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Ellis Co.

Mountain Peak Water Supply Corp.

5671 Waterworks Road Midlothian, TX 76065

972-775-3765 FAX 972-775-6508

August 26, 1999

Minona McAlexander
Utility Rates and Services Section MC 153
Water Rates Division
Texas Natural Resource Conservation Commission
PO Box 13087
Austin, TX 78711-3087

Re: Revision of Water Tariff - CCN 10908

Dear Ms. McAlexander:

Please find enclosed a copy of our current Water Tariff to be filed with the Utility Rates and Services Section of the Water Utilities Division. The board of Directors adopted the new tariff on June 8, 1999 and revised Section H. on August 10, 1999.

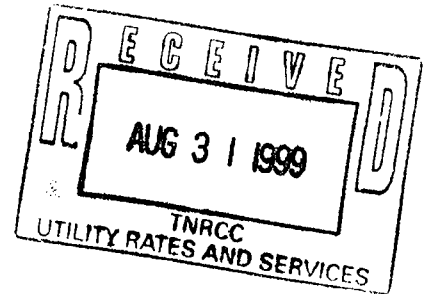
We will continue to provide you with copies of revisions or changes as they take place.

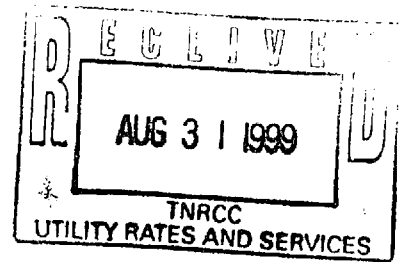
If there are any questions please let us know.

Thank you,

Linda McBeth

Linda McBeth
Office Supervisor





Tariff

Adopted 6/8/99
(Section H. Revised 8/10/99)

Mountain Peak Water Supply Corporation
5671 Waterworks Road
Midlothian, TX 76065
(972) 775-3765

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SECTION A.
RESOLUTIONS

THE BOARD OF DIRECTORS OF MOUNTAIN PEAK WATER SUPPLY CORPORATION ESTABLISHES THAT:

1. This Tariff of the Mountain Peak Water Supply Corporation, serving in Ellis and Johnson counties consisting of Sections A. through H. and forms inclusive, is adopted and enacted as the current regulations and policies effective as of June 8, 1999.
2. Only those preexisting written contracts or agreements executed by the present or previous Board of Directors shall remain in effect, unless the contract or agreement requires compliance with changes of the tariff from time to time.
3. The adoption of this tariff does not prohibit or limit the Corporation from enforcing previous penalties or assessments from before the current effective date.
4. An official copy of this and all policies or records shall be available during regular office hours of the Corporation. The Secretary of the Corporation shall maintain the original copy as approved and all previous copies for exhibit.
5. Rules and regulations of state or federal agencies having jurisdiction shall supersede any terms of this policy. If any section, paragraph, sentence, clause, phrase, word, or words of this policy are declared unconstitutional or invalid for any purpose, the remainder of this policy shall not be affected.

PASSED and APPROVED this 8th day of June, 1999.


Clyde T. Bryant

President, Mountain Peak Water Supply Corporation



SEAL

ATTEST:



Ann Major

Secretary, Mountain Peak Water Supply Corporation

SECTION B. **STATEMENTS**

1. **Organization.** The Mountain Peak Water Supply Corporation is a member-owned, non-profit corporation incorporated pursuant to the Water Supply/Sewer Service Corporation Act, Article 1434a, Tex. Rev. Civ. Stat. (West 1980, Vernon Supp. 1996 as amended) and as supplemented by the Texas Non-Profit Corporation Act, Tex. Rev. Civ. Stat. Ann., Article 1396-1.01, et seq. (West 1980, Vernon Supp. 1996 as amended) for the purpose of furnishing potable water and or sewer utility service. Corporation operating policies, rates, and regulations are adopted by the Board of Directors elected by the Members of the Corporation.
2. **Non-Discrimination Policy.** Membership in the Corporation and service is provided to all Applicants who comply with the provisions of this Tariff regardless of race, creed, color, national origin, sex, disability, or marital status.
3. **Policy and Rule Application.** These policies, rules, and regulations apply to the water and or sewer services provided by the Mountain Peak Water Supply Corporation, also referred to as Corporation, MPWSC. Failure on the part of the Member, Consumer, or Applicant to observe these policies, rules and regulations gives the Corporation the authority to deny or discontinue service according to the terms of this Tariff as amended from time to time by the Board of Directors of the Corporation.
4. **Corporation Bylaws.** The Corporation Members have adopted bylaws (see Article 1396-2.09) which establish the make-up of the Board of Directors and other important regulations of the Corporation. The bylaws are on file at the Corporation's office.
5. **Fire Protection Responsibility.** The Corporation does not provide nor imply that fire protection is available on any of the distribution system. All hydrants or flush valves are for the operation and maintenance of the system and may be used for refill only by authorized fire departments. The Corporation reserves the right to remove any hydrant, due to improper use or detriment to the system as determined by the Corporation, at any time without notice, refund, or compensation to the contributors unless such hydrants are installed pursuant to the terms of a Non-Standard Service Contract as provided for in Section F., in which event the terms and conditions of the Contract shall apply.
6. **Damage Liability.** The Mountain Peak WSC is not liable for damages caused by service interruptions, events beyond its control, and for normal system failures. The limits of liability of the Mountain Peak WSC is the extent of the cost of service provided. By acceptance of Membership, Member consents to waiver of such liability.
7. **Information Disclosure.** The records of the Corporation shall be kept in the Corporation office in Midlothian, Texas. All information collected, assembled, or maintained by or for the Corporation shall be disclosed to the public in accordance with the Texas Open Records Act. An individual customer may request in writing that their name, address, telephone number, 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 Corporation acting in connection with the employee's duties. Further, such confidentiality does not prohibit the Corporation from disclosing the name and address of each member on a list to be made available to the Corporation's voting members, or their agents or attorneys, in connection with a meeting of the Corporation's members. The Corporation shall give its applicants and customers notice of rights to confidentiality under this policy and all prevailing associated fees for such request.

8. **Customer Notice Provisions.** The Corporation shall give written notice of monthly rate changes by mail or hand delivery to all consumers at least 30 days prior to the effective date of the new rate. The notice shall contain the old rates, new rates, effective date of the new rate, date of Board authorization, and the name and phone number of the Corporation's contact person designated to address inquiries about the rate change.
9. **Grievance Procedures.** Any Member of the Corporation or individual demonstrating an interest under the policies of this Tariff in becoming a Member of the Corporation shall have an opportunity to voice concerns or grievances to the Corporation by the following means and procedures:
 - a. By presentation of concerns to the Corporation's manager or authorized staff member. If not resolved to the satisfaction of the aggrieved party then,
 - b. By presenting a letter to the Board of Directors stating the individual's grievance or concern and the desired result.
 - c. The Board of Directors shall respond to the complaint by communicating the Board's decision in writing.
 - d. Any charges or fees contested as a part of the complaint in review by the Corporation under this policy shall be suspended until a satisfactory review and final decision has been made by the Board of Directors.
10. **Plumbing Standards.** The Corporation adopts applicable sections of the Uniform Plumbing Code (lead, solder, and cross connections that apply to us) as guidance in the design, installation, and maintenance of plumbing systems and service facilities connecting or connected to the utility's water and/or sewer facilities, to the extent appropriate under the applicable statutes and regulations governing public water and sewer utility systems. Any Member may be required to retrofit plumbing systems and service facilities as determined to be necessary by the Corporation for the purposes of compliance with the Uniform Plumbing Code. (30 TAC 290.46(i))
11. **Submetering Responsibility.** Submetering and Non-Submetering by Master Metered Accounts may be allowed in the Corporation's water distribution or sewer collection system provided the Master Metered Account customer complies with the Texas Natural Resource Conservation Commission's Chapter 291 Subchapter H rules pertaining to Submetering. The Corporation has no jurisdiction or responsibility to the tenants; tenants receiving water under a Master Metered Account are not considered customers of the Corporation. Any interruption or impairment of water service to the tenants is the responsibility of the Master Metered Account Customer. Any complaints regarding submetering should be directed to the Texas Natural Resource Conservation Commission.

