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PUC DOCKET NO. 53487

LESLIE MCFARLAND AND BILLY	§	
GRANTHAM'S APPEAL OF THE COST	§	PUBLIC UTILITY COMMISSION
OF OBTAINING SERVICE FROM	§	
PARKER WATER SUPPLY	§	OF TEXAS
CORPORATION	§	

**PARKER WATER SUPPLY CORPORATION'S RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

To: Public Utility Commission of Texas (Commission), by and through its attorney of record,
Andy Aus, Legal Division, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas
178701

COMES NOW, Parker Water Supply Corporation (Parker WSC), by and through its undersigned attorneys of record, and files this Response to Commission Staff's First Request for Information to Parker Water Supply Corporation (Response). This Response is timely filed. Pursuant to 16 Tex. Admin. Code (TAC) § 22.144(c)(2)(F), Parker WSC agrees and stipulates that all parties may treat the responses as if the answers were filed under oath.

Respectfully submitted,

**LLOYD GOSSELINK ROCHELLE &
TOWNSEND, P.C.**

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**ATTORNEYS FOR PARKER 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 6, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.



David J. Klein

PUC DOCKET NO. 53487

**PARKER WSC'S RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

STAFF 1-1 Please provide a detailed explanation as to why a new 3-inch water line is necessary to provide the Appellants with water service.

RESPONSE 3263 County Road 1104C, the address for Leslie McFarland and Billy Grantham's (collectively, Appellants) retail water service request, is the tract of land located at the end of this dead-end road. At the time of the request, the road only had a 2-inch line that was at capacity. It is Parker WSC's understanding that according to the Texas Commission on Environmental Quality (TCEQ) rule 30 Tex. Admin. Code § 290.44(c), the maximum number of connections allowed on a 2-inch line is 10 connections. In order to comply with TCEQ regulations, Parker WSC's engineer determined that an approximately 500 linear feet (LF) section of the 2-inch line at the beginning of County Road 1104C would need to be upsized to a minimum 3-inch line in order to add the Appellants' additional connection. This upsized water line allows Parker WSC to move 2 existing connections to the 3-inch line, creating just enough capacity for the Appellants' additional meter on the existing 2-inch line. This design minimized the amount of improvements to be made to the distribution system.

Prepared by: Sherry Reeves, General Manager of Parker WSC
Sponsored by: Sherry Reeves, General Manager of Parker WSC

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**PARKER WSC'S RESPONSE TO
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STAFF 1-2 Indicate whether any future customers will benefit from the upgrade of the 2-inch line to a 3-inch line. If yes, will Parker WSC reimburse the Appellants for the future customer(s) share of the cost?

RESPONSE Future applicants along County Road 1104C should benefit because Parker WSC would no longer be limited to 10 connections off of the new 3-inch waterline. As to reimbursements, Sections E.16 and G.12 of Parker WSC's Tariff authorizes the WSC to charge future customers a "Line Extension Reimbursement Fee," which provides that "[a]n approved Applicant may have to pay, on a prorated basis, a line reimbursement fee to the Corporation for the purpose of reimbursing a member or other entity that made the initial capital outlay to extend service to that area." Section J of the Tariff includes a Line Extension Refund Agreement form. Appellants have not executed a Line Extension Refund Agreement yet. Accordingly, if executed, Parker WSC would reimburse Appellants for Line Extension Reimbursement Fees collected from new customers that utilize the 3-inch line on County Road 1104C, subject to the other terms of the form Line Extension Refund Agreement.

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**PARKER WSC'S RESPONSE TO
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STAFF 1-3 Please provide a copy of all requests for service from all applicants along County Road 1104C and Parker WSC's responses to them.

RESPONSE Attached hereto as **Exhibit A** are service applications for County Road 1104C. **Exhibit A** is filed confidentially pursuant to Texas Utilities Code § 182.052 (Disclosure of Personal Information). Communication with these service applicants about the feasibility and costs associated with service were all via phone call, so Parker WSC does not have written record of its responses.

Prepared by: Sherry Reeves, General Manager of Parker WSC
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**PARKER WSC'S RESPONSE TO
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STAFF 1-4 Please provide a copy of Parker WSC's distribution system map and include line sizes and the existing connections for each water line.

RESPONSE Attached hereto as **Exhibit B** is a map of Parker WSC's water distribution system that includes line sizes and existing connections. **Exhibit B** is filed confidentially pursuant to Texas Government Code § 418.181 (Confidentiality of Certain Information Relating to Critical Infrastructure).

Prepared by: Sherry Reeves, General Manager of Parker WSC

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**PARKER WSC'S RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

STAFF 1-5 Please provide a current copy of Parker WSC's bylaws and tariffs, including the standard tap fee to obtain service.

RESPONSE Attached hereto as **Exhibit C** is a copy of Parker WSC's current By-Laws.
Attached hereto as **Exhibit D** is a copy of Parker WSC's current Tariff. The tap fee for standard service may be found under Section G.10.a.

Prepared by: Sherry Reeves, General Manager of Parker WSC
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**PARKER WSC'S RESPONSE TO
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STAFF 1-6 Please provide a copy of the bill of materials and labor costs that support Parker WSC's proposed tap fee.

RESPONSE As stated in Section G.10.a of Parker WSC's Tariff, the tap fee is "all current labor and materials necessary to provide individual metered water or wastewater service." Section G.10.a also states that "Standard service fees shall be charged on a per tap basis as computed immediately prior to such time as metered service is requested and installed."

The Tap Fee is based on the following costs:

Labor to install meter	\$400.00
Feasibility/Engineer	\$100.00
<u>Parts</u>	<u>\$100.00</u>
TOTAL	\$600.00

The actual costs for parts exceeds \$100.00, however Parker WSC is charging less than the actual cost. Attached hereto as **Exhibit E** are documents supporting the estimated cost of meters, installation of meters, and the feasibility determination.

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**PARKER WSC'S RESPONSE TO
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STAFF 1-7 Reference Staff RFI 1-6; please provide any invoices, receipts, and work orders that support these costs.

RESPONSE Parker WSC has not installed the meter for Appellants yet, so there are no invoices, receipts, or work orders to support the tap fee for this specific location.

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**PARKER WSC'S RESPONSE TO
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STAFF 1-8 Please state if tap installations will be done by Parker WSC's internal employees or by a contractor.

RESPONSE Tap installations will be performed by a contractor.

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**PARKER WSC'S RESPONSE TO
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STAFF 1-9 Please identify all water lines that are out of compliance with TCEQ rules in Parker WSC's distribution system.

RESPONSE Parker WSC is currently working on an updated Master Plan to better determine compliance of its distribution system with TCEQ regulations. Parker WSC does not have any information to share at this time, but will supplement this response once the Master Plan is complete.

Prepared by: Sherry Reeves, General Manager of Parker WSC

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**PARKER WSC'S RESPONSE TO
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STAFF 1-10 Please list all water lines that are currently at capacity in Parker WSC's distribution system.

RESPONSE At this time, Parker WSC can only confirm that the 2-inch line along County Road 1104C is at capacity. Parker WSC is currently working on an updated Master Plan to the remaining capacity in its distribution system. Parker WSC does not have any information to share at this time, but will supplement this response once the Master Plan is complete.

Prepared by: Sherry Reeves, General Manager of Parker WSC
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**PARKER WSC'S RESPONSE TO
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STAFF 1-11 Please provide an engineering study or report that recommends the 2-inch water line near the Appellant's property be replaced or upgraded.

RESPONSE Attached hereto as **Exhibit F** is an email from Parker WSC's engineer explaining that the 2-inch line would need to be upsized to a 3-inch line in order to provide service to Appellant.

Prepared by: Sherry Reeves, General Manager of Parker WSC
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**PARKER WSC'S RESPONSE TO
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STAFF 1-12 Please provide a breakdown of the \$7,000 estimate provided to the Appellants for water service into the following categories:

- a) labor;
- b) material;
- c) equipment;
- d) insurance; and
- e) supervision.

RESPONSE In order to assist the Appellant with the costs, originally estimated to be \$13,000, Parker WSC worked with its contractor to minimize expenses. Around April 6, 2022, Parker WSC's contractor responded that based on the pricing from his supplier, he could complete the project for approximately \$7,000. However, in order to secure this price the contractor had to pay for the materials for the line immediately as the price of the pipe could not be guaranteed. Parker WSC's contractor, Dwayne Duncan, did not provide the allocation for insurance and equipment costs from his \$7,000 estimate. Attached hereto as **Exhibit G** is a quote from Texas Water Products, Inc. for the cost of materials.

Labor	\$2,600.00
Material	\$4,769.55
Equipment	Not Available
Insurance	Not Available
<u>Supervision</u>	<u>\$0.00</u>
TOTAL	\$7,369.55

Prepared by: Sherry Reeves, General Manager of Parker WSC
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**PARKER WSC'S RESPONSE TO
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STAFF 1-13 Reference Staff RFI 1-12; please provide a detailed explanation for the cost of insurance and supervision to install the water line.

RESPONSE Attached hereto as **Exhibit H** is Parker WSC's contractor, Dwayne Duncan's Certificate of Insurance to explain his costs of insurance. Mr. Duncan performs line installations on his own, so there is no cost of supervision.

Prepared by: Sherry Reeves, General Manager of Parker WSC
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**PARKER WSC'S RESPONSE TO
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STAFF 1-14 Please provide a list of all of Parker WSC's employees and indicate whether each employee is paid salary or hourly wages.

RESPONSE	Sherry Reeves	Office Manager	Hourly
	Larry Brinkley	Operations Manager	Hourly
	Brad Hammond	Operations Specialist	Hourly

Prepared by: Sherry Reeves, General Manager of Parker WSC

Sponsored by: Sherry Reeves, General Manager of Parker WSC

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**PARKER WSC'S RESPONSE TO
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STAFF 1-15 Reference Staff RFI 1-14; please identify which Parker WSC employees will be responsible for installing the 3-inch water line which will serve the Appellant's property.

RESPONSE Parker WSC employees will not be responsible for installing such 3-inch water line. Parker WSC will hire a contractor to do the installation.

Prepared by: Sherry Reeves, General Manager of Parker WSC
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**PARKER WSC'S RESPONSE TO
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STAFF 1-16 Please provide a detailed list, with prices, of all fees the Appellants are required to pay for water service.

RESPONSE	Aid to Construction Fee	\$1,500.00
	Tap Fee	\$600.00
	Membership Fee	\$150.00
	Inspection Fee	\$75.00
	Office Processing Fee	\$25.00
	Water Line Extension	\$7,369.55
	TOTAL	\$9,719.55

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**PARKER WSC'S RESPONSE TO
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STAFF 1-17 Please provide a detailed list of what fees for water service the Appellants have paid for.

RESPONSE	Aid to Construction Fee	\$1,500.00
	Tap Fee	\$600.00
	Membership Fee	\$150.00
	Inspection Fee	\$75.00
	Office Processing Fee	\$25.00
	Water Line Extension	\$7,000.00
	TOTAL	\$9,350.00

Appellants have paid a total of \$9,350.00 to date for the meter installation fees and the installation of the 3-inch water line.

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**PARKER WSC'S RESPONSE TO
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STAFF 1-18 Please provide any capital improvement plans that Parker WSC has.

RESPONSE Parker WSC does not have a capital improvement plan.

Prepared by: Sherry Reeves, General Manager of Parker WSC

Sponsored by: Sherry Reeves, General Manager of Parker WSC

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**PARKER WSC'S RESPONSE TO
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STAFF 1-19 Please provide any funding applied for or secured for the capital improvement plan.

RESPONSE Parker WSC does not have a capital improvement plan.

Prepared by: Sherry Reeves, General Manager of Parker WSC

Sponsored by: Sherry Reeves, General Manager of Parker WSC

EXHIBIT A

Response to STAFF 1-3

Service Applications for County Road 1104C

EXHIBIT B

Response to STAFF 1-4

Parker WSC Distribution System Map

EXHIBIT C

Response to STAFF 1-5

Parker WSC's By-Laws

BYLAWS
of
PARKER WATER SUPPLY CORPORATION

Bylaws of PARKER Water Supply Corporation, having been presented to the Board of Directors of said Corporation and duly adopted as follows:

ARTICLE I

The President shall preside and vote at all Members' and Directors' meetings. The President shall perform all other duties that usually pertain to the office or are delegated by the Board of Directors.

ARTICLE II

The Vice-President shall, in case of the absence or disability of the President, perform the duties of the President.

ARTICLE III

The Secretary-Treasurer shall have custody of all monies, records and securities of the Corporation. The Secretary-Treasurer shall keep minutes of all meetings of the Corporation. All monies of the Corporation shall be deposited by the Secretary-Treasurer in such depository as shall be selected by the Directors. Checks must be signed by the Secretary-Treasurer or assistant or deputy secretary, and the President or a designee of that office. The Secretary-Treasurer shall have custody of the seal of the Corporation and affix it as directed by resolution passed by the Board of Directors or Members. The Board of Directors may appoint an employee as assistant or deputy secretary to assist the Secretary-Treasurer in all official duties pertaining to that office.

The position of the Secretary-Treasurer, and other Board positions and/or employees entrusted with receipt and disbursement of funds, shall be placed under a fidelity bond in an amount which shall be set from time to time, but not less than once each year, by the Board of Directors. The fidelity bond coverage amount shall approximate the total annual debt service requirements for all USDA Rural Development, Rural Utilities Service (RUS) loans and be evidenced by a position fidelity schedule bond as acceptable to USDA Rural Development, RUS, or its successor agencies and assigns.

ARTICLE IV

Section 1. A person must be a permanent residing member of the Corporation and at least 18 years old in order to serve as a Director. He or she is not serving or not eligible to serve on any other Water Board while serving on the PWSC Board. A person is not qualified to serve as a director if the person or immediate family member is a Developer/contractor etc. A person is not qualified to serve as a director if the person has been determined by a final judgement of a court exercising probate jurisdiction to be totally mentally incapacitated; or partially mentally incapacitated without the right to vote; or has been finally convicted of a felony from which the person has not been pardoned or otherwise released from the resulting disabilities.

Section 2. The Board of Directors shall consist of 5 Directors, a majority of whom shall constitute a quorum. Upon issuance of the Charter and annually thereafter on the third Saturday of April, the Board of Directors shall elect a President, Vice – President and a Secretary-Treasurer from amount the Directors. The Directors shall be elected by the Members at the Member's meetings provided for in Article VI of the Bylaws. The Directors shall be divided into three (3) classes, each class to be as near as equal in number as possible. The terms of the Directors of the first class shall expire at the first annual meeting of the Members after their election; the terms of the Directors of the second class shall expire at the second annual meeting after their election; and terms of the Directors of the third class shall expire at the third annual meeting after their election. At each annual meeting after such classification, the number of Directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting. Directors, as such shall receive compensation of \$50.00 for attending Board meetings.

Not later than the 60th day after a Director dies, resigns or is determined by the Board to not meet one of the qualifications set forth in Section 1, a successor who meets those qualifications shall be appointed by a majority of the remaining Directors to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the remaining balance of the previously vacated term.

Section 3. Directors may be removed from office in the following manner, except as otherwise provided in Article V. Any Member or Director may present charges against a Director by filing such charges in writing with the Secretary-Treasurer of the Corporation. The charges must be accompanied by a petition signed by at least ten (10) percent of the Members of the Corporation. Such removal shall be voted on at the next regular or special meeting of the Membership and shall be effective if approved by a vote of 2/3 majority of those voting if a quorum is present. The Director(s) against whom such charges have been presented shall be informed in writing of such charges at least twenty (20) days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses;

and the person or persons presenting such charges shall have the same opportunity. If the removal of a Director(s) is approved, such action shall also vacate any other office(s) held by the removed Director(s) in the Corporation. A vacancy in the Board thus created shall immediately be filled by a qualified person other than the removed Director upon a vote of a majority of the Members present and voting at such meeting, in accordance with the written annual or special meetings procedures as adopted by the Board. A vacancy in any office thus created shall be filled by the Board of Directors from among their number so constituted after the vacancy in the Board has been filled.

