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JACOB AND JENNIE HILBIG'S	§	PUBLIC UTILITY COMMISSION
APPEAL OF THE COST OF	§	
OBTAINING SERVICE FROM AQUA	§	OF TEXAS
WATER SUPPLY CORPORATION	§	
	§	

**AQUA WATER SUPPLY CORPORATION'S RESPONSE TO
COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION**

Pursuant to 16 Texas Administrative Code ("TAC") § 22.144, comes now Aqua Water Supply Corporation ("Aqua WSC"), and files this Response to the Staff of the Public Utility Commission of Texas' ("Commission Staff") Third Request for Information ("RFI"). Aqua WSC received the RFI on May 26, 2022. Therefore, this Response is timely filed. Pursuant to 16 TAC §22.144(c)(2)(F), Aqua WSC stipulates that this Response may be treated by all parties as if the answers were filed under oath.

Respectfully submitted,

/s/ Ty H. Embrey
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**ATTORNEY FOR AQUA WATER
SUPPLY CORPORATION**

CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on June 9, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Ty H. Embrey _____
Ty H. Embrey

AQUA WSC’S RESPONSE TO COMMISSION STAFF’S THIRD RFI
QUESTION NO. STAFF 3-1

STAFF 3-1: Reference the Preliminary Cost Summary included as Attachment A in Aqua WSC’s Response to Commission Staff’s Second RFI dated May 10, 2022. Please provide a breakdown of the parts, labor, and equipment costs for the \$4,280.00 line item labelled “5/8” x 3/4” Meter.”

RESPONSE: The \$4,280.00 line item labelled “5/8” x 3/4” Meter” in the December 20, 2021, Preliminary Cost Summary for Jacob and Jennie Hilbig is outlined in Section 2.02 of Aqua WSC’s Water Tariff. Please see the following excerpt from Aqua WSC’s Water Tariff, which provides a breakdown of the \$4,280.00 line item.

Meter Type and Size	Meter Setting Fee	+	System Development Fee	=	Tap Fee	+	Membership Fee	=	Total Fee
5/8” simple	\$380.00		\$3,900.00		\$4,280.00		\$100.00		\$4,380.00

Pursuant to Section 2.02 of Aqua WSC’s Water Tariff, Aqua WSC charges a \$380.00 Meter Setting fee and a \$3,900.00 System Development fee for 5/8” simple meters, which comprise the total \$4,280.00 tap fee included in the Preliminary Cost Summary provided to Jacob and Jennie Hilbig. Additionally, Aqua WSC charges new members a \$100.00 Membership fee. A copy of Aqua WSC’s Water Tariff in effect at the time of Jacob and Jennie Hilbig’s December 20, 2021 Preliminary Cost Summary is attached hereto as **Attachment A**.

Prepared by: Ty Embrey
Sponsored by: David McMurry

Attachment A

WATER SUPPLY CORPORATION TARIFF FOR

Aqua Water Supply Corporation (Name)	P. O. Drawer P (Business Address)	Bastrop (City)	Texas (State)
78602 (Zip Code)	(512) 303-3943 (Area Code/Telephone No.)		

This Tariff is effective for Aqua's operations under the following Certificate(s) of Convenience and Necessity: CCN #10294.

This Tariff is effective in the following counties: Bastrop, Caldwell, Williamson, Lee, Fayette, and Travis.

This Tariff is effective in the following cities or unincorporated towns (if any): N/A.

This Tariff is effective in the following subdivisions or systems: Various subdivisions located in areas identified on Texas Commission on Environmental Quality water service area maps.

TABLE OF CONTENTS

SECTION 1.0 – DEFINITIONS	4
Section 1.01 – Dwelling.....	4
Section 1.02 – Large Volume Service – Conservation Districts	4
Section 1.03 – Large Volume Service – Multiple Owner	4
Section 1.04 – Large Volume Service – Single Owner	4
Section 1.05 – LUE.....	4
Section 1.06 – Manufactured Home	4
Section 1.07 – Manufactured Housing Park	5
Section 1.08 – Monthly Customer Charge.....	5
Section 1.09 – Multiple Connection Service	5
Section 1.10 – Recreational Vehicle.....	5
Section 1.11 – Recreational Vehicle Park.....	5
Section 1.12 – Standard Service	5
Section 1.13 – Usage Charge.....	5
Section 1.14 – Meter Certificate	5
 SECTION 2.0 – RATE SCHEDULE	 5
Section 2.01 – Rates.....	5
Section 2.02 – Connection Fees.....	8
Section 2.03 – Miscellaneous Fees	12
 SECTION 3.0 – SERVICE RULES AND REGULATIONS.....	 16
Section 3.01 – Application for Service	16
Section 3.02 – Water Installation.....	17
Section 3.03 – Payment Plans for Delinquent Accounts	17
Section 3.04 – Refusal of Service	18
Section 3.05 – Member Deposits.....	19
Section 3.06 – Meter Requirements, Readings, and Testing	19
Section 3.07 – One Dwelling Per Meter Policy	19
Section 3.08 – Billing	20
Section 3.09 – Service Disconnection	21
Section 3.10 – Customer Service Inspections.....	22
Section 3.11 – Meter Relocation.....	22
Section 3.12(a) – Large Volume Service – Single Owner.....	23
Section 3.12(b) – Large Volume Service – Multiple Owner	23
Section 3.12(c) – Large Volume Service – Conservation Districts	23
Section 3.12(d) – Large Volume Service – Installment Contracts	24
Section 3.13 – Feasibility Study	25
Section 3.14 – Forfeiture of Membership	26
Section 3.15 – Service Outside Certificated Area	27
Section 3.16 – Service to Areas of Purchased Water Systems	27
Section 3.17 – Limitation of Liability.....	27

Section 3.18 – Transfer of Membership	27
Section 3.19 – Litigation.....	27
Section 3.20 – Hydrants and Flushing Valves	28
Section 3.21 – Release of Easements.....	28
Section 3.22- Meter Certificate	28
SECTION 4.0 – EXTENSION POLICY	29
Section 4.01 – Service Extension Requirements	29
SECTION 5.0 – WATER RATIONING PLAN.....	29
Section 5.01 – General Provisions	29
Section 5.02 – Stages of Rationing.....	30
SECTION 6.0 – REQUESTS FOR PUBLIC INFORMATION.....	32
Section 6.01 – Procedures.....	32
Section 6.02 – Copy Charge Schedule.....	33
 Appendix A SERVICE APPLICATION AND AGREEMENTS	
 Appendix B RULES AND REGULATIONS CONCERNING AQUA'S SERVICE TO SUBDIVISIONS	

SECTION 1.0 – DEFINITIONS

Section 1.01 – Dwelling

“Dwelling”, “dwelling unit”, or “residence” means a home, house, mobile home, manufactured home, apartment unit, or any unit in a multiunit residential structure maintaining a restroom facility and area for preparation or storage of foods. A recreational vehicle that is not located in a recreational vehicle park shall be considered a dwelling under this Tariff if it is connected to an Aqua meter and is used for human habitation.

Section 1.02 – Large Volume Service – Conservation Districts

“Large Volume Service – Conservation Districts” means water service provided to a conservation district created pursuant to Article XVI, Section 59, of the Texas Constitution, such as a municipal utility district or a water control and improvement district, by means of a connection with a meter(s) size larger than one (1) inch. Water delivered to such Conservation District is delivered through an air gap so that the District must provide its own storage and pressurization facilities. Water provided under Large Volume Service – Conservation Districts may be submetered for resale by the district within the boundaries of the district. Aqua will not be the retail service provider to the customers within the District.

Section 1.03 – Large Volume Service – Multiple Owner

“Large Volume Service – Multiple Owner” means water service provided to a multiple owner development, such as townhouses, condominiums, or cluster homes by means of a connection with a meter size larger than one (1) inch. Water provided under Large Volume Service - Multiple Owner shall not be submetered for resale.

Section 1.04 – Large Volume Service – Single Owner

“Large Volume Service – Single Owner” means water service provided to a single tract of land owned by a single person, corporation, or other entity by means of a connection with a meter size larger than one (1) inch. Water provided under Large Volume Service – Single Owner shall not be submetered for resale.

Section 1.05 – LUE

“LUE” shall mean the equivalent of one single family residence that can be adequately served by a 5/8” X 3/4” water meter.

Section 1.06 – Manufactured Home

“Manufactured home” or “manufactured housing” means a structure transportable in one or more sections which, in the traveling mode, is eight body feet or more in width or 40 body feet or more in length or, when erected on site, is 320 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities. This term shall include any structure defined as a mobile home, HUD-code manufactured home, or manufactured home by TEXAS OCCUPATIONS CODE, CHAPTER 1201.

Section 1.07 – Manufactured Housing Park

“Manufactured housing park” means a single tract of land on which parking spaces for manufactured homes are rented to the general public primarily for nontransient use and for which rental is paid at intervals of one month or longer.

Section 1.08 – Monthly Customer Charge

“Monthly Customer Charge” means the cost to have water available at a meter.

Section 1.09 – Multiple Connection Service

“Multiple Connection Service” means a single meter serving multiple dwellings.

Section 1.10 – Recreational Vehicle

“Recreational vehicle” means a vehicle which is:

1. Built on a single chassis;
2. Four hundred (400) square feet or less when measured at the largest horizontal projections;
3. One hundred and two (102) inches or less in width;
4. Self-propelled or permanently towable by a light duty truck; and
5. Designed primarily not for use as a permanent dwelling but as temporary living quarters for recreational, camping, travel, or seasonal use.

Section 1.11 – Recreational Vehicle Park

“Recreational vehicle park” means a property on which parking spaces for recreational vehicles are rented to the general public primarily for transient use.

Section 1.12 – Standard Service

“Standard Service” means service to one living unit equivalent provided through 1” simple or smaller meter.

Section 1.13 – Usage Charge

“Usage Charge” means the charge billed for water delivered through a metered point of delivery.

Section 1.14 – Meter Certificate

“Meter Certificate” means a certificate issued by Aqua as compensation for the dedication of permanent recorded water line easements across private property.

SECTION 2.0 – RATE SCHEDULESection 2.01 – Rates

a. Standard Service

The monthly charge for Standard Service shall be the sum of the Monthly Customer Charge and the Usage Charge. The Usage Charge shall be applicable to all water used.

Meter Type And Size	Monthly Customer Charge	Gallons Included	Usage Charge per 1,000 Gallons 1 to 10,000 gallons	Usage Charge per 1,000 Gallons 10,001 to 20,000 gallons	Usage Charge per 1,000 Gallons Over 20,001
5/8" simple	\$25.15	-0-	\$3.75	\$5.75	\$7.00
3/4" simple	\$25.15	-0-	\$3.75	\$5.75	\$7.00
1" simple	\$25.15	-0-	\$3.75	\$5.75	\$7.00

TCEQ Assessment

The assessments established by TCEQ shall be collected from each member.

Lost Pines Groundwater Conservation District Assessment

The assessments established by the Lost Pines Groundwater Conservation District shall be collected from each member.

b. Large Volume Service

The monthly charge for Large Volume Service shall be the sum of the Monthly Customer Charge and the Usage Charge. The Usage Charge shall be applicable to all water used.

Meter Type And Size	Monthly Customer Charge	Gallons Included	Usage Charge per 1,000 Gallons
1-1/2" simple	\$125.00	-0-	\$5.00
2" simple/compound or equivalent	\$200.00	-0-	\$5.00
2" turbine	\$245.00	-0-	\$5.00

Meter Type And Size	Monthly Customer Charge	Gallons Included	Usage Charge per 1,000 Gallons
3” compound or equivalent	\$380.00	-0-	\$5.00
3” turbine	\$570.00	-0-	\$5.00
4” compound or equivalent	\$650.00	-0-	\$5.00
4” turbine	\$1,160.00	-0-	\$5.00
6” compound or equivalent	\$1,330.00	-0-	\$5.00
6” turbine	\$3,160.00	-0-	\$5.00
8” compound or equivalent	\$3,620.00	-0-	\$5.00
8” turbine	\$5,190.00	-0-	\$5.00

TCEQ Assessment

The assessments established by TCEQ shall be collected from each member.

Lost Pines Groundwater Conservation District Assessment

The assessments established by the Lost Pines Groundwater Conservation District shall be collected from each member.

(1) Multiple Connection Service – Transient Use

A business such as a recreational vehicle park or motel that serves transient customers shall be required to pay only one Monthly Customer Charge for water service to customers of the business. A recreational vehicle park shall pay only one Monthly Customer Charge for water service provided to recreational vehicles regardless of the number of such vehicles served by the meter. Similarly, a motel shall pay only one Monthly Customer Charge for water service provided to motel rooms regardless of the number of rooms served by the meter.

(2) Multiple Connection Service – Nontransient Use

The Monthly Customer Charge for residential master meter service using meters of one (1) inch or less for apartments, multiunit residential structures, or manufactured housing parks shall be equal to the Monthly Customer Charge for a 5/8" meter times the number of dwelling units connected to the master meter on the date of meter reading each month. Where a master meter larger than one (1) inch has been installed as a Large Volume Service pursuant to a Feasibility Study performed by Aqua, the Monthly Customer Charge for the master meter shall be equal to the Monthly Customer Charge for a 5/8" meter times the Living Unit Equivalent (LUE) capacity of the meter as determined by Aqua.

(3) Multiple Connection Service – General Provisions Applicable to 1" or smaller Meters

If allowed under this Tariff as an exception to Aqua's one dwelling per meter policy stated in Section 3.07, when more than one dwelling is connected to a single meter, the member shall pay a multiple of the Monthly Customer Charge corresponding to the number of dwellings connected to the single meter.

(4) Recreational Vehicles and Manufactured Homes – General Provisions

When any recreational vehicle used for human habitation is parked in a location other than a recreational vehicle park and is connected to a meter, a Monthly Customer Charge must be paid for that vehicle. Also, a Monthly Customer Charge must be paid for each and every manufactured home connected to a meter, unless the manufactured home is located in a manufactured housing park where a master meter larger than one (1) inch has been installed pursuant to a Large Volume Service Agreement, in which case the Monthly Customer Charge for the master meter shall be equal to the Monthly Customer Charge for a 5/8" meter times the LUE capacity of the meter as determined by Aqua.