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

1. See if they have registered with the TNRCC. (Chapter 13 Texas Water Code Subchapter M.)
2. See that they do not charge their tenants more than the total amount of charges that you have billed. If the aggregate bill is greater than the Corporation's charge, the Master Metered Account Customer is considered by the TNRCC to be a separate Public Water System and will be required to comply with all TNRCC regulations.
3. Protect the System's CCN. Should the Master Metered Account Customer continue to violate these or other STATE regulations, the Corporation will need to request a Cease and Desist Order from the TNRCC. (Texas Water Code Chapter 13.252 and 30 TAC Chapter 291.118)

SECTION C. DEFINITIONS

Active Service -- Status of any Member receiving authorized service under the provisions of this Tariff.

Applicant -- Person, partnership, cooperative corporation, corporation, agency, public or private organization of any type applying for service with the Mountain Peak Water Supply Corporation.

Board of Directors -- The governing body elected by the Members of the Mountain Peak Water Supply Corporation. (Art. 1396-1.02 (7))

Bylaws -- The rules pertaining to the governing of the Mountain Peak Water Supply Corporation adopted by the Corporation Members. (Art. 1396-1.02 (5))

Certificate of Convenience and Necessity (CCN) -- The authorization granted under Chapter 13 Subchapter G of the Texas Water Code for Mountain Peak Water Supply Corporation to provide water service within a defined territory. Mountain Peak Water Supply Corporation has been issued Certificate Number 10908. Territory defined in the CCN shall be the Certificated Service Area. (see Section D. Certificated Service Area Map)

Corporate Fees Schedule -- A listing of fees charged by the Corporation.

Corporation -- The Mountain Peak Water Supply Corporation. (Section B. 3. of this Tariff)

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

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

Easement -- A private perpetual dedicated right-of-way for the installation of water pipelines and necessary facilities which allows access to property for future operation, maintenance, facility replacement, facility upgrades, and/or installation of additional pipelines (if applicable). This may also include restrictions on the adjacent area to limit the installation of sewer lines or other facilities that would restrict the use of any area of the easement. (See Sample Application Packet, FmHA Form 442-8 or FmHA Form 442-9)

Equity Buy-In Fee -- A fee assessed of new Applicants for service for the purpose of acquiring capital to defray the costs of expanding the system facilities in order to meet the customer growth needs of the Corporation. This fee is charged for each meter equivalent or service unit for which service has been requested. (Section G. 5., also see Miscellaneous)

Final Plat -- A complete plan for the subdivision of a tract of land. The Mountain Peak Water Supply Corporation shall determine if a plat submitted for the purpose of this Tariff shall qualify as a final plat. (30 TAC 291.85) (13.2502 Sub A. 1.)

Hazardous Condition -- A condition which jeopardizes the health and welfare of the Members/Consumers of the Corporation as determined by the Corporation or regulatory authority.

Hydraulic Study -- A study made by the Corporation engineer to determine the availability of service. (See Section G. 7.)

Indication of Interest Fee -- A fee paid by a potential Member of the Corporation for the purpose of determining the feasibility of a construction and/or expansion project. The Indication of Interest Fee may be converted to a Membership Fee upon determination that service to the Applicant is feasible and available. This also applies to applicants applying for, or receiving, Temporary Service. (Section E. 6. b., and Sample Application Packet - USDA Form RUS-TX 1942-11 (Rev. 8/96))

Liquidated Membership -- A Membership which has been canceled due to delinquent charges exceeding the Membership Fee or for other reasons as specified in this Tariff.

Member -- Any person, partnership, cooperative corporation, corporation, agency, or public or private organization that has qualified for service and received a Membership in accordance with the Corporation's Tariff.

Membership Certificate -- A non-interest bearing stock certificate purchased from the Corporation evidencing a Member's interest in the Corporation. (see Tariff Section E. 6 b and ART. 1396-2.08 D)

Membership Fee -- A fee qualified as such under the terms of the tariff and the bylaws of the Corporation assigned to the real estate designated to receive service. The membership fee shall be non-refundable upon termination of service and surrendering the Membership Certificate. (30 TAC 291.3 Definitions, Texas Water Code 13.043(g), Article 1434a, Tex. Rev. Civ. Stat. Sec. 9. A.(c))

Portable Meter -- A meter for use on a fire hydrant or flush valve. (See Section G. 11.)

Proof of Ownership -- Article 1434a, Tex. Rev. Civ. Stat. Sec. 9A(c) gives authority to the corporation to require ownership of real estate designated to receive service as a condition of membership and service. For the purpose of this tariff, applicants for service and membership shall provide proof of ownership by deed of trust, warranty deed, or other recorded documentation of fee simple title to real estate to be served.

Rural Utilities Service (RUS or Rural Development) -- An Agency of the United States Department of Agriculture Rural Development Mission Area, previously called Farmers Home Administration Mission Area (FmHA), that provides loan and grant funds for development of rural water and sewer systems serving communities with a population of less than ten thousand (10,000) people, includes successor agencies.

Renter -- A consumer who rents or leases property from a Member or who may otherwise be termed a tenant. (Section E. 7.)

Re-Service -- Providing service to an Applicant at a location for which service previously existed. Costs of such re-servicing shall be based on justifiable expenses. (See Section E. 3. b., E. 4. b., Miscellaneous)

Reserved Service Charge -- A monthly charge assessed for each property where a single service is being reserved on a four inch or smaller main line. (See Section F. 6. d., e)

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

Service Application and Agreement -- A written agreement between the Member/Applicant and the Corporation defining the specific type of service requirements requested on the current service application and agreement form, and the responsibilities of each party required before service is furnished. (See Sample Application Packet RUS Form 1942-11 or Non-Standard Service Contract)

Service Unit -- The base unit of service used in facilities design and rate making. For the purpose of this Tariff, a service unit is a 5/8" X 3/4" water meter. (See Section G. 6. a., Miscellaneous)

Subdivide -- The division of any single tract of land into two (2) or more separate tracts.

Subdivision -- Any parcel of property which has been divided into separate tracts and the final plat has been approved by the appropriate authority or authorities (if applicable and required by county or other local governing body) for which service or extension of service has been requested.

NOTE: For the purposes of this tariff, any property which has separately owned dwellings, time-shares, or other rights of ownership, but the property owners have "undivided interest" in the whole parcel of property will be considered to be Subdivision.

Tariff -- The operating policies, service rules, service extension policy, service rates, rationing policies, sample application packet, and miscellaneous transaction forms adopted by the Board of Directors. A copy of this Board approved tariff is on file at the Corporation office and as required since September 1, 1989 at the State office of the TNRCC.

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 length of time associated with this classification will be set by the Board. This classification will change to permanent service after requirements in Section E. 1., E. 2., E. 3., and E. 5. are met. Applicant must have paid an Indication of Interest Fee.

Texas Natural Resource Conservation Commission (TNRCC) -- State regulatory agency having jurisdiction of water and sewer service utilities and appellate jurisdiction over the rates and fees charged by Non-Profit Water and Sewer Service Corporations. (30 TAC - Texas Administrative Code)

Transferee -- An Applicant receiving a Mountain Peak WSC Membership by legal means from a person or entity desiring to forfeit and transfer current rights of Membership to another person or entity. (See Section E. 6. c., Miscellaneous Transaction Forms)

Transferor -- A Member who transfers Membership by legal means to another person or entity desiring to qualify for service at a property for which the Membership is currently issued or to the Corporation. (Art. 1434a Sec.9A)

SECTION D.
GEOGRAPHIC AREA SERVED

This section should include an area map which shows the Corporation's Certified Service Area, consequently the Corporation should make sure that its service area corresponds to its Certified Area. **It is the responsibility of the Corporation to properly file a map showing its service area with the TNRCC. This copy of the Commission's official service map will serve as documentation in the event of future disputes over service areas.**

CERTIFICATE OF CONVENIENCE AND NECESSITY

To Provide (Water or Sewer) Service Under V.T.C.A., Water Code
and Texas Natural Resource Conservation Commission Substantive Rules

Certificate No. 10908

I. Certificate Holder:

Name: Mountain Peak Water Supply Corporation
Address: 5671 Waterworks Rd.
Midlothian, TX 76065

II. General Description and Location of Service Area:

The area covered by this certificate is located approximately 3 miles south of downtown Midlothian, Texas and is generally bounded on the north by Old Fort Worth Highway; on the east by FM 875 and Skinner Road; on the south by Brigman Road; and on the west by FM 2738. The total area is approximately 81,000 acres.