Section 4. The President of the Board, or Vice-President, shall preside at any meeting of the Members convened to consider removal of a Director as provided under Section 2, unless the President is the subject of charges, in which event the Vice-President shall preside. In the event both the President and the Vice-President are the subject of charges, those Directors who are not the subject of any charges shall appoint one of the other Directors to preside over the meeting. Any meeting convened to consider the removal of a Director shall be conducted in accordance with the procedures prescribed by the Board. The fact that the President, Vice-President, or other Officer or Director has been made the subject of charges does not prevent such individual from continuing to act as Officer and/or Director. Any Director that has been removed under the provisions of this Article shall not be precluded from subsequent election to a position on the Board of Directors.

Section 5. The Board of Directors shall adopt and maintain a conflict of interest policy designed to promote the business of the Corporation and serve the interests of the Membership. Such policy, at a minimum, shall be in conformance with the provisions of the Texas Business Organizations Code (SOS) pertaining to duties and responsibilities of the Board of Directors.

A director of the corporation will neither have financial interests in the profits of any contract, service, or work performed for the corporation nor derive personal profit directly or indirectly from any contract, purchase, sale or service between the corporation and any person or company.

ARTICLE V

Section 1. Meetings of the Board of Directors shall be held at such time and place as the Board may determine at the previous meeting, and shall include posting of the meeting as required by the Texas Open Meetings Act. The Board of Directors shall ensure that all meetings comply with the requirements of the Open Meetings Act, Chapter 551, Texas Government Code, including any subsequent amendment thereto. In the event of any conflict between the

provisions of these Bylaws and the requirements of the Open Meetings Act, the provisions of the Open Meetings Act shall prevail.

Section 2. Any Director failing to attend two (2) consecutive meetings may be given written notice by the balance of the Board of Directors that failure by said Director to attend a third consecutive meeting, without justifiable cause acceptable to the balance of the Board of Directors, shall give rise to removal of said Director from the Board. A successor shall be appointed by a majority vote of the Directors remaining to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the balance of the term.

Section 3. The Board of Directors shall provide access for the public, new service applicants, or Members to the meetings of the Board of Directors by setting aside 5 minutes for hearing of suggestions, proposals, or grievances; however, there shall be no deliberations or actions by the Board unless such has first been noticed in accordance with the Texas Open Meetings Act. The Board of Directors shall establish reasonable rules for access to such meetings.

Section 4. The Board of Directors may, upon lawful notice to the public, meet in executive session when permitted, in the manner and for such limited purposes as provided for in the Texas Open Meetings Act, as amended, and for no other reason. All proceedings of any meeting at which a quorum of Directors is present to discuss the business of the Corporation shall be recorded in the manner required by the Texas Open Meetings Act.

Section 5. In conducting their duties as members of the Board, Directors: (1) shall be entitled to rely, in good faith and with ordinary care, on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or the Corporation's affairs that have been prepared or presented by one or more officers or employees of the Corporation, or by legal counsel, public accountants, or other persons retained by the Corporation for the development of professional advice and information falling within such person's professional or expert competence; (2) may believe, in good faith and with ordinary care, that the assets of the Corporation are at least that of their book value; and (3) in determining whether the Corporation has made adequate provision for the discharge of its liabilities and obligations, may rely in good faith and with ordinary care, on the financial statements of, or other information concerning, any person or entity obligated to pay, satisfy or discharge some or all of the Corporation's liabilities or obligations; and may rely in good faith on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by one or more Officers or employees of the Corporation, legal counsel, public accountants, or other persons provided the Directors reasonably believes such matters to fall within such person's professional or expert competence. Nevertheless, Directors

must disclose any knowledge they may have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.

ARTICLE VI

Section 1. There shall be a regular meeting of the Members annually, on the third Saturday of April,² to transact all business that may be properly brought before it.

Section 2. The Board of Directors shall adopt, and from time to time may revise, written procedures for conducting annual or special Membership meetings, including notification to the Membership of the proposed agenda, location, and date of the meeting; election procedures; approval of the ballot form to be used; and validation of eligible voters, ballots, and election results. At least thirty (30) days before the date of a Membership meeting that includes an election, the Corporation shall mail to each member of record at the address last known to the Corporation written notice of such meeting indicating the time, place, and purpose of such, meeting; the election ballot; and for director elections, a statement of each candidate's qualifications, including biographical information as provided in each candidate's application. The election ballot for director elections must include the number of directors to be elected and the names of the candidates.

Failure to hold or call an annual or special meeting in accordance with these Bylaws shall give each Member rights to compel the Board of Directors to properly hold an annual or special meeting of the Membership.

Section 3. The Board shall select an independent election auditor not later than thirty (30) days before the scheduled date of a Membership meeting where an election will be held. The independent election auditor is not required to be an experienced election judge or auditor and may serve as an unpaid/or paid volunteer. At the time of selection and while serving in the capacity of an independent election auditor, the independent election auditor may not be associated with the Corporation as an employee; a director or candidate for director; or an independent contractor engaged by the Corporation as part of the Corporation's regular course of business. The independent election auditor shall receive and count the ballots before the meeting is adjourned. The independent election auditor shall provide the board with a written report of the election results.

Section 4. For any election, a member may vote in person at the Membership meeting; by mailing a completed ballot to the office of the independent election auditor or to the Corporation's main office which must be received by noon on the business day before the date of the meeting; or by delivering a completed ballot to the office of the independent election

auditor or to the Corporation's main office by noon on the business day before the date of the meeting.

A quorum for the transaction of business at a meeting of the Membership is a majority of the members present. In determining whether a quorum is present, all members who mailed or delivered ballots to the independent election auditor or the Corporation on a matter submitted to a vote at the meeting are counted as present.

2 This meeting shall be held between January 1 and May 1. Insert the day of the week, week of month and month of year.

Section 5. The Board of Directors shall establish a standing Credentials Committee of three (3) Members, of which the Secretary-Treasurer shall be the chairperson. This committee shall at no time have sufficient board members appointed to constitute a quorum of the Board Directors. This committee, in accordance with procedures adopted by the Board under Section 2, shall recommend for Board approval the election procedures and all related forms and notices, recommend for Board approval a person to fill the role of independent election auditor, ensure that the election procedures are implemented, and serve other functions designated in the Corporation's election. Should the individual holding the office of Secretary-Treasurer be running for re-election, the Board shall appoint an officer not currently running for re-election to serve as chairperson of this committee.

Section 6. After fixing a date for the notice of a meeting, the Board of Directors shall prepare an alphabetical list of the names of all voting members who are entitled to vote as of the record date of the meeting. The list must show the address of each voting member. No later than two (2) business days after the notice is given of the meeting, and continuing through the meeting, the list of voting members must be available for inspection by any member entitled to vote at the meeting for the purpose of communication with other members concerning the meeting at the Corporation's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. Any voting Member, or voting Member's agent or attorney, shall be allowed, on written demand, to inspect and, at a reasonable time and at their expense, copy the list. Further, the Board shall make the list of voting Members available at the meeting, and shall allow inspection of such list by any voting Member or voting Member's agent or attorney at any time during the meeting, including any adjournments thereof.

ARTICLE VII

A special meeting of the Members or Directors may be called by the President, or by demand by a majority of the board members or one-third (1/3) of the Members. Such special meetings shall be held upon giving notice as required by the Texas Open Meetings Act.

Prior to convening any special meeting of the Members, the President shall request in writing that the Secretary-Treasurer give at least ten (10) days prior notice to the Members, and that such special meeting is otherwise noticed, as required under Texas Business Organizations Code Section 22.156, and as provided under Article V of these Bylaws. Such notice shall specify the time, place and purpose of the meeting, and shall be addressed and mailed to each of the Members at their address last known to the Corporation, personally delivered to each Member, or sent by facsimile to each Member.

Emergency meetings of the Directors may be held on rare occasions and only when clearly authorized by the Texas Open Meetings Act. Notice of such emergency meeting shall be provided under Article V of the Bylaws and the Texas Open Meetings Act, at least two hours before the meeting is convened. It shall be the responsibility of the President, or a designee of that office, to ensure that proper notice is posted and Directors are properly notified. In no event shall any emergency meeting of the Directors be convened where the business of such meeting could be considered at a regular or special meeting of the Directors receiving at least seventy-two (72) hours notice as provided under Article V of these Bylaws.

ARTICLE VIII

The Corporation shall conduct its business on a non-profit basis, and no dividends shall ever be paid upon the Memberships of such Corporation. All profits arising from the operation of such business shall be annually paid out to the persons who have, during the past year, transacted business with the Corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the Corporation remains unpaid and, provided also, that the Directors of the Corporation may allocate to sinking fund(s) and reserve accounts such amount of profits as they deem necessary for maintenance, operation, capital improvements, expansions and replacements of all facility components, as provided by Section 67.008 (d) of the Texas Water code. Funds allocated by the Board to a sinking fund for replacement, amortization of debts, and the payment of interest that are not required to be spent in the year in which deposited shall be invested in accordance with the provisions of Section 67.014 (b) of the Texas Water Code.

ARTICLE IX

The Directors of the Corporation shall establish and maintain, so long as the Corporation is indebted to the Government, in an institution insured by the State or Federal Government, or invested in readily marketable securities backed by the full faith and credit of the United States of America, a reserve account separate and apart from other fund accounts of the Corporation.

Securities so purchased shall be deemed at all times to be part of the reserve fund account. There shall be deposited in such fund the sum as required by a total of all loan resolutions executed by the Corporation. Such deposits shall be made monthly and shall continue until the total amount deposited equals the sum as required by the executed loan resolutions provided, however, that after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to the sum as required by the executed loan resolutions.

Withdrawals may be made from this fund only prior written approval from USDA Rural Development, RUS. Approval shall be made only for emergency repairs, obsolescence of equipment, improvements to facility, and for making up any deficiencies in revenue for loan payments.

ARTICLE X

Section 1. The Corporation shall have Members as defined by the Texas Water Code. All customers of the Corporation must hold a Membership or obtain their service through a Membership. A person or entity that holds an interest in property solely as security for the performance of an obligation or that only builds on or develops the property for sale to others is not required to hold a Membership as a condition to receive service on a limited basis. Every person (which includes any legal entity) owning or having a legal right to the control, possession or occupancy of property served, or which may reasonably be served by the Corporation, shall have the right to become a Member of the Corporation upon payment of the Membership fee hereinafter provided and upon compliance with the Corporation's conditions of water and/or sewer service as provided for in its published charges, rates and conditions of service. Membership shall not be denied because of the applicant's race, color, religion, sex, age, marital status, familial status, handicap, income from Public Assistance, disability or national origin. It is the intent of the Corporation to provide service on a nondiscriminatory basis.

Section 2. The Membership fee shall be as determined by the Board of Directors. Payment of Membership fee or transfer of Membership shall entitle an applicant to further qualify for one (1) connection to the system or shall entitle a transferee of Membership to continue to qualify for service to an existing connection to the system by meeting the conditions for water and/or sewer as provided in the Corporation's published rates, charges, and conditions of service. A person may own more than one Membership, but each Member shall be entitled to only one vote regardless of the number of Memberships owned. Membership certificates shall be in such form as shall be determined by the Board of Directors.

Section 3. The Membership fee may be revised by the Board of Directors as the Board may determine to be appropriate. In determining the amount of the Membership fee, however,

the Board shall ensure that the fee is sufficient to establish the potential Member as being legitimately interested in securing water service from the Corporation for such potential Members' own needs. Furthermore, the Board shall determine and administer such fee in a manner or in an amount which does not unreasonably deny service to financially deprived potential Members. In no event, however, shall the Membership fee exceed an amount equal to the sum of twelve (12) charges of the Corporation's minimum monthly water rate unless previously approved by USDA Rural Development, RUS. Membership fees will be refundable.

ARTICLE XI

When necessary for determining those Members entitled to notice of, or those Members entitled to vote at any meeting or any adjournment thereof, or where necessary to make determination of Members for any other proper purpose, ownership of Memberships shall be deemed to be vested in those persons who are the record owners of Membership as evidenced by the Membership transfer book on the 15th day of the month preceding the month of the date upon which the action requiring such determination is to be taken. Nothing herein shall preclude the holder of a Membership from mortgaging such Membership or, upon notification of the Corporation, preclude the holder of such mortgages from exercising legal rights pursuant to such mortgages upon proper notice to the Corporation.

ARTICLE XII

Section1. In order to ensure that business done by the Corporation shall continue within the capacity of its facilities and to prevent undue financial burden on the Members of the Corporation, Membership in the Corporation shall be transferred in accordance with the following:

- (a) Except as herein provided, Membership in the Corporation shall be deemed personal estate and a person or entity that owns any stock of, is a Member of, or has some other right of participation in the Corporation may not sell or transfer that stock, Membership, or other right of participation to another person or entity except: (1) by will to a transferee who is a person related to the testator within the second degree by consanguinity; (2) by transfer without compensation to a transferee who is a person related to the owner of the stock or other interest within the second degree by consanguinity; or (3) by transfer without compensation or by sale to the Corporation.

- (b) Subsection (a) of this section does not apply to a person or entity that transfers the Membership or other right of participation to another person or entity as part of the conveyance of real estate from which the Membership or other right of participation arose.
- (c) The transfer of stock, Membership, or another right of participation under this section does not entitle the transferee to water service unless each condition for water service is met as provided in the Corporation's published rates, charges, and conditions of service. Water service provided by the Corporation as a result of stock, Membership, or other right of participation may be conditioned on ownership of the real estate designated to receive service and from which the Membership or other right of participation arose.
- (d) The Corporation may cancel a persons or other entity's stock, Membership, or other right of participation if the person or other entity fails to meet the conditions for water service prescribed by the Corporation's published rates, charges, and conditions of service, or fails to comply with any other condition placed on the receipt of water service under the stock, Membership, or other right of participation authorized under Subsection (c) of this section. The Corporation may, consistent with the limitations prescribed by Subsection (a) of this section and as provided in the Corporation's tariff, reassign cancelled stock, or a cancelled Membership, or other right of participation to any person or entity that has legal title to the real estate from which the cancelled Membership or other right of participation arose and for which water service is requested, subject to compliance with the conditions for water service as prescribed by the Corporation's published rates, charges, and conditions of service.

Section 2. Notwithstanding anything to the contrary here-in-above provided, the consideration for the transfer of any Membership in the Corporation from the original Members, their transferees, pledges, administrators or executors, or other persons, shall never exceed the amount of the original costs of such Membership. No gain or profit shall ever be realized from the sale or transfer of a Membership.

ARTICLE XIII

The Board may employ a manager to handle the business of the Corporation under the direction of the Board. The Board shall set the salary for the manager.

ARTICLE XIV

Notwithstanding the ownership of a Membership certificate, all Members shall be billed, disconnected, or reconnected, and otherwise shall receive service in accordance

with the written policies of the Corporation, including the tariff of the Corporation. In the event a member should surrender the Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the water service shall be discontinued and the obligation to pay for water service shall terminate except as for the minimum charge for the current month and the charge for water used during the current month, and except as for any unpaid amounts due the Corporation. Any remaining balance from the membership fee will be refunded to the former member. In the event Membership is terminate, cancelled, withdrawn, or surrendered, whether voluntarily or involuntarily, the former Member's rights and interest in the assets of the Corporation will not be forfeited.

ARTICLE XV

Upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation shall be distributed among the Members and former Members in direct proportion to the amount of their patronage with the Corporation insofar as practicable. Any indebtedness due the Corporation by a Member for water and/or sewer service or otherwise shall be deducted from such Member's share prior to final distribution. By application for and acceptance of Membership in the Corporation, each Member agrees that upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation transferred to that Member shall be in turn immediately transferred by the individual Member to an entity that provides a water supply or wastewater service, or both, that is exempt from ad valorem taxation. By application for and acceptance of membership in the Corporation, each Member grants the Corporation's Board of Directors that Member's permission to execute all instruments and documents necessary to effectuate such transfers in order to preserve the Corporation's statutory rights to exemption from income and ad valorem taxation.

ARTICLE XVI

The Fiscal year of the Corporation shall be January 1 to December 31.

ARTICLE XVII

For so long as the Corporation is indebted for a loan or loans made to it by The United States of America through the USDA Rural Development, RUS, the Corporation shall insure with a reputable insurance company such of its properties and in such amounts as is required by the State Director of the USDA Rural Development, RUS, for the State of Texas.