Section 2.02 – Connection Fees

- a. Single Dwelling or Single Non-Residential Business Connection (for lots located within compliant subdivisions where capacity has been reserved or for properties not located within a subdivision)

Meter Installation – Straight Set
(no line extension, no road crossing)

Meter Type and Size	Meter Setting Fee	+	System Development Fee	=	Tap Fee	+	Membership Fee	=	Total Fee
5/8" simple	\$380.00		\$3,900.00		\$4,280.00		\$100.00		\$4,380.00
3/4" simple	\$400.00		\$5,650.00		\$6,050.00		\$100.00		\$6,150.00

Meter Type and Size	Meter Setting Fee	+	System Development Fee	=	Tap Fee	+	Membership Fee	=	Total Fee
1" simple	\$600.00		\$9,150.00		\$9,750.00		\$100.00		\$9,850.00

- b. Non-Compliant Subdivisions or Subdivisions requiring capacity reservation (capacity has not been previously reserved)

Meter Installation – Straight Set
(no line extension, no road crossing)

Meter Type and Size	Meter Setting Fee	+	System Development Fee ¹	=	Tap Fee	+	Membership Fee	=	Total Fee
5/8" simple	\$380.00		\$4,500.00		\$4,880.00		\$100.00		\$4,980.00
3/4" simple	\$400.00		\$6,250.00		\$6,650.00		\$100.00		\$6,750.00
1" simple	\$600.00		\$9,750.00		\$10,350.00		\$100.00		\$10,450.00

- c. Multiple Connection Service, 1" or smaller Meter
Straight Set (no line extension, no road crossing)

For meter sizes 1" and smaller, the tap fee for a multiple dwelling connection such as an apartment, multiunit residential structure, or manufactured housing park shall include the meter setting fee for the meter size specified by Aqua plus a System Development Fee equal to the System Development Fee for a 5/8" meter times the number of dwelling units or manufactured home pad sites to be connected to the meter.

Multiple Connection Service is available only for apartments, manufactured housing parks, and multiunit residential structures such as duplexes. All other residential service must comply with the one dwelling per meter policy stated in Section 3.07 of this Tariff. Whenever an increase is proposed in the number of dwelling units, or in the case of a nontransient manufactured housing park, an increase in the number of pad sites, the member shall pay to Aqua the appropriate System Development Fee before making such expansion. Whenever Aqua determines that the number of dwelling units or pad sites connected to a master meter exceeds the number of units that have been paid for by the member, the member shall pay a System Development Fee equal to the System Development Fee for a 5/8" meter times the number of additional dwelling units or pad sites that are connected to the meter. The System Development fee for the additional

¹ \$600 of the System Development Fee is for the capacity reservation fee.

dwelling units or pad sites shall be paid within 30 days of the date that Aqua provides notice to the member.

d. Large Volume Service – Single Owner

In order to obtain Large Volume Service - Single Owner, an applicant must first submit a request for a specific maximum or peak gpm of service expected and pay for a Feasibility Study. Aqua shall determine the size meter assembly required to meet the sustained maximum gpm requested. Aqua shall also calculate the appropriate Meter Set Fee, System Development Fee and Tap Fee associated with the requested meter. The System Development Fee shall be calculated by equating the demand placed on the system by the requested maximum gpm to the demand placed on the system by an equivalent number of LUEs. The Tap Fee for Large Volume Service – Single Owner shall include the actual cost for purchasing and installing the appropriate size and type meter and any flow controlling device and backflow prevention device as determined to be necessary by Aqua. The Membership Fee for Large Volume Service – Single Owner shall be \$100.00.

e. Large Volume Service – Multiple Owner

In order to obtain Large Volume Service - Multiple Owner, an applicant must first submit a request for a specific maximum or peak gpm of service expected and pay for a Feasibility Study. Aqua shall determine the size meter assembly required to meet the sustained maximum gpm requested. Aqua shall also calculate the appropriate Meter Set Fee, System Development Fee and Tap Fee associated with the requested meter. The System Development Fee shall be calculated by multiplying the number of dwelling units to be connected to the meter times the System Development Fee for a LUE. The number of dwelling units shall be adjusted by multiplying by a factor of 0.7 for dwelling units that share common walls, such as townhouses or condominiums. The Tap Fee for Large Volume Service – Multiple Owner shall include the actual cost for purchasing and installing the appropriate size and type meter and any flow controlling device and backflow prevention device as determined to be necessary by Aqua. The Membership Fee for Large Volume Service -- Multiple Owner shall be \$100.00. Large Volume Service -- Multiple Owner shall be subject to the limitations and terms set forth in Section 3.12(b) and the requirements of the Rules and Regulations Concerning Aqua's Service to Subdivisions, including the requirement for payment of capacity reservation fees.

f. Large Volume Service – Lessee

Aqua's Board of Directors may, in its sole discretion, allow a lessee of real property owned by a local, state, or federal governmental entity to file an application for Large Volume Service to said property and seek to become a member of Aqua. Permission of the Board of Directors will be considered on a case by case basis. The General Manager shall make an assessment of the facts and circumstances of each such application and make a recommendation to the Board of Directors regarding whether such permission should be granted and if so, the terms of the contract. In order to obtain Large Volume Service, the lessee must provide written acknowledgement from the lessor of the property that the Service is being sought. In addition, the lessee must obtain a Feasibility Study and must pay the Meter Setting Fee, System Development Fee, Membership Fee, and Tap Fee as set by the Tariff.

g. Temporary Emergency Meter Sets for Livestock

During periods of extreme drought, the Aqua Board may institute a Temporary Emergency Meter Set program to allow individuals with livestock such as cattle, goats and horses, to acquire an Aqua meter in order to provide water to livestock. Individuals with livestock are required to complete the application attached in Appendix A. Before the provision of water, Aqua must verify that there is sufficient capacity in the water line so there is no impact to existing Aqua members in the area. The Temporary Emergency Meter is available only if the addition of such a meter will not result in the need for Aqua to expand or improve its system to meet state and federal standards to retail customers.

The water must flow into a prefabricated tank or trough equipped with an automatic shutoff. Meters will not be set to provide water to an earthen tank or residence. Installation of backflow prevention devices will be verified prior to the installation of the meter.

The cost to install the Temporary Emergency Meter will be determined by the Board at such time as the program is instituted; the individual will also pay a monthly fee equal to the first tier of the inverted block rate. No System Development Fee, Membership Fee, or Monthly Customer Charge will be billed.

The Temporary Emergency Meter program will remain in effect until it is modified or revoked by the Board. Aqua reserves the right to remove the Temporary Emergency Meter with ten (10) days written notice if it is determined that the terms and conditions of the program are being violated or if the information in the application is determined to be inaccurate.

h. Additional Connection Charges

(1) Charge For Line Extensions And Road Crossings

The cost to construct line extensions and road crossings will be determined on a case by case basis based on the cost of labor and materials at the time of construction.

(2) Nonstandard Service

Requests for service or supplemental service other than those set out in this Tariff, including Appendix B shall be considered Additional Charges and shall be determined on a case by case basis.

(3) Easements

When Aqua determines that private right-of-way easements are necessary to provide service to an applicant, the applicant shall be required to pay all costs incurred by Aqua in obtaining such easements.

(4) Backflow Prevention/Pressure Booster

When backflow prevention is required in connection with a meter, the applicant shall be required to pay all costs for materials and installation of a backflow prevention device. In

the situation where there will be a significant drop in pressure between the meter and the structure where service is to be provided, a condition which is typically caused by a significant difference between the elevation of the meter and the elevation of the structure, a person requesting service may seek a determination of the feasibility of the use of a pressure booster unit to serve the structure. If determined to be feasible, subject to the applicant paying all costs for materials and labor associated with the installation of the pressure booster unit, the applicant for service may elect to have Aqua or a contractor of his or her choice install the unit. The applicant shall also be required to pay all costs for materials and installation of a backflow prevention device when backflow prevention is required at a location where a pressure booster unit is installed. Aqua may pay for the cost of materials and installation of a pressure booster unit at a location that serves more than one member, or is remote from Aqua's pumping and storage facilities and where no improvements to Aqua's System are planned.

(5) Meter Location

When possible, meters should not be placed in locations where they may be subjected to vehicular traffic, such as a meter placed under a driveway providing access to a dwelling. If an applicant desires that one or more meters be placed in a location where, in the opinion of Aqua, the meter(s) may reasonably be subjected to vehicular traffic of any sort, then at the sole expense of applicant: (1) the meter box(es) installed shall be designed and constructed to minimize the likelihood of damage to the meter(s) resulting from said vehicular traffic; and (2) prior to installation of the meter(s), the meter box(es) proposed for use shall first be submitted to Aqua for approval.

Section 2.03 – Miscellaneous Fees

- a. Membership Fee \$ 100.00

The Membership Fee is not refundable and applies to each service connection to Aqua's system.

- b. Membership Transfer Fee \$ 25.00

In the event the member shall sell his property, Aqua shall charge a membership transfer fee to transfer the membership to the new customer.

- c. Customer Service Inspection Fee \$ 70.00

The State of Texas mandates that any requests for new service from a public water supply include a Customer Service Inspection conducted by a licensed Customer Service Inspector. The customer service inspections shall also be conducted when there is a request to transfer service from a membership that has never had an inspection, and whenever there is a request to reconnect service after service has been discontinued for a year.

- d. Backflow Prevention Permit and Fees

All members are required to notify Aqua of the possibility of an actual or potential contamination hazard by completing a Backflow Prevention Form and submitting payment of a \$25 Permit Fee. At any residence or establishment where an actual or potential contamination hazard exists, additional protection shall be required in the form of an air gap or backflow prevention assembly device. Aqua's backflow prevention program identifies potential sources of

contamination on a member's property to Aqua's System, determines the degree of hazard that exists and the required backflow prevention assembly device to be installed.

Upon installation of the backflow prevention assembly, a Backflow Prevention Assembly Test and Maintenance Report, required by TCEQ, must be completed and submitted to Aqua. The test and report for the backflow prevention device are to be completed only by a Licensed Backflow Prevention Assembly Tester. A list of licensed testers may be obtained by contacting Aqua.

TCEQ requires all cross connections assessed as a health hazard to be tested each year. Aqua is requiring all other testable backflow devices to be tested every 3 years. A notice will be mailed when it is time for the retest.

Any unreported and/or suspected contamination hazards shall be tested by Aqua and at the members' expense at \$150.00 per test. In the event member refuses to allow such testing, Aqua will follow established TCEQ guidelines in dealing with the potential for contamination.

e.	Reconnection Fees	
	Base Reconnection Fee	\$60.00
	Re-Service Fee	\$25.15 X no. of months of inactively up to \$250.00
	Temporary Reconnection Fee	\$60.00
	Past Due Balance	As applicable

When there has been no change in ownership or right of possession pursuant to a contract for deed, the above Reconnection Fee must be paid before service can be restored to a member who has been disconnected. A Base Fee of \$60.00 shall be charged for all reconnections. The Re-Service Fee shall be the number of months which the meter was inactive times \$25.15 or \$250.00, whichever is less. For purposes of this calculation the inactive period will be rounded down to the nearest full month. The Reconnection Fee shall include the sum of the Base Fee plus the Re-Service Fee plus any past due balances owed for water service at the time of disconnection. At service locations where equipment tampering or an unauthorized connection has resulted in forfeiture of membership and tap rights, the former member shall be required to make full payment of the Membership Fee and the Tap Fee in effect at the time service is requested. Additionally, the former member shall be required to make full payment of applicable Equipment Damage Fees.

When a membership at a service location has been transferred to another location, but the member retains ownership of the former service location, the following Reconnection Fee must be paid before service can be restored to the former service location. A Base Fee of \$60.00 shall be charged for all reconnections. The Re-Service Fee shall be the number of months which the meter was inactive times \$25.15 or \$250.00, whichever is less. For purposes of this calculation the inactive period will be rounded down to the nearest full month. The Reconnection Fee shall include the sum of the Base Fee plus the Re-Service Fee. Additionally, a Membership Fee of \$100.00 must be paid to obtain a new membership at the former service location. For example, if the membership is transferred to a new location and the former service location remains inactive for 20 months, the charges to restore service will be: $\$60.00 + \$250.00 + \$100.00 = \410.00 .

When there has been a change in ownership or right of possession pursuant to a contract for deed, the following Reconnection Fee must be paid before service can be restored to the new member. A Base Fee of \$60.00 shall be charged for all reconnections, plus a Membership Fee or Membership Transfer Fee, whichever is applicable. Payment of a Membership Fee will be required in all cases where the previous membership was forfeited. No Re-Service fee will be charged, and the new member will not be responsible for any past due balance. At service locations where equipment tampering or an unauthorized connection has resulted in forfeiture of membership and tap rights, the new owner shall be required to make full payment of the Membership Fee and the Tap Fee in effect at the time service is requested.

To temporarily reconnect a service for renovation or construction, the service shall not be reconnected for longer than 30 days. The fee for a temporary reconnect is \$60.00 plus consumption at the rate in effect per 1,000 gallons.

f. Meter Disconnection And Removal Fee

(5/8", 3/4", & 1" meters)

\$100.00

The meter disconnection and removal fee will be charged to compensate Aqua for the cost of disconnecting, sealing, and removing the existing line tap and meter whenever a meter is removed or relocated at the request of a member. The fee to disconnect and remove meters larger than 1" will be determined on a case by case basis.

g. Late Charge

A 10% penalty will be added for payment received after the 10th day of the month. Failure to pay by the 10th, may require disconnection. The penalty on delinquent bills may not be applied to any balance to which the penalty was applied in a previous billing.

h. Returned Check Charge

\$ 35.00

In the event Aqua receives three (3) returned checks for insufficient funds, Aqua may require the member or customer to pay with guaranteed funds, such as cash, money order, cashier's check or credit card, for the following twelve (12) months from the date of the last offense. After twelve months from the most recent offense, Aqua may reconsider accepting checks from the member or customer.

i. Meter Reading Fee

\$ 30.00

Failure to furnish a reading actually obtained from the meter by the 15th of the month for two consecutive months will necessitate Aqua having to read the meter at the member's expense and include the meter reading fee on the next bill.

