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Control Number - 53075

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SOUTHWEST FANNIN
SPECIAL UTILITY
DISTRICT

RATE ORDER

November 15, 2005

Southwest Fannin Special Utility District
8046 W. Hwy. 56
Savoy, TX 75479
(903) 965-5316
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ON
ENVIRONMENTAL QUALITY

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SECTION A.
RESOLUTION & AUTHORITY

1. This Service Policy was adopted by resolution by the Board of Directors of the District on November 15, 2005. This Service Policy supersedes all utility service policies, rules and tariffs adopted or passed by the Board of Directors prior to November 15, 2005.
2. The adoption of this Service Policy shall not affect any violation or act committed or done, or any penalty or forfeiture incurred, or any contract or vested right established or accrued under any prior Service Policy.
3. An original of this Service Policy as approved shall be maintained in the records of the District and all additions, deletions and changes thereto shall be clearly exhibited.
4. Rules and regulations of state and federal agencies having applicable jurisdiction, promulgated under any applicable state or federal law, shall supersede all terms of the Service Policy that directly conflict with such state and federal rules or regulations. If any section, paragraph, sentence, clause, phrase, word or words of the Service Policy are declared unconstitutional or in violation of law, the remainder of the Service Policy shall not be affected thereby and shall remain in full force and effect.
5. This Service Policy is immediately effective upon the date of adoption unless otherwise specified.

**RESOLUTION BY SOUTHWEST FANNIN SPECIAL UTILITY DISTRICT
ADOPTING A SERVICE POLICY AND ESTABLISHING RATES, FEES,
ADOPTING RULES AND REGULATIONS RELATING TO THE
ADMINISTRATION OF ITS UTILITY SERVICES, AND PROVIDING FOR
ENFORCEMENT FOR VIOLATING THIS SERVICE POLICY**

WHEREAS, the Southwest Fannin Special Utility District (the "District") has provided facilities for the production and distribution of potable water to residential and business users within its authorized service areas;

WHEREAS, Section 49.212, Texas Water Code, authorizes the District to adopt and enforce all necessary charges, rates, fees, or rentals, and other terms and conditions for providing any district services;

WHEREAS, the Board of Directors has carefully considered the matter and is of the opinion that the following fees, charges, rates, rules, regulations, and enforcement procedures are necessary for the safe and efficient management of the District's utility facilities; NOW THEREFORE,

BE IT ORDERED BY THE BOARD OF DIRECTORS OF SOUTHWEST FANNIN SPECIAL UTILITY DISTRICT - FANNIN COUNTY, TEXAS, that the following Service Policy is adopted and establishes the fees charges, rules, regulations, and enforcement procedures for the District's water and shall be effective on November 15, 2005.

SECTION B. STATEMENTS

1. **Organization.** The Southwest Fannin Special Utility District is a Political Subdivision of the State of Texas organized under Chapters 49 of the Texas Water Code for the purpose of furnishing potable water service to the Districts serving area. It is declared to be a defined district within the meaning of Article XVI, Section 59, of the Texas Constitution. The management of the District is controlled by the Board of Directors who is responsible for adopting all District service policies, rates and regulations. The members of the Board of Directors are elected by the registered voters residing within the District's boundaries.
2. **Non-Discrimination Policy.** Service is provided to all Applicants who comply with the provisions of this Service Policy regardless of race, creed, color, national origin, gender, disability, or marital status.
3. **Policy and Rule Application.** These policies, rules, and regulations apply to the water services provided by the District. Failure on the part of the Customer or Applicant to observe these policies, rules and regulations gives the District the authority to deny or discontinue service according to the terms of this Policy.
4. **Fire Protection Responsibility.** The District generally does not provide nor does it imply that fire protection is available on any of the distribution system, except where expressly specified and agreed to by the District. 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 the system as determined by the District, at any time without notice, refund, or compensation to the contributors.
5. **Liability.** The District is not liable for damages caused by service interruptions, events beyond its control, and for normal system failures.
6. **Information Disclosure.** The records of the District shall be kept in the District's office in Savoy, Texas. 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. A reasonable charge as established pursuant to the Texas Public Information Act may be assessed to any person requesting copies of District records. An individual customer may request in writing that their address, telephone number, account record of water use or social security number be kept confidential. Such confidentiality does not prohibit the utility from disclosing this information to an official or employee of the state or a political subdivision of the state acting in an official capacity or an employee of the District acting in connection with the employee's duties.
7. **Customer Notice Provision.** The District will give written notice of a monthly water rate change 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 contain the old rates, new rates, effective date of the new rates, date of Board authorization, and the name and phone 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 effective date of the change, the amount of the newly adopted rate nor any charge incurred based on the new rate.

8. ***Customer Service Inspections.*** The District requires that a customer service inspection certification be completed prior to providing water service to new construction and for all new customers as part of the activation of standard and non-standard service. Customer service inspections are also required on any existing service 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 the customer's water distribution facilities. This inspection is limited to the identification and prevention of cross connections, potential contaminant hazards and illegal lead materials. (30 TAC 290.46(i-j))

9. ***Submetering Responsibility.*** Submetering and Non-Submetering by Master Metered Accounts may be allowed in the District's water distribution system provided the Master Metered Account customer complies with the Texas Commission on Environmental Quality Chapter 291 Subchapter H rules pertaining to Submetering. The District has no jurisdiction over or responsibility to the tenants. Tenants receiving water under a Master Metered Account 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 Texas Commission on Environmental Quality.

SECTION C. **DEFINITIONS**

Applicant – A person, corporation, organization, government or governmental subdivision or agency, business trust, estate, trust, partnership, association, or any other legal entity applying for service with the District.

Authorized 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 Policy pursuant to either general or specific authorization to do so from the General Manager or the Board of Directors of the District.

Board of Directors - The governing body of the District elected by the registered voters within the District's boundaries in accordance with the applicable election laws.

Customer – Any person, corporation, organization, government or governmental subdivision or agency, business trust, estate, trust, partnership, association, or any other legal entity having District's service at any specified premises.

Defined Service Area – That area within which water service is provided to customers and that includes the area within the District's boundaries (and/or the area described within CCN Number 12406).

Deposit – A non-interest bearing fee as set by the Board of Directors based upon the size of the water meter which is held by the District as security for service being rendered.

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

Disconnection of Service - The discontinuance of water service to a customer of the District.

District - The Southwest Fannin Special Utility District.

District's Water System -The water production, treatment, and distribution facilities operated or to be constructed by the District as currently operating and any water system extensions or improvements which may be built within the District in the future.

Easement - A perpetual right-of-way dedicated to the District for the installation of water pipelines and necessary facilities which allows access to property for future operation, maintenance, facility replacement, facility upgrades, and/or installation of additional pipelines for both service to a customer/applicant and system-wide service. This may also include restrictions on the adjacent area to limit the installation of water lines or other facilities that would restrict the use of any area of the easement. The District maintains and occasionally updates a standard easement which must be provided prior to service to a new customer or new service connection.

Final Plat - A complete and exact plan for the subdivision of a tract of land which has been approved by all regulatory agencies having jurisdiction over approval of the design, planning and specifications of the facilities of such subdivision.

Hazardous Condition - A condition that jeopardizes the health and welfare of the customers of the District as determined by the District or any other regulatory authority with jurisdiction.

Master Meter – A meter that serves two or more connections and is installed in accordance with the requirements set forth in Section E (2) (d) of this Order.

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 the District's Rate Order or based on justifiable expenses in connection with such re-servicing.

Revenues - Any funds received for water service, tap fees, service charge fees, disconnect fees, reconnection fees or any and all other charges except for service deposits that may be charged and collected by the District from the ownership and operation of its water systems.

Service Application and Agreement - A written agreement on the current service application and agreement form between the Applicant and the District defining the specific type of service requirements requested, and the responsibilities of each party regarding the service to be provided.