ARTICLE XVIII

Section 1. If at the end of the fiscal year, or in the event of emergency repairs, the Board of Directors determines the total amount derived from the collection of water charges to be insufficient for the payment of all costs incident to the operation of the Corporation's system during the year in which such charges are collected, the Board shall make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by USDA Rural Development, RUS, so that the sum of such assessments and the amount collected from water and other charges is sufficient to fully pay all costs of operation, maintenance, replacement and repayment on indebtedness for the year's operations, but this provision shall not operate for the benefit of any third party creditor other than USDA Rural Development, RUS, without a favorable vote of the majority of the Members. Any assessments levied to make up operations deficits in any year shall be levied against Members in proportion to their patronage with the Corporation.

Section 2. In the event a Member should surrender their Membership certificate properly endorsed by the Secretary-Treasurer of the Corporation, the obligation to pay such assessments shall be limited to assessments made and levied proper to the date of surrender of the Membership certificate provided, however, that this paragraph and the second sentence of Article XIV shall not apply to relieve a Member of their obligation under special arrangements covering Multiple Membership certificates held by one Member which have been required or approved by the USDA Rural Development, RUS.

ARTICLE XIX

The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Member, Board of Directors, and committees, and shall keep record of the name and addresses of its Members entitled to vote at its registered office or principle office in Texas.

Annually, the Board of Directors shall prepare or cause to be prepared a report of the financial activity of the Corporation for the preceding year including a statement of support, revenue, and expenses and changes in fund balances, a statement of functional expenses, and balance sheets for all funds or such financial reports as required by the USDA Rural Development, RUS. Such report shall be approved by the Board of Directors.

With prior written request, corporate records, books, and annual reports, subject to exceptions provided by the Public Information Act, Chapter 552, Texas Government Code, including any amendments thereto, shall be available for public inspection and copying by the public or their duly authorized representatives during normal business hours subject to a reasonable charge for the preparation of copies.

In the event of any conflict between the provisions of the Open Records Public Information Act and the provisions of the Bylaws, the provisions of the Public Information Act shall prevail.

ARTICLE XX

These Bylaws may be altered, amended, or repealed by a vote of a majority of the Members voting at any regular meeting of the Members, or at any special meeting of the Members called for that purpose, except that the Members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation or its Members, or to deprive any Member of its rights and privileges then existing, or so to amend the Bylaws as to effect a fundamental change in the intents and purposes of the Corporation. Notice of any amendment to be made at a special meeting of the Members must be given at least ten (10) days before such meeting and must set forth the amendments to be considered. For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the USDA Rural Development, RUS, or its successor agencies and assigns, these Bylaws shall not be altered, amended, or repealed without the prior consent of the State Director of the USDA Rural Development, RUS, for the State of Texas.

ARTICLE XXI

Except as otherwise provided by the laws of the state or federal government, the Corporation shall adhere to the following policy for awarding contracts:

The Board shall advertise for bids for contracts for \$75,000 or more, and the Board shall advertise the letting of the contract, including the general condition, time, and place of opening of sealed bids. The notice shall be published in one or more newspapers with general circulation in the state, and in one or more newspapers with general circulation in each county in which part of the Corporation's service area is located. If no newspaper is published in the county or counties in which the Corporation is located or does business, publication in one or more newspapers with general circulation in the state is sufficient. The notice shall be

published once a week for two (2) consecutive weeks before the date on which the bids are opened, and the first publication shall be no later than the 14th day before the date of the opening of the sealed bids. For contracts over \$25,000 but less than \$75,000, the Board shall solicit written competitive bids on uniform written specifications from at least three bidders. For contracts of less than \$25,000, the Board is not required to advertise or seek competitive bids. The Board may not subdivide work merely to avoid the advertising requirements specified in this policy. A contract may be awarded to any responsible person or persons that, in the Board's judgment, will be most advantageous to the Corporation and result in the best and most economical completion of the Corporation's proposed plants, improvements, facilities, works, equipment, and appliances. The Board is not required to accept the lowest bid. The Board may not accept bids that include substantial quantities of substituted items, either before or after the Corporation enters into a construction contract, unless the substituted items were included in the original bid proposal, and all bidders had the opportunity to bid on the substituted items, or unless substituted items were sought or authorized in the original bid proposal. Change orders to contracts may be issued only as a result of unanticipated conditions encountered during construction, changes in regulatory criteria, emergencies, or under circumstances necessary to facilitate project coordination with other entities or contractors. These policy provisions do not apply to contracts for personal or professional services or for a utility service operator.

ARTICLE XXII

The seal of the Corporation shall consist of a circle within which shall be inscribed "PARKER WATER SUPPLY CORPORATION."

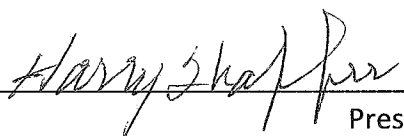
ARTICLE XXIII

The Corporation pledges its assets for use in performing the functions of the corporation as provided by law and the Corporation's Articles of Incorporation.

ARTICLE XXIV

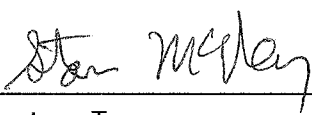
If an existing Corporation:

The above Bylaws were adopted as amended by the Members of the Parker Water Supply Corporation, as a meeting held on the 23rd day of April, 2022.



President

Attest:

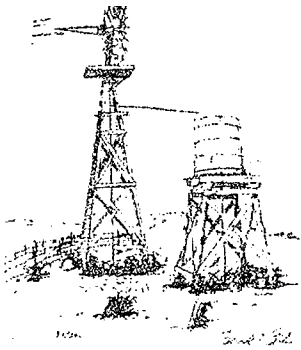


Secretary-Treasurer

EXHIBIT D

Response to STAFF 1-5

Parker WSC's Tariff



Parker Water Supply Corporation

7001 County Road 1200

Cleburne, Texas 76031

Office (817) 373-2666 • Fax (817) 373-2495

Tariff for PARKER Water Supply Corporation 2021

Parker Water Supply Corporation

7001 CR 1200

Cleburne, Texas 76031

Telephone: 817/373/2666

Table of Contents

Section A. Resolutions	<u>6</u>
Section B. Statements.....	<u>7</u>
Section C. Definitions.....	<u>10</u>
Section D. Geographic Area Served	<u>14</u>
Section E. Service Rules And Regulations.....	<u>16</u>
1. Activation Of Standard Service.....	16
2. Activation Of Non-Standard Service.....	16
3. Applicant's Or Transferee's Recourse.	16
4. Back-Billing	16
5. Bill Adjustment	16
6. Billing Cycle Changes.....	17
7. Changes In Service Classification.....	17
8. Charge Distribution And Payment Application.	17
9. Deferred Payment Agreement.	17
10. Denial Of Service.....	18
11. Disconnection Of Service - Rules	18
12. Disputed Bills.	21
13. Due Dates, Delinquent Bills, And Service Disconnection Date.....	21
14. Inoperative Meters.	22
15. Insufficient Grounds For Refusal Of Service	22
16. Line Extension Reimbursement.	22
17. Master Metered Account Regulations.....	22
18. Members And Renters.....	22
19. Membership.....	23
20. Member's Responsibility	26
21. Meter Relocation.....	27
22. Meter Tampering And Damage To Property.....	27
23. Ownership Of Equipment.....	28
24. Prohibition Of Multiple Connections To A Single Tap	28
25. Service Entitlement.	29
26. Service Location And Classification.....	29
27. Service Requirements.....	29
Section F. Developer, Subdivision And Non-Standard Service Requirements	<u>31</u>
Part I. General Requirements.....	<u>31</u>
1. Purpose.....	31
2. Application Of Rules.....	31
3. Non-Standard Service Application.....	31
4. Design	32
5. Non-Standard Service Contract	32
6. Construction Of Facilities By Applicant Prior To Execution Of Service Contract	33
7. Dedication Of Water System Extension To PWSC.....	33
8. Property And Right-Of-Way Acquisition.	34
9. Bids For Construction.	34
10. Pre-Payment For Construction And Service.	34
11. Construction.	35
Part II Request For Service To Subdivided Property	<u>35</u>
1. Sufficient Information.....	35
2. Service Within Subdivisions	35

3. Final Approval	<u>37</u>
-------------------------	-----------

Section G. Rates And Service Fees38

1. Additional Assessments	<u>38</u>
2. Assessments	<u>38</u>
3. Customer History Report Fee.....	<u>38</u>
4. Customer Service Inspection Fee.....	<u>38</u>
5. Easement Fee	<u>38</u>
6. Equipment Damage Fee	<u>38</u>
7. Equity Buy-In Fee	<u>38</u>
8. Groundwater District Production Fee.....	<u>39</u>
9. Information Copy Fee	<u>39</u>
10. Installation Fee	<u>39</u>
11. Late Payment Fee	<u>40</u>
12. Line Extension Reimbursement Fee.....	<u>40</u>
13. Membership Fee	<u>40</u>
14. Meter Tampering And Damage To Property Penalty	<u>40</u>
15. Monthly Charges	<u>40</u>
16. Mortgage/Guarantor Notification Fee	<u>41</u>
17. Meter Test Fee.....	<u>41</u>
18. Non-Disclosure Fee.....	<u>41</u>
19. Other Fees	<u>41</u>
20. Owner Notification Fee	<u>41</u>
21. Reconnect Fee	<u>41</u>
22. Regulatory Assessment	<u>41</u>
23. Returned Check Fee	<u>41</u>
24. Seasonal Reconnect Fee	<u>41</u>
25. Service Investigation Fee	<u>41</u>
26. Service Trip Fee.....	<u>42</u>
27. Transfer Fee	<u>42</u>

Section H. Drought Contingency And Emergency Water Demand Management Plan.....43

1. Introduction.....	<u>43</u>
2. Public Involvement	<u>43</u>
3. Coordination With Regional Water Planning Group	<u>43</u>
4. Trigger Conditions	<u>43</u>
5. Stage Levels Of Water Allocations	<u>44</u>
6. Initiation And Termination Procedures	<u>45</u>
7. Penalties For Violations	<u>46</u>
8. Exemptions Or Waivers	<u>47</u>
9. Implementation	<u>48</u>

Section I: Sample Application Packet49

Corporation Use Only49

Service Application And Agreement	<u>50</u>
Right-Of-Way Easement (Location Of Easement Required).....	<u>55</u>
Right-Of-Way Easement (General Type Easement)	<u>57</u>

Non-Standard Service Application	<u>59</u>
Non-Standard Service Contract	<u>62</u>

Section J. Miscellaneous Transaction Forms..... 68

Alternate Billing Agreement For Rental Accounts	<u>69</u>
Customer Request That Personal Information Contained In Utility Records Not Be Released To Unauthorized Persons	<u>70</u>
Customer Notice Of Water Use Restrictions	<u>71</u>
Customer Notice Of First Violation And Penalty	<u>72</u>
Customer Notice Of Second Violation And Penalty	<u>73</u>
Customer Notice Of Subsequent Violation And Penalty	<u>74</u>
Notice Of Termination.....	<u>75</u>
Notice Of Prohibition Of Multiple Connections To A Single Tap	<u>76</u>
Deferred Payment Agreement.....	<u>77</u>
Installment Agreement.....	<u>78</u>
Line Extension Refund Agreement.....	<u>79</u>
Membership Mortgage Agreement	<u>81</u>
Agreement To Provide Fill For Certain Fire Apparatus in Designated Areas	<u>82</u>
Agreement To Provide Fireflow In Designated Areas.....	<u>86</u>
Meter Test Authorization And Test Report	<u>90</u>
Notice To Owner Of Rental Property of Past Due Account	<u>91</u>
Notice Of Requirement To Comply With The Subdivision And Service Extension Policy Of Water Supply Corporation	<u>92</u>
Notice Of Returned Check.....	<u>93</u>
Request For Service Discontinuance & Membership Cancellation	<u>94</u>
Easement Denial Letter And Affidavit	<u>95</u>
Acknowledgement of Refusal.....	<u>96</u>
Release Of Easement	<u>97</u>
Sanitary Control Easement.....	<u>99</u>
Equipment And Line Dedication Agreement.....	<u>102</u>
Membership Termination and Liquidation Notice.....	<u>103</u>
Dedication, Bill Of Sale And Assignment	<u>104</u>
Applicant's Notice Of Insufficient Information.....	<u>106</u>
Dedication, Bill Of Sale And Assignment Individual	<u>107</u>
Customer Service Inspection Certification	<u>109</u>

Section K. Miscellaneous	<u>112</u>
Tariff Filing Requirements	<u>113</u>
Sample Letter to PUC	<u>114</u>
Notice Of Rate Increase	<u>115</u>
Calculation Of The Average Net Equity Buy In Fee Of A Sample Utility	<u>116</u>
TRWA Recommended 5/8" X 3/4" Meter Equivalents Based On AWWA Specifications And Design Criteria	<u>117</u>
Voluntary Contributions On Behalf Of Emergency Services	<u>118</u>
Sample Notice to Customers for Voluntary Contributions On Behalf Of Emergency Services	<u>118</u>
Sample Language for Billing Card for Notice to Customers for Voluntary Contributions On Behalf Of Emergency Services.....	<u>119</u>

Section A

SECTION A. RESOLUTIONS

THE BOARD OF DIRECTORS OF PARKER WATER SUPPLY CORPORATION ESTABLISHES THAT:

1. This Tariff of the Parker Water Supply Corporation, serving in Johnson and Hill counties consisting of Sections A. through K. and forms inclusive, is adopted and enacted as the current regulations and policies effective as of September 16, 2021.
2. Only those preexisting written contracts or agreements executed by the present or previous Board of Directors shall remain in effect, unless the contract or agreement requires compliance with changes of the tariff from time to time.
3. The revisions of this tariff do not prohibit or limit the Corporation from enforcing previous penalties or assessments from before the current effective date.
4. An official copy of this and all policies or records shall be available during regular office hours of the Corporation and a copy may be viewed on the Corporation's website. The Secretary of the Corporation shall maintain the original copy as approved and all previous copies for exhibit.
5. Rules and regulations of state or federal agencies having jurisdiction shall supersede any terms of this policy. If any section, paragraph, sentence, clause, phrase, word, or words of this policy are declared unconstitutional or invalid for any purpose, the remainder of this policy shall not be affected.
6. This tariff has been revised in compliance with the Open Meetings Act, Chapter 551 of the Texas Government Code.

PASSED and APPROVED this 16 day of September, 2021.

Harry Shaffer
President, Parker Water Supply Corporation

SEAL (if applicable)

Stan McVey
Secretary, Parker Water Supply Corporation

Date Approved/Amended September 16, 2021

SECTION B. STATEMENTS

1. **Organization.** The Parker Water Supply Corporation (“Corporation” or “PWSC”) is a member-owned, non-profit corporation incorporated pursuant to the Texas Water Code Chapter 67, and the provisions of the Texas Business Organizations Code applicable to member owned member controlled non-profit corporations for the purpose of furnishing potable water utility service. Corporation operating policies, rates, and regulations are adopted by the Board of Directors elected by the Members of the Corporation.
2. **Non-Discrimination Policy.** Membership in the Corporation and service is provided to all Applicants who comply with the provisions of this Tariff regardless of race, creed, color, national origin, sex, disability, or marital status.
3. **Policy and Rule Application.** These policies, rules, and regulations apply to the water services provided by the Corporation. Failure on the part of the Member, Customer, or Applicant to observe these policies, rules and regulations gives the Corporation the authority to deny or discontinue service according to the terms of this Tariff as amended from time to time by the Board of Directors of the Corporation.
4. **Corporation Bylaws.** The Corporation Members have adopted bylaws which establish the make-up of the Board of Directors and other important regulations of the Corporation. The bylaws are on file at the Corporation’s office.
5. **Fire Protection Responsibility.** The Corporation does not provide nor imply that fire protection is available throughout the distribution system, except where expressly required by municipal ordinance or agreed to by PWSC. All hydrants or flush valves are for the operation and maintenance of the system and may be used by authorized fire departments in accordance with a contract with the Corporation to supply water for use in fire suppression. The Corporation reserves the right to remove any hydrant, due to improper use or detriment to the system as determined by the Corporation, at any time without notice, refund, or compensation to the contributors unless such hydrants are installed pursuant to the terms of a Non-Standard Service Contract as provided for in Section F, in which event the terms and conditions of the Contract shall apply.
6. **Damage Liability.** The Corporation is not liable for damages caused by service interruptions, events beyond its control, and for normal system failures. The limits of liability of the Corporation are the extent of the cost of service provided. By acceptance of Membership, Member consents to waiver of such liability.
7. **Information Disclosure.** The records of the Corporation shall be kept in the Corporation office in Cleburne, Texas. All information collected, assembled, or maintained by or for the Corporation shall be disclosed to the public in accordance with the Texas Public Information Act. **In no event and under no circumstances shall the Corporation disclose the Social Security Number of any member or customer to any person other than an employee of the Corporation.** An individual customer may request in writing that their address, telephone number, and account records be kept confidential. Such confidentiality does not prohibit the utility from disclosing this information to an official or employee of the state or a political subdivision of the state acting in an official capacity or an employee of the Corporation acting in connection with the employee’s duties. Further, such

confidentiality does not prohibit the Corporation from disclosing the name and address of each member entitled to vote on a list to be made available to the Corporation's voting members, or their agents or attorneys, in connection with a meeting of the Corporation's members. The Corporation shall give its applicants and customers notice of rights to confidentiality under this policy and all prevailing associated fees for such request.