At the discretion of the General Manager, this fee may be waived upon demonstration of a physical need for this service to be provided by Aqua.

j. Change In Use Of Property Requiring Increase In Meter Size

In cases where the customer has an Aqua meter, and wishes to increase the size of the meter, the customer shall pay to Aqua the difference between the current amount of the System Development

Fee on the existing meter and the current amount of the System Development Fee on the proposed meter. In addition, the customer shall pay the cost of the new meter setting fee.

k. Charge For Moving Or Reinforcing Existing Aqua Facilities When Required By Change To Existing Or New Development

In cases where Aqua's facilities are lawfully situated in a private or public easement or road right-of-way, and in the opinion of Aqua, a new development or change to an existing development requires Aqua to either move or reinforce its facilities to ensure the protection of said facilities, the customer shall pay the costs incurred by Aqua to move or reinforce its facilities.

l. Water Lines For Fire Protection

Fire flows may be achieved through meter and water line sizing. In those cases where Member intends to install a fire line or loop for the purposes of providing water service for fire fighting, Member shall provide the requested water demand, in quantity and time, to meet the needed fire flow requirements and pay a fee in the amount of \$3,000 for the purposes of Aqua's review of the plan, and determining any necessary water line extensions and/or any necessary backflow prevention device. Member shall also pay the costs of the double detector check assembly and all necessary appurtenances to be placed on such fire line or loop and the cost of any necessary backflow prevention device. All double detector check meters shall be billed a monthly customer charge as defined in Section 2.01(a) of this Tariff, plus any Usage Charges for all water used, excepting those instances where water is used for fire fighting. It will be the responsibility of the Member to notify Aqua of the quantity of water used for fire fighting.

m. Equipment Damage Fees

For connections with 5/8", 3/4", and 1" meters the following Equipment Damage fees will be charged to compensate Aqua for repairs due to damage to Aqua's water distribution system which is caused by an unauthorized reconnection of water service where such service has been discontinued.

a.	Replace damaged or destroyed locks	\$100.00
b.	Replace damaged or destroyed water meters	
	(1) 5/8" meter	\$380.00
	(2) 3/4" meter	\$400.00
	(3) 1" meter	\$600.00
c.	Replace damaged or destroyed angle stops	\$150.00

Equipment Damage Fees for connections with meters larger than 1" will be determined on a case by case basis according to the actual costs incurred by Aqua because of such damage.

n. Feasibility Study Fee

All requests for a Feasibility Study shall be accompanied by a non-refundable fee according to the following schedule:

<u>Proposed Number of LUEs</u>	<u>Fee</u>
1-10	\$1,200.00
11-250	\$1,800.00
251 or more	\$3,000 plus any additional cost to Aqua

If fire flow is needed, an additional non-refundable fee of \$3,000 shall be added to the applicable Feasibility Study fee listed above. This fee shall be paid at the time the request is filed.

o. **Fire Hydrant Meter Fees and Deposits**

In the event a request is made to Aqua for the usage of a fire hydrant meter, Aqua shall charge a deposit of \$1,200.00 for the use of a fire hydrant meter. Aqua shall also charge a Monthly Charge and a Usage Charge. The Monthly Charge and the Usage Charge shall be defined by the size of the meter and be equivalent to the charges outlined under Section 2.01 – Rates. b. Large Volume Service in this Tariff. The deposit shall be returned upon the payment of all monthly and usage fees due Aqua and the return of the meter in good working condition.

p. **Fee for Review of Real Property Records**

Any request for new service or request for an estimate to provide service to a tract of land of 10 acres or more and described by metes and bounds shall include a fee in the amount of \$150.00. The fee shall be used by Aqua to research the real property records of the applicable county to determine compliance with the applicable county's subdivision regulations and to determine which sections of Appendix B of the Tariff may apply.

SECTION 3.0 – SERVICE RULES AND REGULATIONS

Section 3.01 – Application for Service

An owner of title to real property or a purchaser under an executory contract for conveyance of real property (“contract for deed”) may file an application for service and seek to become a member of Aqua. All applications for service will be made on Aqua's standard service application and service agreement forms (attached as Appendix A to this Tariff) and must be signed by the applicant before water service will be provided by Aqua. The terms and conditions of Appendix A are an integral part of this Tariff.

A lessee of real property owned by a local, state, or federal governmental entity may file an application for Large Volume Service and seek to become a member of Aqua with permission of the Board which will be considered on a case by case basis.

A separate application or contract will be made for each service at each separate location. All applicants for service must submit a legal description of the property to be served which shall consist of the lot, block, and section number for land in a platted subdivision, or shall consist of a metes and bounds description for tracts of land that are not platted.

No application for service in a subdivision shall be approved unless the Developer has fully complied with all the requirements of the Rules and Regulations Concerning Aqua's Service to

Subdivisions (Appendix B), including, without limitation, full payments of all capacity reservation fees. The terms and conditions of Appendix B are an integral part of this Tariff.

If two or more meters are used to provide water service to a single contiguous tract of land, Aqua shall not transfer one or more of the associated memberships if such transfer will result in service to a subdivided tract of land where all the requirements of the Rules and Regulations Concerning Aqua's Service to Subdivisions (Appendix B) have not been satisfied.

If the owner of a single contiguous tract of land obtains five or more meters for that tract in order to provide water service to five or more dwellings in compliance with the one dwelling per meter policy contained in Section 3.07 of this Tariff, and that owner later desires to convey some portion of that tract which contains one or more meters and/or one or more dwellings, then prior to the transfer of title to the new owner(s), the original owner shall comply with the Rules and Regulations Concerning Aqua's Service to Subdivisions (Appendix B) including, without limitation, the obtainment of a feasibility study and the payment of capacity reservation fees.

Upon transfer of title to property, the new owner(s) must comply with the one dwelling per meter policy contained in Section 3.07 of this Tariff. If additional meters are required, the transfer applicant must pay the corresponding number of tap fees and membership fees.

An applicant seeking service for a tract of land located in a subdivision must provide information showing compliance with all applicable city and county subdivision ordinances. This information shall include a copy of the recorded deed conveying the property to the applicant and a copy of the recorded plat depicting the property. Pursuant to Section 13.2501 of the Texas Water Code, Aqua will refuse to serve an applicant if the requested service is prohibited under Sections 212.012 of the Texas Local Government Code, which require certification of compliance with plat requirements prior to connection of water, sewer, electricity, gas, or other utility service.

Any applicant seeking service for a tract of land of 10 acres or more and described by metes and bounds must provide information showing compliance with all applicable city and county subdivision ordinances. This information shall include a copy of the recorded deed conveying the property to the applicant and a fee in the amount of \$150.00. Aqua will perform a detailed review of the history of the tract and its division, if any, as set out in the real property records to determine if the tract is in compliance with all applicable city and county subdivision ordinances and to determine which provisions of the Appendix B of the Tariff may apply. Pursuant to Section 13.2501 of the Texas Water Code, Aqua will refuse to serve an applicant if the requested service is prohibited under Sections 212.012 of the Texas Local Government Code.

Section 3.02 – Water Installation

After the applicant has met all requirements, conditions, and regulations herein set forth, Aqua will then: (i) install a tap, meter, and cut-off valves within the boundaries of the parcel of land or lot to be served; and (ii) take all necessary actions to initiate service.

Section 3.03 – Payment Plans for Delinquent Accounts

Aqua shall offer a deferred payment plan to any residential member if the member's bill is more than three times the average monthly bill for that member for the previous 12 months and if that member has not been issued more than two disconnection notices at any time during the preceding 12 months. In all other cases, Aqua shall offer a deferred payment plan to residential members who cannot pay an outstanding bill in full but are willing to pay the balance in reasonable installments. All deferred payment plans shall include any late penalties and finance charges, as applicable.

Section 3.04 – Refusal of Service

Aqua shall decline to serve an applicant until such applicant has complied with Federal, State and Municipal regulations, the rules and regulations of Aqua, and for the following reasons:

1. The applicant's installation or equipment is known to be inadequate or of such character that satisfactory service cannot be given;
2. The applicant is indebted to any utility for the same kind of service as that applied for;
3. Refusal to pay a membership fee or refusal to make a deposit, if applicant is required to make a deposit by Aqua;
4. The property to be served has been subdivided in violation of applicable city or county subdivision ordinances;
5. Serving the property is prohibited by Sections 212.012 or 232.0047 of the Texas Local Government Code, which require certification of compliance with plat requirements prior to connection of water, sewer, electricity, gas, or other utility service;
6. More than one dwelling will be connected to a single meter on the property, unless the service location qualifies for master meter service under this Tariff;
7. The meter to be set would be located within a 100-year floodplain as established by the Federal Emergency Management Agency;
8. The applicant fails or refuses to have a customer service inspection performed or fails or refuses to submit a properly completed customer service inspection certification form as required by Texas Commission on Environmental Quality regulations;
9. The applicant fails to submit the NOTICE OF ENDANGERED SPECIES HABITAT acknowledgment if the property is within designated critical habitat under the Endangered Species Act or encompasses habitat of an endangered or threatened species under federal or state law; or

10. Construction by Aqua of the General Purpose Transmission Facilities to serve the applicant would violate the federal Endangered Species Act or the Texas Endangered Species Act, and Aqua cannot reasonably obtain authorization from the relevant agencies.
11. The applicant refuses to execute a permanent, recorded water line easement on the property in which water service is requested, on a form satisfactory to Aqua and within the scope of the terms identified in Section 49.218 of the Texas Water Code, should the property in which the applicant desires water service not have adequate public utility easements.

Section 3.05 – Member Deposits

If a member or applicant has filed a petition for relief in U.S. Bankruptcy Court, Aqua may require a deposit to assure payments for service in accordance with 11 U.S.C. § 366.

Section 3.06 – Meter Requirements, Readings, and Testing

All water sold by Aqua shall be billed based on meter measurements. Aqua shall provide, install, own and maintain meters to measure amounts of water consumed by its members. Members shall submit an accurate meter reading to Aqua every month, unless meters are read electronically.

One meter is required for each residential, commercial or industrial facility. A recreational vehicle park will be considered to be a single commercial facility.

A manufactured housing park will be allowed to serve more than one manufactured home through a master meter, provided the Monthly Customer Charges are paid in accordance with Section 2.01 of this Tariff. Apartment buildings, duplexes or other multiunit residential structures may be served by a single master meter for each structure, provided the Monthly Customer Charges are paid in accordance with Section 2.01 of this Tariff

Upon request by a customer, Aqua will have the meter professionally tested for accuracy. If the meter is found to be within the accuracy standards established by the American Water Works Association, the customer shall be charged \$150.00 and shall pay the cost to perform this test, including the cost to remove, transmit and reinstall the meter. For anything larger than a standard service, Aqua will estimate the cost of the test and the customer shall put up a deposit. If the meter is found to be outside the accuracy standards established by the American Water Works Association, Aqua will pay the cost of the test for standard service, and Aqua will take whatever steps are necessary to provide an accurate meter.

Section 3.07 – One Dwelling Per Meter Policy

It is the policy of Aqua to require one paid meter and tap for each residence and dwelling for human habitation.

The General Manager will detect possible multiple dwellings on one meter, communicate verbally and in writing to the suspected violating party and/or parties violating this policy, and require pre-payment for the setting of additional water meters for the dwellings requiring same.

Noncompliance shall constitute basis for a disconnect from Aqua's System, such reconnection fee to be borne by the member.

At the discretion of the General Manager, payment of the System Development Fee may be extended for a pay-out of up to 18 months, interest free for hardship cases.

In the event that more than one Monthly Customer Charge is currently being paid from a member and is currently being accepted by Aqua for service to more than one dwelling connected to a single meter, service will be continued, accepting two or more minimum payments each month until such time as the property is transferred in whole or in part. The new owner(s) must then comply fully with this one meter per dwelling policy.

When property having more than one dwelling connected to a single meter is subdivided, any owner of a subdivided portion of the property who wishes to continue water service must become a member of Aqua and obtain a meter dedicated to providing water service to the individual portion of the property. Each owner of a portion of the property shall be required to convey to Aqua any easements that are necessary to provide water service to other portions of the property. The new service connections shall be subject to all of the requirements of Aqua's Tariff and the Rules and Regulations Concerning Aqua's Service to Subdivisions (Appendix B), including, without limitation, full payment of tap fees and membership fees. Failure to have meters installed to serve each tract may result in disconnection of service to any or all subdivided portions of the property.

More than one manufactured home may be connected to a single master meter provided the Monthly Customer Charges are paid in accordance with Section 2.01 of this Tariff and such dwellings are located in a manufactured housing park.

Section 3.08 – Billing

Water bills shall be rendered monthly unless service is terminated before the end of a billing cycle. Service initiated less than one week before the next billing cycle may be billed with the following month's bill.

Payment is considered late if not received at Aqua's office or postal address by the 10th of the month. A 10% penalty will be added for payment received after the 10th day of the month. Failure to pay by the 10th, may require disconnection.

The member will be responsible for the bill. Aqua will not bill occupants who are not members separately, unless the member agrees to be responsible for the bill.

Section 3.09 – Service Disconnection

A member's utility service may be disconnected if a bill has not been paid and proper notice has been given.

Proper notice shall consist of a separate mailing or hand delivery at least five (5) days prior to a stated date of disconnection, with the words "termination notice" or similar language prominently displayed on the notice. If applicable, the notice must also list the past due balance.

Service may be disconnected after proper notice for any of the following reasons:

1. Failure to pay a delinquent account or to comply with a deferred payment agreement;
2. Willful violation of a usage rule when that violation interferes with another member's service;
3. Failure to comply with valid deposit or guarantee arrangements;
4. Upon discovery by Aqua that the property has been subdivided in violation of applicable county subdivision ordinances;
5. Upon discovery by Aqua that more than one dwelling is connected to a single meter on the property, unless the present members pay each month and Aqua has accepted the appropriate multiple of the Monthly Customer Charge;
6. Upon discovery by Aqua that one meter is serving more than one dwelling and the dwellings are located on separate parcels of land;
7. A member has failed to have a customer service inspection performed or has failed to provide access to the service location for the purpose of performing a customer service inspection; or
8. Nonpayment of charges for sewer service that are collected by Aqua under an agreement between Aqua and the provider of the sewer service.

Service may only be disconnected without notice:

1. When a known dangerous condition exists, for as long as the condition exists;
2. When service is established through meter bypassing, an unauthorized connection or unauthorized reconnection; or
3. In instances of tampering with Aqua's meter or equipment.