Service Classification/Unit – The type of water service required by an Applicant as may be determined by the District based on specific criteria such as usage, meter size, demand, type application, and other relevant factors related to the Applicant's request. The base unit of water service used by the District in facilities design and rate making in this Rate Order is a 5/8" X 3/4" water meter.

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

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

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

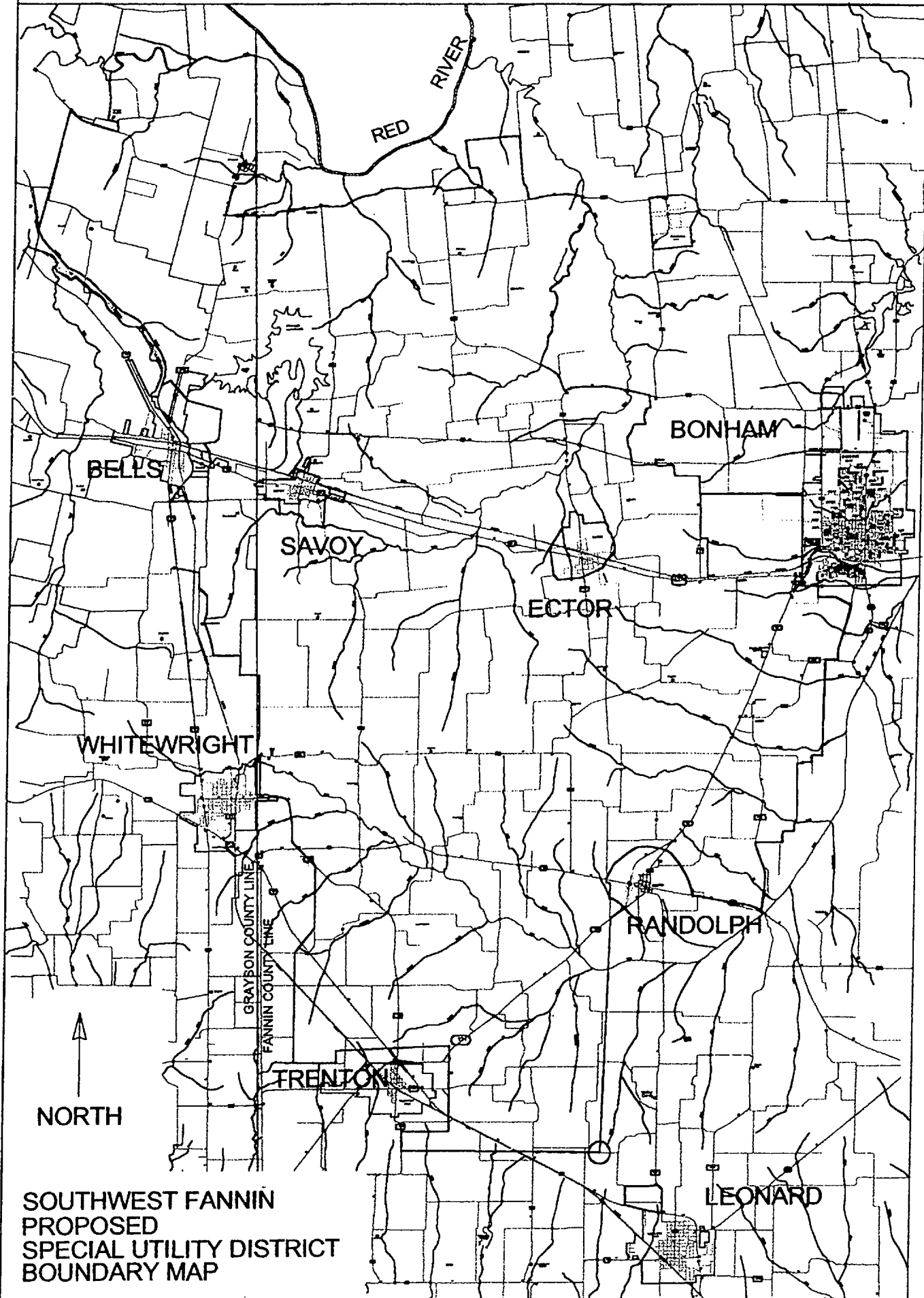
Temporary Service - The classification assigned an applicant that is in the process of construction. This could also apply to service for uses other than permanent (agricultural, road construction, drilling, livestock, etc.). The Board will set the length of time associated with this classification.

Texas Commission on Environmental Quality (TCEQ) - State regulatory agency having jurisdiction of water and sewer service utilities and appellate jurisdiction over the rates and fees charged by the District.

SECTION D.
GEOGRAPHIC AREA SERVED

(This section should include a brief description of the Service Area where the District is authorized to serve and an area map (or reference to a map) that shows the District's Boundary Map, and [if applicable] Certificated Service Area.

EXHIBIT B



SOUTHWEST FANNIN
PROPOSED
SPECIAL UTILITY DISTRICT
BOUNDARY MAP

SECTION E. SERVICE RULES AND REGULATIONS

1. **Service Entitlement.** An Applicant requesting service within the boundaries of the District or the District's defined service area shall be considered qualified and entitled to water utility service when proper application has been made, 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 outside the District's boundaries or defined service area shall be considered for service in accordance with current District policies on providing service outside the District boundaries or CCN service area.

2. **Application Procedures and Requirements.** For the purposes of this Service Policy, service shall be divided into the following two classes:
 - a. **Standard Service** is defined as service on an existing pipeline where pipeline or service facility extensions are not required and special design and/or engineering considerations are not necessary. Typically, this would include 5/8" X 3/4" or 3/4" sized water meter services set on existing pipelines.
 - b. **Non-Standard Service** is defined as any service request which requires a larger meter service, service to a Master Metered Account (see E. 2. c. (4) of this section), or an addition to the supply, storage and/or distribution/collection system. The service requirements as prescribed by Section F of this Service Policy shall be required of the Non-Standard Service Applicant prior to providing service.
 - c. **Requirements for Standard and Non-Standard Service.**
 - 1) The District's Service Application and Agreement Form shall be completed in full and signed by the Applicant.
 - 2) A Right-of-Way Easement Form, Sanitary Control Easement, or other such easement form, approved by the District, must be completed by the Applicant for the purpose of providing water service to the applicant and to allow for future facility additions.
 - 3) On request, the District shall install individual meters owned by the District in an apartment house, manufactured home rental community, multiple use facility, or condominium on which construction begins after January 1, 2003, unless the District determines that installation of individual meters is not feasible. If the District determines that installation of meters is not feasible, the property owner or manager shall install a plumbing system that is compatible with the installation of submeters or individual meters. The District shall be entitled to the payment of costs, including the costs of individual meter installations, as provided in Section F.4. The cost of individual meter installation shall be prepaid by the property owner as well as the cost of any additional facilities or supply occasioned by the total water service demand represented by full occupancy of the property, as determined under applicable provisions of Section F.
 - 4) The District shall consider master metering to apartments, condos, trailer /RV parks, or business centers and other similar type enterprises at an Applicant's request provided the total number of units to be served are all:
 - (a) owned by the same person, partnership, cooperative, corporation, agency, public or private organization of any type but not including a family unit,
 - (b) directly inaccessible to public right-of-way, and
 - (c) considered a commercial enterprise; i.e. for business, rental, or lease purposes.