8. ***Customer Notice Provisions.*** The Corporation shall give written notice of monthly rate changes by mail or hand delivery to all consumers at least 30 days prior to the effective date of the new rate. The notice shall contain the old rates, new rates, effective date of the new rate, date of Board authorization, and the name and phone number of the Corporation's contact person designated to address inquiries about the rate change.
9. ***Grievance Procedures.*** Any Member of the Corporation or individual demonstrating an interest under the policies of this Tariff in becoming a Member of the Corporation shall have an opportunity to voice concerns or grievances to the Corporation by the following means and procedures:
 - a. By presentation of concerns to the Corporation's manager or authorized staff member. If not resolved to the satisfaction of the aggrieved party, then,
 - b. By presenting a letter to the Board of Directors stating the individual's grievance or concern and the desired result.
 - c. The Board of Directors shall respond to the complaint by communicating the Board's decision in writing.
 - d. Any charges or fees contested as a part of the complaint in review by the Corporation under this policy shall be suspended until a satisfactory review and final decision has been made by the Board of Directors.
10. ***Customer Service Inspections.*** The Corporation requires that a customer service inspection certification be completed prior to providing continuous water service to new construction and for all new members as part of the activation of standard and some non-standard service. Customer service inspections are also required on any existing service when the Corporation has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction or addition to the members' water distribution facilities. This inspection is limited to the identification and prevention of cross connections, potential contaminant hazards and illegal lead materials. (30 TAC 290.46(j)) (See Tariff Section G. 4.)
11. ***Submetering Responsibility.*** Submetering and Non-Submetering by Master Metered Accounts may be allowed in the Corporation's water distribution system provided the Master Metered Account customer complies with the Public Utility Commission, Chapter 24, Subchapter H rules pertaining to Submetering. The Corporation has no jurisdiction or responsibility to the tenants; tenants receiving water under a Master Metered Account are not considered customers of the Corporation. Any interruption or impairment of water service to the tenants is the responsibility of the Master Metered Account Customer. Any complaints regarding submetering should be directed to the Public Utility Commission.

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

- See if they have registered with the PUC, (Texas Water Code Chapter 13 Subchapter M.)
- See that they do not charge their tenants more than the total amount of charges billed. If the aggregate bill is greater than the Corporation's charge, the Master Metered Account Customer is considered by the PUC to be a separate Public Water System and will be required to comply with all PUC regulations.
- Protect the System's CCN. Should the Master Metered Account Customer continue to violate these or other State regulations, the Corporation will need to request a Cease-and-Desist Order from the PUC. (Texas Water Code Section 13.252 and 16 TAC Section 24.255)

12. ***Voluntary Contributions Policy.*** The Corporation's board has approved and set up guidelines for accepting Voluntary Contributions on Behalf of Emergency Service Providers in our service area. The policy adopted sets up the guidelines for collection, accounting, and distribution of funds to the respective local Emergency Service Response entities. (Texas Water Code Sections 13.143 & Section 67.017) (See Voluntary Contribution Policy in Miscellaneous Section.)

13. ***Prohibition Against Resell of Water.*** The meter connection is for the sole use of the Member or customer and is to provide service to only one (1) dwelling or one (1) business. Extension of pipe(s) to share or resell water to any other persons, dwellings, businesses, or property, etc., is prohibited.

SECTION C. DEFINITIONS

Active Service – The status of any Member receiving authorized service under the provisions of this Tariff.

Active Connection – Water connections currently being used to provide retail water.

Applicant – A person, partnership, cooperative corporation, corporation, agency, public or private organization of any type applying for service with the Parker Water Supply Corporation. A person must have reached age of majority (18) in Texas to apply for service. (Section 129.001, Civil Practice & Remedies Code)

Base Rate – The monthly charge assessed each Member/Customer for the opportunity of receiving service. The Base Rate is a fixed rate based upon the meter size as set forth in the equivalency chart in Section G.

Board of Directors – The governing body elected by the Members of the Parker Water Supply Corporation that is vested with the management of the affairs of the Corporation. (Section 22.001(1), Texas Business Organizations Code)

Bylaws – The rules pertaining to the governing of the Parker Water Supply Corporation adopted by the Corporation Members. (Section 22.001(2), Texas Business Organizations Code)

Certificate(s) of Convenience and Necessity (CCN) – The authorization granted under Chapter 13 Subchapter G of the Texas Water Code for Parker Water Supply Corporation to provide water service within a defined territory. Parker Water Supply Corporation has been issued Certificate Number 10911. Territory defined in the CCN shall be the Certificated Service Area. (See Tariff Section D. Certificated Service Area Map(s))

Corporation – The Parker Water Supply Corporation. (Section B. 1 of this Tariff)

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

Disconnection of Service – The discontinuance of water by the Corporation to a Member/Customer.

Easement – A private perpetual dedicated right-of-way for the installation of water and necessary facilities which allows access to property for future operation, maintenance, facility replacement, facility upgrades, and/or installation of additional pipelines (if applicable) for both service to an Applicant and system-wide service. This may also include restrictions on the adjacent area to limit the installation of ~~sewer~~ lines or other facilities that would restrict the use of any area of the easement. (See Sample Application Packet, Form–RUS-TX 442-8 (Rev. 6-06) or Form RUS-TX 442-9 (Rev. 6-06)) The easement will be filed in the real property records of the appropriate county or counties.

Equity Buy-In Fee – Each Applicant for new service where a new service tap is necessary shall be required to achieve parity with the contributions to the construction or acquisition of the Corporations

assets related to capacity that have been made previously by existing Members. This fee shall be assessed prior to providing (or reserving service for non-standard service applicants) on a per service unit basis for each property and shall be assigned and restricted to that property for which the service was originally requested. (Tariff Section G. 7., also See Tariff Section K Miscellaneous, Calculation of Average Net Equity Buy in Fee)

Final Plat – A complete plan for the subdivision of a tract of land showing or referencing Local Tax Appraisal Maps, access to public road(s), number and size of lots, location of dedicated water easements, and location(s) of lakes, streams, or rivers through the property. The Parker Water Supply Corporation shall determine if a plat submitted for the purpose of this Tariff shall qualify as a final plat. For purposes of evaluating Subdivision service requests under Section F. the Corporation may accept preliminary plats or plats awaiting final approval pending execution of agreement for service by the Corporation.

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

Inactive Connection - Water connections tapped to the applicant's utility and that are not currently receiving service from the utility

Indication of Interest Fee – A fee paid by a potential Member of the Corporation for the purpose of determining the feasibility of a construction and /or expansion project. The Indication of Interest Fee may be converted to a Membership Fee upon determination that service to the Applicant is feasible and available. This also applies to applicants applying for, or receiving, Temporary Service. (Tariff Section E. 10 b., and Sample Application Packet - USDA RUS-TX Bulletin 1780-9 (Rev. 05/17))

Installation Fee - A fee charged for all costs necessary for installation of the type of service requested. (See Section G. for breakdown of costs included in the fee.)

Liquidated Membership – A Membership that has been canceled due to delinquent charges or for other reasons as specified in this Tariff.

Member – Any person, partnership, cooperative corporation, corporation, agency, or public or private organization who holds a membership in the Corporation and who is a record owner of fee simple title to the property in an area served by the water supply or a person who is granted a membership and who either currently receives or will be eligible to receive water utility service from the corporation. The member shall be qualified for service and been certified as a member in accordance with the Corporation's Tariff. (Texas Water Code Section 13.002(11), Texas Water Code Section 67.016(d))

Membership – A non-interest-bearing stock or right of participation purchased from the Corporation evidencing a Members' interest in the Corporation. (See Tariff Section E. 19 and Texas Business Organizations Code Sections 22.151(c)).

Membership Fee – A fee qualified as such under the terms of the tariff and the bylaws of the Corporation assigned to the real estate designated to receive service. The membership fee shall be refundable upon termination of service and surrendering the Membership. The membership fee cannot be more than 12 times the minimum monthly base rate. (16 TAC Section 24.3(26) Definitions, Texas Water Code Section 13.043(g))

Meter Test Fee - A fee assessed by the Corporation upon written request of the Member for testing the accuracy of the meter.

Public Utility Commission (PUC) – State regulatory agency having jurisdiction over water service utilities and appellate jurisdiction over the rates and fees charged by Non-Profit Water and Sewer Service Corporations

Proof of Ownership – For the purpose of this tariff, applicants for service and membership shall provide proof of ownership of the real estate to be served by deed of trust, warranty deed, or other recorded documentation. (See Texas Property Code, Title 3, Chapter 12, Section 12.001 and 12.0011)

Rural Utilities Service (RUS) – An agency of the United States Department of Agriculture Rural Development Mission Area that provides loan and grant funds for development of rural water and sewer systems serving communities with a population of less than ten thousand (10,000) people.

Renter – A consumer who rents or leases property from a Member or who may otherwise be termed a tenant. (See Tariff Section E. 18.)

Re-Service – Providing service to an Applicant at a location for which service previously existed and where there is an existing setting for a meter. Costs of such re-servicing shall be based on justifiable expenses in connection with such re-servicing. (See Tariff Section E. 1. b., and Section J Miscellaneous Request for Service Discontinuance & Membership Cancellation)

Seasonal Disconnect Request - A written request from the Member to suspend service for a period of time not exceeding nine months within a twelve-month period. If service is not reestablished after the ninth month, then service will be in accordance with the re-service requirements in Section E.1.b.

Seasonal Reconnect Fee – The fee charged for resumption of service at a location where the member has voluntarily suspended service, in a written request, for a period of time not exceeding nine months within a twelve-month period. The fee is based on the total months for which service is suspended multiplied by the amount of the monthly minimum fee the Corporation charges active customers.

Service Application and Agreement – A written agreement between the Member/Applicant and the Corporation defining the specific type of service requirements requested on the current service application and agreement form, and the responsibilities of each party required before service is furnished. (See Sample Application Packet RUS-TX Bulletin 1780-9 (Rev. 05/17) or Non-Standard Service Contract)

Service Investigation Fee – A fee for costs associated with determining if service is available and determining cost of service. (See Tariff Section F. 3. (c), F. 4. and G. 26).

Service Trip Fee - A fee charged for any service call or trip to the Member's tap as a result of a request by the Member or tenant for response to damage of the Corporation's or another Member's facilities; for customer service inspections due to suspicion of meter tampering, bypass or diversion of service; or for the purpose of disconnecting or collecting payment for services.

Service Unit – The base unit of service used in facilities design and rate making. For the purpose of this Tariff, a service unit is a 5/8" X 3/4" water meter.

Subdivide – To divide the surface area of land into lots or tracts intended primarily for residential use. (Texas Local Government Code Section 232.021(11))

Sub-divider – An individual, firm, corporation, or other legal entity that owns any interest in land and that directly or indirectly subdivides land into lots as a part of a common promotional plan in the ordinary course of business. (See also, Texas Local Government Code Section 212.012(i)(2) & 232.021(12) Definitions)

Subdivision – An area of land that has been subdivided into lots or tracts. (Local Government Code Section 232.021(13) Definitions)

Tap fee – all current labor and materials necessary to provide individual metered water service.

Tariff – The operating policies, service rules, service extension policy, service rates, water use restriction policies, sample application packet, and miscellaneous transaction forms adopted by the Board of Directors. A copy of this Board approved tariff is on file at the Corporation office and as required by law at the State Office of the PUC.

Temporary Service – The classification assigned an applicant that is in the process of construction. This could also apply to service for uses other than permanent (agricultural, road construction, drilling, livestock, etc.). The Board will set the length of time associated with this classification. This classification will change to permanent service after requirements in Tariff Section E. 25, E. 26, E. 27, and E. 28 are met. Applicant must have paid an Indication of Interest Fee.

Texas Commission on Environmental Quality (TCEQ) – State regulatory agency having jurisdiction over drinking water, water supply and water quality issues for Non-Profit Water and Sewer Service Corporations.

Transfer Fee - A fee assessed by the Corporation for costs associated with transferring membership.

Transferee – An Applicant receiving a Parker PWSC Membership by legal means from a Transferor desiring to forfeit and transfer current rights of Membership to another person or entity. (See Tariff Section E. 19. c., G. 28 and Texas Water Code Section 67.016)

Transferor – A Member who transfers Membership by legal means to another person or entity desiring to qualify for service at a property for which the Membership is currently issued or to the Corporation. (Texas Water Code, Section 67.016)

Usage – Amount billed for water service based on actual or estimated usage.

1. **Actual Usage** – Amount billed or to be collected based on actual meter reading.
2. **Estimated Usage** – Amount billed or to be collected based on either the member's historical average usage for the prior month or for the same month of the prior year where date is available. (See Section E. 5.b; See also PUC Rules 16 TAC §24.165(i) regarding estimated bills.)

Water Conservation Penalty – A penalty that may be assessed under Section H of this Tariff to enforce customer / member water conservation practices during drought contingency or emergency water demand circumstances. (Texas Water Code Section 67.011 (b)).

SECTION D. GEOGRAPHIC AREA SERVED

This section should include an area map showing the corporation's water certificated service area. Therefore, the Corporation must make sure that its current service area(s) correspond to the area and/or facilities as approved by the PUC in its Certificate(s) of Convenience and Necessity. **It is the responsibility of the Corporation to properly file a map(s) showing its service area with the PUC and to file for any changes in that service area. This copy of the Commission's official service map(s) will serve as documentation in the event of future disputes over service areas.**

CERTIFICATE OF CONVENIENCE AND NECESSITY

To Provide Water Service Under Texas Water Code
and Public Utility Commission Substantive Rules

Certificate No. 10911

I. Certificate Holder:

Name: Parker Water Supply Corporation
Address: 7001 County Road 1200
Cleburne, Texas 76031

II. General Description and Location of Service Area:

The area covered by this certificate is located approximately 8 miles south of Cleburne, Texas on Texas Highway 171. The service area is generally bounded on the east by Johnson County Road 1559 and Hill County Road 4114, on the south by Hill County Road 4105, on the west by Hill County Road 1414 and Johnson County Road 1205 and on the north by Johnson County Road 310, Johnson County, Texas.

III. Certificate Maps:

The certificate holder is authorized to provide water service in the area(s) identified on the Commission's official service area map, [*insert map identifier such as WRS-255*], maintained in the offices of the Public Utility Commission, 701 N. Congress Avenue, PO Box 13326, Austin, TX 78711-3326 with all attendant privileges and obligations.