A residential member may request a delay of disconnection of service upon establishing that disconnection of service will result in some person residing at that residence becoming seriously ill or more seriously ill if service is disconnected. Each time a member seeks to avoid termination of service under this provision, the member must have the attending medical doctor call or contact Aqua within 15 days of the issuance of the bill. A written statement must be received by Aqua from the attending medical doctor within 20 days of the issuance of the bill. Upon receipt of the doctor's written statement, Aqua may, at the discretion of the General Manager, delay disconnection of service for a period not exceeding 45 days from the issuance of the bill. At the discretion of the General Manager, Aqua may allow the member to enter into a deferred payment plan.

Section 3.10 – Customer Service Inspections

A customer service inspection certification conforming to Texas Commission on Environmental Quality Regulations, which is currently codified as 30 TAC § 290.46(j), must be completed for all new connections and for existing service locations where Aqua has reason to believe that cross-connections or other unacceptable plumbing practices exist, or after any material improvement, correction, or addition to the private plumbing facilities. A Customer Service Inspection Fee will be collected at the time an application for service is made. For existing service locations where a customer service inspection is required by Aqua, a Customer Service Inspection Fee will be added to the member's monthly bill. The inspection must be conducted by a licensed Customer Service Inspector and a certification form completed by Aqua before water service will be provided or continued.

The inspection will be based on the conditions existing at the service location at the time the meter is set. If any material improvement, correction, or addition to the private plumbing facilities occurs, the member shall have an additional customer service inspection performed for the service location. For example, in cases where water service is provided to facilitate construction of a new residence or other structure, a customer service inspection must be performed for the new structure and a properly completed customer service inspection certification form must be completed by Aqua's Customer Service Inspector as soon as practicable. Upon Aqua's discovery that there has been a change in service conditions and an appropriate inspection certification form has not been completed, service to the location will be disconnected, unless a properly completed certification form is filed at Aqua's office within 30 days after the date that Aqua provides notice pursuant to Section 3.09 of this Tariff. Service will not be restored until after the customer service inspection is performed.

Section 3.11 – Meter Relocation

Upon written request by a member, Aqua will relocate a meter. All relocated meters shall be relocated at a point as near as possible to the member's property line consistent with ease of access to and safety and maintenance of the meter. Aqua will determine, on a case by case basis, whether moving the location of the meter is feasible, including a determination whether capacity is available in Aqua's system at the location at which the meter would be relocated. The fee for moving a meter shall include the following:

- a. the Meter Setting Fee for the size of meter requested at the new location;

- b. the Meter Disconnection and Removal Fee; and
- c. the cost of any line extensions or other equipment necessary to deliver water to the new location.

If the meter to be installed at the new location is larger in size than the existing meter, the member shall also pay the difference between the System Development Fees for the larger meter size and the smaller meter size that are in effect at the time the relocation is requested.

Relocation of a tap or meter at a member/customer's request shall be made at the actual cost of the relocation, subject to a \$100.00 minimum charge, provided that the property to which the tap or meter is to be relocated is owned by the member/customer making the request.

Section 3.12(a) – Large Volume Service – Single Owner (Meters Larger Than 1”)

Large Volume Service – Single Owner may only be used to serve facilities located within a single tract of land that is owned by a single person, corporation, or other entity. Large Volume Service – Single Owner is not available for service to land that is intended to be subdivided; provided however, the capacity purchased for a Large Volume Service – Single Owner location may be converted to serve a subdivision that is created on the same land within 10 years of the date of connection of the Large Volume Service -- Single Owner. This right of conversion of capacity shall not be severable, but shall be assignable with the land as long as the land stays in a single tract, with a single owner. Large Volume Service – Single Owner is not applicable to water purchased for resale or water sold to Large Volume Service – Conservation District customers. Customers requesting Large Volume Service shall enter into a separate written contract with Aqua setting out the terms and conditions of service.

Section 3.12(b) – Large Volume Service – Multiple Owner (Meters Larger Than 1”)

Large Volume Service -- Multiple Owner may be obtained by a management company, homeowners association, or other similar entity for water service to a multiple owner development such as townhouses, condominiums, or cluster homes by means of a master meter connection. Water provided under Large Volume Service -- Multiple Owner shall not be submetered for resale. In order to obtain Large Volume Service -- Multiple Owner, an applicant must obtain a Feasibility Study and enter a contract with Aqua. Large Volume Service -- Multiple Owner shall be subject to the requirements of the Rules and Regulations Concerning Aqua's Service to Subdivisions, including the requirement for payment of capacity reservation fees.

Section 3.12(c) – Large Volume Service – Conservation Districts (Meters Larger Than 1”)

This subsection is only applicable to conservation districts that entered into agreements with Aqua prior to August 5, 2013.

Large Volume Service -- Large Volume Service may be obtained by conservation districts that are created pursuant to Article XVI, Section 59, of the Texas Constitution, such as municipal

utility districts or water control and improvement districts, to supply water to land within the boundaries of the district. Water provided under Large Volume Service -- Conservation Districts may be submetered for resale by the district within the boundaries of the district. Aqua will remove the area within the boundaries of the district from the authorized Service Area under Aqua's Certificate of Convenience and Necessity issued by the Texas Commission on Environmental Quality. In order to obtain Large Volume Service -- Conservation Districts, the district must obtain a Feasibility Study, and the district must enter a contract with Aqua providing that Aqua shall be the exclusive source of water supply for the district. The district has the obligation to provide all water storage and pressurization necessary to provide water service within the boundaries of the district, and the district must maintain water storage facilities. For additional requirements, please refer to Aqua's Policy for Water Service to Areas to be Decertified from Aqua's CCN No. 10294.

Section 3.12(d) – Large Volume Service – Installment Contracts

Whenever the System Development Fee for a proposed Large Volume Service connection exceeds \$50,000.00, the applicant may enter a contract with Aqua to obtain service on a first right of refusal basis, subject to competing requests as provided below, and pay System Development Fees in no more than three installments. The first installment shall be paid on the date of execution of the contract and shall be in the amount of 35% of the total System Development Fee and it will obtain 25% of the capacity needed for the proposed service. The second installment shall be in the amount of 35% of the total System Development Fee and it will obtain 35% of the capacity needed for the proposed service. The second installment payment shall be paid no later than 12 months after the date of execution of the contract. The third installment shall be in the amount of 30% of the total System Development Fee and it will obtain 40% of the capacity needed for the proposed service. The third installment payment shall be paid no later than 24 months after the date of execution of the contract. All fees and charges associated with the proposed service, other than System Development Fee charges, must be paid on the date of execution of the contract. The contract shall include an obligation for applicant to pay for installation and replacement of meters, flow restriction devices, and backflow prevention devices as necessary to allow staging of capacity.

If the applicant fails to make an installment payment by the due date, all capacity that has not been paid for, but is held for the project on a first right of refusal basis, including that which would be paid for in future installments, shall revert to first come, first served availability. The installment contract shall contain a provision that places the applicant on notice of this requirement, and no additional notices shall be given.

A person or entity that seeks to obtain all or part of the capacity that is held on a first right of refusal basis for a project shall be required to deposit the full amount of the System Development fees for the amount of capacity sought to be acquired. The deposit shall be in the form of a Cashier's Check or other form of payment approved by the Board of Directors or Aqua's General Manager. After receipt of the deposit, Aqua will provide the holder of the claim to water in Aqua's System under an installment contract, written notice that a competing request has been received for capacity that is held for the project on a first right of refusal basis. The submittal of a deposit for a competing request to purchase capacity held for a project shall accelerate the due date of all remaining installment payments such that the holder shall have 30

days after receipt of the written notice to make full payment of the total amount of all installment payments that have not been previously paid. To the extent that the holder fails to exercise its first right of refusal and make the required accelerated payments, the available capacity may be allocated to the competing request by the person or entity that has paid the deposit. If more than one person holds a first right of refusal to capacity in the portion of Aqua's System that is the subject of a competing request, all holders of the first right of refusal must make the required accelerated payments or lose their claim to capacity.

The above provisions relating to Installment Contracts do not apply to Large Volume Service – Conservation Districts.

Section 3.13 – Feasibility Study

Any person seeking Large Volume Service and/or multiple connection service, such as apartments, manufactured housing parks, or multiunit residential structures such as duplexes, shall submit a written request that Aqua perform a Feasibility Study to determine if there exists sufficient capacity in Aqua's System to serve the number of dwelling units proposed to be located on the tract of land, or if a need exists for an expansion to the capacity of the production and storage or general purpose transmission facilities, or a combination of both, to serve the proposed connection. Aqua's ability to provide fire flow for Large Volume Service and/or multiple connection developments is dependent on many factors: the size of infrastructure (production and delivery facilities); the topography of the area; and the specific flows required for the particular project.

Each request for a Feasibility Study shall include the following:

- a. Four copies of a map or plat showing the property indicating the location of said property within Aqua's CCN, and the proposed improvements to be constructed to connect such facilities to Aqua's system. The map or plat must show the legal description and the dimensions of the property. The map or plat must be signed and sealed by a licensed surveyor or registered professional engineer.
- b. The intended land use of the property, including detailed information concerning the types of land uses proposed.
- c. The proposed number of dwelling units and the projected water demand of the connection, including average and peak demands in gallons per minute (GPM). A projected growth schedule tied to the demand for water.
- d. A statement on whether fire flow is needed and requested water demand, in quantity and time, to meet the fire flow requirements.
- e. A proposed calendar of events, including design, construction phasing and initial occupancy, and the approximate date upon which service from Aqua will first be needed.
- f. Information concerning on-site storage and pressurization facilities to reduce peak demand.

Because of factors such as unique topographic features, after initial review of the request Aqua's Engineer may determine that additional information will facilitate evaluating the proposed Project. The Developer shall submit such additional information as specified by Aqua's Engineer on a case by case basis.

All requests for a Feasibility Study shall be accompanied by a non-refundable fee according to the following schedule:

<u>Proposed Number of LUEs</u>	<u>Fee</u>
1-10	\$1,200.00
11-250	\$1,800.00
251 or more	\$3,000.00 plus any additional cost to Aqua

If fire flow is needed, an additional non-refundable fee of \$3,000 shall be added to the applicable Feasibility Study fee listed above.

Aqua shall take action on a Feasibility Study for a Large Volume Service or multiple connection service using the procedures provided for a subdivision Feasibility Study in Section III of the Rules and Regulations Concerning Aqua's Service to Subdivisions. Existing water supply capacity that is contemplated for use to serve a proposed Large Volume Service or multiple connection service may be held for the proposed service location for a period of 120 days by payment of the greater of \$2500 or 10% of the total System Development Fee, which payment shall be nonrefundable. A request to hold capacity must be written and hand delivered or sent by certified mail to Aqua's General Manager accompanied by the appropriate fee. The request to hold capacity must be received by Aqua within 30 days after the date of the meeting of the Board of Directors at which service to the proposed service location is determined to be feasible.

Section 3.14 – Forfeiture of Membership

If a service has been disconnected for nonpayment for more than 365 consecutive days or if Aqua's equipment has been tampered with or water is taken by means of an unauthorized connection, or both:

The member shall forfeit all rights and privileges of membership;

The member shall forfeit all connection and tap rights;

The meter shall be removed; and

The line tap shall be sealed.

Any future service at the location of a property described in this Section will be subject to all application and fee requirements of Sections 2.02 and 3.01 of this Tariff. In addition to payment of a Membership Fee, full payment must be made of the Tap Fee in effect at the time service is requested, which includes the Meter Setting Fee and the System Development Fee.

Section 3.15 – Service Outside Certificated Area

1. To the extent authorized by state law, Aqua may provide water outside the area of its Certificate of Convenience and Necessity (CCN) on a contractual basis. Each case will be considered separately. Water will be sold on a term basis only.
2. For those persons or entities who wish to obtain wholesale water service from Aqua for areas outside of Aqua's CCN, such wholesale service will be provided in accordance with Aqua's Terms and Conditions for Wholesale Service Outside CCN No. 10294.

Section 3.16 – Service to Areas of Purchased Water Systems

Whenever Aqua purchases a certificated water system and the Texas Commission on Environmental Quality has approved the transfer of the certificate of convenience and necessity, service to the customers of the purchased water system will be conducted under this Tariff and all rules and regulations of Aqua. Upon transfer of the certificate, all then existing customers of the purchased water system automatically become members of Aqua. As members of Aqua, the terms and conditions of the service agreement, included as Appendix A to this Tariff, will be binding on the customers of the purchased water system, regardless of whether the transferred customer has executed a service agreement with Aqua. No membership will be transferred to a subsequent customer in such purchased water system unless a service agreement is executed by the subsequent customer. Prior to the effective date of Aqua's purchase of a certificated water system, the seller of the water system shall notify every customer of the applicability of all rules, regulations, and policies of Aqua, including the terms and conditions of the Aqua service agreement.

Section 3.17 – Limitation of Liability

Aqua shall not be liable for any damages, including without limitation, direct damages, special damages, incidental damages, consequential damages, or loss of profit or revenue, resulting from failures or interruptions of water supply occurring because of maintenance of Aqua's water distribution system or that are occasioned by causes beyond the control of Aqua. Aqua shall not be liable in any event for consequential damages.

Section 3.18 – Transfer of Membership

Where water service has not been disconnected by Aqua, a membership may be transferred to a new owner or purchaser under a contract for deed upon the member's full payment of all amounts owed for water service, tender of the membership certificate, and payment of the Membership Transfer Fee. The former member will not receive a refund of the Membership Fee when membership has been transferred. All rights of membership will be assigned to the new member.

Section 3.19 – Litigation

This Tariff shall be construed under and in accordance with the laws of the State of Texas. All obligations of the parties created under this Tariff shall be performable in Bastrop County, Texas. All payments required to be made to Aqua under this Tariff shall be made at Aqua's offices in

Bastrop County, Texas. Bastrop County, Texas shall be the exclusive place of venue for any disputes arising under this Agreement. In the event Aqua is required to retain an attorney to enforce this Tariff or collect amounts owed under this Tariff, the member shall be responsible for all costs incurred by Aqua, including reasonable attorneys' fees.

Section 3.20 – Hydrants and Flushing Valves

All hydrants or flush valves are installed to facilitate operation and maintenance of the water distribution system and may only be used for refilling purposes by authorized fire departments. Aqua reserves the right to remove any hydrant or flush valve, due to improper use or detriment to the system as determined by Aqua, at any time without notice, refund, or compensation to the contributors.