- 5) Notice of application approval and costs of service 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
- 6) If the water main has been located in the public right-of-way and is adjacent to Applicant's property due to the current or previous landowner's refusal to grant an easement to the District for the purpose of installing the water main and appurtenances, and the District has documentation of such refusal, the Applicant, prior to receiving the requested service, shall grant the easements required under this Service Policy and in addition to the normally required fees for new customer service, shall pay such sums as are reasonably necessary to cap the existing line in the ROW and construct the appropriate line or lines within that easement for the District's system-wide service. (See Miscellaneous Transaction Forms)

3. **Activation of Standard and Non-Standard Service.**

- a. **New Tap** - The District shall charge a non-refundable service installation fee and a refundable deposit as required under Section G of this Service Policy. The service installation fee shall be quoted in writing to the Applicant. All fees shall be paid or a deferred payment contract signed in advance of installation. (30 TAC 291.86 (a)(1)(A))
- b. **Re-Service** - For re-service the District shall charge the deposit fee and other costs necessary to restore service. When re-service is requested by an applicant owing any delinquent charges on previous service received from the District, all delinquent charges must be paid before re-servicing procedures can begin. In no event will a capital improvement fee or capital impact fee be charged for a re-service event.
- c. **Performance of Work** - After approval is granted by proper authorities, all tap and equipment installations specified by the District shall be completed by the District staff or designated representative. No person, other than the properly authorized agent of the District, shall be permitted to tap or make any connection with the mains or distribution pipes of the district's water system, or make any repairs or additions to or alterations in any tap, pipe, cock or other fixture connected with the water service pipe. The tap shall be completed within five (5) working days after approval and receipt of payment of quoted fees on the property designated to receive service. This time may be extended for installation of equipment for Non-Standard Service Request. (see Section F. , 30 TAC 291.85)
- d. **Inspection of Customer Service Facilities** - The property of and the facilities at the service connection shall be inspected to insure compliance with state required Minimum Acceptable Operating Practices for Public Drinking Water Systems as promulgated by the Texas Commission on Environmental Quality or successor agency. The customer must, at his or her expense, properly install any backflow prevention device required by the District. (30 TAC 290.46(j))

4. **Changes in Service Classification.** If at any time the District determines that the customer service demands have changed from those originally applied for to a different service classification and the District determines 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 Service Policy. Customers failing to comply with this provision shall be subject to the Disconnection with Notice Provisions of this Service Policy, Sub-Section 15.a.

5. **Denial of Service.** The District may deny service for the following reasons:
 - a. Failure of the Applicant to complete all required easements and forms and to pay all required fees and charges;
 - b. Failure of the Applicant to comply with rules, regulations, policies, and bylaws of the District;
 - c. Existence of a hazardous condition at the Applicant's property which could jeopardize the welfare of other customers of the District upon connection;
 - d. Failure of Applicant to provide representatives or employees of the District reasonable access to property for which service has been requested;
 - e. Applicant's service facilities are known to be inadequate or of such condition that satisfactory service cannot be provided.

6. **Applicant's Recourse.** In the event the District refuses to serve an Applicant under the provisions of this Service Policy, the District must notify the Applicant, in writing, of the basis of its refusal. The Applicant may file for an appeal, in writing, with the Board of Directors of the District.

7. **Insufficient Grounds for Refusal of Service.** The following shall not constitute sufficient cause for the refusal of service to an Applicant:
 - a. Delinquency in payment for service by a previous occupant of the premises to be served;
 - b. Failure to pay a bill to correct previous underbilling due to misapplication of rates more than six (6) months prior to the date of application;
 - c. Violation of the 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 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; or
 - e. 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.

8. **Deferred Payment Agreement.** The District may offer a deferred payment plan to 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 Penalty Fees or interest on the monthly balance to be determined as per agreement. (See Miscellaneous Transaction Forms.)

9. **Charge Distribution and Payment Application.**
 - a. **The Service Availability Charge** is billed on a monthly basis. Charges shall be prorated for meter installations and service terminations falling during the billing period.
 - b. **Gallage Charge** shall be billed at the rate specified in Section G and billing shall be calculated in one hundred (100) gallon increments. Water charges are based on monthly meter readings and are calculated from reading date to reading date. Readings used in all billing calculations shall be taken by the District's employees or designated representative.
 - c. **Posting of Payments** - All payments shall be posted against previous balances prior to posting against current billings.

10. **Due Dates, Delinquent Bills, and Service Disconnection Date.** The District shall mail all bills on or about the 25th of the month. All bills shall be due and payable upon receipt and are past due beyond the date indicated on the bill (allowing approximately fifteen (15) days to pay), after which time a penalty shall be applied as described in Section G. A bill is delinquent if not paid on or before the past due date. Payments made by mail will be considered late if postmarked after the past due date. A 5 day grace

period may then be allowed for delayed payments prior to mailing of final notices. Final notices shall be mailed allowing ten (10) additional days for payment prior to disconnection. The ten (10) additional days shall begin on the day the final notice is deposited with the U.S. Postal Service with sufficient postage. If the past due date for the regular or final billing is on a weekend or holiday, the past due date for payment purposes shall be the next day the 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.

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

a. Disconnection with Notice - Water utility service may be disconnected for any of the following reasons after proper notification has been given.

1) Returned Checks - The District shall mail, via the U.S. Postal Service, a notice requiring redemption of the returned instrument within ten (10) days of the date of the notice to be made in the District office. Redemption of the returned instrument shall be made by cash, money Service Policy, or certified check. Failure to meet these terms shall initiate disconnection of service. (see Miscellaneous Transaction Forms) Any such instruments returned as insufficient or non-negotiable for any reason for any two billing periods within a 12-month period shall be considered evidence of bad credit risk by the District. The Customer in violation shall be placed on a "cash-only" basis for a period of 12 months.

NOTE: "cash only," means certified check, money Service Policy, or cash.

- 2) Failure to pay a delinquent account for utility service, failure to timely provide a deposit or failure to comply with the terms of a deferred payment agreement (Miscellaneous Transaction Forms);
- 3) Violation of the District's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of non-standard equipment if a reasonable attempt has been made to notify the Customer and the Customer is provided with a reasonable opportunity to remedy the situation;
- 4) Failure of the Customer to comply with the terms of the District's Service Agreement, Service Policy or Special Contract provided that the District has given notice of said failure to comply, and Customer has failed to comply within a specified amount of time after notification.
- 5) Failure to provide access to the meter under the terms of this Service Policy or to property at which water service is received when there is reason to believe that a hazardous condition or policy violation exists for which access is necessary to verify.
- 6) Misrepresentation by any Applicant of any fact on any form, document, or other agreement required to be executed by the District.
- 7) Failure of Customer to re-apply for service upon notification by the District that Customer no longer meets the terms of the service classification originally applied for under the original service application.

b. Disconnection Without Notice - Water utility service may be disconnected without notice for any of the following conditions:

- 1) A known dangerous or hazardous condition exists for which service may remain disconnected for as long as the condition exists, including but not limited to a violation of the Texas Sanitation and Health Protection Law 4477-1, or there is reason to believe a dangerous or hazardous condition exists and the Customer refuses to allow access for the purpose of confirming the existence of such condition and/or removing the dangerous or hazardous condition (Section E. 3. d., E. 22., 30 TAC 290.46 (j));

- 2) Service is connected without authority by a person who has not made application for service or who has reconnected service without authority following termination of service for nonpayment; and
- 3) In instances of tampering with the District's meter or equipment, by-passing the meter or equipment, or other diversion of service.

NOTE: Where reasonable, given the nature of the reason for disconnection, a written statement providing notice of disconnection and the reason therefore shall be posted at the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected.

- c. **Disconnection Prohibited** - Utility service may not be disconnected for any of the following reasons:
 - 1) Failure of the Customer to pay for merchandise or charges for non-utility service provided by the District, unless an agreement exists between the Applicant and the District whereby the Customer guarantees payment of non-utility service as a condition of service;
 - 2) Failure of the Customer to pay for a different type or class of utility service unless a fee for such service is included in the same bill;
 - 3) Failure of the Customer to pay charges arising from an underbilling occurring due to any misapplication of rates more than six (6) months prior to the current billing;
 - 4) Failure of the Customer 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 the Inoperative Meters subsection E. 17. of this Service Policy.
 - 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;
- 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 personnel of the District 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 approval from the Texas Commission on Environmental Quality.
- f. **Disconnection for Ill and Disabled** - 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. Each time a Customer seeks to avoid termination of service under this Sub-section, the Customer must have the attending physician call or contact the District within sixteen (16) days of issuance of the bill. A written statement must be received by the District from the physician within twenty-six (26) days of the issuance of the utility bill. The prohibition against service termination shall last sixty-three (63) days from the issuance of the utility bill or such lesser period as may be agreed upon by the District and Customer's physician. The Customer shall enter into a Deferred Payment Agreement (see Miscellaneous Transaction Forms).
- g. **Disconnection of Master-Metered Accounts and Non-Standard Sewer Services** - When a bill for water utility services is delinquent for a master-metered service complex (defined as a complex in which a single meter serves two (2) or more residential dwelling units), the following shall apply: (30 TAC Subchapter H. 291.126.)