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

Issued Dated:

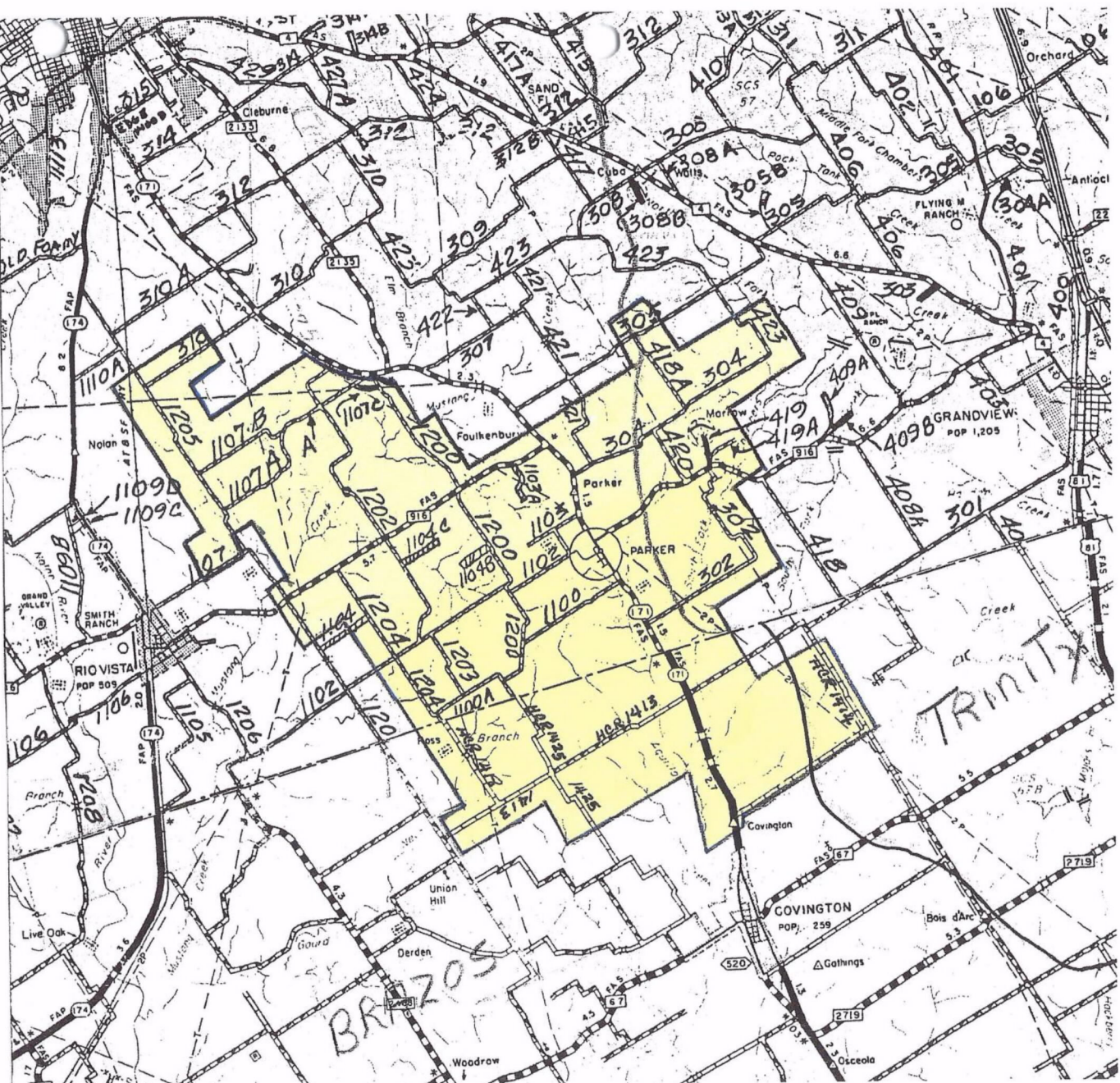
ATTEST: _____

For the Commission

MAP OF CCN AREA

Section D

MAP OF CCN AREA



Approved _____

SECTION E. SERVICE RULES AND REGULATIONS

1. Activation of Standard Service.

- a. **New Tap** – The Corporation shall charge a non-refundable service installation fee as required under Section G of this tariff. The service installation fee shall be quoted in writing to the Applicant. Any debt owed to the Corporation and all fees shall be paid or a deferred payment contract signed in advance of installation. (16 TAC 24.163 (a)(1)(A))
- b. **Re-Service** – On property where service previously existed, the Corporation shall charge the Membership Fee (where the Membership Fee has been liquidated or refunded), reconnection costs, any debt owed to the Corporation if the applicant is the person that previously incurred those charges, seasonal reconnect fee as appropriate, and other applicable costs necessary to restore service.
- c. **Performance of Work** – All tap and equipment installations specified by the Corporation shall be completed by the Corporation staff or designated representative after all requirements for service have been met. The tap for a standard service request shall be completed within five (5) working days after requirements for service have been met. This time may be extended for installation of equipment for Non-Standard Service Request. (16 TAC 24.161(a)(4), See Section F.)
- d. **Inspection of Customer Service Facilities** – The property of the Applicant/Member shall be inspected to ensure compliance with state required Minimum Acceptable Operating Practices For Public Drinking Water Systems as promulgated by the Texas Commission on Environmental Quality or successor agency. The customer must, at his or her expense, properly install, inspect, test, maintain and provide all required documentation of any approved backflow prevention device required by the Corporation. (30 TAC 290.46(j); Section I. Service Application and Agreement)

2. Activation of Non-Standard Service. Activation of Non-Standard Service shall be conducted as prescribed by terms of Section F. of this Tariff.

3. Applicant's or Transferee's Recourse. In the event the Corporation refuses to serve an Applicant under the provisions of these rules, the Corporation must notify the Applicant, in writing, on the basis of its refusal. The Applicant may file for an appeal, in writing, with the Board of Directors of the Corporation.

4. Back-billing. If a member/customer is undercharged the Corporation may back-bill the member/customer. Back-billing may not to exceed 12 months unless such undercharge is a result of meter tampering, bypass, or diversion by the customer as defined in this tariff (See 16 TAC Section 24.165 (h)). If the underbilling is \$25 or more, the utility shall offer to such member/customer a deferred payment plan option for the same length of time as that of the underbilling.

5. Bill Adjustment.

- a. **Due to Meter Error** - the Corporation shall test any Member's meter upon written request of the Member. In the event the meter tests within the accuracy standards of The American Water Works Association, a test fee as prescribed in Section G. of this Tariff shall be imposed. In the event the test results indicate that the meter is faulty or inaccurate, the test fee shall be waived, the meter shall be calibrated or replaced, and a billing adjustment may be made as far back as six (6) months. The billing adjustment shall be made to the degree of the meter's inaccuracy as determined by the test. The Member shall complete a Meter Test Request Form prior to the test. (See Section J. Misc. Transaction Forms.)

- b. Due to Estimated Billing - if the Corporation has estimated usage because the Corporation is unable to access the meter due to circumstances beyond the Corporation's control, such as a natural disaster; or because access is hindered or denied by a Member, the Corporation shall adjust the bill once access has been regained and actual usage is determined. (See Section E. 20. a.)
6. **Billing Cycle Changes.** The Corporation reserves the right to change its billing cycles if the workload requires such practice. After a billing period has been changed, the billings shall be sent on the new change date unless otherwise determined by the Corporation.
7. **Changes in Service Classification.** If at any time the Corporation determines that the customer service needs changed from those originally applied for to a different service classification and the Corporation determines that additional or different facilities are necessary to provide adequate service, the Corporation shall require the Applicant/Member to re-apply for service under the terms and conditions of this Tariff. Applicant/Members failing to comply with this provision shall be subject to the Disconnection with Notice Provisions of this Tariff (See Section E. 11. a.)
8. **Charge Distribution and Payment Application.**
- The Base Rate is for the billing period from the 10th day of the month to the 10th day of the following month. Charges shall be prorated for meter installations and service termination's falling during the billing period. Billings for this amount shall be mailed on or about the 25th of the month preceding the month for which this charge is due. All services shall be subject to this charge whether or not the service is in use by the Member.
 - Gallonge Charge shall be billed at the rate specified in Section G. and billing shall be calculated in one hundred (100) gallon increments. Water charges are based on monthly meter readings and are calculated from reading date to reading date. Readings used in all billing calculations shall be taken by the Corporation's employees or designated representative.
 - Posting of Payments – All payments shall be posted against previous balances and late fees prior to posting against current billings.
 - Forms of Payment: The Corporation will accept the following forms of payment: cash, personal check, cashier's check, money order, credit card, automatic debit on customer's bank account, or draft on bank. The Corporation will not accept two-party checks, pay checks, or any other instrument of payment that is not made out to the Corporation. The Corporation reserves the right to require exact change and may refuse to accept payments made using more than \$1.00 in coins. The Corporation will not assess the credit card processing fee associated with Credit Card payments to those customers which make payment by credit card at the Corporations office in person.
9. **Deferred Payment Agreement.** The Corporation may offer a deferred payment plan to a Member or rental tenant who cannot pay an outstanding balance in full and is willing to pay the balance in reasonable installments as determined by the Corporation, including any late penalty fees or interest on the monthly balance to be determined as per agreement. (See Miscellaneous Transaction Forms). Failure to make required and timely payments as provided in any deferred payment agreement will void that agreement and service will be discontinued. The Corporation may consider another deferred payment agreement provided payments will be made by automatic bank draft or credit/debit card. Non-payment of any amount under an additional deferred payment agreement will cause service to be disconnected immediately and service will not be restored until the account is paid in full and all other charges resulting from the disconnection of service are fully paid. In the event the requestor is a tenant of rental property the Corporation shall notify the owner/member of the deferred payment agreement.

10. Denial of Service. The Corporation may deny service for any of the following reasons:

- a. Failure of the Applicant or Transferee to complete all application requirements, including granting an easement, completing all forms, and paying all required fees and charges;
- b. Failure of the Applicant or Transferee to comply with rules, regulations, policies, and bylaws of the Corporation;
- c. Existence of a hazardous condition at the Applicant's property which would jeopardize the welfare of the Members/Users of the Corporation upon connection;
- d. Failure of Applicant or Transferee to provide representatives or employees of the Corporation reasonable access to property, for which service has been requested;
- e. Failure of Applicant or Transferee to comply with all governmental rules and regulations of the Corporation's tariff on file with the state regulatory agency governing the service applied for by the Applicant;
- f. Failure of Applicant or Transferee to provide proof of ownership, to the satisfaction of the Corporation, of property for which the tap has been requested;
- g. Applicant's service facilities are known to be inadequate or of such character that satisfactory service cannot be provided;
- h. Failure of Applicant or transferee to comply with applicable regulations for on-site sewage disposal systems if the Corporation has been requested to deny service by the TCEQ or the TCEQ's designated representative under Chapter 366 of the Texas Health and Safety Code;
- i. Failure of the Applicant or Transferee to pay any previous outstanding delinquent account(s) in full. This could be delinquencies resulting from the same account location or other service location(s) within the system where the Applicant or Transferee received service. (Also see E 19.)

11. Disconnection of Service Rules The following describes the rules and conditions for disconnection of service. Notwithstanding any language to the contrary in the Service Application and Agreement Form, the Corporation may only discontinue service for the reasons set forth in this Section.

- a. **Disconnection with Notice** – Water utility service may be disconnected for any of the following reasons after proper notification has been given.
 - 1) **Returned Checks** – The Corporation shall mail, via the U.S. Postal Service, a notice requiring redemption of the returned instrument within ten (10) days of the date of the notice to be made in the Corporation office. Redemption of the returned instrument shall be made by cash, money order, or certified check. Failure to meet these terms shall initiate disconnection of service. (See Miscellaneous Transaction Forms) Any such instruments returned as insufficient or non-negotiable for any reason for any two billing periods within a 12-month period shall be considered evidence of bad credit risk by the Corporation. The Member/Customer in violation shall be placed on a "cash-only" basis for a period of 12 months. **NOTE:** "cash only," means certified check, money order, or cash.
 - 2) Failure to pay a delinquent account for utility service, failure to timely provide a deposit or other security under Section E.10. i., or failure to comply with the terms of a deferred payment agreement (Miscellaneous Transaction Forms);
 - 3) Violation of the Corporation's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of non-standard equipment if a reasonable attempt has been made to notify the Member and the Member is provided with a reasonable opportunity to remedy the situation;

- 4) Failure of the Member to comply with the terms of the Corporation's Service Agreement, Tariff (including, where appropriate, Section H), Bylaws, or Special Contract provided that the Corporation has given notice of said failure to comply, and Member has failed to comply within a specified amount of time after notification.
 - 5) Failure to provide access or hindering access to the meter under the terms of this Tariff or to property at which water service is received when there is reason to believe that a hazardous condition or policy violation exists for which access is necessary to verify. Conditions that may hinder access include, but are not limited to, fences with locked gates, vehicles or objects placed on top of meters or meter boxes, and unrestrained animals.
 - 6) Misrepresentation by any Applicant or Transferee of any fact on any form, document, or other agreement required to be executed by the Corporation.
 - 7) Failure of Member to re-apply for service upon notification by the Corporation that Member no longer meets the terms of the service classification originally applied for under the original service application.
 - 8) Cancellation of membership by Member on an account that the Member holds for water service to the Member's renter/lessee, even if the renter/lessee has kept the account balance current under an Alternate Billing Agreement. (Note: The cancellation of membership must be in writing and signed by the Member. CORPORATION ASSUMES NO LIABILITY TO RENTER/LESSEE; MEMBER IS SOLELY RESPONSIBLE FOR COMPLIANCE WITH, AND LIABILITY UNDER ANY FEDERAL, STATE OR LOCAL LAW CREATING OR PROTECTING RIGHTS OF RENTERS/LESSEES.)
 - 9) Violation of any applicable regulation or pertaining to on-site sewage disposal systems if the Corporation has been requested in writing to disconnect service by the TCEQ or the TCEQ's designated representative under Chapter 366 of the Texas Health and Safety Code.
 - 10) Failure to pay charges arising from service trip fee as defined in Section G. 27., meter re-read fee, or meter read fee when customer on self-read plan failed to submit their meter reading.
 - 11) Failure by a Member to pay for all repair or replacement costs resulting from the Member damaging system facilities including, but not limited to water lines, service taps, meter boxes, valves, or meters by engaging in activities such as property excavations, installment of a driveway or roadway requiring encasements, lowering or re-routing of lines or system components, or by any other action. The Corporation will provide the Member with notice detailing the extent of the damage, the location of the damage, the cost of repair, and whether the damage occurred on private property or on a public right-of-way. Failure to pay the cost of repair or replacement will result in the Member's service being disconnected in accordance with the Disconnection with Notice Provisions in this Section. Service will remain disconnected until payment is received or an acceptable payment plan is approved.
 - 12) Failure to disconnect or secure additional service tap(s) for an RV or other service connection (See E. 24 of this Section) after notification by the Corporation of violation of the Prohibition of Multiple Connections.
- b. Disconnection Without Notice** – Water utility service may be disconnected without notice for any of the following conditions:
- 1) A known dangerous or hazardous condition exists for which service may remain disconnected for as long as the condition exists, including but not limited to a public health nuisance as defined in Texas Health and Safety Code Sections 341.011 or 343.011. If there is reason to believe a dangerous or hazardous condition exists, the Corporation

- may conduct a customer service inspection (CSI) to verify the hazardous condition and may notify the local county health office. The Corporation will disconnect without notice if the Member refuses to allow access for the purpose of confirming the existence of such condition and/or removing the dangerous or hazardous condition (30 TAC 290.46(i) and 290.46(j)). Service will be restored when a CSI confirms no health hazard exists, the health hazard has been removed or repaired, or the health hazard has been isolated from the Corporation's water system by the installation of a backflow prevention device.
- 2) A line leak on the member's side of the meter is considered a potentially hazardous condition under paragraph b. 1, as stated above. If the Corporation conducts a CSI and discovers that the line leak has created a hazardous condition, the Corporation will provide the member up to five (5) business days, or another time period determined reasonable under the circumstances, to repair the line prior to disconnection of service.
 - 3) Service is connected without authority by a person/entity who has not made application for service or who has reconnected service without authority following termination of service for nonpayment; and
 - 4) In instances of tampering with the Corporation's meter tap or equipment, by-passing the meter or equipment, or other diversion of water service. **NOTE:** Where reasonable, given the nature of the reason for disconnection, a written statement providing notice of disconnection and the reason therefore shall be posted at the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected.
- c. **Disconnection Prohibited** – Utility service may not be disconnected for any of the following reasons:
- 1) Failure of the Member to pay for merchandise or charges for non-utility service provided by the Corporation, unless an agreement exists between the Applicant and the Corporation whereby the Member guarantees payment of non-utility service as a condition of service;
 - 2) Failure of the Member to pay for a different type or class of utility service unless a fee for such service is included in the same bill;
 - 3) Failure of the Member to pay charges arising from an underbilling occurring due to any misapplication of rates more than six (6) months prior to the current billing;
 - 4) Failure of the Member to pay the account of another Member as guarantor thereof, unless the Corporation has in writing the guarantee as a condition precedent to service;
 - 5) Failure of the Member to pay charges arising from an underbilling due to any faulty metering unless the meter has been tampered with or unless such underbilling charges are due under the Inoperative Meters Section E. 14. of this Tariff.
 - 6) Failure of the Member to pay estimated bill other than a bill rendered pursuant to an approved meter reading plan unless the Corporation is unable to read the meter due to circumstances beyond its control.
- d. **Disconnection on Holidays and Weekends** – Unless a dangerous condition exists or the Member requests disconnection, service shall not be disconnected on a day, or on a day preceding a day, when personnel of the Corporation are not available to the public for the purpose of making collections and reconnecting service.
- e. **Disconnection Due to Utility Abandonment** – The Corporation may not abandon a Member or a Certificated Service Area without written notice to its Members and all similar neighboring utilities and approval from the PUC.
- f. **Disconnection for Ill Customers** – The Corporation may not discontinue service to a delinquent residential Member or tenant under an alternative billing agreement permanently

residing in an individually metered dwelling unit when that Member or tenant establishes that discontinuance of service will result in some person at that residence becoming seriously ill or more seriously ill if service is discontinued. To avoid disconnection under these circumstances, the Member or tenant must provide a written statement from a physician to the Corporation prior to the stated date of disconnection. Service may be disconnected in accordance with Subsection (a) of this Section if the next month's bill and the past due bill are not paid by the due date of the next month's bill unless the Member or tenant enters into a Deferred Payment Agreement (see Miscellaneous Transaction Forms). The Corporation shall provide notice to an owner of rental property in the event a tenant requests service not be discontinued due to illness as per this subsection.