Section 3.21 – Release of Easements

Aqua may comply with the request of another party to release, or partially release, an existing water line easement, or Aqua's interests in a platted public utility easement within a subdivision, after the following requirements have been fulfilled:

1. A written request submitted by the requesting party to Aqua's office for the specific easement in need of release by completion of the Request of Easement form with all required attachments.
2. A fee of \$50.00 will be paid to Aqua at the time a request for release of easement is submitted to cover processing and recording fees. Any additional cost incurred by Aqua as a result of releasing an easement shall be borne by the requesting party.
3. The release request will be researched by Aqua staff for feasibility.
4. If the requested release of easement is feasible, a written statement from Aqua's engineer of no reasonable probability that such easement being requested for release would be utilized.
5. Approval from the Board of Directors of Aqua for the release of easement.

Once all requirements have been complied with, the request will be researched. If such request is found feasible, a release of easement document will be executed and then filed of record in its respective county. Once the release has been recorded, a copy will be delivered to the requesting party. If such request is not feasible, the processing fee will be refunded.

Section 3.22 – Meter Certificate

A Meter Certificate may be issued by Aqua as compensation for the dedication of permanent recorded water line easements across private property and is redeemable for one (1) 5/8" x 3/4" simple water meter and includes waiver of all costs required to provide service, save and except, the Customer Service Inspection Fee, as well as, the cost of any line extensions or other equipment necessary to deliver water to a specific location, all as identified in Aqua's Tariff. A Meter Certificate shall have an expiration date of 10 years from the date of issuance and is subject to

Aqua's meter relocation provisions, as identified in this Tariff. A Meter Certificate is transferable to another individual upon written request and approval by Aqua.

SECTION 4.0 – EXTENSION POLICY

Section 4.01 – Service Extension Requirements

Extensions to Subdivisions

Aqua will extend water service to subdivisions within its certificated area, in accordance with the attached Rules and Regulations Concerning Aqua's Service to Subdivisions. (Attached as Appendix B to this Tariff.)

Extensions to Others

Aqua will make extensions from existing lines with sufficient capacity to locations within its certificated area, at member's expense. Prior to construction of such extension, the member will pay the amount shown on the Aqua Water Supply Corporation Cost Estimate To Provide Water Service. If a water line easement is needed from the member requesting water service, the water line easement will cover the entire frontage area of the member's property, unless otherwise determined. In such case, the General Manager would have final discretion. If such agreement cannot be reached for executing the proper water line easement document, a refund for the water service request will occur.

If water line easements from adjacent landowner(s) are needed for extension purposes, Aqua requests donations of such easements from these landowner(s). If such landowner(s) requests compensation for granting of said water line easement, all costs associated with said compensation are the responsibility of the member requesting water service. If such agreement cannot be reached by all parties for the acquisition of necessary easements, a refund of the extension for water service will occur.

If and only if good faith negotiation efforts have failed and acquisition of the necessary water line easement must be obtained through the court system, Aqua will exercise its right to eminent domain of behalf of the member, and at the member's expense. Aqua is a Texas corporation duly and lawfully organized pursuant to the provisions of the Texas Business Corporation Act. Pursuant to Texas Water Code § 49.222, Aqua is empowered by the legislature of the State of Texas to exercise the right and power of eminent domain through which it may enter on and condemn the land, rights-of-way, easements, and property of any person or corporation where same is necessary for the construction, maintenance, or operation of water lines, as well as other fixtures usually and necessarily associated with the ongoing existence of a public utility company.

SECTION 5.0 – WATER RATIONING PLAN

Section 5.01 – General Provisions

1. Declaration of Necessity for Rationing: When system demand threatens to exceed production or storage capability, or refilling the storage facilities is rendered impossible, Aqua, acting through its General Manager, may declare that a necessity for rationing exists, and thereafter ration water in the following manner.
2. Notice Requirements: Reasonable notice, including, by way of example and without limitation, notice published in a local newspaper, radio and television announcements, and by posting notice in public buildings, of the proposed rationing shall be provided 24 hours before Aqua actually starts the program. Published notice may be followed by mailed notice included in the next regular bill. Any notice shall contain the following information:
 - a. the date rationing shall begin;
 - b. the date rationing shall end;
 - c. the stage (level) and explanation of rationing to be employed; and
 - d. explanation of penalties for violations.
3. Violation of Rationing Rules:
 - a. First violation -- Aqua may install a flow restrictor in the line to limit the amount of water which will pass through the meter in a 24-hour period. The cost to be charged to the member's account shall be the actual installed cost to Aqua.
 - b. Subsequent violations -- Aqua may terminate service at the meter for a period of seven (7) days, or until the end of the calendar month, whichever is LESS. The normal reconnect fee of Aqua shall apply for restoration of service.
4. Exemptions or Variances From Rationing Rules: Aqua may grant any member an exemption or variance from the uniform rationing program, for good cause. Aqua shall treat all members equally concerning exemptions and variances, and shall not employ discrimination in such grants.
5. Rates: All existing rates schedules shall remain in effect during the rationing period, and no charges may be levied against a member which are not contained in the approved Tariff of Aqua as filed with the Commission.

The purpose of the Water Rationing Program is to conserve the total amount of water demanded from Aqua until supply can be restored to normal levels.

Section 5.02 – Stages of Rationing

Stage I (Voluntary Conservation)

Under Stage I, Aqua members will be requested to voluntarily restrict usage of water for outdoor purposes such as lawns, gardens, car washing, etc. Members will be requested to voluntarily limit the amount of water used to that amount absolutely necessary for health, business, and outdoor

water use. Voluntary Conservation may include following the “Central Texas Water Wise Plan” which includes the following:

1. Landscape Watering Schedule: Aqua will provide a calendar noting the respective outdoor watering days and the order will remain consecutive as new months begin. For members having rural delivery numbers, the last numerical digit of the rural delivery number, whether route or box number, shall be used to determine watering days.
2. Restricted Outdoor Watering Hours: Outdoor watering should be done only before 10 a.m. and after 7 p.m. on your watering day.
3. Restricted Outdoor Watering Volume: Water no more than 1 inch on your watering day.

Stage II (Mild Rationing Conditions)

Under Stage II, Aqua may select one or more of the alternatives listed below, except that usage for livestock is exempt.

1. Time of Use Restriction: Usage of water for outdoor purposes such as lawns, gardens, car washing, etc. may be restricted according to one or more of the following schedules, except that Aqua may allow irrigation by hand-held hoses, hand-held buckets, drip irrigation or permanently installed automatic irrigation sprinkler system only.
 - a. Landscape Watering Schedule: Members with even numbered addresses or rural delivery numbers can use water outdoors on Monday and Thursday and members with odd numbered addresses or rural delivery numbers can use water outdoors on Tuesday and Friday. For members having rural delivery numbers, the last numerical digit of the rural delivery number, whether route or box number, shall be used to determine watering days.
 - b. Weekday Use Only: No outside watering allowed on Saturdays, Sundays, or official Federal holidays.
 - c. Landscape Watering Schedule: Aqua will provide a calendar noting the respective watering days. For members having rural delivery numbers, the last numerical digit of the rural delivery number, whether route or box number, shall be used to determine watering days.
2. Hand Watering Restriction: Aqua may require that only a hand-held hose or a hand-held bucket be used for watering of lawns, gardens, trees, and shrubs.
3. Vehicle Washing Restriction: Aqua may prohibit or limit the times for washing of automobiles, trucks, trailers, boats, airplanes, and other types of mobile equipment.

Stage III (Moderate Rationing Conditions)

All outdoor water usage is prohibited; however, usage for livestock is exempt.

Stage IV (Severe Rationing Conditions)

All outdoor water usage is prohibited; usage for livestock is exempt. All consumption shall be limited to each member in one of the following ways:

1. A fixed percentage of each member's average use in the prior month, the percentage to be uniformly applied on a system wide basis, each member being notified of this percentage amount, OR
2. A maximum number of gallons per meter (member), per week, with notice to each member of this number.

All meters shall be read as often as necessary to insure compliance with this program for the benefit of all the members.

SECTION 6.0 – REQUESTS FOR PUBLIC INFORMATION

Section 6.01 – Procedures

The procedures for inspecting or obtaining copies of Aqua's records that are subject to inspection under Chapter 552 of the Texas Government Code are as follows:

1. All requests for inspection and/or copies of public information must be made in writing.
2. The request must sufficiently identify the required information. If the request is vague or too broad Aqua may require that it be narrowed in writing.
3. The requestor must complete inspection of the public information not later than the 10th day after it is made available. Two additional ten-day periods, one at a time, may be granted if a written request for additional time is filed with Aqua.
4. If the requested information is stored electronically, and requires programming or manipulation of data, Aqua will provide a written statement in accordance with Section 552.231 of the Texas Government Code.
5. Whenever possible, Aqua will estimate the time needed to fulfill the request, and any applicable charges.
6. If applicable charges will exceed \$100.00, Aqua will require a deposit or bond before compiling the information. All charges must be paid before the copies are delivered.

Section 6.02 – Copy Charge Schedule

The charges for obtaining copies of Aqua's records that are subject to inspection under Chapter 552 of the Texas Government Code are as follows:

1. Standard-size paper copy--\$.10 per page.
2. Nonstandard-size copy:
 - (A) diskette--\$1.00 each;
 - (B) magnetic tape—actual cost;
 - (C) VHS video cassette--\$2.50 each;
 - (D) audio cassette--\$1.00 each;
 - (E) paper copy--\$.50 each;
 - (F) data cartridge — actual cost;
 - (G) rewritable CD (CD-RW) -- \$1.00;
 - (H) nonrewritable CD (CD-R) --\$1.00;
 - (I) digital video disc – DVD -- \$3.00;
 - (J) tape cartridge – actual cost;
 - (K) JAZ drive – actual cost;
 - (L) Oversize paper copy (e.g. 11 inches by 17 inches, greenbar, bluebar, not including maps and photographs using specialty paper) - \$0.50
 - (M) other--actual cost.
3. Personnel charge for locating, compiling and reproducing--\$15 per hour.
4. Overhead charge--20% of personnel charge.
5. Microfiche or microfilm charge:
 - (A) paper copy--\$.10 per page;
 - (B) fiche or film copy--actual cost.
6. Remote document retrieval charge--actual cost.
7. Computer resource charge:
PC or LAN--\$1.00 per clock hour.
8. Programming time charge--\$28.50 per hour.
9. Miscellaneous supplies--actual cost.
10. Postage and shipping charge--actual cost.
11. Photographs – actual cost [see Table 4 below]
12. Maps – actual cost [see Table 5 below]

13. Outsourced/Contracted Services – actual cost for the copy. May not include development costs.
14. Sales Tax – No sales tax shall be applied to copies of public information.
15. Fax charge:
 - (A) local--\$.10 per page;
 - (B) long distance, same area code--\$.50 per page;
 - (C) long distance, different area code--\$1.00 per page.
16. Other costs--actual cost.

The following tables present a few examples of the calculations of charges for obtaining copies of Aqua's records that are subject to inspection under Chapter 552 of the Texas Government Code.

TABLE 1

Readily Available Information (fewer than 50 pages):

\$.10 per copy x number of copies (standard-size paper copies) or cost of nonstandard copy
(e.g., diskette)
Postage and shipping (if applicable)

\$ TOTAL CHARGE

TABLE 2

Readily Available Information (more than 50 pages):

\$.10 per copy x number of copies (standard-size copies) or cost of nonstandard copy
(e.g., diskette)
Personnel charge (if applicable)
Overhead charge (if applicable)
Document retrieval charge (if applicable)
Actual cost of miscellaneous supplies (if applicable)
Postage and shipping (if applicable)

\$ TOTAL CHARGE

TABLE 3

Information that is Not Readily Available:

Cost of copy (standard-size or nonstandard-size, whichever applies)
Personnel charge
Overhead charge
Computer resource charge (if applicable)
Programming time (if applicable)
Document retrieval charge (if applicable)
Actual cost of miscellaneous supplies (if applicable)
Postage and shipping (if applicable)

\$ TOTAL CHARGE

TABLE 4

Photographs:

Cost of paper (Cost of Sheet of Photographic Paper/Avg. # of Photographs per sheet)
Developing/Fixing Chemicals (if applicable)
Labor Charge (if applicable)
Overhead charge (if applicable)
Postage and shipping (if applicable)

\$ TOTAL CHARGE

TABLE 5

Maps:

Cost of paper (Cost of Roll/Av. # of Maps)
Cost of toner (Black or Color, #of Maps per toner cartridge)
Labor charge (if applicable)
Overhead charge (if applicable)
Plotter/Computer resource charge
Actual cost of miscellaneous supplies (if applicable)
Postage and shipping (if applicable)

\$ TOTAL CHARGE

APPENDIX A
AQUA WATER SUPPLY CORPORATION SERVICE APPLICATION

Please Print

Date: _____

ZONE: _____ MAP PAGE NO: _____ GENERAL DESCRIPTION: _____

MEMBER'S NAME: _____

SPOUSE'S NAME: _____

CURRENT BILLING ADDRESS: _____

PHONE NUMBER - Home: _____ Work: _____

PROOF OF OWNERSHIP OR RIGHT OF OCCUPANCY PROVIDED BY: _____

DRIVER'S LICENSE # OF APPLICANT: _____

DATE OF BIRTH: _____ SOCIAL SECURITY # (optional): _____

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

PREVIOUS MEMBER'S NAME AND ADDRESS (if transferring Membership): _____

ACREAGE: _____ HOUSEHOLD SIZE: _____

NUMBER IN FAMILY: _____ LIVESTOCK AND NO: _____

SPECIAL SERVICE NEEDS OF APPLICANT, INCLUDING MULTIPLE CONNECTIONS: _____

Signature of Applicant for Service: _____

Printed Name: _____

NOTE: Form must be completed by Applicant only. A map of service location request must be attached.

PRIVACY STATEMENT

Aqua Water Supply Corporation Account Information

YOU CAN REQUEST THAT PERSONAL INFORMATION CONTAINED IN AQUA WSC'S RECORDS NOT BE RELEASED TO UNAUTHORIZED PERSONS.