III. Certificate Maps:

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

This certificate is issued under Application No. 30999-C and subject to the rules and orders of the Commission, the laws of the State of Texas, conditions contained herein and may be revoked for violations thereof. The certificate is valid until amended or revoked by the Commission.

Issued Dated:

ATTEST: _____

For the Commission

MAP OF CCN AREA

(insert your map here)

SECTION E. SERVICE RULES AND REGULATIONS

1. **Service Entitlement.** An Applicant shall be considered qualified and entitled to water and or sewer utility service when proper application has been made, terms and conditions of Service and Membership have been met and continue to be met, and all fees have been paid as prescribed. (30 TAC 291.85 (a))

2. **Application Procedures and Requirements.** For the purposes of this Tariff, service requested by an Applicant shall be for real estate designated to receive the service provided by the Corporation and shall be divided into the following two classes:
 - a. **Standard Service** is defined as service on an existing pipeline where pipeline or service facility extensions are not required and special design and/or engineering considerations are not necessary. Typically, this would include 5/8" X 3/4" or 3/4" sized water meter services set on existing pipelines or 4" gravity sewer taps, pressure collection facilities installed or connected to collection lines no more than five feet in depth.
 - b. **Non-Standard Service** is defined as any service request which requires a larger meter service, service to a Master Metered Account (See 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 Tariff shall be required of the Non-Standard Service Applicant prior to providing service.
 - c. **Requirements for Standard and Non-Standard Service.**
 - 1) The Corporation's Service Application and Agreement Form shall be completed in full and signed by the Applicant. (See Sample Application - RUS-TX 1942-11 (Rev. 8/96))
 - 2) A Right-of-Way Easement Form, Sanitary Control Easement, or other such easement forms, required by the Corporation, must be completed by the Applicant for the purpose of allowing future facility additions. (See Sample Application - RUS-TX 1942-11 (Rev. 8/96), 30 TAC 290.47 Appendix C.) **NOTE:** This requirement may be delayed for Non-Standard Service requests.
 - 3) The Applicant shall provide proof of ownership to property for which service has been requested in a manner acceptable to the Corporation. Proof of ownership shall consist of warranty deed, deed of trust or other recordable documentation of fee simple title to the real estate designated to receive service. (ART. 1434a, Sec.9A. (c) Vernon's Tex. Civ. Stat., 13.002 (11) of the Texas Water Code)
 - 4) The Corporation shall consider master metering and/or non-standard sewer service to apartments, condos, trailer/RV parks, or business centers and other similar type enterprises at an Applicant's request provided the total number of units to be served are all:
 - (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 Corporation shall be presented to the Applicant in writing and shall remain in effect for a period not to

exceed one hundred twenty (120) days. After that time the Applicant must re-apply for service. (30 TAC 291.81 (a) (1))

- 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 easement to the Corporation for the purpose of installing the water main and appurtenances, and the Corporation has documentation of such refusal recorded in public records file, the Applicant, prior to receiving the requested service, shall grant easement to the Corporation. In addition to the normally required fees for service, the Applicant shall pay such sums as are necessary for the removal of the water main from the public right-of-way and for relocation onto the Applicant's property pursuant to such easement. (See Miscellaneous Transaction Forms)

3. *Activation of Standard Service.*

- a. **New Tap** -- The Corporation shall charge a non-refundable service installation fee as required under Section G. of this tariff. The service installation fee shall be quoted in writing to the Applicant. All fees shall be paid in advance of installation. (30 TAC 291.86 (a)(1)(A))
- b. **Re-Service** -- On property where service previously existed, the Corporation shall charge the Membership Fee, where the Membership Fee has been liquidated, and costs necessary to restore service. In addition, the Corporation shall charge accumulated Reserved Service Fees which have been entered on the in-active account as monthly debits. This is allowing the Corporation to recover the costs of reserving capacity at the location for which re-service has been requested. If restoration of service is not requested, this fee will accumulate monthly until the total balance of Reserved Service Fees equals the amount of the Equity Buy-In Fee previously paid for service to the property. After this time the service equipment may be removed by the Corporation and future request for service shall be treated as a new application. (See Miscellaneous Section)
- c. **Performance of Work** -- After approval is granted by proper authorities, all tap and equipment installations specified by the Corporation shall be completed by the Corporation staff or designated representative. The tap shall be completed within ten (10) working days after approval and receipt of payment of quoted fees. 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 the Applicant/Member shall be inspected to insure compliance with state required Minimum Acceptable Operating Practices For Public Drinking Water Systems as promulgated by the Texas Natural Resource Conservation Commission or successor agency. (30 TAC 290.46(j))

4. *Activation of Non-Standard Service.*

- a. **Activation of Non-Standard Service** shall be conducted as prescribed by terms of Section F. of this Tariff.
- b. **Re-Service** - The same terms which apply under the Activation of Standard Service Sub-Section on Re-Servicing shall be applied to Non-Standard Re-Service requests. (Section E. 3. b.)

5. **Changes in Service Classification.** If at any time the Corporation determines that the customer service needs changed from those originally applied for to a different service classification and the

Corporation determines that additional or different facilities are necessary to provide adequate service, the Corporation shall require the Applicant/Member to re-apply for service under the terms and conditions of this Tariff. Applicant/Member failing to comply with this provision shall be subject to the Disconnection with Notice Provisions of this Tariff, Sub-Section 15. a.

6. **Membership.**

- a. **Eligibility** - Eligibility for Membership shall not guarantee service to the Applicant or Transferee; however, qualification for service is a prerequisite to Membership eligibility for new Applicants or continued Membership for Transferees.
- b. **Membership Certificates** - Upon qualification for service, qualification for Membership, and payment of the required fees, the Corporation shall issue a non-refundable Membership Certificate to the Applicant. The Membership Certificate provides proof of Membership in the Corporation and shall entitle the Member to one (1) connection to the Corporation's water/sewer utility service and one (1) share of Corporation Stock. The Membership Certificate also entitles the Member to one (1) vote in conducting the affairs of any Annual or Special Membership Meeting of the Corporation as prescribed by the Corporation Bylaws. An original or a copy of each Membership Certificate shall be held on file in the Corporation Office. Ownership of more than one (1) Membership Certificate shall not authorize the Member to cast more than one (1) vote at any annual or special meeting. (Art. 1434a Vernon's Tex. Civ. Stat.) Each Membership Certificate and Stock thereby represented may be assigned to the specified parcel of land originally designated to receive service at the time of application. (ART. 1434a, 9A. (c)(e) Vernon's Tex. Civ. Stat.)

NOTE (1): In the event that the Corporation is conducting a potential Members survey for indications of interest in future service for the purpose of determining the feasibility of an initial construction or expansion project under RUS guidelines (See Sample Application Packet - (FmHA) Form RUS TX 1942-1, Membership Survey Data Sheet), regular application procedures may be modified. An Indication of Interest Fee may be required prior to qualifications for receipt of service by the Applicant but shall only be used or applied as a Membership Fee for Membership purposes (upon issuance of a Membership Certificate) if service is ultimately received or reserved by the Applicant as a result of the planned project facilities. If service is not provided within the scope of this project, Indication of Interest Fees shall be refunded, less expenses, within sixty (60) days of the loan closing with the Rural Utilities Service.