- g. **Disconnection of Master-Metered Accounts Services** – When a bill for water utility services is delinquent for a master-metered service complex (defined as a complex in which a single meter serves two (2) or more residential dwelling units), the following shall apply:
 - 1) The Corporation shall send a notice to the Member as required. This notice shall also inform the Member that notice of possible disconnection will be provided to the tenants of the service complex in five (5) days if payment is not rendered before that time.
 - 2) At least five (5) days after providing notice to the Member and at least five (5) days prior to disconnection, the Corporation shall post at notices, stating "Termination Notice" in public areas of the service complex notifying the residents of the scheduled date for disconnection of service.
 - 3) The tenants may pay the Corporation for any delinquent bill on behalf of the owner to avert disconnection or to reconnect service to the complex.
- h. **Disconnection of Temporary Service** – When an applicant with temporary service fails to comply with the conditions stated in the Service Application and Agreement Form or other rules of this Tariff, service may be terminated with notice.

12. Disputed Bills. In the event of a dispute between the Member and the Corporation regarding any bill, the Corporation shall make and conduct an investigation as required by the particular case and report the results in writing thereof to the Member. All disputes under this Subsection must be submitted to the Corporation, in writing, prior to the due date posted on said bill.

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

- a. The Corporation shall mail all bills on or about the 25th of the month. All bills are considered the responsibility of each person signing the Service Application and Agreement Form. All bills shall be due and payable upon receipt and are past due beyond the date indicated on the bill (allowing approximately fifteen (15) days to pay), after which time a penalty shall be applied as described in Section G. The time for payment by a political subdivision may be different than your regular due date. (See Texas Government Code 2251.021) A bill is delinquent if not paid on or before the past due date. Payments made by mail will be considered late if postmarked after the past due date. A 5-day grace period may then be allowed for delayed payments prior to mailing of final notices. Final notices shall be mailed allowing ten (10) additional days for payment prior to disconnection. The ten (10) additional days shall begin on the day the final notice is deposited with the U.S. Postal Service with sufficient postage. If the past due date for the regular or final billing is on a weekend or holiday, the past due date for payment purposes shall be the next day the Corporation office is open for business after said weekend or holiday. For all disputed payment deadlines, the date postmarked on each bill will determine the beginning of each billing cycle or final notice mailings.
- b. The Board of Directors or general manager may elect to not charge a late fee or disconnect fee in accordance with this Tariff during or after the occurrence of a natural disaster or other incident that impacts the property of members or interrupts the management and operation of

the system.

- c. Upon written request, any residential customer 60 years of age or older who occupies the entire premises of a dwelling receiving water utility service from the Corporation shall receive extension of the past due date, without penalty. The extension shall not exceed 10 days beyond the usual 15-day payment period for a total of no more than 25 days from the date the bill is issued. The request may specify extension of the late payment periods for current and subsequent billings. (Texas Utilities Code Sections 182.001 - 182.005) If this request originates from a tenant at a rental property the owner / member will be notified in writing of any extension request.
- d. All insufficient fund checks, accounts closed or money orders that have had a “stop payment order” issued for payment of a water bill will be deemed delinquent as if no payment were received and the meter is subject to disconnection with notice on the regular disconnection day.

14. Inoperative Meters. Water meters found inoperative will be repaired or replaced within a reasonable time. If a meter is found not to register for any period, unless by-passed or tampered with, the Corporation shall make a charge for units used, but not metered, for a period not to exceed six (6) months, based on amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.

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

- a. Delinquency in payment for service by a previous member or occupant of the premises to be served;
- b. Failure to pay a bill to correct previous underbilling due to misapplication of rates more than six (6) months prior to the date of application;
- c. Violation of the Corporation’s rules pertaining to operation of non-standard equipment or unauthorized attachments which interferes with the service of others, unless the customer has first been notified and been afforded reasonable opportunity to comply with said requirements;
- d. Failure to pay a bill of another member or customer as guarantor thereof unless the guarantee was made in writing to the Corporation as a condition precedent to service;
- e. Failure to pay the bill of another member or customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill.

16. Line Extension Reimbursement. An approved Applicant may have to pay on a prorated basis a line reimbursement fee to the Corporation for the purpose of reimbursing a member or other party that made the capital outlay to extend service to that area. (See Miscellaneous Transaction Forms)

17. Master Metered Account Regulations. An apartment building, condominium, manufactured housing (modular, mobile or RV) community, business center or other similar type enterprise may be considered by the Corporation to be a single commercial facility if the owner applies for a meter as a “master metered account” and complies with the requirements set forth in PUC rules, this Tariff and applicable law. The Corporation may allow master metering service to these facilities at an Applicant’s request. (16 TAC (24.281(e)(1)).

18. Members and Renters. Any Member having complied with the requirements of this Tariff, renting or leasing property designated to receive service according to the terms of this tariff to other parties, is responsible for all charges due the Corporation. The membership for rental or leased properties shall be in the name of the Member as required by this Tariff. The Corporation may bill the renter or lessee for utility service (at Member Request) as a third party, but the Member is fully responsible for any and all unpaid bills left by the renter/lessee. The Member shall be required to sign an Alternate Billing Agreement if the Member requests that the tenant

be billed for utility service. (See Miscellaneous Transaction Forms.) The Member shall take responsibility for any necessary deposits from the renter/lessee to ensure payment of a past due bill. The Corporation will notify the Member of the renter's past due payment status. Such notification will be subject to a service charge (see Miscellaneous Transaction Forms).

If at any time the member requests that membership be canceled thereby discontinuing service to an occupied rental property, the Corporation shall provide written notice to the tenant(s) a minimum of five (5) days prior to the scheduled disconnection date.

19. Membership.

- a. **Eligibility** - Eligibility for Membership shall not guarantee service to the Applicant or Transferee; however, qualification for service is a prerequisite to Membership eligibility for new Applicants or continued Membership for Transferees.
- b. **Membership** - Upon qualification for service, qualification for Membership, payment of the required fees, and any debt owed to the Corporation, the Corporation shall certify the Applicant as a Member. The Membership shall entitle the Member to one (1) connection to the Corporation's water utility service and one (1) share of Corporation Stock. The Membership entitles the Member to one (1) vote in the election of directors and in such other matters requiring the approval of the Corporation's Members at any Annual or Special Membership Meeting of the Corporation as prescribed by the Corporation Bylaws. Ownership of more than one (1) Membership shall not authorize the Member to cast more than one (1) vote at any annual or special meeting. Each Membership and Stock thereby represented may be assigned to the specified parcel of land originally designated to receive service at the time of application. (Texas Water Code Section 67.016) **NOTE (1):** In the event that the Corporation is conducting a potential Members survey for indications of interest in future service for the purpose of determining the feasibility of an initial construction or expansion project under RUS guidelines (see Sample Application Packet), regular application procedures may be modified. An Indication of Interest Fee may be required prior to qualifications for receipt of service by the Applicant but shall only be used or applied as a Membership Fee for Membership purposes (upon issuance of a Membership) if service is ultimately received or reserved by the Applicant as a result of the planned project facilities. If service is not provided within the scope of this project, Indication of Interest Fees shall be refunded, less expenses, within sixty (60) days of the loan closing with the Rural Utilities Service. **NOTE (2):** In the event the applicant is in the process of construction the Membership will be considered TEMPORARY until such time as the final Customer Service Inspection is completed and the forms are returned as required. (See Section C Definitions, E. 26., G. 4. and Section J CSI Certificate)
- c. **Transfers of Membership.** – (Texas Water Code Section 67.016)
 - 1) A Member is entitled to transfer Membership in the Corporation only under the following circumstances:
 - (a) The Membership is transferred by will to a person related to the Transferor within the second degree by consanguinity; or
 - (b) The Membership is transferred without compensation to a person related to the Transferor within the second degree by consanguinity; or
 - (c) The Membership is transferred without compensation or by sale to the Corporation; or
 - (d) The Membership is transferred as a part of the conveyance of real estate from which the Membership arose.
 - 2) In the event that Membership is transferred pursuant to the provisions of Subsection 19. c. (1) of this Section, such transfer shall not be completed or recorded on the books and

- records of the Corporation until such time as the transferor has provided satisfactory evidence to the Corporation of such transfer. A transfer of Membership shall be considered a new application for service and is not binding on the Corporation until such transfer has been approved as provided by Subsection 19. c. 3 of this Section.
- 3) Qualifications for service upon transfer of Membership set forth in Subsection 19. c. (1) of this and 19. c. (2) of this Section shall be subject to approval of the Corporation and shall be recorded on the books and records of the Corporation only upon the following terms and conditions:
 - (a) The Transferee has completed the required Application Packet including granting the Corporation with a private utility easement on the form provided by the Corporation;
 - (b) The membership has not been fully or partially liquidated; and
 - (c) The Transferee demonstrates satisfactory evidence of ownership of the property designated to receive service and from which the Membership originally arose.
 - 4). If the application packet and other information is not completed on the day transfer of membership is requested the corporation will give the transferee written notice of 10 additional days to produce completed documentation to the corporation office. Service will be disconnected on the day following the 10th day according to disconnection with notice requirements. Additional time may be allowed at the directions of the manager or board.
- d. **Cancellation of Membership** – To keep a Membership in good standing, a Base Rate must be paid monthly to the Corporation, whether or not water is used. Failure to pay this monthly charge to the Corporation shall jeopardize the Member's Membership standing and give rise to liquidation of the Membership Fee and forfeiture of the Membership. A Member may be relieved of this obligation to pay by surrendering the Membership, properly documented, to the Corporation. The Member shall also complete a Service Discontinuance Request Form prior to termination of service. (See Misc. Transaction Forms.) However, a Member is not relieved of any obligations incurred prior to the date of surrender of a properly endorsed Membership prior to termination of service. Rights to future service at this tap shall be extended on an as-available basis and subject to the terms of the Activation of Service Section E 1. of this Tariff. (Texas Water Code Section 67.016)
 - e. **Liquidation Due to Delinquency** –When the amount of the delinquent charges owed by the Member equals the Membership Fee, the Membership Fee shall be liquidated and the Membership canceled and transferred back to the Corporation. In the event the Member leaves a balance due on an account guaranteed under the terms of a Service Application and Agreement, and the delinquent Member owns more than one Membership, the Corporation may liquidate as many of the Member Guarantor's Membership Fees as necessary to satisfy the balance due the Corporation, provided proper notice has been given (See Tariff Section E, Subsection 11. a.). The Corporation shall collect any remaining account balances by initiation of legal action. Re-instatement of service shall be subject to the terms of the Activation of Service Subsection E. 1. b. of this Tariff.
 - f. **Cancellation Due To Policy Non-Compliance** – The Corporation may cancel a Membership anytime a Member fails to comply with policies of the Corporation, including but not limited to Member's failure to provide proof of ownership of the property from which the Membership arose. (Texas Water Code Section 67.016)
 - g. **Re-assignment of Canceled Membership.**
 - 1) The Corporation, upon cancellation of Membership under the provisions of this Tariff, may re-assign the canceled Membership to a person or entity that has legal title to the real

- estate from which the canceled membership arose and for which water service is requested (Texas Water Code Section 67.016). Membership will not be re-assigned unless the person or entity that has legal title to the real estate has complied with the corporation's current rates, charges, and conditions of service, including current membership fee, set forth in the tariff and service application package.
- 2) The Corporation shall reassign a canceled Membership to a person or entity that acquires the real estate from which the Membership arose through judicial or nonjudicial foreclosure. The Corporation will require proof of ownership resulting from the foreclosure and compliance with the corporation's current rates, charges, and conditions of service, including current membership fee, set forth in the tariff and service application package. In the event of foreclosure by a mortgage institution, the Corporation may allow a property management company to acquire the Membership if the management company provides written documentation showing that the management company is legally responsible for the management of the property and it is not feasible for the mortgage institution to be the Member.
- h. **Mortgaging of Memberships** – Nothing herein shall preclude a Member from mortgaging his/her Membership. However, notification to the holder of any security interest (mortgagee/lien-holder) of account status of Member/mortgagor will be provided only upon satisfactory completion of requirements for such conditions under the Membership Mortgage Agreement (See Miscellaneous Transaction Forms). Prior to the cancellation of any Membership as provided under Subsection E. 19. d. (Cancellation of Membership), the Corporation will notify the holder of any security interest in the Membership. The holder of the security interest also must hold a security interest in the real property at which water service is provided under the Membership. The Corporation may transfer the Membership to the holder of such security interest in lieu of cancellation, provided the holder of the security interest pays in full all delinquent and unpaid obligations and provided further that the holder of the security interest has secured title to the real property from which the Membership arose. The Corporation may withhold cancellation of a Membership pending the resolution of any foreclosure proceedings or similar legal proceedings by the holder of the security interest.
- i. **Cancellation and Re-Assignment of Membership as a Result of Bankruptcy Proceedings** – Upon notice of the filing of a petition in bankruptcy, the Corporation may require the posting of a deposit or other form of security, acceptable to the Corporation, as a condition for continuing utility service. Unless special circumstances require otherwise, the amount of security shall equal the amount of charges for the month of greatest use during the preceding 12 months. The Corporation shall not require the payment of any security prior to the expiration of 20 days following the date on which the petition is filed. Failure to provide this security by the date specified by the Corporation may result in termination of service according to the Disconnection with Notice Provisions of Section E 11. of this Tariff, with a copy of the notice to the bankruptcy Trustee.
- j. **Cancellation and Re-Assignment of Membership as a Result of Divorce (or Dissolution of Joint Tenancy)** – The Corporation shall transfer the membership to a spouse (or joint tenant) who has been awarded the property designated to receive service. The Corporation must be provided adequate documentation of the ownership rights of the spouse (or joint tenant) requesting transfer, such as final divorce decree, temporary court order, or agreement. In no event shall any membership(s) be transferred if the transferee does not otherwise meet the qualifications for membership and for service.

20. Member's Responsibility.

- a. The Member shall provide access to the meter tap location as per the easement and service agreement. If access to the meter is hindered or denied preventing the reading of the meter, an estimated bill shall be rendered to the Member for the month; and a notice shall be sent to the effect that access could not be gained. If access is denied for three (3) consecutive months after proper notification to the Member, then service shall be discontinued and the meter removed with no further notice. Conditions that may hinder access include, but are not limited to, fences with locked gates, vehicles or objects placed on top of meters or meter boxes, and unrestrained animals.
- b. The Member shall be responsible for compliance with all utility, local, and state codes, requirements, and regulations concerning on-site service and plumbing facilities.
 - 1) All water connections shall be designed to ensure against on-site sewage contamination, back-flow or siphonage into the Corporation's water supply. In particular, livestock water troughs shall be plumbed above the top of the trough with air space between the discharge and the water level in the trough. (30 TAC 290.46, Texas Health & Safety Code Chapter 366)
 - 2) The use of pipe and pipe fittings that contain more than 0.25% lead or solder and flux that contain more than 0.2% lead is prohibited for any plumbing installation or repair of any residential or non-residential facility providing water for human consumption and connected to the Corporation's facilities. Customer service pipelines shall be installed by the applicant. (30 TAC 290.46; RUS-TX Bulletin 1780-9 (Rev. 05/17))
 - 3) All pipe and fittings used by the customer to convey sewage from its source to the sewer line must be a minimum of D-3034, SDR-35 or equivalent, 4-inch diameter pipe. No DWV (drain waste and vent) pipe or fittings will be allowed. All joints must be watertight and pipe must be installed to recommended grade. All non-household sewer customers who have potential for dirt, grit, sand, grease, oil, or similar substances must install and maintain a trap ahead of their entrance to the Corporation's sewer collection piping. A double cleanout is required at the property line and recommended at the house. The Corporation may impose other site-specific requirements. All sewer and potable water service pipeline installations must be a minimum of nine feet apart and meet all applicable plumbing standards for crossings, etc.