The Texas Utilities Code authorizes water supply corporations, such as Aqua WSC, to give their members the option of making the members' address, telephone number, and social security number confidential as that term is defined under Texas law. This choice by Aqua WSC's members is important because Aqua WSC may keep a member's personal information confidential only upon the request of its individual members. Aqua WSC itself can not make this confidentiality decision.

Please place a "X" on the line next to the statement below if you would like to request that your confidential information remain confidential and please provide your account number, the name of the account holder(s), and your signature.

_____ YES, I WANT TO MAKE MY PERSONAL INFORMATION (ADDRESS, TELEPHONE NUMBER, SOCIAL SECURITY NUMBER, ETC.) CONFIDENTIAL.

Account Number(s) _____

Name of Account Holder(s) _____

Signature _____

Date _____

Unless Aqua WSC receives this Privacy Statement properly executed, your personal information cannot be kept confidential under Texas law.

(There is no charge for this service.)

Effective February 2, 2006

**AQUA WATER SUPPLY CORPORATION
SERVICE AGREEMENT**

AGREEMENT made this _____ day of _____, _____, between Aqua Water Supply Corporation, a corporation organized under the laws of the State of Texas (hereinafter called the Corporation or Aqua) and _____ (hereinafter called the Member).

Witnesseth:

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

The Member shall pay the Corporation for service hereunder as determined by the Corporation's Tariff and upon the terms and conditions set forth therein, a copy of which is available for review at the Aqua office, upon the request of any Member.

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

The Corporation shall have the right to locate a water service meter and the pipe necessary to connect the meter on the Member's property at a point to be chosen by the Corporation, and shall have access to its property and equipment located upon Member's premises at all reasonable times for any purpose connected with or in the furtherance of its business operations, and upon discontinuance of service the Corporation shall have the right to remove any of its equipment from the Member's property.

The Corporation's authorized employees shall have access to the Member's property or premises and service lines and plumbing facilities at all reasonable times for the purpose of inspecting for possible violations of the Corporation's policies and to ensure compliance with the state required Minimum Acceptable Operating Practices for Public Drinking Water Systems, as promulgated by the Texas Commission on Environmental Quality or successor agency, applicable plumbing codes, and utility construction standards. The Corporation strictly prohibits any direct connection between the public drinking water supply and a potential source of contamination. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device. The Corporation strictly prohibits any cross-connection between the public drinking water supply and a private water system. These potential threats to the public drinking water shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device. The Corporation strictly prohibits any connection which allows water to be returned to the public drinking water supply.

The Member shall allow his property to be inspected for possible cross-connections and other unacceptable plumbing practices. These inspections shall be conducted by the Corporation or its designated agent: (i) prior to initiating new water service; (ii) when there is reason to believe that cross-connections or other unacceptable plumbing practices exist; and/or (iii) after any major changes to the private plumbing facilities. The Corporation shall notify the Member in writing of any cross-connection or other unacceptable plumbing practice which has been identified during the initial inspection or the periodic re-inspection. The Member shall immediately correct any unacceptable plumbing practice on his premises. The Member shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Corporation. Copies of all testing and maintenance records shall be provided to the Corporation.

In the event the total water supply is insufficient to meet all of the needs of the Members, or in the event there is a shortage of water, the Corporation may initiate the Water Rationing Plan as specified in the Corporation's Tariff. By execution of this Service Agreement, hereof, the Member shall comply with the terms of Water Rationing Plan.

The Member shall install at his own expense a service line from the water meter to the point of use, (herein referred to as the member's side of the meter), including any customer service isolation valves and other equipment as may be specified by the Corporation. The Corporation does not install any equipment on the Member's side of the meter. The Member is responsible for maintaining the line and all equipment on the Member's side, including without limitation the pipe, fittings, and any other equipment installed by the Member. The use of pipes and pipe fittings that contain more than 0.25% lead or solders 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.

The Corporation does not install pressure relief valves or other pressure-reducing equipment on the Member's side of the meter, nor does the Corporation inspect, maintain, or bear any responsibility for any such valve or equipment installed by Member on Member's side of the meter. If Member chooses to install a pressure relief valve or other pressure-reducing equipment on the Member's side of the meter, Member shall be solely responsible for such installation.

RELEASE. MEMBER HEREBY WAIVES, RELEASES, AND DISCHARGES THE CORPORATION OF ANY AND ALL LIABILITY, CLAIMS, DEMANDS, ACTIONS, OR RIGHTS OF ACTION, OR DAMAGES OF ANY KIND RELATED TO, ARISING FROM, OR IN ANY WAY CONNECTED WITH, MEMBER'S INSTALLATION, MAINTENANCE OR FAILURE TO MAINTAIN, INSPECT, OR REPLACE, OF A PRESSURE RELIEF VALVE OR OTHER PRESSURE-REDUCING EQUIPMENT ON MEMBER'S SIDE OF THE METER, INCLUDING THOSE ALLEGEDLY ATTRIBUTED TO THE NEGLIGENT ACTS OR OMISSIONS OF THE CORPORATION. IF MEMBER CHOOSES TO INSTALL A PRESSURE RELIEF VALVE OR PRESSURE-REDUCING EQUIPMENT ON MEMBER'S SIDE OF THE METER, MEMBER WILLINGLY ASSUMES FULL RESPONSIBILITY FOR ANY AND ALL RISKS ASSOCIATED WITH SUCH VALVE OR EQUIPMENT AND ACCEPTS FULL RESPONSIBILITY FOR ANY DAMAGES OF ANY KIND THAT MAY RESULT FROM SUCH INSTALLATION, MAINTENANCE, AND USE OF SUCH VALVE OR EQUIPMENT. MEMBER AGREES TO ASSUME ALL RISK ASSOCIATED WITH THE INSTALLATION, USE, MISUSE, OR FAILURE OF SUCH VALVE OR EQUIPMENT AND FROM MEMBER'S FAILURE TO TIMELY INSPECT, MAINTAIN, OR REPLACE SUCH VALVE OR OTHER EQUIPMENT.

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

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

By execution of this Service Agreement, Member shall guarantee payment of all other rates, fees, and charges due on any account for which said Member owns a Membership Certificate. MEMBER ACKNOWLEDGES THAT NONPAYMENT OF AMOUNTS DUE TO AQUA WILL RESULT IN DISCONNECTION OF THE WATER SERVICE TO MEMBER'S PROPERTY. IN THE EVENT WATER SERVICE IS DISCONNECTED, A FEE SET BY AQUA IN ITS TARIFF WILL BE CHARGED AND MUST BE PAID BEFORE SERVICE WILL BE RECONNECTED.

The Board of Directors shall have the authority to cancel the Membership of any Member not complying with any policy or not paying any utility fees or charges as required by the Corporation's published rates, fees, and conditions of service. IF AQUA'S EQUIPMENT IS TAMPERED WITH OR WATER IS TAKEN BY MEANS OF AN UNAUTHORIZED CONNECTION OR BOTH, THE MEMBER SHALL FORFEIT ALL RIGHTS AND PRIVILEGES OF MEMBERSHIP; THE MEMBER SHALL FORFEIT ALL CONNECTION AND TAP RIGHTS; THE METER SHALL BE REMOVED; AND THE LINE TAP SHALL BE SEALED.

By execution of this Service Agreement, Member agrees that if Member fails to comply with the terms of this Agreement the Corporation shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow protection device at the service connection. Any expenses associated with the enforcement of the Agreement, shall be billed to and paid by the Member.

Any misrepresentation of fact(s) by the Member on any part of this Agreement shall result in discontinuance of service pursuant to the terms and conditions of the Corporation's Tariff.

Each Member must sign this Agreement before the Corporation will begin service. If service to an existing connection has been suspended or terminated, the Corporation will not re-establish service unless it has a signed copy of this Agreement. The Corporation shall maintain a copy of this Agreement as long as the Member and/or the Member's premises are connected to the Corporation.

Member

Aqua Water Supply Corporation

NOTICE AND RELEASE CONCERNING WATER PRESSURE HAZARD

MEMBER EXPRESSLY ACKNOWLEDGES THAT AQUA MAY INSTALL A CHECK VALVE OR OTHER BACKFLOW PREVENTION DEVICE AT THE METER SERVING MEMBER'S PROPERTY, AND THAT SUCH DEVICE WILL CONTAIN WATER PRESSURE WITHIN MEMBER'S PRIVATE PLUMBING SYSTEM. MEMBER FURTHER ACKNOWLEDGES AND UNDERSTANDS THAT A PROPERLY OPERATING PRESSURE RELIEF VALVE MUST BE INSTALLED BY MEMBER AND MAINTAINED BY MEMBER AT ALL TIMES ON MEMBER'S WATER HEATER. MEMBER UNDERSTANDS THAT FAILURE TO MAINTAIN A PROPERLY OPERATING PRESSURE RELIEF VALVE ON A WATER HEATER IS A DANGEROUS PRACTICE THAT CAN RESULT IN PERSONAL INJURY AND PROPERTY DAMAGE. MEMBER HEREBY AGREES TO WAIVE, RELEASE, AND HOLD AQUA HARMLESS FROM ANY CLAIMS AND DAMAGES RESULTING FROM MALFUNCTIONING, FAILURE, OR ABSENCE OF CHECKVALVES, BACKFLOW PREVENTION DEVICES, AND PRESSURE RELIEF VALVES ON WATER HEATERS, INCLUDING WITHOUT LIMITATION, DAMAGES TO PERSONS OR PROPERTY, DIRECT DAMAGES, SPECIAL DAMAGES, INCIDENTAL DAMAGES, CONSEQUENTIAL DAMAGES, OR LOSS OF PROFIT OR REVENUE, AND INCLUDING THOSE ALLEGEDLY ATTRIBUTED TO THE NEGLIGENT ACTS OR OMISSIONS OF THE CORPORATION.

Member

Effective January, 2016

Date: _____

TEMPORARY EMERGENCY METER APPLICATION**AQUA WATER SUPPLY CORPORATION
APPLICATION FOR A TEMPORARY EMERGENCY METER**

Aqua WSC understands that the current drought conditions have affected local ranchers ability to provide water to livestock. Aqua is committed to help local ranchers affected by this drought by providing interim water to livestock through a Temporary Emergency Meter. This Temporary Emergency Meter program is an accommodation to Aqua's members to offer relief to the owners of small livestock operations from the hardships created by these drought conditions.

Name: _____

Address: _____

Telephone: _____

Account No (if existing Aqua member): _____

Proposed Location of Temporary Emergency Meter: _____

Livestock: _____

Type: _____

Number: _____

TERMS AND CONDITIONS OF TEMPORARY EMERGENCY METER PROGRAM:

1. Cost of meter is \$ _____, as set by the Board of Directors.
2. Monthly water rates are fee equal to the first tier of the inverted block rate.
3. Water may not be used to fill earthen tanks or used for residential purposes.
4. An automatic shutoff such as a non-siphoning float valve or air gap must be installed on the prefabricated water trough.
5. Temporary Emergency Meter program is available to the owners of lands within Aqua's CCN service area, provided sufficient capacity is available and the use of the water will not adversely affect water service to existing Aqua members.
6. Aqua reserves the right to modify or cancel this program at any time.
7. Aqua reserves the right to remove a meter if the terms and conditions of this policy are violated or the information provided is or becomes inaccurate.

The above information is true and correct and I agree to the Temporary Emergency Meter Policy terms and conditions.

Signature: _____

Date: _____

APPENDIX B RULES AND REGULATIONS CONCERNING AQUA'S SERVICE TO SUBDIVISIONS

TABLE OF CONTENTS

I.	Purpose.....	2
II.	Definitions.....	2
III.	Process to Identify Water Availability to Subdivision – Feasibility Study	3
IV.	Reserving Capacity in Aqua's System	6
A.	Reserving Existing Production, Treatment and Storage Capacity	6
B.	Reserving New Production, Treatment and Storage Capacity.....	7
C.	Reserved Capacity Agreements	8
D.	Construction of Developer Project Required to Establish Availability of Water Service to Individual Lots	8
E.	Developer Request for Aqua to Indicate on a Plat that Water Capacity is Available to a Subdivision.....	9
F.	One Time Eligibility for Refund of Capacity Reservation Fees.....	10
G.	Transfer of Reserved Capacity Prohibited.....	10
H.	Recording of Information Concerning Water Availability	10
V.	Obtaining Water Service in Small Subdivisions Containing No More than Four Lots or Parcels.....	10
VI.	Construction Rules and Regulations	11
VII.	Acceptance.....	14
VIII.	USDA – Rural Development	15
IX.	Obtaining Water Service for Subdivided Tracts of Land Not in Compliance with Rules and Regulations and Tariff.....	15

APPENDIX B

Rules and Regulations Concerning Aqua's Service to Subdivisions

I. Purpose

The purpose of this policy is to establish the terms and conditions under which Aqua will provide water for subdivisions, additions to subdivisions, or developments where service to one or more tracts is requested. The General Manager of Aqua shall act on behalf of the Board to implement this policy.

II. Definitions

- A. "Aqua" means the Aqua Water Supply Corporation as represented by its Board of Directors.
- B. "Aqua's Engineer" means a person or firm licensed by the State of Texas and engaged by Aqua to provide engineering consulting services to Aqua.
- C. "Aqua's System" means Aqua's production, treatment and storage facilities and Aqua's general purpose transmission facilities.
- D. "Board of Directors" or "Board" means the duly elected members of the Board of Directors of Aqua Water Supply Corporation.
- E. "Cost of Construction" means all expenses associated with constructing, installing and placing a facility into operation including, but not limited to, planning, engineering, clearing, surveying, legal, land acquisition, acquisition of rights-of-way, the construction contract, and the like.
- F. "Developer" means an individual, partnership, corporation, or other legal entity that has subdivided land or desires to subdivide land or requests more than two water service connections on a single contiguous tract of land.
- G. "Developer Project" means the construction of facilities by a Developer to serve a subdivision owned or controlled by the developer, including water lines and related equipment necessary to transport water from General Purpose Transmission Facilities to provide water service to individual lots in a subdivision, which facilities will be deeded to Aqua.
- H. "Feasibility Study" means the report prepared by Aqua's Engineer to determine if sufficient water capacity is available to a particular tract of land, and if construction of certain improvements to Aqua's System is required before capacity is available.
- I. "General Purpose Transmission Facilities" means those pumps, filters, lines, chlorination units, and the like which are designed to provide water service to more than one subdivision.
- J. "Production and Storage Facilities" means the equipment, structures, and appurtenances necessary to produce, treat and store water from groundwater or surface water sources for delivery to General Purpose Transmission Facilities.