- 1) The 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 tenants of the service complex in five (5) days if payment is not rendered before that time.
 - 2) At least five (5) days after providing notice to the Customer and at least five (5) days prior to disconnection, the District shall post notices stating "Termination Notice" in public areas of the service complex notifying the residents of the scheduled date for disconnection of service.
 - 3) The tenants may pay the District for any delinquent bill on behalf of the owner to avert disconnection or to reconnect service to the complex.
- h. **Disconnection of Temporary Service** - When an applicant with a Temporary service fails to comply with the conditions stated in the Service Application and Agreement Form or other rules of this Service Policy service may be terminated with notice.
12. **Billing Cycle Changes.** The District reserves the right to change its billing cycles if the workload requires such practice. After a billing period has been changed, the billings shall be sent on the new change date unless otherwise determined by the District.
13. **Back-billing.** The District may back-bill a Customer for up to forty-eight (48) consecutive months for meter error, misapplied meter multiplier, incorrect meter readings, or error in computing a Customer's bill. Failure to pay the most recent six (6) months billing will result in disconnection of service.
14. **Disputed Bills.** In the event of a dispute between the Customer and the District regarding any bill, the District shall forthwith make and conduct an investigation as shall be required by the particular case, and report the results in writing thereof to the Customer. All disputes under this Subsection must be submitted to the District, in writing, prior to the due date posted on said bill.
15. **Inoperative Meters.** Water meters found inoperative will be repaired or replaced within a reasonable time. If a meter is found not to register for any period, unless by-passed or tampered with, the 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.
16. **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 test fee as prescribed in Section G of this Service Policy shall be imposed. In the event the test results indicate that the meter is faulty or inaccurate, the test fee shall be waived, the meter shall be calibrated or replaced, and a billing adjustment may be made as far back as six (6) months. The billing adjustment shall be made to the degree of the meter's inaccuracy as determined by the test. The Customer shall complete a Meter Test Request Form prior to the test. (See Misc. Transaction Forms.)
17. **Meter Tampering and Diversion.** Meter-tampering, by-passing, or diversion are strictly prohibited, including any tampering with the District's service equipment, by-passing the same, or other instances of diversion, such as:
- a. removing a locking or shut-off device used by the District to discontinue service;
 - b. physically disorienting the meter;
 - c. attaching objects to the meter to divert service or to by-pass;
 - d. inserting objects into the meter; or
 - e. other electrical or mechanical means of tampering with, by-passing, or diverting service.

Photographic evidence or any other reliable and credible evidence may be used to establish that a violation of this prohibition has occurred and to justify appropriate action by the District. A court finding of meter tampering may be used instead of photographic or other evidence, if applicable. Violation of this prohibition may be prosecuted to the extent allowed by law under the Texas Penal Code 28.03.

18. **Service Facility Relocation.** Relocation of service facilities on the same property shall be allowed by the District provided that:
- a. An easement for the proposed location has been granted to the District; and
 - b. The Customer pays the actual cost of relocation plus administrative fees.
19. **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 consider allowing an apartment building or mobile home/RV park to apply as a "Master Metered Account" and have a single meter (Referring to Section E. 2. c. (4)). 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 of this Service Policy.
20. **Customer's Responsibility.**
- a. The Customer shall provide access to the meter as per the easement and service agreement. If access to the meter is hindered or denied preventing the reading of the meter, an estimated bill shall be rendered to the Customer for the month; and a notice shall be sent to the effect that access could not be gained. If access is denied for three (3) consecutive months after proper notification to the Customer, then service shall be discontinued and the meter removed with no further notice. (Section E. 3. d.)
 - b. The Customer shall be responsible for compliance with all utility, local, and state codes, requirements, and regulations concerning on-site service and plumbing facilities.
 - 1) All water service connections shall be designed to ensure against back-flow or siphonage into the District's water supply. In particular, livestock water troughs shall be plumbed above the top of the trough with air space between the discharge and the water level in the trough. (30 TAC 290.46)
 - 2) The use of pipe and pipe fittings that contain more than 8.0% lead or solder and flux that contain more than 0.2% lead is prohibited for any plumbing installation or repair of any residential or non-residential facility providing water for human consumption and connected to the District's facilities. Customer service pipelines shall be installed by the applicant. (30 TAC 290.46)
- (C) Approving Authority Review and Approval:
- (i) If pretreatment or control is required, the District shall review and approve design and installation of equipment and processes.
 - (ii) The design and installation of equipment and processes must conform to all applicable statutes, codes, ordinances and other laws.
 - (iii) Any person responsible for discharges requiring pretreatment, flow equalizing or other facilities shall provide and maintain the facilities in effective operating condition at his own expense.

Service shall be discontinued without further notice when installations of new facilities or repairs of existing facilities are found to be in violation of this Section 22.b until such time as the violation is corrected.

- c. 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 as determined by this Service Policy.
- c. 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. Any damage to the District's equipment shall be subject to service charges. (This cut-off valve may be installed as a part of the original meter installation by the District.)

21. 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 of 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.

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

1. ***District's Limitations.*** All Applicants shall recognize that the District must comply with local, state, and federal rules and regulations as promulgated from time to time, and with covenants of current indebtedness.
2. ***Purpose.*** It is the purpose of this Section to define the process for which the specific terms and conditions for service to subdivisions and other kinds of Non-Standard Service are determined, including the Non-Standard Service Applicant's and the District's respective costs. The Applicant must be the same person or entity that is authorized to enter into a contract with the District setting forth terms and conditions pursuant to which Non-Standard Service will be furnished to a property or subdivision.
3. ***Application of Rules.*** This Section is applicable to subdivisions, additions to subdivisions, developments, or whenever additional service facilities are required for a single tract of property. Examples of non-standard services for a single tract of property include, but are not limited to, road bores, extensions to the distribution system, service lines exceeding 1" diameter and service lines exceeding ____ feet. For the purposes of this Service Policy, Applications subject to this Section shall be defined as Non-Standard. The Board of Directors of the District shall interpret on an individual basis whether or not the Applicant's service request shall be subject to all or part of the conditions of this Section.

This Section sets forth the general terms and conditions pursuant to which the 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 legally enforceable, contractual agreement to be entered into by the District and the service Applicant. The agreement may not contain any terms or conditions that conflict with this Section.

4. ***Non-Standard Service Application.*** The Applicant shall meet the following requirements prior to the initiation of a Non-Standard Service Contract by the District:
 - a. The Applicant shall provide the District a completed Service Application And Agreement giving special attention to the item(s) on SPECIAL SERVICE NEEDS OF THE APPLICANT.
 - b. A final plat approved by the District must accompany the Application showing the Applicant's requested service area. The plat must be approved by all governmental authorities exercising jurisdiction over lot sizes, drainage, right-of-way, and other service facilities. Plans, specifications, and special requirements of such governmental authorities shall be submitted with the plat. Applicants for single taps involving extension or upsizing of facilities shall be required to submit maps or plans detailing the location of the requested extension and details of demand requirements.
 - c. A Non-Standard Service Investigation Fee shall be paid to the District in accordance with the requirements of Section G for purposes of paying initial administrative, legal, and engineering fees. The District shall refund any balance that remains after it has

completed its service investigation, and has completed all legal and engineering services associated with processing a request. In the event such a fee is not sufficient to pay all expenses incurred by the District, the Applicant shall pay to the District all remaining expenses that have been, or will be incurred by the District and District shall have no obligation to complete processing of the request until all remaining expenses have been paid.