Requirements for Traps:

- (a) Discharges requiring a trap include but are not limited to:
 - (1) grease or waste containing grease in amounts that will impede or stop the flow in the public sewers;
 - (2) oil, flammable wastes;
 - (3) sand, and other harmful ingredients.
- (b) Any person responsible for discharges requiring a trap shall, at his own expense, and as required by the approving authority:
 - (1) Provide equipment and facilities of a type and capacity approved by the approving authority;
 - (2) locate the trap in a manner that provides ready and easy accessibility for cleaning and inspection; and
 - (3) maintain the trap in effective operating condition.
- (c) Approving Authority Review and Approval (By the Board of Directors or Agency):
 - (1) If pretreatment or control is required, the approving authority shall review and approve design and installation of equipment and processes.
 - (2) The design and installation of equipment and processes must conform

to all applicable statutes, codes, ordinances and other laws.

(3) Any person responsible for discharges requiring pretreatment, flow equalizing or other facilities shall provide and maintain the facilities in effective operating condition at his own expense.

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

- c. A Member owning more than one (1) Membership shall keep all payments current on all accounts. Failure to maintain current status on all accounts shall be enforceable as per Service Application and Agreement executed by the Member.
- d. The Corporation's ownership and maintenance responsibility of water supply and metering equipment shall end at the meter or other service equipment as installed. Therefore, all water usage registering upon and/or damages occurring to the metering equipment owned and maintained by the Corporation shall be subject to charges as determined by the Corporation's Tariff as amended from time to time by the Board of Directors.
- e. The Corporation shall require each Member to have a cut-off valve within two feet of the meter on the Member's side of the meter for purposes of isolating the Member's service pipeline and plumbing facilities from the Corporation's water pressure. The valve shall meet AWWA standards (a ball valve is preferred). The Member's use of the Corporation's curb stop or other similar valve for such purposes is prohibited. Any damage to the Corporation's equipment shall be subject to service charges. (This cut-off valve may be installed as a part of the original meter installation by the Corporation.)
- f. The member is required to notify the system 48 hours prior to digging or excavation activities along or near water/sewer lines and appurtenances.

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

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

22. Meter Tampering and Damage to Property.

- a. For purposes of this Section, the term "Tampering" shall mean meter-tampering, by-passing, or diversion of the Corporation's service equipment, or other instances of diversion, including:
 - 1) removing a locking or shut-off device used by the Corporation to discontinue service,
 - 2) physically disorienting the meter tap,
 - 3) attaching objects to the meter to divert service or to by-pass,
 - 4) inserting objects into the meter,
 - 5) other electrical and mechanical means of tampering with, by-passing, or diverting service,
 - 6) connection or reconnection of service without Corporation authorization;
 - 7) connection into the service line of adjacent customers of the Corporation; and
 - 8) preventing the supply or wastewater discharge from being correctly registered by a metering device or sewer tap due to adjusting the valve so that flow is reduced below metering capability.

The burden of proof of Tampering is on the Corporation. Photographic evidence or any other reliable and credible evidence may be used; however, any evidence shall be accompanied by a sworn affidavit by the Corporation's staff when any action regarding Tampering is initiated. A court finding of Tampering may be used instead of photographic or other evidence, if applicable. Unauthorized users of services of the Corporation shall be prosecuted to the extent allowed by

law under the Texas Penal Code Sections 28.03, 12.21 and 12.22.

- b. If the Corporation determines under subsection (a) that Tampering has occurred, the Corporation shall disconnect service without notice as set forth in Subsection E.11.b. and charge the person who committed the Tampering the total actual loss to the Corporation, including the cost of repairs, replacement of damaged facilities, and lost water revenues.
- c. A person who otherwise destroys, defaces, damages, or interferes with Corporation property will be charged the total actual loss to the Corporation including but not limited to the cost of repairs, replacement of damaged facilities, and lost water revenues. The Corporation also will prosecute the offending party to the extent allowed under law pursuant to Texas Water Code Section 49.228 and other applicable laws.
- d. In addition to actual damages charged under subsection (b), the Corporation may assess a penalty against the offending party. The penalty shall not exceed six (6) times the Base Rate.

Note: For purposes of this section, “offending party” means the person who committed the Tampering or damaged the property.

23. Ownership of equipment. All water meters and equipment and materials required to provide water or wastewater service to the point of customer connection; water meter or service tap, is the property of the Corporation upon installation, and shall be maintained by the water system only.

24. Prohibition of Multiple Connections To A Single Tap.

- a. No more than one (1) residential, commercial, or industrial service connection is allowed per meter tap. The Corporation may consider allowing an apartment building or mobile home/RV park to apply as a “Master Metered Account” and have a single meter tap (See Subsection E. 17.) If the Corporation has sufficient reason to believe a Multiple Connection exists, the Corporation shall discontinue service under the Disconnection with Notice provisions of this Tariff for a first violation and for subsequent violations, service will be disconnected without notice in accordance with Paragraph E. 11. b. (See Sample Application Packet RUS-TX Bulletin 1780-9 (Rev. 05/17))
- b. For purposes of this section, the following definitions shall apply:
 - 1) A “multiple connection” is the connection to any portion of a member’s water system that is connected to a primary delivery point already servicing one residence, one commercial or industrial facility of a water serving another residence or commercial or industrial facility. Water to outbuildings, barns or other accessory structures shall not be consider a multiple connection if: (i) those structures are located on the same tract as the primary delivery point and (ii) such structures are not used as a residence or as a commercial or industrial facility.
 - 2) A “primary delivery point” shall mean the physical location of a meter tap that is installed in accordance with this Tariff and applicable law and which provides water service to the residence or commercial or industrial facility of a member.
 - 3) A “residence” shall mean any structure which is being used for human habitation, which may include kitchen and bathroom facilities or other evidence of habitation as defined by the Corporation.
 - 4) “Commercial” facility shall mean any structure or combination of structures at which any business, trade, occupation, profession, or other commercial activity is conducted. A business conducted within a member’s residence or property that does not require water

in addition to that provided to the member's residence shall not be considered a separate commercial facility.

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

25. Service Entitlement. The Applicant(s) shall be considered qualified and entitled to water utility service when proper application has been made, terms and conditions of Service and Membership have been met and continue to be met, and all fees have been paid as prescribed. (16 TAC 24.161(a))

26. Service Location and Classification. For the purposes of this Tariff, service requested by the Applicant(s) shall be for real estate designated to receive the service provided by the Corporation. Service shall be through a meter tap located on that designated real estate unless otherwise approved by the board. Service shall be divided into the following two classes:

- a. **Standard Service** is defined as service on a specific property designated to receive service on an existing pipeline where pipeline or service facility extensions are not required and special design and/or engineering considerations are not necessary. Typically, this would include 5/8" X 3/4" or 3/4" sized water meter services set on existing pipelines.
- b. **Non-Standard Service** is defined as any service request which requires a larger meter service, service to a Master Metered Account (see E. 2. of this section), or an addition to the supply, storage and/or distribution/collection system. The service requirements as prescribed by Section F. of this Tariff shall be required of the Non-Standard Service Applicant prior to providing service.

27. Service Requirements. The Corporation's Service Application and Agreement Form shall be completed in full and signed by the Applicant(s). Where applicable, in addition to the applicant, any other person sharing an ownership interest in and receiving service at that property shall sign the Service Application and Agreement Form; however, even if the spouse or other person sharing an ownership interest does not sign the Service Application and Agreement Form, they are still responsible for all terms set forth therein, and for any debt obligation related to the account. (See Sample Application RUS-TX Bulletin 1780-9 (Rev. 05/17))

- a. A Right-of-Way Easement Form, Sanitary Control Easement, or other such easement form, required by the Corporation, must be completed by the Applicant for the purpose of allowing future facility additions. (See Sample Application - RUS-TX Bulletin 1780-9 (Rev. 05/17), 30 TAC 290.47 Appendix B.) **NOTE:** This requirement may be delayed for Non-Standard Service requests.
- b. The Applicant shall provide proof of ownership to property for which service has been

requested in a manner acceptable to the Corporation. Proof of ownership shall consist of warranty deed, deed of trust or other recordable documentation of title to the real estate designated to receive service. (Texas Water Code Sections 67.016 (d), and 13.002 (11) *See also* Uniform Partition of Heirs Property Act, Property Code Chapter 23A).

- c. On the request by the property owner or owner's authorized agent, the Corporation shall install individual meters owned by the Corporation in an apartment house, manufactured home rental community, multiple use facility, or condominium on which construction begins after January 1, 2003, unless the Corporation determines that installation of individual meters is not feasible. If the Corporation determines that installation of meters is not feasible, the property owner or manager shall install a plumbing system that is compatible with the installation of submeters or individual meters. The Corporation shall be entitled to the payment of costs, including the costs of individual meter installations, as provided in Section G. The cost of individual meter installation shall be prepaid by the property owner as well as the cost of any additional facilities or supply occasioned by the total water/sewer service demand represented by full occupancy of the property, as determined under applicable provisions of Section F. It shall be the responsibility of the property owner to obtain the memberships required for each individual meter.
- d. Notice of application approval and costs of service determined by the Corporation shall be presented to the Applicant in writing and shall remain in effect for a period not to exceed thirty (30) days. After that time the Applicant must re-apply for service. (16 TAC 24.381(a)(1)).
- e. If the water main has been located in the public right-of-way and is adjacent to Applicant's property due to the current or previous landowner's refusal to grant easement to the Corporation for the purpose of installing the water main and appurtenances, and the Corporation has documentation of such refusal, the Applicant, prior to receiving the requested service, shall grant the easement(s) required under this Tariff and in addition to the normally required fees for new customer service, shall pay such sums as are reasonably necessary to cap the existing line in the ROW and construct the appropriate line or lines within that easement or easements for the Corporation's system-wide service. (See Miscellaneous Transaction Forms.)
- f. The Corporation shall provide to each service applicant or transferee a copy of the Confidentiality of Personal Information Request Form. *See* Section J, Miscellaneous Transaction Forms *See also*, Texas Utilities Code Section 182.052(c).

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

Part I. General Requirements. This section details the requirements for all types of non-standard service requests.

1. ***Purpose.*** It is the purpose of this Section to define the process by which the specific terms and conditions for service to subdivisions and other kinds of Non-Standard Service are determined, including the Non-Standard Service Applicant's and the Corporation's respective costs.

For purposes of the Section, the term "Applicant" shall refer to the individual or entity that desires to secure Non-Standard Service from the Corporation. The Applicant must be the same person or entity that is authorized to enter into a contract with the Corporation setting forth the terms and conditions pursuant to which Non-Standard Service will be furnished to the property. In most cases, the Applicant shall be the owner of real property for which Non-Standard Service is sought. In the event that the Applicant is other than the owner of real property, the Applicant must furnish evidence to the Corporation that it is authorized to request Non-Standard Service on behalf of such owner, or that it otherwise has authority to request Non-Standard Service for the real property.

2. ***Application of Rules.*** This Section is applicable to subdivisions, additions to subdivisions, developments, or whenever additional service facilities are required for a single tract of property. Examples of non-standard services for a single tract of land can include, but are not limited to, road bores, extensions to the distribution system, service lines exceeding 3/4" diameter and service lines exceeding 10 feet. Non-residential or residential service applications requiring a larger sized meter typically will be considered non-standard. For the purposes of this Tariff, Applications subject to this Section shall be defined as Non-Standard. This Section may be altered or suspended for planned facility expansions when the Corporation extends its indebtedness. The Board of Directors of the Corporation or their designee shall interpret on an individual basis whether or not the Applicant's service request shall be subject to all or part of the conditions of this Section.

This Section sets forth the general terms and conditions pursuant to which the Corporation will process Non-Standard Service Requests. The specific terms and conditions pursuant to which the Corporation will provide non-standard service in response to any request will depend upon the nature of such request and may be set forth in a legally enforceable, contractual agreement to be entered into by the Corporation and the service Applicant. The agreement may not contain any terms or conditions that conflict with this Section.

3. ***Non-Standard Service Application.*** The Applicant shall meet the following requirements prior to the initiation of a Non-Standard Service Contract by the Corporation:
 - a. The Applicant shall provide the Corporation a completed Non-Standard Service Application (See Section I. this Tariff). The Applicant shall specify any Special Service Needs, such as large meter size, size of subdivision or multi-use facility.
 - b. A final plat (See Section C.) approved by the Corporation must accompany the Application showing the Applicant's requested service area. The plat must be approved by all governmental authorities exercising jurisdiction over lot sizes, sewage control, drainage, right-of-way, and other service facilities. Plans, specifications, and special requirements of such governmental authorities shall be submitted with the plat. Applicants for single taps involving extension or

upsizing of facilities shall be required to submit maps or plans detailing the location of the requested extension and details of demand requirements.

NOTE: It is the responsibility of the Applicant to secure all necessary approvals of the subdivision once an Agreement is in place between the Corporation and the Applicant.

- c. A Non-Standard Service Investigation Fee shall be paid to the Corporation in accordance with the requirements of Section G. for purposes of paying initial administrative, legal, and engineering fees. Once/if the feasibility study has been approved, the developer has no more than 60 days to pay the Corporation for the project. The Corporation shall refund any balance that remains after it has completed its service investigation and has completed all legal and engineering services associated with processing a request. In the event such a fee is not sufficient to pay all expenses incurred by the Corporation, the Applicant shall pay to the Corporation upon the Corporation's request all additional expenses that have been or will be incurred by the Corporation and Corporation shall have no obligation to complete processing of the Application until all remaining expenses have been paid.
- d. If after the service investigation has been completed, the Corporation determines that the Applicant's service request is for property located, in whole or in part, outside the area described in the Corporation's Certificate of Convenience and Necessity (CCN), service may be extended provided that:
 - 1) The service location is not in an area receiving similar service from another retail Corporation;
 - 2) The service location is not within another retail Corporation's CCN; and
 - 3) The Corporation's CCN shall be amended to include the entirety of Applicant's property for which service is requested. Applicant shall pay all costs incurred by Corporation in amending its CCN, including but not limited to engineering and professional fees. If the service location is contiguous to or within one-fourth (1/4) mile of Corporation's CCN, Corporation may extend service prior to completing the amendment to its CCN, but will do so only upon Applicant's legally enforceable agreement to fully support such amendment (including but not limited to payment of all professional fees, including administrative, legal, surveying and engineering fees incurred by Corporation in securing the amendment).

4. Design. The Corporation shall approve the design requirements of the Applicant's required facilities prior to initiation of a Non-Standard Service Contract in accordance with the following schedule:

- a. The Corporation's engineer shall design, or review and approve plans for, all on-site and off-site service facilities for the Applicant's requested service within the Corporation's specifications, incorporating any applicable municipal or other governmental codes and specifications.
- b. The engineer's fees shall be paid out of the Non-Standard Service Investigation Fee under Section F. 3.
- c. The engineer shall submit to the Corporation a set of detailed plans, specifications, and cost estimates for the project.
- d. The Corporation's engineer shall ensure that all facilities for any Applicant meet the demand for service as platted and/or requested in the plans or plat submitted in the application for service. The Corporation reserves the right to upgrade design of service facilities to meet future demands provided however, that the Corporation shall pay the expense of such upgrading in excess of that which is reasonably allocable to the level and manner of service requested by the Applicant.
- e. The Corporation's engineer will determine the fire flow design for any non-standard service request, including new subdivisions, based on density, type of structure, and other factors.