NOTE (2): In the event the applicant is in the process of construction the Membership will be considered TEMPORARY until such time as the final Customer Service Inspection is completed and the forms are returned as required. (See Section C., Section E. Sub-Section 1. Service Entitlement)

- c. **Transfers of Membership.** (Art. 1434a., Vernon's Tex. Rev. Civ. Stat. Sec. 9A.)
 - 1) A Member is entitled to transfer Membership in the Corporation only under the following circumstances:
 - (a) The Membership is transferred by will to a person related to the Transferor within the second degree by consanguinity; or
 - (b) The Membership is transferred without compensation to a person related to the Transferor within the second degree by consanguinity; or
 - (c) The Membership is transferred without compensation or by sale to the Corporation; or

- (d) The Membership is transferred as a part of the conveyance of real estate from which the Membership arose.
- 2) In the event that Membership is transferred pursuant to the provisions of Sub-Section 6. c. 1) such transfer shall not be completed or recorded on the books and records of the Corporation until such time as the transferor has provided satisfactory evidence to the Corporation of such transfer. A transfer of Membership shall not be binding on the Corporation until such transfer has been approved as provided by Sub-Section 6. c. 3).
- 3) Qualifications for service upon transfer of Membership set forth in Sub-Section 6. c. 1) and 6. c. 2) shall be subject to approval of the Corporation and shall be recorded on the books and records of the Corporation only upon the following terms and conditions:
- (a) A Transfer Authorization Form has been completed by the Transferor and Transferee;
 - (b) The Transferee has completed the required Application Packet;
 - (c) All indebtedness due the Corporation has been paid;
 - (d) The Membership Certificate has been surrendered, properly endorsed, by the Transferor; and
 - (e) The Transferee demonstrates satisfactory evidence of ownership of the property designated to receive service and from which the Membership originally arose.
- d. **Cancellation of Membership** -- To keep a Membership in good standing, a Service Availability Charge or a Reserved Service Charge must be paid monthly to the Corporation, whether or not water is used. Failure to pay this monthly charge to the Corporation shall jeopardize the Member's Membership standing and give rise to liquidation of the Membership Fee and forfeiture of the Membership. A Member may be relieved of this obligation to pay by surrendering the Membership Certificate, properly endorsed, to the Corporation. The Member shall also complete a Service Discontinuance Request Form prior to termination of service. (See Misc. Transaction Forms) However, a Member is not relieved of any obligations incurred prior to the date of surrender of a properly endorsed Membership Certificate prior to termination of service. Rights to future service at this tap shall be extended on an as-available basis and subject to the terms of the Activation of Service Sub-Section E. 3. a. of this Tariff. (Art. 1434a., Vernon's Tex. Rev. Civ. Stat. Sec. 9 A. (d))
- e. **Liquidation Due To Delinquency** -- When the amount of the delinquent charges owed by the Member equals the Membership Fee, the Membership Fee shall be liquidated and the Membership canceled and transferred back to the Corporation. In the event the Member leaves a balance due on an account guaranteed under the terms of a Service Application and Agreement, and the delinquent Member owns more than one Membership Certificate, the Corporation may liquidate as many of the Member Guarantor's Membership Fees as necessary to satisfy the balance due the Corporation, provided proper notice has been given (See Section E., Subsection 15. a. 4)). The Corporation shall collect any remaining account balances by initiation of legal action. Re-instatement of service shall be subject to the terms of the Activation of Service Sub-Section E. 3. a. of this Tariff.
- f. **Cancellation Due To Policy Non-Compliance** -- The Corporation may cancel a Membership anytime a Member fails to comply with policies of the Corporation, including but not limited to Member's failure to provide proof of ownership of the property from which the Membership arose. (ART. 1434a., Vernon's Tex. Rev. Civ. Stat. Sec. 9A. (e))
- g. **Re-assignment of Canceled Membership** -- The Corporation, upon cancellation of Membership under the provisions of this Tariff, may re-assign the Membership rights thereby granted to any person who satisfactorily demonstrates eligibility for Membership, including

but not limited to proof of ownership of the property from which the Membership arose. (Art. 1434a., Vernon's Tex. Rev. Civ. Stat. Sec. 9A.(e))

- h. **Mortgaging of Memberships** -- Nothing herein shall preclude a Member from mortgaging his/her Membership. However, notification to the holder of any security interest (mortgagee/lien-holder) of account status of Member/mortgagor will be provided only upon satisfactory completion of requirements for such conditions under the Membership Mortgage Agreement (See Miscellaneous Transaction Forms). Prior to the cancellation of any Membership as provided under Sub-Section E. 6. d. (Cancellation of Membership), the Corporation will notify the holder of any security interest in the Membership. The holder of the security interest also must hold a security interest in the real property at which water service is provided under the Membership. The Corporation may transfer the Membership to the holder of such security interest in lieu of cancellation, provided the holder of the security interest pays in full all delinquent and unpaid obligations and provided further that the holder of the security interest has secured title to the real property from which the Membership arose. The Corporation may withhold cancellation of a Membership pending the resolution of any foreclosure proceedings or similar legal proceedings by the holder of the security interest.

7. **Owners and Renters.** Any Member, renting or leasing real estate property designated to receive service according to the terms of this tariff to other parties, is responsible for all charges due the Corporation. The Corporation may bill the renter or lessee for utility service (at Member Request) as a third party, but the Member is fully responsible for any and all unpaid bills left by the renter/lessee. The owner shall be required to sign an Alternate Billing Agreement. (See Miscellaneous Transaction Forms) The Member shall take responsibility for any necessary deposits from the renter/lessee to ensure payment of a past due bill. The Corporation may notify the Member of the renter's past due payment status subject to service charges as stated in Section G. 8. (See Miscellaneous Transaction Forms)

8. **Denial Of Service.** The Corporation may deny service for the following reasons:
 - a. Failure of the Applicant or Transferee to complete all required forms and pay all required fees and charges;
 - b. Failure of the Applicant or Transferee to comply with rules, regulations, policies, and bylaws of the Corporation;
 - c. Existence of a hazardous condition at the Applicant's property which would jeopardize the welfare of the Members/Users of the Corporation upon connection;
 - d. Failure of Applicant or Transferee to provide representatives or employees of the Corporation reasonable access to property, for which service has been requested;
 - e. Failure of Applicant or Transferee to comply with all governmental rules and regulations of the Corporation's tariff on file with the state regulatory agency governing the service applied for by the Applicant;
 - f. Failure of Applicant or Transferee to provide proof of ownership, to the satisfaction of the Corporation, of property for which the tap has been requested, and/or
 - g. Applicant's service facilities are known to be inadequate or of such character that satisfactory service cannot be provided.

9. ***Applicant's or Transferee's Recourse.*** In the event the Corporation refuses to serve an Applicant under the provisions of these rules, the Corporation must notify the Applicant, in writing, on the basis of its refusal. The Applicant may file for an appeal, in writing, with the Board of Directors of the Corporation.
10. ***Insufficient Grounds for Refusal of Service.*** The following shall not constitute sufficient cause for the refusal of service to an Applicant:
- a. Delinquency in payment for service by a previous occupant of the premises to be served;
 - b. Failure to pay a bill to correct previous underbilling due to misapplication of rates more than six (6) months prior to the date of application;
 - c. Violation of the Corporation's rules pertaining to operation of non-standard equipment or unauthorized attachments which interferes with the service of others, unless the customer has first been notified and been afforded reasonable opportunity to comply with said requirements;
 - d. Failure to pay a bill of another customer as guarantor thereof unless the guarantee was made in writing to the Corporation as a condition precedent to service;
 - e. Failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill;
 - f. Failure to comply with regulations or rules for anything other than the type of utility service specifically requested including failure to comply with septic tank regulations.
11. ***Deferred Payment Agreement.*** The Corporation may offer a deferred payment plan to a Member who cannot pay an outstanding balance in full and is willing to pay the balance in reasonable installments as determined by the Corporation, including any Late Penalty Fees or interest on the monthly balance to be determined as per agreement. (See Miscellaneous Transaction Forms)
12. ***Indigent Care Policy.*** No policy in place.
13. ***Charge Distribution and Payment Application.***
- a. **The Service Availability Charge or the Reserved Service Charge** is for the monthly billing cycle. Charges shall be prorated for meter installations and service terminations falling during the billing period. Billings for this amount shall be mailed on or about the 30th of the month preceding the month for which this charge is due. All services shall be subject to this charge whether or not the service is in use by the Member.
 - b. **Gallonage Charge** shall be billed at the rate specified in Section G. and billing shall be calculated in one hundred (100) or one thousand (1000) gallon increments. Water charges are based on monthly meter readings and are calculated from reading date to reading date. Readings used in all billing calculations shall be taken by the Corporation's employees or designated representative.
 - c. **Posting of Payments** -- All payments shall be posted against previous balances prior to posting against current billings.
14. ***Due Dates, Delinquent Bills, and Service Disconnection Date.*** The Corporation shall mail all bills on or about the 30th 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. Final notices shall be mailed allowing additional days until the 25th of the month for payment prior to disconnection. If the past due date for the regular or final billing is on a weekend or holiday, the past due date for payment purposes shall be the next day the Corporation office is open for business after said weekend or holiday.