- d. If after the service investigation has been completed, the District determines that the Applicant's service request is for property located, in whole or in part, outside the area described in the District's defined service area, service may be extended provided that:
 - 1). The service location is not in an area receiving similar service from another retail utility;
 - 2). The service location is not within another retail utility's Certificate of Convenience and Necessity; and
 - 3) The District's defined service area shall be amended to include the entirety of Applicant's property for which service is requested. Applicant shall pay all costs incurred by District for annexation or for amending its CCN, including but not limited to engineering and professional fees. 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 but not limited to payment of all professional fees, including legal, surveying and engineering fees incurred by District in securing the amendment). If the District determines to annex the property, the applicant shall secure written requests for annexation from all ownership interests in the property to be annexed, and shall pay all costs, including engineering and professional fees for the annexation.

5. **Design.** Upon receipt of the signed service application and Investigation Fee, the District shall study the design requirements of the Applicant's required facilities prior to initiation of a Non-Standard Service Contract by adopting the following schedule:
 - a. The District's Consulting Engineer shall design, or review and approve plans for, all on-site and off-site service facilities for the Applicant's requested service within the District's specifications, incorporating any applicable municipal or other governmental codes and specifications.
 - b. The Consulting Engineer's fees shall be paid out of the Non-Standard Service Investigation Fee under Section 4.
 - c. The Consulting Engineer shall submit to the District a set of detailed plans, specifications, and cost estimates for the project.
 - d. The District's Engineer shall ensure all facilities for any Applicant meet the demand for service as platted and/or requested in the plans or plat submitted in application for service. The District reserves the right to upgrade design of service facilities to meet future demands provided however, that the District shall pay the expense of such upgrading in excess of the Applicant's facility requirements.
6. **Non-Standard Service Contract.** Applicants requesting or requiring Non-Standard Service may be required to execute a written contract, drawn up by the District's Attorney, in addition to submitting the District's Service Application and Agreement. Said contract shall

define the terms of service prior to construction of required service facilities. The service contract may include, but is not limited to:

- a. All costs associated with required administration, design, construction, and inspection of facilities for water service to the Applicant's service area and terms by which these costs are to be paid.
- b. Procedures by which the Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.
- c. Terms by which service capacity shall be reserved for the Applicant and duration of reserved service with respect to the impact the Applicant's service demand will have upon the District's system capability to meet other service requests, including assessment of any reserved service fee (if applicable).
- d. Terms by which the District shall administer the Applicant's project with respect to:
 - 1) Design of the Applicant's service facilities;
 - 2) Securing and qualifying bids;
 - 3) Execution of the Service Agreement;
 - 4) Selection of a qualified bidder for construction;
 - 5) Dispensing advanced funds for construction of facilities required for the Applicant's service;
 - 6) Inspecting construction of facilities; and
 - 7) Testing facilities and closing the project.
- e. Terms by which the Applicant shall indemnify the District from all third party claims or lawsuits in connection with the project.
- f. Terms by which the Applicant shall deed all constructed facilities to the District and by which the District shall assume operation and maintenance responsibility, including any enforcement of warranties in connection with construction of the Applicant's project.
- g. Terms by which the Applicant shall grant title or easement for right-of-ways, constructed facilities, and facility sites and/or terms by which the Applicant shall provide for the securing of required right-of-ways and sites.
- h. Terms by which the Board of Directors shall review and approve the Service Contract pursuant to current rules, regulations, and bylaws.
- i. Agreement to enforceable remedies in the event applicant fails to comply with all contract obligations, including specific performance.

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

7. ***Property and Right-of-Way Acquisition.*** With regard to construction of facilities, the District shall require right-of-way easements or property dedicated to the District 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 facility sites in behalf of the District. All right-of-way easements and property titles shall be researched, validated, and filed by the District at the expense of the Applicant. (See Sample Application Packet RUS Form 442-8 or 442-9.)
 - b. All costs associated with 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.
 - 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 facilities sites shall be prepared for the construction of the District's pipeline and facility installations in accordance with the District's requirements and at the expense of the Applicant.

8. ***Bids For Construction.*** The District's Consulting Engineer shall advertise for bids for the construction of the Applicant's proposed facilities in accordance with generally accepted practices. Plans and specifications shall be made available, with or without charge, to prospective bidders. Although the District reserves the right to reject any bid or contractor, the District shall generally award the contract to the lowest and best bidder in accordance with the following criteria:
 - a. The Applicant shall sign the Service Contract noting willingness to proceed with the project and shall pay all costs in advance of construction associated with the project;
 - b. The Contractor shall provide an adequate bid bond under terms acceptable to the District;
 - c. The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the District;
 - d. The Contractor shall supply favorable references acceptable to the District;
 - e. The Contractor shall qualify with the District as competent to complete the work; and
 - f. The Contractor shall provide adequate certificates of insurance as required by the District.

9. ***Pre-Payment For Construction and Service.*** After the Applicant has executed the Service Agreement, the Applicant shall pay to the District all costs necessary for completion of the project prior to construction and in accordance with the terms of the Non-Standard Service Contract.

10. ***Construction.***
 - a. All roadwork pursuant to state, county and/or municipal standards (as applicable) shall be completed prior to facility construction to avoid future problems resulting from road right-of-way completion and excavation. Subject to approval of the requisite

authority, road sleeves may be installed prior to road construction to avoid road damage during construction of Applicant's facilities.

- b. The District shall, at the expense of the Applicant, inspect the facilities to ensure compliance with District standards.
- c. Construction plans and specifications shall be strictly adhered to, but the District reserves the right to change-order any specifications, due to unforeseen circumstances during the design phase, to better facilitate construction or operation of the Applicant's facility. All change-order amounts shall be charged to the Applicant.

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 nonstandard service specified by the Applicant. The District is not required to extend retail utility service to an Applicant in a subdivision where the responsible party (Applicant/Developer) of the applicable property (subdivision) has failed to comply with the terms of this Service Policy. The Applicant is responsible for paying for all costs necessary for non-standard service to a subdivision as determined by the District under the provisions of this Service Policy and specifically the provisions of this Section; if the Applicant fails 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. In addition, District may elect to pursue any remedies provided by the Non-Standard Service Contract. Applicant is advised that purchasers of lots also may have legal recourse to the Applicant under Texas law.

SECTION G.
RATES AND SERVICE FEES

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

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

a. All Standard Service requests shall be investigated without charge and all applicable costs for providing service shall be quoted in writing to the Applicant within ten (10) working days of application.

b. All Non-Standard Service requests shall be subject to a fee, appropriate to each project, of sufficient amount to cover all administrative, legal, and engineering fees associated with investigation of the District's ability to deliver service to the Applicant to:

- (1) provide cost estimates of the project,
- (2) to present detailed plans and specifications as per final plat,
- (3) to advertise and accept bids for the project,
- (4) to present a Non-Standard Service Contract to the Applicant, and
- (5) to provide other services as required by the District for such

investigation. A Non-Standard Service Contract shall be presented to the Applicant within a suitable amount of time as determined by the complexity of the project. (See Section F.)

2. **Deposit.** At the time the application for service is approved, a refundable Deposit must be paid before service shall be provided or reserved for the Applicant by the District.

The Deposit for water service is \$200.00 for each service unit.

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

4. **Installation Fee.** The District shall charge an installation fee for service as follows:

a. **Standard Service** shall include all current labor, materials, engineering, legal, customer service inspection, and administrative costs necessary to provide individual metered water service and shall be charged on a per tap basis as computed immediately prior to such time as metered service is requested and installed.

Standard Service Installation Fee per meter installation is \$450.00

b. **Non-Standard Service** shall include any and all construction labor and materials, inspection, administration, legal, and engineering fees, as determined by the District under the rules of Section F of this Tariff.

c. Standard and Non-Standard Service Installations shall include all costs of any pipeline relocations as per Section E.1.c.(6) of this Tariff.