- K. “Service Area” means that area to which Aqua may lawfully provide water service, whether within or outside the area described by the Certificate of Convenience and Necessity held by Aqua.
- L. “Subdivision” means the division of any lot, tract, or parcel of land, within the Service Area of Aqua, into two or more lots or sites for the purpose of sale or development, whether immediate or future, including re-subdivision of land for which a plat has been filed and recorded. The following are exempted from this definition: Divisions of land resulting from a family or testamentary transfer of a parcel of land having an area of two (2) acres or more, which will not require Aqua to construct new water lines and which may be accessed by existing water lines which meet Texas Commission on Environmental Quality requirements to service the additional meters. The term "family" includes only the grantor's spouse, parents, children, grandparents, grandchildren, or siblings. The exemption provided in this definition for the divisions of any lot, tract, or parcel of land as a result of a family transfer also extends to any purchaser of such a lot, tract, or parcel of land from a person who meets the definition of “family” under this definition. Provided, however, this exemption shall not apply to an *inter vivos* family transfer that constitutes a subdivision of land for sale to the public.
- M. “United States Department of Agriculture – Rural Development Rules” or “USDARD Rules” means those rules promulgated by USDARD with which Aqua must comply. This includes existing and future rules to which Aqua is subject.

III. Process to Identify Water Availability to Subdivision – Feasibility Study

- A. To begin the process of reserving water capacity and the subsequent provision of water service to a proposed Subdivision, Developer must file, a request in writing for Aqua to prepare a Feasibility Study for the proposed Subdivision to determine if there is sufficient capacity in Aqua's System to serve the proposed Subdivision, or if a need exists for an expansion to the capacity of the production, treatment and storage or General Purpose Transmission Facilities, or a combination of both, to serve the proposed Subdivision. Aqua’s ability to provide fire flow to the development is dependent on many factors: the size of infrastructure (production and delivery facilities); the topography of the area; and the specific flows required for the particular project.

In addition to the payment of the fees set out in Paragraph B, a request for a Feasibility Study shall include the following:

- 1. Four (4) copies of a map or plat showing the proposed Subdivision, indicating the location of said Subdivision within Aqua’s CCN, and the proposed improvements to be constructed by Developer necessary to connect to Aqua’s System. The map or plat must show the dimensions of the lots or tracts that result from the subdivision of the property. The map or plat, and any revisions, amendments, or supplements thereto, must be signed and sealed by a licensed surveyor or registered professional engineer.

2. The intended land use of the Subdivision, including detailed information concerning the types of land uses proposed.
 3. The projected water demand of the Subdivision when fully built out and occupied, the anticipated water demands for each type of land use, and a projected schedule of build-out for the Subdivision and associated water demand schedule of events leading up to the approximate date upon which service from Aqua will first be needed.
 4. A statement on whether fire flow is needed and requested water demand, in quantity and time, to meet the fire flow requirements.
 5. A proposed calendar of events, including design, plat approval, construction phasing and initial occupancy, and the approximate date upon which service from Aqua will first be needed.
 6. Any other information required by Aqua to facilitate the evaluation of water service for the proposed Subdivision.
- B. All requests for a Feasibility Study shall be accompanied by a non-refundable fee according to the following schedule:

Proposed Number of LUEs	Fee
1-10	\$1,200.00
11-250	\$1,800.00
251 or more	\$3,000 plus any additional cost to Aqua

If fire flow is needed, an additional non-refundable fee of \$3,000 shall be added to the applicable Feasibility Study fee listed above.

- C. The request for a Feasibility Study will be submitted by Aqua's General Manager to Aqua's Engineer for review and evaluation. Under normal circumstances and where sufficient information is submitted with the request, Aqua's Engineer will complete the Feasibility Study within 30 days of Aqua's receipt of the request and payment of the required fee. The Feasibility Study will include the cost of additional facilities, if any, needed by Aqua to provide water service to the proposed Subdivision based on current material and labor prices and preliminary site and engineering information. A copy of the Feasibility Study will be provided to the Developer upon payment of all fees listed above.
- D. Upon the request of Developer and payment of all applicable fees, the Feasibility Study shall be submitted to the Board of Directors for its consideration at the next regular Board meeting, provided that the next Board meeting is at least 10 days following the date the request is received. If the request is received less than 10 days prior to the next Board meeting, the request will be on the agenda for the following

month's meeting. If the Board of Directors determines that providing water service to the proposed subdivision is feasible, the Board shall adopt a resolution indicating Aqua's ability to provide water service to the Subdivision subject to special terms and conditions to such service identified in the Feasibility Study and to be incorporated in a Reserve Capacity Agreement. Aqua's General Manager shall provide the Developer with the final Feasibility Study identifying the estimated cost to the Developer for Aqua to provide water service to the proposed Subdivision and Aqua's fees to reserve capacity in Aqua's System. The Developer's share of the actual cost to construct the facilities necessary to provide water service to the proposed Subdivision will be determined at the time Aqua receives quotations from contractors based on final detail design of the facilities. In addition, Aqua will provide the Developer with the amount of expenses, such as attorney's fees, estimated to be incurred by Aqua in negotiating and drafting the Reserved Capacity Agreement. The Developer must pay Aqua a deposit in the amount of estimated expenses and provide Aqua with a copy of the warranty deed conveying title to the Developer prior to the drafting of the Reserved Capacity Agreement. If there are any funds remaining after payment is made to cover all such expenses, then Aqua will refund the amount of surplus funds to the Developer. If the deposit is insufficient to cover such expenses, then the Developer shall immediately pay Aqua additional funds in the amount of the balance.

- E. A determination that providing water service to a proposed Subdivision is feasible does not reserve capacity for use with the proposed Subdivision. Uncommitted water supply capacity that exists in Aqua's System is available on a first come, first served basis and may be reserved only in accordance with Section IV of this Tariff. Developer shall not have any rights to water supply capacity until after the Reserved Capacity Agreement is fully executed and capacity reservation fees have been paid.
- F. Aqua recognizes that a developer may desire to determine the feasibility of providing water supply to a proposed Subdivision prior to the purchase of the property. When a request for a Feasibility Study has been submitted by a Developer who does not own the subject property and service to the property has been determined to be feasible, the subject capacity may be held for the proposed Subdivision until the next regularly scheduled meeting of the Board of Directors. Existing water supply capacity may be held for a proposed Subdivision for a period of 120 days by payment of the greater of \$2500 or 10% of the total capacity reservation fee, which payment shall be nonrefundable. A request to hold capacity must be written and hand delivered or sent by certified mail to Aqua's General Manager accompanied by the appropriate fee. The request to hold capacity must be received by Aqua within 30 days after the date of the meeting of the Board of Directors at which service to the proposed Subdivision is determined to be feasible.
- G. In order to maintain the right to utilize the capacity held under Subsection IV.A, the Developer must execute the Reserve Capacity Agreement required under Subsection III. E and pay in full the capacity reservation fees required under Section IV, prior to the expiration of the holding period. The capacity reservation fees shall be payable

in the form of a Cashier's Check or other form of payment approved by the Board of Directors or Aqua's General Manager. If all requirements of this subsection are not satisfied, any capacity held for the proposed Subdivision shall revert to first come, first served availability.

H. Large Volume Service – Conservation Districts

This section is only applicable to conservation districts that entered into agreements with Aqua prior to August 5, 2013.

1. Any Conservation District desiring to buy water on a bulk basis will be required to negotiate a special contract for such purpose. The contract shall, as a minimum, provide that Aqua will provide a specified quantity of water at a metered point of delivery. Each Conservation District will be responsible for constructing, owning, operating, and maintaining all repressurization facilities, retail water distribution facilities, and the like to provide retail water service.
2. All Large Volume Service – Conservation District contracts will require that Aqua be the sole source of water for whatever area is to be served by the Conservation District.

IV. Reserving Capacity in Aqua's System

Except as allowed by Section V of these Rules and Regulations, Aqua will not provide water service to a lot in a Subdivision unless the Developer has reserved capacity for the requested connection under this Section pursuant to Section 3.01 of Aqua's Tariff.

A. Reserving Existing Production, Treatment and Storage Capacity

1. In order to reserve available capacity for a Subdivision, based on the following types of service, the Developer shall:
 - (a) Standard Service. Pay to Aqua a commitment fee in the amount of \$600.00 for each LUE. The commitment fee is a component of the System Development Fee. The commitment fee is paid at the time capacity is reserved and the remainder of the System Development Fee is collected at the time a meter is installed. The System Development Fee compensates Aqua for its investment in the water production, treatment, storage, and transmission facilities which the new customer will utilize when connected to Aqua's System. In the case of multi-family residences with 2 or more units, each dwelling unit shall have its own meter and a capacity reservation fee shall be charged for each dwelling unit. This fee shall be payable in the form of a Cashier's Check or other form of payment approved by the Board of Directors at the time the Reserved Capacity Agreement is executed

- (b) Multi-Unit Residences. In the case of multi-dwelling unit residences served by Large Volume Service -- Multiple Owner, the development may be served by one or more master meters. The number of dwelling units shall be adjusted by multiplying by a factor of 0.7 for dwelling units that share common walls, such as townhouses or condominiums. This fee shall be payable in the form of a Cashier's Check or other form of payment approved by the Board of Directors at the time the Reserved Capacity Agreement is executed
 - (c) Commercial. Each commercial user shall have its own meter. The commercial capacity reservation fee shall be calculated by calculating the ratio of the water demand needed by the commercial customer to the water demand for a single family residential customer, and then multiplying the then current single family capacity reservation fee times the ratio derived above. Provided, however, the cost of a commercial capacity reservation fee shall never be less than the single family residential capacity reservation fee. This fee shall be payable in the form of a Cashier's Check or other form of payment approved by the Board of Directors at the time the Reserved Capacity Agreement is executed
- 2. Pay to Aqua the Costs of Construction necessary to provide service from the nearest point of adequate supply in Aqua's existing General Purpose Transmission Facilities to the proposed Subdivision. Developer shall pay Aqua the Costs of Construction at the time the Reserved Capacity Agreement is executed. These costs shall be payable in the form of a Cashier's Check or other form of payment approved by the Board of Directors or Aqua's General Manager.
- 3. Agree to construct all facilities included in Developer Project and deed all facilities constructed under this Paragraph to Aqua together with all easements in which the facilities are located, upon completion and acceptance by Aqua's Engineer.

B. Reserving New Production, Treatment and Storage Capacity

If it is necessary for Aqua to add capacity to Aqua's System before Aqua can adequately serve the Subdivision proposed by the Developer, the following requirements shall apply:

- 1. The Developer shall pay the Costs of Construction necessary to provide service from the nearest point of adequate supply in Aqua's existing General Purpose Transmission Facilities to the proposed Subdivision.

2. The Developer shall pay the greater of (i) a commitment fee in the amount of \$600.00 for each single family residential customer (or equivalent as described in Section IV.A.1 above), or (ii) all Costs of Construction necessary to upgrade that portion of Aqua's Production and Storage Facilities to meet the needs of the Developer's requested service.
3. The design of all improvements to Aqua's System shall be accomplished by Aqua's Engineer and the construction of such improvements shall be done by Aqua or Aqua's agents. The Costs of Construction of all such improvements shall be borne by the Developer in accordance with Subsections IV.B.1 and IV.B.2 above. Developer shall pay to Aqua the full amount of the Costs of Construction at the time the Reserved Capacity Agreement is executed. These costs shall be payable in the form of a Cashier's Check or other form of payment approved by the Board of Directors or Aqua's General Manager.
4. The Developer shall agree to construct all facilities identified as Developer Project and convey all facilities constructed under this Paragraph to Aqua together with all easements in which the facilities are located upon completion and acceptance by Aqua.

C. Reserved Capacity Agreements

All Reserved Capacity Agreements shall be subject to the terms of the Aqua Water Supply Corporation's Rules and Regulations, including the Tariff on file with the Texas Commission on Environmental Quality. All Reserved Capacity Agreements shall also be subject to all future amendments or modifications of the Rules and Regulations and the Tariff. In the event the terms of a Reserved Capacity Agreement conflict with the Rules and Regulations and the Tariff, the Rules and Regulations and the Tariff shall control. The Reserved Capacity Agreement shall have a term of ten years. A request for an agreement with a term of greater than ten years or any extensions to existing agreements shall be considered on a case by case basis. Upon the expiration of any Reserved Capacity Agreement and the construction of Developer Project is not underway, the capacity reserved pursuant to such Agreement shall be returned to Aqua and available on a first come, first served basis.

D. Construction of Developer Project Required to Establish Availability of Water Service to Individual Lots

The approval and execution of the Reserved Capacity Agreement between Developer and Aqua results in the availability of a specific amount of water capacity at the boundary of the Subdivision. The availability of water capacity at the boundary of the Subdivision does not mean that water service is available at a particular lot or that Aqua will set a meter at a lot upon request by the owner of the lot. Developer must complete Developer Project and deed to Aqua in order for capacity and water service to be available at a lot within the Subdivision.

E. Developer Request for Aqua to Indicate on a Plat that Water Capacity is Available to a Subdivision

In order for Aqua to indicate on a final plat of a Subdivision that water service is available, Developer must either (1) complete construction of Developer Project, or (2) if construction of Developer Project is not complete, (i) execute restrictive covenants in a form similar to Exhibit A attached hereto, or (ii) provide a letter of credit ("LOC") payable to Aqua in an amount equal to the costs of construction of the on-site water facilities plus 15% contingencies.

In the event Developer chooses to request the filing of restrictive covenants, said restrictive covenants will be filed by Aqua in the real property or plat records of the county where the Subdivision is located. Aqua will file the appropriate instrument to release the restrictive covenants when Developer Project is complete; however, if Developer Project is larger than 10 lots and completed in stages, Aqua will release specific lots from the restrictive covenants in groups of not less than 10 lots.

In the event, Developer chooses to submit a LOC as set out herein, Developer must first submit construction plans and specifications for Developer's Project, including a detailed cost estimate, to Aqua for its review and approval. Aqua shall have 30 days to review and approve the plans and cost estimate for Developer's Project.