15. **Rules for Disconnection of Service.** The following describes the rules and conditions for disconnection of service. For the purposes of disconnecting sewer service under these policies, water service will be terminated in lieu of disconnecting sewer service. In instances of nonpayment of sewer service or other violations by a Member who is not a water customer, the Corporation has the option to disconnect the sewer tap or take other appropriate actions.

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

- 1) Returned Checks -- The Corporation shall mail, via the U.S. Postal Service, a notice requiring redemption of the returned instrument within ten (10) days of the date of the notice to be made in the Corporation office. Redemption of the returned instrument shall be made by cash, money order, or certified check. Failure to meet these terms shall initiate disconnection of service. (See Miscellaneous Transaction Forms). Any such instruments returned as insufficient or non-negotiable for any reason for any two billing periods within a 12 month period shall be considered evidence of bad credit risk by the Corporation. The Member/Customer in violation shall be placed on a "cash-only" basis for a period of 12 months.
NOTE: "cash only" means certified check, money order, or cash.
- 2) Failure to pay a delinquent account for utility service or failure to comply with the terms of a deferred payment agreement (Miscellaneous Transaction Forms);
- 3) Violation of the Corporation's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of non-standard equipment if a reasonable attempt has been made to notify the Member and the Member is provided with a reasonable opportunity to remedy the situation;
- 4) Failure of the Member to comply with the terms of the Corporation's Service Agreement, Tariff, Bylaws, or Special Contract provided that the Corporation has given notice of said failure to comply, and Member has failed to comply within a specified amount of time after notification.
- 5) Failure to provide access to the meter under the terms of this Tariff or to property at which water service is received when there is reason to believe that a hazardous condition or policy violation exists for which access is necessary to verify.
- 6) Misrepresentation by any Applicant or Transferee of any fact on any form, document, or other agreement required to be executed by the Corporation.
- 7) Failure of Member to re-apply for service upon notification by the Corporation that Member no longer meets the terms of the service classification originally applied for under the original service application.
- 8) Failure to pay a delinquent account billed by the Corporation for sewer utility service provided by [Retail Public Utility] pursuant to the Corporation's Agreement with the [Retail Public Utility]. (See Miscellaneous Transaction Forms - Figure 1: 30 TAC 291.85 (e)(2) Appendix A "SEWER BILLING SERVICES FOR A RETAIL PUBLIC UTILITY PROVIDED BY A NON-PROFIT WATER SUPPLY CORPORATION")

- 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 Member 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. 24., 30 TAC 290.46 (j));
 - 2) Service is connected without authority by a person who has not made application for service or who has reconnected service without authority following termination of service for nonpayment; and
 - 3) In instances of tampering with the Corporation's meter or equipment, by-passing the meter or equipment, or other diversion of service.
- NOTE:* Where reasonable, given the nature of the reason for disconnection, a written statement providing notice of disconnection and the reason therefore shall be posted at the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected.
- c. **Disconnection Prohibited** -- Utility service may not be disconnected for any of the following reasons:
- 1) Failure of the Member to pay for merchandise or charges for non-utility service provided by the Corporation, unless an agreement exists between the Applicant and the Corporation whereby the Member guarantees payment of non-utility service as a condition of service;
 - 2) Failure of the Member to pay for a different type or class of utility service unless a fee for such service is included in the same bill;
 - 3) Failure of the Member to pay charges arising from an underbilling occurring due to any misapplication of rates more than six (6) months prior to the current billing;
 - 4) Failure of the Member to pay the account of another Member as guarantor thereof, unless the Corporation has in writing the guarantee as a condition precedent to service;
 - 5) Failure of the Member to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due under the Inoperative Meters subsection E. 19. of this tariff.
 - 6) Failure of the Member to pay estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the Corporation is unable to read the meter due to circumstances beyond its control;
 - 7) In response to a request for disconnection by an Owner/Member of rental property where the renter is billed directly by the Corporation as authorized by the owner, and the renter's account is not scheduled for disconnection under the Rules for Disconnection of Service in this Tariff.
- d. **Disconnection on Holidays and Weekends** -- Unless a dangerous condition exists or the Member requests disconnection, service shall not be disconnected on a day, or on a day preceding a day, when personnel of the Corporation are not available to the public for the purpose of making collections and reconnecting service.
- e. **Disconnection Due to Utility Abandonment** -- The Corporation may not abandon a Member or a Certificated Service Area without written notice to its Members and all similar

neighboring utilities and approval from the Texas Natural Resource Conservation Commission.

- f. **Disconnection for Ill and Disabled** -- The Corporation may not discontinue service to a delinquent residential Member permanently residing in an individually metered dwelling unit when that Member establishes that discontinuance of service will result in some person at that residence becoming seriously ill or more seriously ill if service is discontinued. Each time a Member seeks to avoid termination of service under this Sub-section, the Member must have the attending physician call or contact the Corporation within sixteen (16) days of issuance of the bill. A written statement must be received by the Corporation from the physician within twenty-six (26) days of the issuance of the utility bill. The prohibition against service termination shall last one hundred twenty (120) days from the issuance of the utility bill or such lesser period as may be agreed upon by the Corporation and Member's physician. The Member shall enter into a Deferred Payment Agreement. (See Miscellaneous Transaction Forms)
- g. **Disconnection of Master-Metered Accounts and Non-Standard Sewer Services** -- When a bill for water utility services is delinquent for a master-metered service complex (defined as a complex in which a single meter serves two (2) or more residential dwelling units), the following shall apply: (30 TAC SUBCHAPTER H. 291.126)
 - 1) The Corporation shall send a notice to the Member as required. This notice shall also inform the Member that notice of possible disconnection will be provided to the tenants of the service complex in five (5) days if payment is not rendered before that time.
 - 2) At least five (5) days after providing notice to the Member and at least five (5) days prior to disconnection, the Corporation shall post notices, stating "Termination Notice", in public areas of the service complex notifying the residents of the scheduled date for disconnection of service.
 - 3) The tenants may pay the Corporation for any delinquent bill in behalf of the owner to avert disconnection or to reconnect service to the complex.
- h. **Disconnection of Temporary Service** -- When an applicant with a Temporary service fails to comply with the conditions stated in the Service Application and Agreement Form or other rules of this Tariff service may be terminated with notice.

- 16. **Billing Cycle Changes.** The Corporation reserves the right to change its billing cycles if the work load requires such practice. After a billing period has been changed, the billings shall be sent on the new change date unless otherwise determined by the Corporation.
- 17. **Back-billing.** The Corporation may back-bill a Member for up to four (4) years (48 months) for meter error, misapplied meter multiplier, incorrect meter readings, or error in computing a Member's bill. Failure to pay the most recent six (6) months billing will result in disconnection of service. Back-billing shall not extend beyond current Membership except in cases involving the transfer of a Membership conditioned upon payment of delinquent obligations by the Transferee, as provided in Section E. Sub-Section 6. h.
- 18. **Disputed Bills.** In the event of a dispute between the Member and the Corporation regarding any bill, the Corporation shall forthwith make and conduct an investigation as shall be required by the particular case, and report the results in writing thereof to the Member. All disputes under this Subsection must be submitted to the Corporation, in writing, prior to the due date posted on said bill

except in cases involving the transfer of a Membership conditioned on payment of delinquent obligations by the Transferee, as provided under Sub-Section 6. h.