5. **Meter Impact Fee.** In addition to the Deposit, each Applicant shall be required to achieve parity with existing Customers by contributing capital in an amount projected to defray the cost of up-grading system facilities to meet growth demands created by adding customers. This fee shall be assessed immediately prior to providing or reserving service on a per service unit basis for each tap/lot and shall be assigned and restricted to the tap/lot for which the service was originally requested.

Meter Impact Fee per installation is \$1,000.00.

6. **Monthly Charges.**

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

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

METER SIZE	5/8" X 3/4" METER EQUIVALENTS	MONTHLY RATE
5/8" X 3/4" - 2"	1.0	\$16.50

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

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

**Water - \$4.50 per 1,000 gallons for usage between 2,000-30,000 gallons,
\$5.50 per 1,000 gallons for usage over 30,000 gallons,**

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

7. **Late Payment Fee.** The District shall charge a fee of \$10.00 for the late payment of a water bill per billing period.
8. **Returned Check Fee.** In the event a check, draft, or any other similar instrument is given by a person, firm, District, or partnership to the District for payment of services provided for in this Tariff, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason, the account for which the instrument was issued shall be assessed a return check charge of \$25.00. (see Miscellaneous Transaction Forms)

9. **Reconnect Fee.** The District shall charge a fee of \$50.00 for reconnecting service after the District has previously disconnected the service for any reason provided for in this Tariff except for activation of service under Section E.3.b. Re-Service.
10. **Service Trip Fee.** The District may charge a trip fee of \$25.00 for any service call or trip to the Customer's tap as a result of a request by the Customer or resident (unless the service call is in response to damage of the District's or another Customer's facilities) or for the purpose of disconnecting or collecting payment for services.
11. **Equipment Damage Fee.** If the District's facilities or equipment have been damaged by tampering, bypassing, installing unauthorized taps, reconnecting service without authority, or other service diversion, a fee shall be charged equal to the actual costs for all labor, material, and equipment necessary for repair, replacement, and other District actions. This fee shall be charged and paid before service is re-established. If the District's equipment has not been damaged, a fee equal to the actual costs for all labor, material, equipment, and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authority shall be charged. All components of this fee will be itemized, and a statement shall be provided to the Customer. If the District's facilities or equipment have been damaged due to negligence or unauthorized use of the District's equipment, right-of-way, or meter shut-off valve, or due to other acts for which the District incurs losses or damages, the Customer shall be liable for all labor and material charges incurred as a result of said acts or negligence.
12. **Meter Test Fee.** The District shall test a Customer's meter upon written request of the Customer. Under the terms of Section E of this Tariff, actual charges of the meter test may be imposed on the affected account. The District shall charge a fee of \$25.00 on the affected account.
13. **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 Open Records Act: Chapter 552, Texas Government Code.
14. **Customer Service Inspection Fee.** A fee of \$30.00 will be assessed each Applicant for a Customer service inspection before permanent continuous service is provided to new construction.
15. **Other Fees.** All services outside the normal scope of utility operations which 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.
16. **Developers/Realtors Estimate Fee.** The District may charge a Developer for running an estimate for water service \$25.00/hr. with a minimum fee for figuring the estimate of \$25.00.
17. **Late Fee (Meter Impact Fee, Meter pay-out).** The District will charge \$25.00 each month that payment is not made for the meter impact fee.
18. **Handling Fee (Meter pay-out).** The District will charge a \$25.00 handling fee for the paperwork involved in paying out a meter.

SECTION H.
DROUGHT CONTINGENCY
AND
EMERGENCY WATER DEMAND MANAGEMENT PLAN

1. INTRODUCTION

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

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

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

2. PUBLIC INVOLVEMENT

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

3. COORDINATION WITH REGIONAL WATER PLANNING GROUP

Being located within the Region 4, a copy of this Plan has been provided to the Region 4 Planning Group.

4. TRIGGER CONDITIONS

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

usage based upon historical patterns.

- a. **Stage I - Mild Condition:** Stage I water allocation measures may be implemented when one or more of the following conditions exist:
 - 1) Water consumption has reached 80 percent of daily maximum supply for three (3) consecutive days.
 - 2) Water supply is reduced to a level that is only 20 percent greater than the average consumption for the previous month.
 - 3) There is an extended period (at least eight (8) weeks) of low rainfall and daily use has risen 20 percent above the use for the same period during the previous year.

- b. **Stage II - Moderate Conditions:** Stage II water allocation measures may be implemented when one of the following conditions exist:
 - 1) Water consumption has reached 90 percent of the amount available for three consecutive days.
 - 2) The water level in any of the water storage tanks cannot be replenished for three (3) consecutive days. Example: The highest recorded water level drops _____ () feet or more for _____ () consecutive days.

- c. **Stage III - Severe Conditions:** Stage III water allocation measures may be implemented when one of the following five conditions exist:
 - 1) Failure of a major component of the system or an event which reduces the minimum residual pressure in the system below 20 psi for a period of 24 hours or longer.
 - 2) Water consumption of 95 percent or more of the maximum available for three (3) consecutive days.
 - 3) Water consumption of 100 percent of the maximum available and the water storage levels in the system drop during one 24-hour period.
 - 4) Natural or man-made contamination of the water supply source(s).
 - 5) The declaration of a state of disaster due to drought conditions in a county or counties served by the District.
 - 6) Reduction of wholesale water supply due to drought conditions.
 - 7) Other unforeseen events which could cause imminent health or safety risks to the public.

5. STAGE LEVELS OF WATER ALOCATIONS

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

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

- b. **Stage II - Moderate Conditions**

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

c. Stage III - Severe Conditions

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

NOTE :

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

6. INITIATION AND TERMINATION PROCEDURES

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

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

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

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

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

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

7. PENALTIES FOR VIOLATIONS

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

These provisions apply to all customers of the District.

8. EXEMPTIONS OR WAIVERS

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

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

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

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

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

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

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

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

9. IMPLEMENTATION

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

This Plan was adopted by the Board at a properly noticed meeting held August 2005.

SOUTHWEST FANNIN SPECIAL UTILITY DISTRICT SERVICE APPLICATION AND AGREEMENT

Account Number _____
Cost _____

Please Print:

DATE _____

APPLICANT'S NAME _____

CO-APPLICANT'S NAME _____

CURRENT BILLING ADDRESS:

FUTURE BILLING ADDRESS:

PHONE NUMBER - Home (____) _____ - _____

Work (____) _____ - _____

DRIVER'S LICENSE NUMBER OF APPLICANT _____

ADDRESS AT WHICH APPLICANT REQUESTS SERVICE:

ACREAGE _____

HOUSEHOLD SIZE _____

NUMBER IN FAMILY _____

LIVESTOCK & NUMBER _____

SPECIAL SERVICE NEEDS OF APPLICANT _____

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

The District shall sell and deliver water and/or wastewater service to the Applicant and the Applicant shall purchase, receive, and/or reserve service from the District in accordance with the Service Policies of the District, as amended from time to time by the Board of Directors of the District. Upon compliance with said Policies, including payment of a deposit, the Applicant shall become eligible to receive service.

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

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

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

The District shall have the right to locate a water service meter and the pipe necessary to connect the meter on the Applicant's property at a point to be chosen by the District, and shall have access to its meter and equipment located upon Applicant's premises at all reasonable and necessary times for any purpose connected with or in the furtherance of its business operations, and upon discontinuance of service the District shall have the right to remove any of its equipment from the Applicant's property. The Applicant shall install, at their own expense, any necessary service lines from the District's facilities and equipment to the point of applicant's use, including any customer service isolation valves, backflow prevention devices, pressure regulators and other equipment as may be specified by the District. The District shall also have access to the Applicant's property for the purpose of inspecting for possible cross-connections, potential contamination hazards, illegal lead materials, and any other violations or possible violations of state and federal statutes and regulations relating to the federal Safe Drinking Water Act or Chapter 341 of the Texas Health & Safety Code or the District's Service Policies.