The LOC shall be in an amount equal to the detailed cost estimate for Developer's Project plus 15% contingencies, shall be irrevocable, issued by a state or federally chartered banking institution, payable to Aqua Water Supply Corporation and have a one year term. Aqua will release the LOC to Developer at the time the Developer's Project has been completed and accepted by Aqua.

If Developer's Project is not constructed within 30 days of the expiration date of the LOC, then Aqua will cash the LOC and construct Developer's Project. Any amounts remaining from the LOC after payment of all costs resulting from the construction of Developer's Project shall be refunded to Developer.

If Developer desires to extend the LOC beyond the one year term, a request for a substitute LOC must be submitted to Aqua not later than 60 days prior to the expiration of the LOC. Developer shall submit a revised cost estimate for Developer's Project for Aqua's review and approval. The amount of the successor LOC must include any cost increases for construction of Developer's project. The substitute LOC shall be submitted to Aqua not later than 30 days prior to the expiration of the LOC. Upon Aqua's receipt of a substitute LOC, Aqua will release the previous LOC to Developer.

Once water supply capacity has been reserved and allocated to a particular tract of land and Aqua has indicated on a final plat that water service is available to the land, the water supply capacity shall not be transferred to other land.

F. One Time Eligibility for Refund of Capacity Reservation Fees

A Developer who has paid commitment fees but has not received approval of the subdivision plat from a local governmental entity having jurisdiction and authority to approve subdivision plats in the area in which the proposed Subdivision is located, may request a refund of commitment fees, less any costs and expenses incurred by Aqua in connection with the proposed Subdivision provided the following additional conditions are satisfied:

1. Not more than 90 days have elapsed since the date the commitment fees were paid to Aqua; and,
2. The Developer has not received a previous refund of commitment fees in connection with the land on which the proposed Subdivision is located; and
3. No plat has been filed of record indicating that Aqua will provide service to the proposed Subdivision.

The General Manager shall determine the Developer's eligibility for a refund and the amount of refund to be made, if any. Any unrecorded plat bearing an original signature showing Aqua's commitment for service to a proposed Subdivision must be returned to Aqua with the request for a refund. The 90 day deadline for requesting a refund may be extended for a period of 30 days for good cause by action of the Board of Directors. A request for the extension that states the grounds for good cause must be submitted to Aqua no less than seven days prior to the last Board of Directors meeting that is held within the 90 day period.

G. Transfer of Reserved Capacity Prohibited

Any agreement entered into in accordance with this policy shall only be a commitment to provide water to the specific tract of land described in the Reserved Capacity Agreement.

H. Recording of Information Concerning Water Availability

When a tract of land is subdivided and water supply capacity is not reserved for the entire tract, Aqua may file a notice concerning water availability in the real property records of the county in which the tract of land is located. The notice may reference the agreement between Aqua and the Developer and the notice may specify the portions of the tract of land for which water service is available and the residual portions of the tract of land for which no water supply capacity has been reserved.

V. Obtaining Water Service in Small Subdivisions Containing No More than Four Lots or Parcels

This Section applies to an application for setting a meter and providing water service to a lot or parcel of land where the lot or parcel results from subdividing a tract of land into 4 or less lots or parcels, and where the Developer has not complied with the requirements of these Rules and Regulations Concerning Aqua's Service to Subdivisions. Subject to availability

of water supply capacity in Aqua's System, an applicant, other than the Developer, may obtain service to a single lawfully platted lot or a single lawfully subdivided parcel by payment of the membership fee, the applicable meter installation and System Development Fees, and the capacity reservation fee required by Section IV.A of these Rules and Regulations. Additionally, if an extension of Aqua's water supply lines is necessary to provide water service to the lot or parcel, the applicant must pay all costs which the Developer would have been required to pay to receive service, including but without limitation, those costs to extend Aqua's General Purpose Transmission Facilities and the cost of materials and installation of an adequately sized water line to deliver water to the lot or parcel, which in no case shall be smaller than a four (4) inch line.

VI. Construction Rules and Regulations

A. A preliminary or final plat and water facilities plan must be submitted to Aqua and approved by Aqua's Engineer before construction of Developer Project commences. There shall be a non-refundable fee of \$50 per LUE to review the water facilities plan internal to the subdivision. The water facilities plan shall include the plans and specifications (construction drawings) of the improvements to be located within the subdivision and a description of the rights-of-way in the subdivision in which the facilities will be constructed. The preliminary or final plat and plan must be approved, if needed, by:

1. The county or counties in which the land is located;
2. The governing body of any city within whose corporate or extraterritorial jurisdiction the Subdivision lies;
3. The United States Fish and Wildlife Service and/or the Texas Parks and Wildlife Department; and
4. Any other person or political subdivision whose approval will be required before Aqua can provide the service contemplated by the Developer's request.

A Developer may also meet the requirements of VI.A.1. with a statement in writing from a county or counties that approval of the plat is not required. In the event there is no response from the pertinent county or counties regarding plat approval or exemption, the Developer shall submit written documentation establishing that approval of the plat by the pertinent county or counties is not required.

B. Easements

1. Easements for Approach Main

Before construction of the Developer Project begins, the Developer shall dedicate to Aqua, or pay the cost of acquiring, title to a 15 foot permanent easement and an adjacent 15 foot temporary workspace easement, which easements shall run from Aqua's existing General Purpose Transmission Facilities to the Developer's subdivision. The 15 foot permanent easement

shall include exclusive easement rights to a 5 foot wide strip of land, the center line of which shall be defined as the center line of the water line as installed. These costs shall be payable in the form of a Cashiers Check or other form of payment approved by the Board of Directors or Aqua's General Manager.

2. Easements for Developer Project

The Developer shall dedicate to Aqua all easements within the subdivision necessary for water line construction within the subdivision and shall dedicate such additional easements as are necessary where a deviation from dedicated utility easements is deemed necessary by Aqua. In locations where the applicable county commissioner's court or municipal governing body has approved specific utility location assignments within public utility easements (PUE), internal water distribution lines shall be installed within the PUE at the location assigned for water utility service. Where specific utility location assignments are not applicable, every easement for water lines within the subdivision shall have a minimum width of 15 feet. All water line easements shall be shown on the final recorded plat of the subdivision.

3. Boundary Easements

The Developer shall dedicate to Aqua title to a 15 foot permanent easement and an adjacent 15 foot temporary workspace easement along all roads and highways adjoining the subdivision for future water line construction. The 15 foot permanent easement shall include exclusive easement rights to a 5 foot wide strip of land, the center line of which shall be defined as the center line of the water line as installed.

4. Clearing of Easements

The Developer shall bear the cost of clearing and chipping the entire width of: (1) all easements which run from Aqua's existing General Purpose Transmission Facilities to the Developer's subdivision; (2) all easements within the subdivision necessary for water line construction within the subdivision; (3) all additional easements necessary where a deviation from dedicated utility easements is deemed necessary by Aqua; and (4) all public utility easements, if an applicable County Commissioner's Court or municipal governing body has approved specific utility location assignments within the public utility easement.

- C. The Developer shall pay all costs of obtaining right-of-way easements necessary to connect the Developer Project to Aqua's General Purpose Transmission Facilities, whether or not the easements are in the Subdivision. These costs shall be payable in the form of a Cashier's Check or other form of payment approved by the Board of Directors or Aqua's General Manager.

- D. All Subdivisions shall meet the conditions of all local, state, and federal agencies having regulatory authority over lot sizes, sewage control, drainage, and right-of-way. When possible, meters should not be placed in locations where they may be subjected to vehicular traffic, such as a meter placed under a driveway providing access to a dwelling. If a Developer desires that one or more meters be placed in a location where, in the opinion of Aqua, the meter(s) may reasonably be subjected to vehicular traffic of any sort, then the report produced by Aqua's Engineer will also include an estimate of the cost to Developer of providing one or more meter boxes designed and constructed to minimize the likelihood of damage to the meter resulting from said vehicular traffic.
- E. The Developer shall provide accurate on-the-ground markings of all Developer Projects in conformance to Aqua's requirements.
- F. The Developer shall provide sufficient notification to Aqua to allow Aqua to observe critical elements of construction. These include, but are not limited to:
1. Water line and facility installation;
 2. Connections to existing mains;
 3. Pressure testing procedures; and
 4. The testing of all water facilities.

If Developer fails to comply with the above, Aqua may require Developer to have the constructed facilities uncovered and exposed for Aqua's inspection. In any event, the integrity of the facilities is the responsibility of Developer.

- G. Aqua may, if necessary, acquire any essential land or easements by eminent domain in order to provide service to a subdivision. The Developer shall pay all expenses associated with such condemnation proceedings, including legal, engineering, the award of the Commissioners or the Court, and the like. These costs shall be payable in the form of a Cashier's Check or other form of payment approved by the Board of Directors or Aqua's General Manager.
- H. Oversizing
1. Oversizing by Aqua. It may be necessary from time to time for Aqua to oversize improvements which are contemplated by the Developer, or Developers, to either its Production and Storage Facilities, its General Purpose Transmission Facilities, or the Developer Project. The decision on whether to oversize such facilities shall lie exclusively with Aqua. Aqua shall bear the cost of all oversizing requested by Aqua. Should Aqua, in Aqua's sole discretion, determine that: (1) Aqua does not have funds available for such oversizing at the time a request for service is received so that the Developer would, in the Developer's opinion, be delayed from proceeding with its Subdivision, or (2) Aqua's available funds should not be

used for oversizing on Developer Project at the time a request for service is received, Aqua will agree to enter into a contract where all such oversizing is paid by the Developer and Aqua will reimburse the Developer out of future capacity reservation fees. Aqua will agree to, on an annual basis, make an accounting of the capacity reservation fees that have been received for the preceding year which utilized capacity in the System which was oversized at the expense of the Developer and pay the Developer an amount equal to 60% of such fees until Developer is fully compensated for the cost of funding Aqua's oversizing. Provided, however, Aqua shall not pay interest on the funds which the Developer has expended for such oversizing. Additionally, the term of such contract shall not exceed ten years. At the expiration of the term of the contract, Aqua shall have no further obligation to reimburse the Developer for funds expended in such oversizing.

2. Oversizing by Developer. If Aqua's Board of Directors has determined that Aqua should construct an improvement to Aqua's General Purpose Transmission Facilities to serve the needs of existing members and such facilities may reasonably be oversized to provide capacity for a Developer Project, the Developer will be allowed to enter a contract with Aqua to have the facilities oversized to provide capacity for Developer Project provided that Developer pays the incremental cost to oversize the facilities beyond the capacity that Aqua would have constructed.

VII. Acceptance

- A. Aqua shall approve all facilities constructed in its Service Area. The cost for these services shall be borne by the Developer under this policy.
- B. Aqua will accept the dedicated facilities only if the facilities are constructed in strict conformance with the previously approved construction plans and specifications. .
- C. Aqua will, at the expense of the Developer, inspect and test the facilities to ensure that Aqua's standards are met.
- D. After receipt of as-built drawings, letters of acceptance and final Developer Project approval from Aqua, Aqua shall accept the Developer Project, provided the Developer has complied with other applicable portions of these rules and regulations including but not limited to Section VI. F. above.
- E. Aqua shall not provide service to a Subdivision until (1) the Developer has paid all amounts owed to Aqua under these rules and regulations, (2) the facilities have achieved compliance with applicable hydraulic standards, (3) the Developer has submitted documentation of a satisfactory bacteriological test for the facilities, and (4) Developer has presented Aqua a certificate applicable to the Subdivision issued pursuant Section 212.0115 of the Texas Local Government Code if the subdivision is within the jurisdiction of a municipality under Section 212.0115(a) of the Texas Local Government Code. Until the requirements of this subsection are

satisfied Aqua will not provide water to the Subdivision for any purpose other than testing or flushing.

- F. Upon acceptance of Developer's Project, Aqua will sign the plat or release the Restrictive Covenants.

VIII. USDA – Rural Development

The Developer recognizes that Aqua must comply with USDA – Rural Development rules and regulations as promulgated from time to time as those rules and regulations apply to the service, rates, and capacity addition of Aqua.

IX. Obtaining Water Service for Subdivided Tracts of Land Not in Compliance with Rules and Regulations and Tariff

This Section applies to an application for setting a meter and providing water service to a lot or parcel of land where the lot or parcel results from subdividing a tract of land into 5 (five) or more lots or parcels, and where the Developer has not complied with the requirements of these Rules and Regulations Concerning Aqua's Service to Subdivisions.

Applications submitted to AWSC under this section must meet the following conditions:

1. The tract that is the subject of the application is located:
 - a. in a subdivision of tracts that is exempt from a county's platting requirements;
 - b. in a county that does not indicate whether or not water services is available on a subdivision plat; or
 - c. in a county that indicates with a notation or statement that Aqua WSC is the water provider, but the Developer has not complied with Aqua's Rules and Regulations and Tariff.
2. The Applicant pays the required feasibility study fee.

Subject to availability of water supply capacity in Aqua's System, an applicant, other than the Developer, may obtain service to a single lawfully platted lot or a single lawfully subdivided parcel by payment of the membership fee, the applicable meter installation and System Development Fees, and the capacity reservation fee required by Section IV. A of these Rules and Regulations. Additionally, if an extension of Aqua's water supply lines is necessary to provide water service to the lot or parcel, the applicant must pay all costs which the Developer would have been required to pay to receive service, including but without limitation, those costs to extend Aqua's 'General Purpose Transmission Facilities and the cost of materials and installation of an adequately sized water line to deliver water to the lot or parcel, which in no case shall be smaller than a six (6) inch line.

4. If any part or provision of this agreement and covenant is declared invalid, by judgment or court order, that invalidity will not affect any of the other provisions of this agreement, and the remaining portions of this agreement will remain in full force and effect.

5. Any failure of Aqua, its successors and assigns, to enforce this agreement and covenant, whether the violations are known or not, will not constitute a waiver or estoppel of Aqua's right to do so.

6. This agreement may be modified, amended or terminated only by joint action of both (a) the General Manager of Aqua or another duly authorized representative of the Aqua, and (b) the owners of the Property at the time of the modification, amendment or termination.

EXECUTED this ____ day of _____, 20__.

By: _____

Printed Name: _____

Title: _____

THE STATE OF TEXAS §
COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____,
20__, by _____, _____ of _____, a Texas
_____, _____ of _____.

Notary Public in and for the State of Texas