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

20. ***Bill Adjustment Due To Meter Error.*** The Corporation shall test any Member's meter upon written request of the Member. In the event the meter tests within the accuracy standards of The American Water Works Association, a test fee as prescribed in Section G. of this Tariff shall be imposed. In the event the test results indicate that the meter is faulty or inaccurate, the test fee shall be waived, the meter shall be calibrated or replaced, and a billing adjustment may be made as far back as six (6) months but not extending beyond current Membership except in cases involving the transfer of a Membership conditioned on payment of delinquent obligations by the Transferee, as provided under Sub-Section 6. h. The billing adjustment shall be made to the degree of the meter's inaccuracy as determined by the test. The Member shall complete a Meter Test Request Form prior to the test. (See Miscellaneous Transaction Forms)

21. ***Meter Tampering and Diversion.*** For purposes of these Sections, meter-tampering, by-passing, or diversion shall all be defined as tampering with the Corporation's service equipment, by-passing the same, or other instances of diversion, such as:

- a. removing a locking or shut-off device used by the Corporation to discontinue service,
- b. physically disorienting the meter,
- c. attaching objects to the meter to divert service or to by-pass,
- d. inserting objects into the meter,
- e. and other electrical and mechanical means of tampering with, by-passing, or diverting service.

The burden of proof of meter-tampering, by-passing, or diversion is on the Corporation. Photographic evidence or any other reliable and credible evidence may be used; however, any evidence shall be accompanied by a sworn affidavit by the Corporation's staff when any action regarding meter-tampering as provided for in these Sections is initiated. A court finding of meter-tampering may be used instead of photographic or other evidence, if applicable. Unauthorized users of services of the Corporation shall be prosecuted to the extent allowed by law under the Texas Penal Code 28.03. (Is a Misdemeanor)

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

- a. No transfer of Membership is involved;
- b. An easement for the proposed location has been granted to the Corporation;
- c. The Member pays the actual cost of relocation plus administrative fees;
- d. Service capacity is available at proposed location, and
- e. The property of the new location request is owned by the current member of the meter to be moved.

23. Prohibition of Multiple Connections To A Single Tap.

- a. No more than one (1) residential, commercial, or industrial service connection is allowed per meter. The Corporation may consider allowing an apartment building or mobile home/RV park to apply as a "Master Metered Account" and have a single meter (This refers to Section E. 2. c. 4)). Any unauthorized submetering or diversion of service shall be considered a Multiple Connection and subject to disconnection of service. If the Corporation has sufficient reason to believe a Multiple Connection exists, the Corporation shall discontinue service under the Disconnection with Notice provisions of this Tariff. (See Sample Application Packet, RUS Form 1942-11 (Rev. 8/96))

24. Member's Responsibility.

- a. The Member shall provide access to the meter as per service agreement. If access to the meter is hindered or denied preventing the reading of the meter, an estimated bill shall be rendered to the Member for the month; and a notice shall be sent to the effect that access could not be gained. If access is denied for three (3) consecutive months after proper notification to the Member, then service shall be discontinued and the meter removed with no further notice. (Section E. 3. d.)
- b. The Member shall be responsible for compliance with all utility, local, and state codes, requirements, and regulations concerning on-site service and plumbing facilities.
 - 1) All connections shall be designed to ensure against back-flow or siphonage into the Corporation's water supply. In particular, livestock water troughs shall be plumbed above the top of the trough with air space between the discharge and the water level in the trough. (30 TAC 290.46)
 - 2) The use of pipe and pipe fittings that contain more than 8.0% lead or solder and flux that contain more than 0.2% lead is prohibited for any plumbing installation or repair of any residential or non-residential facility providing water for human consumption and connected to the Corporation's facilities. Customer service pipelines shall be installed by the applicant and shall be a minimum of SDR-26 PVC pipe. (30 TAC 290.46)
- c. A Member owning more than one (1) Membership Certificate shall keep all payments current on all accounts. Failure to maintain current status on all accounts shall be enforceable as per Service Application and Agreement executed by Member.
- d. The Corporation's ownership and maintenance responsibility of water supply and metering equipment shall end at the meter or other service equipment. Therefore, all water usage registering upon and/or damages occurring to the metering equipment owned and maintained by the Corporation shall be subject to charges as determined by the Corporation's Tariff as amended from time to time by the Board of Directors.
- e. The Corporation shall require each Member to have a cut-off valve and a double check valve on the Member's side of the meter for purposes of isolating the Member's service pipeline and plumbing facilities from the Corporation's water pressure. The valve shall meet AWWA standards (a ball valve is preferred). The Corporation shall require each Member to install a pressure relief valve on hot water heater and be responsible to check it twice (2 times) a year to make sure of working condition. The Member's use of the Corporation's curb stop or other similar valve for such purposes is prohibited. Any damage to the Corporation's equipment shall be subject to service charges. (This additional cut-off valve may be installed as a part of the original meter installation by the Corporation.)

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

1. ***Corporation's Limitations.*** All Applicants shall recognize that the Corporation must comply with local, state, and federal rules and regulations as promulgated from time to time, and by covenants of current indebtedness. The Corporation 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 policy. 13.2502 of the Texas Water Code requires that notice be given herein or by publication (See Miscellaneous Transaction Forms) or by alternative means to the Developers/Applicants. (Also see Section F. 11.)
2. ***Purpose.*** This Section is applicable to subdivisions, additions to subdivisions, developments, or whenever additional service facilities are required. For the purposes of this Tariff, Applications subject to this Section shall be defined as Non-Standard.
3. ***Application of Rules.*** This Section may be altered or suspended for planned facility expansions when the Corporation extends its indebtedness. The Board of Directors of the Corporation 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.
4. ***Non-Standard Service Application.*** The Applicant shall meet the following requirements prior to the initiation of a Service Contract by the Corporation:
 - a. The Applicant shall provide the Corporation an original, signed letter containing information pertinent to the service request. The letter shall state that the Applicant has been provided a copy of the Corporation's Tariff.
 - b. A final plat approved by the Corporation must accompany the Application showing the Applicant's requested service area. The plat must be approved by all regulatory authorities having jurisdiction over lot sizes, sewage control, drainage, right-of-way, and other service facilities. Plans, specifications, and special requirements of such regulatory 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. At the time the Applicant submits the Application, a Non-Standard Service Investigation Fee (See Section G.) to cover initial administrative, legal, and engineering fees shall be paid to the Corporation. Any additional expenses incurred as a result of efforts by the Corporation to study service requirements of the Applicant shall be paid by the Applicant.
 - d. If after the service investigation has been completed, the Corporation determines that the Applicant's service request is for property outside the area dedicated in the Corporation's Certificate of Convenience and Necessity, service may be extended provided that:
 - 1) The service location is contiguous to or within one-fourth (1/4) mile of the Corporation's Certificated Service Area;
 - 2) The service location is not in an area receiving similar service from another utility; and
 - 3) The service location is not within another utility's Certificate of Convenience and Necessity.

5. **Design.** The Corporation shall study the design requirements of the Applicant's required facilities prior to initiation of a Service Agreement by adopting the following schedule:
 - a. The Corporation's Consulting Engineer shall design or approve the service facilities for the Applicant's requested service within the Corporation's specifications or within certain codes and specifications of neighboring municipalities for all Non-Standard Service Applications which lie within the enforced extra territorial jurisdiction of a municipality.
 - b. The Engineer's fees shall be paid out of the Non-Standard Service Investigation Fee, provided the actual costs of the Engineer's services do not exceed the amount of the Non-Standard Service Investigation Fee allotted for engineering services. If the Applicant's services exceed the allotted fee, the Applicant shall pay the balance of engineering fees prior to commencing with the service investigation.
 - c. The Consulting Engineer shall submit to the Corporation a set of detailed plans, specifications, and cost estimates for the project.
 - d. If no local authority imposes other design criteria on the Applicant's service request, the Consulting Engineer shall design or approve all facilities for any Applicant to meet the minimum line size of 6" as required by the Corporation in the plans or plats submitted for service. The Corporation reserves the right to change a line size or design of service facility as it deems necessary.