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

- a. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an airgap or an appropriate backflow prevention assembly in accordance with state regulations.
- b. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the proper installation of an airgap or a reduced pressure-zone backflow prevention assembly and a service agreement must exist for annual inspection and testing by a certified backflow prevention device tester.
- c. No connection which allows condensing, cooling, or industrial process water to be returned to the public drinking water supply is permitted.
- d. No pipe or pipe fitting which contains more than 8.0 % lead may be used for the installation or repair of plumbing on or after July 1, 1988, at any connection which provides water for human consumption.
- e. No solder or flux which contains more than 0.2 % lead may be used for the installation or repair plumbing on or after July 1, 1988, at any connection which provides water for human consumption.

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

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

The District shall have the right to locate a water service meter and the pipe necessary to connect the meter on the Applicant's property at a point to be chosen by the District, and shall have access to its meter and equipment located upon Applicant's premises at all reasonable and necessary times for any purpose connected with or in the furtherance of its business operations, and upon discontinuance of service the District shall have the right to remove any of its equipment from the Applicant's property. The Applicant shall install, at their own expense, any necessary service lines from the District's facilities and equipment to the point of applicant's use, including any customer service isolation valves, backflow prevention devices, pressure regulators and other equipment as may be specified by the District. The District shall also have access to the Applicant's property for the purpose of inspecting for possible cross-connections, potential contamination hazards, illegal lead materials, and any other violations or possible violations of state and federal statutes and regulations relating to the federal Safe Drinking Water Act or Chapter 341 of the Texas Health & Safety Code or the District's Service Policies.

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- e. No solder or flux which contains more than 0.2 % lead may be used for the installation or repair plumbing on or after July 1, 1988, at any connection which provides water for human consumption.

The District shall maintain a copy of this agreement as long as the Applicant and/or premises is connected to the public water system. The Applicant shall allow their property to be inspected for possible cross-connections, potential contamination hazards, and illegal lead materials. These inspections shall be conducted by the District or its designated agent prior to initiating service and periodically thereafter. The inspections shall be conducted during the District's normal business hours, except in emergencies.

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

In the event the total water supply is insufficient to meet the service needs of all of the District's customers, or in the event there is a shortage of water, the District may initiate the Emergency Rationing Program as specified in the District's Service Policies. By execution of this Agreement, the Applicant hereby agrees to comply with the terms of said program.

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

The Applicant shall grant to the District permanent recorded easement(s) dedicated to the District for the purpose of providing reasonable rights of access and use to allow the District to construct, maintain, replace, upgrade, parallel, inspect, test and operate any facilities necessary to serve that Applicant as well as the District's purposes in providing system-wide service for existing or future customers.

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

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

	Applicant
_____	_____
Approved and Accepted	Date Approved

NON-STANDARD SERVICE CONTRACT

THE STATE OF TEXAS
COUNTY OF _____

THIS CONTRACT is made and entered into by and between _____, hereinafter referred to as "Developer", and _____ District, hereinafter referred to as "District".

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

WHEREAS, DISTRICT is a political subdivision of the State of Texas, as authorized by Article XVI, Section 89 of the Texas Constitution and the laws of the state, and owns and operates a water system which supplies potable water for human consumption and other domestic uses to customers within its defined service area; and,

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

KNOW ALL MEN BY THESE PRESENTS:

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

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

- (a) The Water System Extension shall be engineered and designed by a Texas Licensed Professional Engineer in accordance with the applicable specifications of the DISTRICT and all governmental agencies having jurisdiction. All plans and specifications must be reviewed and approved by DISTRICT's consulting engineer prior to the issuance of any request for bids for the construction of the Water System Extension. After such approval of the plans and specifications by the DISTRICT's consulting engineer, the plans and specifications shall become part of this Contract by reference and shall more particularly define "the Water System Extension".
- (b) The Water System Extension must be sized to provide continuous and adequate water service to the Property based on plans for the development of the subdivision provided to DISTRICT by the Developer. DISTRICT may require the Water System Extension to be oversized in anticipation of the needs of other customers of the DISTRICT, subject to the obligation to reimburse the Developer for any such oversizing as provided below.

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

- (a) Developer shall be responsible for dedicating or acquiring any easements across privately owned land or sites (including off-site locations) which are necessary for the construction or operation of the Water System Extension and for obtaining any governmental approvals necessary to construct the Water System Extension in public right-of-way.
- (b) Any easements dedicated or acquired by the Developer shall be in a form approved by the DISTRICT (see Form of Easement, attached to this Contract and

made a part hereof) and shall be assigned to DISTRICT upon proper completion of the construction of the Water System Extension.

- (c) The validity of the legal instruments by which the Developer acquires any such easements and by which Developer assigns such easements to DISTRICT must be approved by DISTRICT's attorney.

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

- (a) Developer shall advertise for bids for the construction of the Water System Extension in accordance with generally accepted bidding practices and shall award the contract for the construction of the Water System Extension subject to the approval of the DISTRICT. DISTRICT may reject any bid.
- (b) The Water System Extension shall be constructed in accordance with the approved plans and specifications. DISTRICT shall have the right to inspect all phases of the construction of the Water System Extension. Developer must give written notice to DISTRICT of the date on which construction is scheduled to begin so that DISTRICT may assign an inspector. DISTRICT may charge reasonable inspection fees based on the actual costs of labor, travel and incidental expenses of the inspectors, plus 10% overhead.

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

- (a) Upon proper completion of construction of the Water System Extension and final inspection thereof by DISTRICT, the Water System Extension shall be dedicated to the DISTRICT by an appropriate legal instrument approved by DISTRICT's Attorney. The Water System Extension shall thereafter be owned and maintained by DISTRICT subject to the warranties required of Applicant under Subsection (b). Any connection of individual customers to the Water System Extension shall be made by the DISTRICT.
- (b) Upon dedication of the Water System Extension, Developer shall warrant materials and performance of the Water System Extension constructed by Applicant for ____ months following the date of dedication.

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

- (a) Developer shall pay all costs associated with the Water System Extension as a contribution in aid of construction, including, without limitation, the cost of the following:
 - (1) engineering and design;
 - (2) easement or right -of-way acquisition;
 - (3) construction;
 - (4) inspection;
 - (5) attorneys' fees; and
 - (6) governmental or regulatory approvals required to lawfully provide service.
- (b) Developer shall indemnify DISTRICT and hold DISTRICT harmless from all of the foregoing costs provided, however, nothing herein shall be construed as obligating the Developer to maintain the Water System Extension subsequent to its dedication and acceptance for operation and maintenance by DISTRICT; and
- (c) Provided that if DISTRICT has required the Water System Extension to be oversized in anticipation of the needs of the other customers of DISTRICT, DISTRICT shall reimburse Developer for the additional costs of construction

attributable to the oversizing, as determined by the DISTRICT's consulting engineer, in three annual installments without interest, beginning one year after dedication of the Water System Extension to DISTRICT.

6. Service From the Water System Extension.

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

7. Effect of Force Majeure.

In the event either party is rendered unable by force majeure to carry out any of its obligations under this Contract, in whole or in part, then the obligations of that party, to the extent affected by the force majeure, shall be suspended during the continuance of the inability, provided however, that due diligence is exercised to resume performance at the earliest practical time. As soon as reasonably possible after the occurrence of the force majeure relied upon to suspend performance, the party whose contractual obligations are affected thereby shall give notice and full particulars of the force majeure to the other party. The cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure" includes acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of the government of the United States or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and civil disturbances, explosions, breakage, or accidents to equipment, pipelines, or canals, partial or complete failure of water supply, and any other inability of either party, whether similar to those enumerated or otherwise, that are not within the control of the party claiming the inability and that could not have been avoided by the exercise of due diligence and care. It is understood and agreed that the settlement or strikes and lockouts shall be entirely within the discretion of the party having the difficulty and that the requirement that any force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party if the settlement is

unfavorable to it in the judgment of the party having the inability.

