and no additional deposit is required unless permitted by this section.

4. **Connection Fee.** In addition to a Deposit and any other applicable fees, the District shall charge a Connection Fee to establish service as follows:

(a) Standard Service. The Connection Fee for a standard service meter is \$3,200.00 and includes all labor and materials to install and inspect a tap, service line, meter vault, riser, meter, and other necessary appurtenances. The Connection Fee is charged on a per connection basis and must be paid in advance.

(b) Non-standard Service. The Connection Fee for non-standard service is \$3,200.00 plus the additional cost of the larger meter, if any, and includes all labor and materials to install and inspect a tap, service line, meter vault, riser, meter, and other necessary appurtenances. The Connection Fee is charged on a per connection basis and must be paid in advance.

(c) Extraordinary Expenses.

(1) *Generally.* Extraordinary expenses such as road bores, street crossings, system improvements and pipeline relocations under Section E.2(b)(6) may be added to the Connection Fee and shall be paid by the applicant.

(2) *Street Crossings.* The fee for crossing under a street with a service line is the actual cost of the work and materials, plus a fifteen percent (15%) administrative and overhead fee.

5. **Activation Fee.** When service is requested by a new customer to an existing meter located on property previously served by the District, the District will charge an Activation Fee of **\$25.00** prior to restoring service. In addition to the Activation Fee, the applicant shall pay a Deposit and any other applicable fees required under this Rate Order. [See Section E.3(b)].

6. **Monthly Charges.** See Appendix A to this Rate Order.

7. **Late Payment Fee.** Except for bills to political subdivisions and state agencies, a one time penalty of **\$20.00** or 5.0%, which ever is larger, 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. Political subdivisions and state agencies will be assessed a late penalty of 1% on any amount unpaid on the 46th day after a bill or statement for service furnished is received by the state agency or political subdivision and an additional 1% shall be assessed for each month thereafter that the bill remains unpaid. [See Gov't Code Chapter 2251].

8. **Increased Risk Deposit.** A customer whose service has been discontinued more than twice in a 12-month period for nonpayment of bills must re-establish the customer's deposit plus an additional **\$25.00** to cover increased risk.

9. **Returned Check Fee.** In the event a check, draft, or any other similar instrument is given by any person for payment of services provided for in this Rate Order, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason, the account for which the instrument was issued shall be assessed a return check charge of **\$30.00**.

10. **Reconnect Fee.** The District shall charge a Reconnect Fee of **\$50.00** during regular business hours or \$100.00 after regular business hours for restoration of service after disconnection for any reason stated in this Rate Order or to restore service after disconnection at a customer's request, except for re-service under Section E.3(b) of this Rate Order.

11. **Service Trip Fee.** The District shall charge a Service Trip Fee of **\$50.00** for any service call or trip to a customer's property at the customer's request. However, the District shall investigate reports of damage to District and customer facilities or equipment without charge.

12. **Equipment Damage Fee.** The District shall charge for all labor, material, equipment, and all other actual costs necessary to repair or replace all equipment damaged due to negligence, meter tampering, by-passing or reconnecting service without authority, or by any other service diversion. The District may charge for all actual cost necessary to correct service diversions or unauthorized taps where there is no equipment damage, including incidents where service is reconnected without authority. An itemized bill for the damages will be provided to the customer. In cases of meter tampering or service diversion, the District may disconnect the service of a customer refusing to pay damage charges. [See 16 TAC § 24.87(n)]

13. **Customer History Report Fee.** A fee of **\$10.00** shall be charged to provide a copy of the customer's record of past water purchases in response to a customer's request for such a record.

14. **Meter Test Fee.** The District shall test a customer's meter upon written request of the customer and a Meter Test Fee of the actual cost to retest, plus 15% shall be imposed on the affected account.

15. **Meter Relocation Fee.** The fee for moving a meter from one location to another under the terms of Section E.24 shall be the actual costs incurred by the District plus administrative charges, or a minimum fee of **\$400.00**. Upon removal of the existing meter, the District shall remove the existing service tap.

16. **Temporary Service Charges.** Prior to providing temporary water service, the District shall charge a non-refundable temporary service fee of **\$50.00** plus actual installation charges for temporary water service. Temporary service customers shall pay the

wholesale water rate for water taken set forth in Appendix A.

17. **Hydrant Meter Service.** Prior to providing hydrant meter service, the District shall receive a deposit in the amount of **\$100.00** which is refundable upon return of the hydrant meter and payment for all water used. Hydrant meter service customers shall pay the wholesale water rate for water taken set forth in Appendix A.

18. **Information Disclosure Fee.** All public information, except that which has been individually requested as confidential, shall be available to the public for a fee to be determined by the District based on the level of service and costs to provide such information, but not to be inconsistent with the terms of the Texas Publication Information Act, Chapter 552, Texas Government Code (f/k/a Texas Open Records Act).

19. **Customer Service Inspection Fee.** After the initial customer service inspection, a fee of **\$50.00** will be assessed to an applicant for each additional inspection required, if any.

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

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

22. **Fees Non-refundable.** All fees, rates and charges contained in this Rate Order are non-refundable unless expressly stated otherwise.

23. **Re-service Fee.** The District will charge a Re-service Fee of **\$800.00** to a service applicant prior to restoring service under Section E.3(b) of this Rate Order.

24. **Free Service Prohibited.** The District shall not furnish free service to any person except for fire-fighting purposes.

25. **Credit Card Convenience Fee.** The District will assess a convenience fee equal to 3% of the total amount of any payment to the District involving use of a credit card or debit card. The convenience fee is a separate charge and is non-refundable in the event of a refund to the cardholder.

Appendix A

MONTHLY SERVICE CHARGES

(Adopted by Ord. 2018-003, Aug. 13, 2018)

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

<u>Meter Size</u>	<u>Meter Equivalents</u>	<u>Monthly Base Rate</u>
5/8" x 3/4"	1.0	\$ 30.00
3/4"	1.5	41.25
1"	2.5	68.75
1½"	5.0	137.50
2"	8.0	220.00

2. **Gallonge Charge.** In addition to the Base Rate, residential and commercial customers of the District will be assessed a Gallonge Charge at the following rates for water usage during a monthly billing period:

1,000 to 10,000 gallons.	\$7.91 per thousand
10,001 to 15,000 gallons.	\$8.46 per thousand
15,001 to 20,000 gallons.	\$8.96 per thousand
20,001 to 25,000 gallons.	\$9.51 per thousand
>25,000 gallons.	\$10.01 per thousand

3. **Regulatory Assessment.** In accordance with TCEQ regulations, the District shall collect from each customer a regulatory assessment equal to 0.5% of the monthly charges collected by the District for water utility service. [See 30 TAC § 291.76(d)(3)].

4. **Wholesale Rate.** Wholesale, hydrant and temporary service customers of the District will pay \$6.24 per thousand gallons of water used during a billing period. Customers may also be responsible for paying a monthly base rate or such fees or charges to be assessed in pursuant to the terms of a wholesale water contract with the District.