6. **Non-Standard Service Contract.** The Corporation's Service Application and Agreement is the Non-Standard Service Contract. Said contract shall define the terms of service prior to construction of required service facilities. Guidelines for the service contract may include, but are not limited to:
 - a. All costs associated with required administration, design, construction, and inspection of facilities for water service to the Applicant's service area and terms by which these costs are to be paid.
 - b. Procedures by which the Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.
 - c. Equity Buy In Fee (Front-end Capital Contributions) required by the Corporation in addition to the other costs required under this Section.
 - d. Monthly Reserved Service Charges as applicable to the service request.
 - e. Terms by which reserved service shall be provided to the Applicant and duration of reserved service with respect to the impact the Applicant's service request will have upon the Corporation's system capability to meet other service requests.
 - f. Terms by which the Corporation shall administer the Applicant's project with respect to:
 - 1) Design of the Applicant's service facilities;
 - 2) Securing and qualifying bids;
 - 3) Execution of the Service 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.
 - g. Terms by which the Applicant shall indemnify the Corporation from all third party claims or lawsuit in connection with the project contemplated.

- h. Terms by which the Applicant shall deed all constructed facilities to the Corporation and by which the Corporation shall assume operation and maintenance responsibility, including any enforcement of warranties in connection with construction of the Applicant's project.
- i. 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.
- j. Terms by which the Board of Directors shall review and approve the Service Contract pursuant to current rules, regulations, and bylaws.

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

- a. If the Corporation determines that right-of-way easements or facility sites outside the Applicant's property are required, the Corporation shall require the Applicant to secure easements or title to facility sites in behalf of the Corporation. All right-of-way easements and property titles shall be researched, validated, and filed by the Corporation at the expense of the Applicant. (See Sample Application Packet RUS Form 442-8 or 442-9)
- b. All facilities required to be installed in public right-of-ways in behalf of the Applicant, due to inability to secure private right-of-way easements, shall be subject to costs equal to the original cost of facility installation for those facilities in public right-of-ways, plus the estimated cost of future relocation to private right-of-ways or subject to the cost of installation under state condemnation procedures, whichever is most desired by the Applicant.
- c. The Corporation shall require an exclusive dedicated right-of-way on the Applicant's property (as required by the size of the planned facilities and as determined by the Corporation) and title to property required for other on-site facilities.
- d. Easements and facilities sites shall be prepared for the construction of the Corporation's pipeline and facility installations in accordance with the Corporation's requirements and at the expense of the Applicant.

8. **Bids For Construction.** The 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 reasonable charge, to prospective bidders. The applicant may select his contractor and negotiate a bid subject to Corporation's approval. Although the Corporation reserves the right to reject any bid or contractor, the Corporation 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 Corporation;
- c. The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the Corporation;
- d. The Contractor shall supply favorable references acceptable to the Corporation;
- e. The Contractor shall qualify with the Corporation as competent to complete the work, and
- f. The Contractor shall provide adequate certificates of insurance as required by the Corporation.

9. ***Pre-Payment For Construction And Service.*** After the Applicant has executed the Service Agreement, the Applicant shall pay to the Corporation all costs necessary for completion of the project prior to construction and in accordance with the terms of the Service Contract.
10. ***Construction.***
- a. All road work pursuant to county and/or municipal standards (if applicable) shall be surveyed and staked out 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 are required and shall be installed prior to road construction to avoid road damage during construction of Applicant's facilities.
 - b. The Corporation shall, at the expense of the Applicant, inspect the facilities to ensure that Corporation standards are achieved. If inspection is required after hours a fee not to exceed 1% of the contract price, subject to adjustment for additional expense, shall be charged.
 - c. Construction plans and specifications shall be strictly adhered to, but the Corporation reserves the right to change-order any specifications, due to unforeseen circumstances during the design phase, to better facilitate operation of the Applicant's facility. All change-order amounts shall be charged to the Applicant.
11. ***Service Within Subdivisions*** -- The Corporation's objective to provide service to any customer located within a subdivision governed by this section is strictly limited to the non-standard service specified by the Applicant. The purchaser of any lots who do not receive service because this service has not been specified or paid for by the Applicant shall have no recourse to the Corporation but may have recourse to the Applicant/Developer.

SECTION G. RATES AND SERVICE FEES

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

1. ***Service Investigation Fee.*** The Corporation shall conduct a service investigation for each service application submitted at the Corporation office. An initial determination shall be made by the Corporation, without charge, as to whether the service request is Standard or Non-Standard. An investigation shall then be conducted and the results reported under the following terms:
 - a. All Standard Service requests shall be investigated and all applicable costs for providing service shall be quoted in writing to the Applicant within fifteen (15) working days of application.
 - b. All Non-Standard Service requests shall be subject to a fee, appropriate to each project, of sufficient amount to cover all administrative, legal, and engineering fees associated with investigation of the Corporation's ability to deliver service to the Applicant to;
 - 1) provide cost estimates of the project,
 - 2) to present detailed plans and specifications as per final plat,
 - 3) to advertise and accept bids for the project,
 - 4) to present a Non-Standard Service Contract to the Applicant, and
 - 5) to provide other services as required by the Corporation for such investigation. A Non-Standard Service Contract shall be presented to the Applicant within a suitable amount of time as determined by the complexity of the project. (See Section F.)
2. ***Membership Fee.*** At the time the application for service is approved, a non-refundable Membership Fee must be paid before service shall be provided or reserved for the Applicant by the Corporation.
 - a. The Membership Fee for water service is \$100.00 for each service unit or the difference between the membership fee originally paid and the current membership fee.
3. ***Easement Fee.*** When the Corporation determines that private right-of-way easements and/or facilities sites are necessary to provide service to the Applicant, the Applicant shall be required to make good faith efforts to secure easements in behalf of the Corporation and/or pay all costs incurred by the Corporation in validating, clearing, and retaining such right-of-way in addition to tap fees otherwise required pursuant to the provisions of this Tariff. The costs may include all legal fees and expenses necessary to attempt to secure such right-of-way and/or facilities sites in behalf of the Applicant. (See Section E. 2. c. 2), Section F. 7. a.)
4. ***Installation Fee.*** The Corporation shall charge an installation fee for service as follows:
 - a. **Standard Service** shall include all current labor, materials, engineering, legal, customer service inspection, and administrative costs necessary to provide individual metered water service and shall be charged on a per tap basis as computed immediately prior to such time as metered service is requested and installed.
 - b. **Non-Standard Service** shall include any and all construction labor and materials, inspection, administration, legal, and engineering fees, as determined by the Corporation under the rules of Section F. of this Tariff.
 - c. Standard and Non-Standard Service Installations shall include all costs of any pipeline relocations as per Section E. 2. c. 6) of this Tariff.
 - d. All charges are shown on Corporate Fees Schedule as adopted by Board of Directors.

5. **Equity Buy-In Fee.** In addition to the Membership Fee, each Applicant shall be required to achieve parity with existing Members 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. The formula applied to such fee calculated annually after receipt of the system audit is as follows:

Sample Calculation:

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

a. Water Equity Buy-In Fee is \$1,200.00

6. **Monthly Charges.**

a. **Service Availability Charge**

1) 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	GALLONS INCLUDED
5/8" X 3/4"	1.0	\$ 14.00	2,000
3/4"	1.5	\$ 14.00	2,000
*3/4"	1.5	\$ 28.00	4,000
1"	2.5	\$ 25.00	3,000
1 1/2"	5.0	\$ 35.00	4,000
2"	8.0	\$ 50.00	5,000
3" CMPD.	16.0	\$ 85.00	7,000
3" TURB.	17.5	\$ **	
4" CMPD.	25.0	\$115.00	10,000
6" CMPD.	50.0	\$ **	

*Any double hookup known to exist prior to December 1, 1992 could come in to office and make application for corrective action regarding double hookup. Options for compliance:
 a) Disconnect service;

- b) Make application for new meter under standard provisions;
- c) Upgrade service from 5/8" to 3/4" meter at corporation cost of \$200.00 (any larger meter cost will vary) and a monthly minimum rate of 4,000 gallons for \$28.00. Any additional gallonage would fall under Section G. 6. c. 1);
- d) Any double hookup discovered after December 1, 1992 will only be offered Option a) or b), under Section G. 6. a. 1) *.