8. **Notices.**

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

Any notice mailed to Developer shall be addressed:

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

9. **Breach of Contract and Remedies.**

- (a) If either party breaches any term or condition of this Contract, the non-breaching party may, at its sole option, provide the breaching party with a notice of the breach within sixty (60) days of discovery of the breach by the non-breaching party. Upon notice of breach, the breaching party shall have sixty (60) days to cure the breach. If the breaching party does not cure the breach within the sixty (60) days, the non-breaching party, below, shall have all rights at law and in equity including the right to enforce specific performance of this Contract by the breaching party, and the right to perform the obligation in question and to seek restitution for all costs and damages incurred in connection therewith including court costs and any attorney fees or other professional fees.
- (b) In the event of termination of this Contract by a non-breaching party, such action shall not affect any prior conveyance.
- (c) The rights and remedies of the parties provided in this Contract shall not be exclusive and are in addition to any other rights and remedies provided by law and under this Contract.

10. **Third Parties.**

It is the express intention of the parties that the terms and conditions of this Contract may be enforced by either party but not by any third party or alleged third-party beneficiary.

11. **Captions.**
Captions are included solely for convenience of reference and if there is any conflict between captions and the text of the Contract, the text shall control.
12. **Context.**
Whenever the context requires, the gender of all words herein shall include the masculine, feminine, and neuter, and the number of all words shall include the singular and the plural.
13. **Mediation. [Optional]**
Prior to the institution of legal action by either party related to any dispute arising under this Contract, said dispute shall be referred to mediation by an independent mediator mutually agreed upon by both parties. The cost of the mediator shall be shared equally by both parties.
14. **Litigation Expenses.**
Either party to this Contract who is the prevailing party in any legal proceeding against the other party, brought in relation to this Contract, shall be entitled to recover court costs and reasonable attorneys' fees from the non-prevailing party.
15. **Intent.**
The parties hereto covenant and agree that they shall execute and deliver such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Contract.
16. **Multiple Originals.**
This Contract may be executed in multiple originals, any copy of which shall be considered to be an original.
17. **Authority.**
The signatories hereto represent and affirm that they are authorized to execute this Contract on behalf of the respective parties hereto.
18. **Severability.**
The provisions of this Contract are severable, and if any word, phrase, clause, sentence, paragraph, section, or other part of this Contract or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Contract and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Contract to other persons or circumstances shall not be affected thereby and this Contract shall be construed as if such invalid or unconstitutional portion had never been contained therein.
19. **Entire Contract.**
This Contract, including any exhibits attached hereto and made a part hereof, constitutes the entire Contract between the parties relative to the subject matter of this Contract. All prior Contracts, covenants, representations, or warranties, whether oral or in writing, between the parties are merged herein.

20. **Amendment.**

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

21. **Governing Law.**

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

22. **Venue.**

Any action at law or in equity brought to enforce or interpret any provision of this Contract shall be brought in a state court of competent jurisdiction with venue in _____ County, Texas.

23. **Successors and Assigns.**

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

24. **Assignability.**

The rights and obligations of the Developer hereunder may not be assigned without the prior written consent of the DISTRICT. The rights and obligations of the DISTRICT hereunder may be assigned to the United States Department of Agriculture, Rural Development, or any other successor agency without the prior consent of the Developer.

25. **Effective Date.**

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

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

_____ District
By: _____
Name: _____
Title: _____
Date: _____

DEVELOPER
By: _____
Name: _____
Title: _____
Date: _____

**SOUTHWEST FANNIN SUD
DEFERRED PAYMENT AGREEMENT
METER CONNECTION**

**Southwest Fannin SUD
8046 W. Hwy. 56
Savoy, TX 75479
(903) 965-5316
(903) 965-4271 - Fax**

By execution of this Agreement, the undersigned Customer agrees to payment of
\$ _____ down payment and \$ _____ per month until the amount
required has been paid.
Remaining amount to be paid \$ _____.

Failure to fulfill the terms of this Agreement shall institute forfeit of paid amount.

**THERE WILL BE A \$25.00 SERVICE CHARGE FOR EACH MONTH PAYMENT IS
NOT RECEIVED.**

Signature

Date

Southwest Fannin SUD Authorized Representative

**SOUTHWEST FANNIN SUD
DEFERRED PAYMENT AGREEMENT**

**Southwest Fannin SUD
8046 W. Hwy. 56
Savoy, TX 75479
(903) 965-5316
(903) 965-4271 - Fax**

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

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

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

Account #

Signature

Date

Southwest Fannin SUD Authorized Representative

**SOUTHWEST FANNIN SUD
NOTICE OF RETURNED CHECK**

**Southwest Fannin SUD
8046 W. Hwy. 56
Savoy, TX 75479
(903) 965-5316
(903) 965-4271 - Fax**

TO: _____

DATE: _____

ACCOUNT #: _____

CHECK NUMBER: _____

AMOUNT OF CHECK: _____

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

You have ten (10) days from the date of this notice in which to redeem the returned check and pay an additional \$25.00 Returned Check Fee. Redemption of the returned check and payment of additional fees may be made by cash, money order, or certified check. If you have not redeemed the returned check and paid the additional service fees within ten (10) days, your utility service will be disconnected.

Southwest Fannin SUD

RIGHT OF WAY EASEMENT
Southwest Fannin Special Utility District

KNOW ALL MEN BY THESE PRESENTS, that _____ (hereinafter called "Grantors"), in consideration of one dollar (\$1.00) and other good and valuable consideration paid by Southwest Fannin SUD, (hereinafter called "Grantee"), the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, transfer, and convey to said Grantee, its successors, and assigns, a perpetual easement with the right to erect, construct, install, and lay and thereafter access, use, operate, inspect, repair, maintain, replace, upgrade, parallel and remove water distribution lines and appurtenances and any other facilities necessary to serve Grantors' property as well as the Grantee's current and future system-wide customers, over and across _____ acres of land located at _____, Vol. _____, Page _____, Deed Records, _____ County, Texas, together with the right of ingress and egress over Grantor's adjacent lands for the purpose for which the above mentioned rights are granted. The easement hereby granted shall not exceed 20' in width, and Grantee is hereby authorized to designate the course of the easement herein conveyed except that when the water distribution lines and appurtenances are installed, the easement herein granted shall be limited to a strip of land 20' in width the center line thereof being the water distribution lines and appurtenances as installed.

Grantee shall have such other rights and benefits necessary and/or convenient for the full enjoyment and use of the rights herein granted, including without limitation, (1) the reasonable right of ingress and egress over and across lands owned by Grantor which are contiguous to the easement; (2) the reasonable right from time to time to remove any and all paving, undergrowth and other obstructions that may injure Grantee's facilities and appurtenances or interfere with the construction, maintenance, inspection, operation, protection, repair, alteration, testing, replacement, upgrading, relocation (as above limited), substitution or removal thereof; and (3) the right to abandon-in-place any and all water supply lines, service lines and associated appurtenances, such that Grantee shall have no obligation or liability to Grantor or their successors or assigns to move or remove any such abandoned lines or appurtenances.

In the event the easement hereby granted abuts on a public road and the county or state hereafter widens or relocates the public road as to require the relocation of this water line as installed, Grantor further grants to Grantee an additional easement over and across the land described above for the purpose of laterally relocating said water line as may be necessary to clear the road improvements, which easement hereby granted shall be limited to a strip of land 20' in width the center line thereof being the pipeline as relocated.

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

Grantor does hereby bind itself, its successors and assigns, to WARRANT AND FOREVER DEFEND, all and singular, the easement herein granted to Grantee, or Grantee's successors and assigns, against every person whomsoever claiming, or to claim, the same or any part thereof.

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

IN WITNESS WHEREOF the said Grantors have executed this instrument this _____ day of _____, 20____.

ACKNOWLEDGEMENT

STATE OF TEXAS
COUNTY OF _____
BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____ known to me to be the person(s) whose name(s) is(are) subscribed to the foregoing instrument, and acknowledged to me that he(he)(she)(they) executed the same for the purposes and consideration therein expressed.
GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS THE _____ day of _____, 20____
_____ County, Texas. _____ (Seal)

DO NOT WRITE IN THE SPACE BELOW