**To be defined as needed.

- 2) Fire line - charged at rate of 5/8" X 3/4" meter equivalent and water rate of \$4.00 per thousand.
- 3) Under the rules of the Corporation, each tap to the main pipeline is a unit and the monthly Service Availability Charge shall begin at the time an applicant has met all requirements for service. (See Section E. 2. c.)
- 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 Corporation and the Applicant have entered into agreement and/or contract for reserved service. This monthly charge shall be based on the Corporation's fixed costs to service the Applicant's dedicated facilities on a per Service Unit basis. This charge reserves service to the Applicant's real estate designated to receive service. This fee shall be one half of the current Service Availability Charge 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.
 - 1) Water:

Minimum gallons to 20,000 gallons	\$3.00 per 1,000 gallons
20,001 gallons to 30,000 gallons	\$3.50 per 1,000 gallons
30,001 gallons and up	\$4.00 per 1,000 gallons
 - 2) The Corporation shall, as required by Section 5.235, Water Code of the State of Texas, collect from each of its retail customers a regulatory assessment equal to one-half of one percent of the charge for retail water 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. **Hydraulic Study.** The Corporation shall charge a fee of \$135.00 for a single hydraulic study. Additional service requests shall be \$15.00 each. Modeling charge is \$100.00.
- 8. **Late Payment Fee.** Once per billing period, a penalty of \$6.00 shall be applied to delinquent bills. This late payment penalty shall not be applied to any balance to which the penalty was applied in a previous billing, but shall be applied to any unpaid balance during the current billing period.
- 9. **Owner Notification Fee.** The Corporation may, at the expense of the Member, notify said Member of a renter/lessee delinquent account status prior to disconnection of service. The Owner Notification Fee shall be \$1.00 per notification. (See Miscellaneous Transaction Forms)
- 10. **Mortgagee/Guarantor Notification Fee.** The Corporation may assess a fee of \$1.00 for each notification to a Membership lien-holder under agreement prior to Membership cancellation. (See Miscellaneous Transaction Forms)

11. **Portable Meter Fee.** The Corporation shall charge a deposit of \$500.00 for the use of a portable meter. All water used shall be billed at \$4.00 per thousand. A fee of \$25.00 shall be assessed each month the meter is out on consignment.
12. **Returned Check Fee.** In the event a check, draft, or any other similar instrument is given by a person, firm, corporation, or partnership to the Corporation for payment of services provided for in this Tariff, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason, the account for which the instrument was issued shall be assessed a return check charge of \$15.00. (See Miscellaneous Transaction Forms)
13. **Reconnect Fee.**
 - a. The Corporation shall charge a fee of \$25.00 for reconnecting service after the Corporation has previously disconnected the service for any reason provided for in this Tariff except for activation of service under Section E. 3. b. Re-Service.
 - b. The Corporation shall charge a fee of \$50.00 for after hours call.
14. **Service Trip Fee.** The Corporation shall charge a trip fee of \$15.00 for any service call or trip to the Member's tap as a result of a request by the Member or resident (unless the service call is in response to damage of the Corporation's or another Member's facilities).
15. **Equipment Damage Fee.** If the Corporation's facilities or equipment have been damaged by tampering, by-passing, installing unauthorized taps, reconnecting service without authority, or other service diversion, a fee shall be charged equal to the actual costs for all labor, material, and equipment necessary for repair, replacement, and other Corporation actions. This fee shall be charged and paid before service is re-established. If the Corporation's equipment has not been damaged, a fee equal to the actual costs for all labor, material, equipment, and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authority shall be charged. All components of this fee will be itemized, and a statement shall be provided to the Member. If the Corporation's facilities or equipment have been damaged due to negligence or unauthorized use of the Corporation's equipment, right-of-way, or meter shut-off valve, or due to other acts for which the Corporation incurs losses or damages, the Member shall be liable for all labor and material charges incurred as a result of said acts or negligence.
16. **Customer History Report Fee.** A fee of \$1.00 may be charged to provide a copy of the Member's record of past water purchases in response to a Member's request for such a record.
17. **Meter Test Fee.** The Corporation shall test a Member's meter upon written request of the Member. Under the terms of Section E. of this Tariff, a charge of \$40.00 shall be imposed on the affected account.
18. **Transfer Fee.** An Applicant for service who is a Transferee shall complete all required application forms, etc., and pay a Transfer Fee of \$25.00.
19. **Membership Certificate Copy Fee.** A fee of \$1.00 will be charged to provide a duplicate copy of the Membership Certificate.

20. **Non-Disclosure Fee.** A fee of \$2.00 shall be assessed any customer requesting in writing that personal information under the terms of this tariff not be disclosed to the public.
21. **Information 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 Corporation 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. (See Corporate Fees Schedule, Rules of Procedure For Open Records)
22. **Customer Service Inspection Fee.** A fee of \$25.00 will be assessed to each Applicant before inspection can be made and continuous service is provided to new construction.
23. **Franchise Collection Fee.** A fee of \$.00 will be collected from customers located inside the corporate limits of a city that imposes a franchise tax.
24. **Other Fees.** All services outside the normal scope of utility operations which the Corporation may provide at the request of a customer or Member shall be charged to the recipient based on the cost of providing such service.

SECTION H.

EMERGENCY WATER MANAGEMENT PLAN

I. DEFINITION

Drought weather conditions, as well as a number of other uncontrollable circumstances can disrupt the normal availability of water supplies. During drought periods, customer demand for water is often significantly higher than normal. This Emergency Water Management Plan establishes temporary methods or techniques to be used only as long as the emergency exists.

An effective Emergency Water Management Plan should include the following elements:

- A. Trigger conditions signaling the start of an emergency period;
- B. Emergency Water Management Plan measures;
- C. Information and education;
- D. Initiation procedures;
- E. Termination notification actions;
- F. Means of implementation.

II. TRIGGER CONDITIONS

The initiation of drought contingency conditions will be determined on a specific case basis with regard to weather conditions, time of year and prevailing system capabilities. The Manager (or his designee during his absence) shall announce when specific measures shall be followed; depending on the level of severity.

- A. **Stage I** - Daily water demand reaches or exceeds 75% of the "water available for consumer consumption" for five consecutive days.
- B. **Stage II** - Daily water demand reaches or exceeds 85% of the "water available for consumer consumption" for five consecutive days.
- C. **Stage III** - Daily water demand reaches or exceeds 100% of the "water available for consumer consumption" for five consecutive days.

III. EMERGENCY WATER MANAGEMENT MEASURES

Based upon the prevailing conditions, the Mt. Peak Water Supply Corporation may take some or all of the following actions when appropriate if trigger conditions are reached:

A. Stage I

1. Inform the public through the news media that a shortage condition has been reached and request that the public look for ways to voluntarily reduce water use and provide specific steps that can be taken.
2. Notify major commercial water users of the situation and request voluntary water use restrictions.
3. Publicize a voluntary lawn watering schedule. Brochures on water conservation and water saving tips be mailed to all customers.

B. Stage II

1. Continue all relevant actions initiated in preceding phase.
2. Prohibit car, window washing, except when a bucket is used.
3. Prohibit water hydrant flushing, filling of swimming pools and public facilities lawn watering.
4. Impose a mandatory lawn watering schedule. The following schedule is recommended for implementation, however is subject to change if necessary:
Customers with odd-numbered addresses can water on odd-numbered days and customers with even-numbered addresses can water on even-numbered days. Watering shall be permitted only between the hours of 10:00 p.m. and 9:00 a.m.
5. Impose increased water rates - monthly usage over 30,000 gallons would increase per 1,000 gallons of two times normal rate (2X).

C. Stage III

1. Continue all relevant actions initiated in the preceding stages.
2. All outdoor water use not essential for public health or safety shall be prohibited.
3. Impose increased water rates - monthly usage over 20,000 gallons would increase per 1,000 gallons of two and one half times normal rate (2.5X).
4. Based on prevailing conditions, establish maximum water use limits for commercial (livestock watering) and residential users and utilize penalties for non-compliance penalties for exceeding water use limits (see penalties).

IV. PENALTIES OF NON-COMPLIANCE

Penalties of non-compliance to the Emergency Water Management Plan may be as follows:

- A. Consumer will receive a written warning.
- B. The second time and each time thereafter that a consumer fails to comply with implemented restrictions; water service shall be terminated to the premises where non-compliance occurred. Water services shall be restored at the request of the consumer for a surcharge of \$100.00. If a consumer turns their water service back on, his meter shall be removed and shall be reconnected for a surcharge of \$250.00.