5. Non-Standard Service Contract. Applicants requesting Non-Standard Service **may** be required to execute a written contract, drawn up by the Corporation's Attorney (see example Section I. Sample

Forms), in addition to submitting the Corporation's Non-Standard Service Application. Said contract shall define the terms of service prior to construction of required service facilities. The service contract may include, but is not limited to:

- a. All costs associated with required administration, design, construction, and inspection of facilities for water service to the Applicant's service area and terms by which these costs are to be paid.
- b. Procedures by which the Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.
- c. Terms by which service capacity shall be reserved for the Applicant and duration of reserved service with respect to the demand which the level and manner of the service will have upon the Corporation's system facilities.
- d. Terms by which the Applicant shall be reimbursed or compensated for fees duplicated in assessments for monthly rates and Equity Buy-In Fees.
- e. Terms by which the Corporation shall administer the Applicant's project with respect to:
 - (1) Design of the Applicant's service facilities;
 - (2) Securing and qualifying bids;
 - (3) Execution of the Service Contract;
 - (4) Selection of a qualified bidder for construction;
 - (5) Dispensing advanced funds for construction of facilities required for the Applicant's service;
 - (6) Inspecting construction of facilities; and
 - (7) Testing facilities and closing the project.
- f. Terms by which the Applicant shall indemnify the Corporation from all third-party claims or lawsuits in connection with the project.
- g. Terms by which the Applicant shall dedicate, assign and convey to the Corporation all constructed facilities and related rights (including contracts, easements, rights-of-way, deeds, warranties, and so forth) by which the Corporation shall assume operation and maintenance responsibility for the Applicant's project. The Applicant shall also provide reproducible as-built drawings of all constructed facilities. The as-built drawings must verify that all facilities have been properly located within the easements conveyed to the Corporation.
- h. Terms by which the Board of Directors shall review and approve the Service Contract pursuant to current rules, regulations, and bylaws.

6. Construction of Facilities by Applicant Prior to Execution of Service Contract. The Corporation and the Applicant must execute a Non-Standard Service Contract prior to the purchase of supplies and materials or initiation of construction of facilities by the Applicant. In the event that the Applicant commences construction of any such facilities prior to execution of a Contract with the Corporation, then the Corporation may refuse to provide service to the Applicant or, in a subdivision, to any person purchasing a lot or home from the Applicant. Alternatively, the Corporation may require full costs of replacing/repairing any facilities constructed without prior execution of a contract from any person buying a lot or home from Applicant. At a minimum, the Corporation will require that all facilities be uncovered by the Applicant for inspection by the Corporation, require that any facilities not approved by the Corporation be replaced, and take any other lawful action determined appropriate by the Board of Directors of the Corporation.

7. Dedication of Water System Extension/Improvements to PPWSC.

- a. Upon proper completion of construction of all on-site and off-site service facilities (the "Facilities") to meet the level and manner of service requested by the Applicant, the Facilities shall become the property of the PPWSC. The Facilities shall thereafter be owned and

maintained by PPWSC subject to the warranties required of Applicant under Subsection b. Any connection of individual customers to the Facilities shall be made by the PPWSC.

- b. Upon transfer of ownership of the Facilities, Applicant shall warrant materials and performance of the Facilities constructed by Applicant for 12 months following the date of the transfer.

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

- a. If the Corporation determines that right-of-way easements or facility sites outside the Applicant's property are required, the Applicant shall secure easements or else title to facility sites on behalf of the Corporation. All right-of-way easements and property titles shall be researched, validated, and filed by the Corporation at the expense of the Applicant. (See Sample Application Packet RUS Form 442-8 or 442-9 (Rev. 6-06))
- b. All additional costs associated with facilities that must be installed in public rights-of-way on behalf of the Applicant, due to the inability of the Applicant to secure private right-of-way easements, such as road bores and TxDOT approvals shall be paid by the Applicant. Alternatively, Applicant shall pay all costs, including administrative, legal, and other professional fees and the condemnation award in the event Corporation secures such private easements or facility sites through eminent domain proceedings.
- c. The Corporation shall require an exclusive dedicated right-of-way easement on the Applicant's property (as required by the size of the planned facilities and as determined by the Corporation) and title to property required for other on-site and off-site facilities.
- d. Easements and facilities sites shall be prepared for the construction of the Corporation's pipelines and facility installations in accordance with the Corporation's requirements at the expense of the Applicant.

9. *Bids for Construction.* The Corporation's consulting engineer shall advertise for bids for the construction of the Applicant's proposed facilities in accordance with generally accepted practices. Plans and specifications shall be made available, with or without charge (as per Engineer's determination), to prospective bidders. Although the Corporation reserves the right to reject any bid or contractor, the Corporation shall generally award the contract to the lowest qualified bidder in accordance with the following criteria.

- a. The Applicant shall execute the Service Contract evidencing willingness to proceed with the project and shall pay all costs in advance of construction associated with the project;
- b. The Contractor shall provide an adequate bid bond under terms acceptable to the Corporation;
- c. The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the Corporation;
- d. The Contractor shall supply favorable references acceptable to the Corporation;
- e. The Contractor shall qualify with the Corporation as competent to complete the work (including but not limited to current water/sewer license, OSHA competent person training, and other licenses/certificates as required to complete the project); and
- f. The Contractor shall provide adequate certificates of insurance as required by the Corporation.

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

11. Construction.

- a. All roadwork pursuant to state, county and/or municipal standards (as applicable) shall be completed prior to facility construction to avoid future problems resulting from road right-of-way completion and excavation. Subject to approval of the requisite authority, approved road sleeves/casings may be installed prior to road construction to avoid road damage during construction of Applicant's facilities.
- b. The Corporation shall, at the expense of the Applicant, inspect the facilities to ensure compliance with Corporation standards.
- c. Construction plans and specifications shall be strictly adhered to, but the Corporation reserves the right to issue change-orders of any specifications, due to unforeseen circumstances during the design phase, to better facilitate construction or operation of the Applicant's facility. All change-order amounts shall be charged to the Applicant.

PART II. Request for Service to Subdivided Property

This section contains additional requirements for applicants that are developers as defined in Section C Definitions.

1. ***Sufficient Information.*** Applicants shall provide the corporation sufficient information describing the level and manner of service requested and the timeline for initiation of this service. The following is the minimum information needed for an engineering evaluation of the requested service to the property described in the application.
 - a. Completion of requirements described in Section F. Part I., including completing the Non-Standard Service Application.
 - b. Applicant shall provide the Corporation with details concerning access to the property during evaluation of application.
 - c. Applicant shall be notified in writing by the Corporation or designated representative the timeframe within which the requested service can be provided and the costs for which the applicant will be responsible, in accordance with the details described on the Applicant's request for service.
2. ***Service within Subdivisions*** – The Corporation's obligation to provide service to any customer located within a subdivision governed by this Section is strictly limited to the level and manner of the nonstandard service specified by the Applicant. The Applicant is responsible for paying for all costs necessary for non-standard service to a subdivision as determined by the Corporation under the provisions of this Tariff and specifically the provisions of this Section. If the Applicant fails to pay these costs, the Corporation has the right to require payment of these costs by any one or more of the persons purchasing lots or homes within such subdivision before the Corporation is obligated to provide water/sewer service (Texas Water Code Section 13.2502). In addition, Corporation may elect to pursue any remedies provided by the Non-Standard Service Contract if one has been executed. Applicant is advised that purchasers of lots also may have legal recourse against the Applicant under Texas law, including but not limited to Texas Water Code Section 13.257, and the Texas Business and Commerce Code Chapter 17, Subchapter E Deceptive Trade Practices & Consumer Protection Act.

a) The Applicant must provide the following in addition to all other information otherwise required by this Section:

- (1) Map and legal description of the area to be served using map criteria in 16 TAC 24.233(a) (2) (A-G)).
- (2) Time frame for:
 - (a) Initiation of service
 - (b) Service to each additional or projected phase following the initial service
- (3) Detailed description of the nature and scope of the project/development for:
 - (a) Initial needs
 - (b) Phased and final needs, including a map showing each phase, and the projected land uses that support the requested level of service for each phase
- (4) Flow and pressure for anticipated level of fire protection requested, including line size and capacity
- (5) Specific infrastructure needs for anticipated level of fire protection requested, including line size and capacity
- (6) Any additional information requested by the Corporation necessary to determine the capacity and the costs for providing the requested service.
- (7) Copies of all required approvals, reports and studies done by or for the Applicant to support the viability of the proposed development.

Applicant must provide reasonably sufficient information, in writing, to allow the Corporation to determine whether the level and manner of service specified by the Applicant can be provided within the time frame specified by the Applicant and to generally determine what capital improvements, including expansion of capacity of the Corporation's production, treatment and/or storage facilities and/or general transmission facilities properly allocable directly to the service request are needed. If the Applicant proposes development in phases, the Applicant should specify the level and manner of service and the estimated time frame within which that service must be provided for each phase, and the Applicant must depict the currently estimated location of each phase on the maps required under 16 TAC Section 24.233(a)(2)(A-G). It is important that the Applicant's written request be complete. A complete service application by the Applicant should include:

- The proposed improvements to be constructed by the Applicant;
- A map or plat signed and sealed by a licensed surveyor or registered professional engineer;
- The intended land use of the development, including detailed information concerning the types of land uses proposed;
- The projected water and/or sewer demand of the development when fully built out and occupied, the anticipated water/sewer demands for each type of land use, and a projected schedule of build-out;
- A schedule of events leading up to the anticipated date upon which service from the CCN holder will first be needed; and
- A proposed calendar of events, including design, plat approval, construction phasing and initial occupancy.

Applicant must establish that current and projected service demands justify the level and manner of service being requested. In making his/her written request for service, the Applicant must advise the Corporation that he/she may request expedited decertification from the PUC.

Upon payment of the required fees, the Corporation shall review Applicant's service request. If no additional information is required from Applicant, the Corporation will prepare a written report on Applicant's service request, subject to any final approval by the Corporation's governing body (if applicable) which must be completed within the 90 days from the date of application and payment of the required fees. The Corporation's written report will state whether the requested service will be provided, whether the requested service can be provided within the time frame specified by the Applicant, and the costs for which the Applicant will be responsible (including capital improvements, easements or land acquisition costs, and professional fees).

In the event the Corporation's initial review of the Applicant's service shows that additional information is needed, the Corporation will notify Applicant of the need for such additional information. Notice of the need for additional information will be made in writing within 30 days of the date the Corporation receives the Applicant payment of the required fees. Applicant shall respond to the Corporation's request for additional information within 15 days of receipt of the Corporation's written request. The Corporation will provide the written report, including any final approval by the Corporation's Board (if applicable) within 90 days from the date of the **initial** written application and payment of all required fees.

By mutual written agreement, the Corporation and the Applicant may extend the time for review beyond the 90 days provided for expedited petitions to the PUC.

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

SECTION G. RATES AND SERVICE FEES

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

1. ***Additional Assessments.*** In the event any federal, state or local government imposes on the Corporation a “per meter” fee or an assessment based on a percent of water charges, this fee or assessment will be billed and collected as a “pass through” charge to the customer.
2. ***Assessments.*** – If at the end of the fiscal year, or in the event of emergency repairs, the Board of Directors determines the total amount derived from the collection of water or wastewater charges to be insufficient for the payment of all costs incident to the operation of the Corporation’s system during the year in which such charges are collected, the Board shall make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by Rural Development, so that the sum of such assessments and the amount collected from water and other charges is sufficient to fully pay all costs of the operation, maintenance, replacement and repayment of indebtedness for the year’s operations. (See Article XVIII of USDA Model Bylaws, Section 1 Rev. 12-2011 or your Corporations bylaws or other governing documents)
3. ***Customer History Report Fee.*** A fee of \$10.00 shall be charged to provide a copy of the Member’s record of past account information in response to a Member’s request for such a record.
4. ***Customer Service Inspection Fee.*** A fee of \$75.00 will be assessed each Applicant before permanent continuous service is provided to new construction.
5. ***Easement Fee.*** When the Corporation determines that private right-of-way easements and/or facilities sites are necessary to provide service to the Applicant, the Applicant shall be required to make good faith efforts to secure easements on behalf of the Corporation and/or pay all costs incurred by the Corporation in validating, clearing, and retaining such right-of-way in addition to tap fees otherwise required pursuant to the provisions of this Tariff. The costs may include all legal fees and expenses necessary to attempt to secure such right-of-way and/or facilities sites in behalf of the Applicant. (See Section E. 28.; Section F. 8. b.)
6. ***Equipment Damage Fee.*** If the Corporation’s facilities or equipment have been damaged by tampering, by-passing, installing unauthorized taps, reconnecting service without authority, or other service diversion, a fee shall be charged equal to the actual costs for all labor, material, and equipment necessary for repair, replacement, and other Corporation actions. This fee shall be charged and paid before service is re-established. If the Corporation’s equipment has not been damaged, a fee equal to the actual costs for all labor, material, equipment, and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authority shall be charged. All components of this fee will be itemized, and a statement shall be provided to the Member and tenant if an Alternate Billing Agreement is in place. If the Corporation’s facilities or equipment have been damaged due to negligence or unauthorized use of the Corporation’s equipment, right-of-way, or meter shut-off valve, or due to other acts for which the Corporation incurs losses or damages, the Member shall be liable for all labor and material charges incurred as a result of said acts or negligence.
7. ***Equity Buy-In Fee.*** In addition to the Membership Fee, each Applicant for new service that requires a new service tap shall be required to achieve parity with the contributions to the construction or acquisition of the Corporation’s assets related to capacity that have been made previously by existing Members. This fee shall be assessed immediately prior to providing service on a per-service unit basis for each service requested and shall be assigned and restricted to that property for which the service was originally requested. This fee shall be set aside for future capacity improvements such as line upgrades, new tanks, treatment, or production. The formula applied to such fee calculated annually after receipt of the system audit is as follows:

Sample Calculation:

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

a. Water Fee is \$1500.00

Note: The Water Fee for oversized or Master Metered Accounts shall be based on the multiples of meter size equivalences. (See Chart in Subsection 16 below.)

8. ***Groundwater District Production Fee.*** - A fee of \$0.7% per thousand gallons of water used by each Member. This fee is collected to pay a portion of the annual fee charged to the Corporation by Prairielands Groundwater Conservation District based on the amount of water pumped from the Corporation's wells located within the boundaries of the District.
9. ***Information Copy Fee.*** A fee for the copying of any public information will be charged to the person requesting that information in compliance with the cost rules of the Texas Government Code Section 552.261 et. seq.
10. ***Installation Fee.*** The Corporation shall charge an installation fee for service as follows:
 - a. **Standard Service** shall include all:
 - 1) Tap fee – all current labor and materials necessary to provide individual metered water or wastewater service
 - 2) Engineering fee
 - 3) Legal fee
 - 4) Customer service inspection fee
 - 5) Administrative costs
 - 6) Any additional site-specific equipment or appurtenances necessary to provide water service as determined by the Corporation under terms of Section F of this Tariff (includes tap fee (s)).

Standard service fees shall be charged on a per tap basis as computed immediately prior to such time as metered service is requested and installed.

- b. **Non-Standard Service** shall include any and all
 - 1) Facility Improvement Costs: including but not limited to tanks, piping, main lines, hydrants, and other labor materials necessary to provide service at the level required by water code and as requested by the applicant.
 - 2) Line and Facility Inspection fee:
 - 3) Administrative costs: including but not limited to contract administration costs; processing invoices; disbursement of checks to contractors
 - 4) Legal Fee: including but not limited to contract development, easements, water rights, permits, CCN amendments for the area.
 - 5) Engineering fee;
 - 6) Any additional site-specific equipment or appurtenances necessary to provide water service as determined by the Corporation under the terms of Section F. of this Tariff (includes tap

(fee(s)).

- c. Standard and Non-Standard Service Installations shall include all costs of any pipeline relocations as per Section E. 28. e. of this Tariff.

- 11. Late Payment Fee.** Once per billing period, a penalty of \$20.00 or _____%, whichever is larger, shall be applied to delinquent bills. This late payment penalty shall not be applied to any balance to which the penalty was applied in a previous billing period but shall be applied to any unpaid balance during the current billing period.

NOTE: The Corporation cannot charge political subdivisions and state agencies the late payment fee. (Texas Government Code Chapter 2251.021 and Sec. E. 13.)

- 12. Line Extension Reimbursement Fee.** – An approved Applicant may have to pay, on a prorated basis, a line reimbursement fee to the Corporation for the purpose of reimbursing a member or other entity that made the initial capital outlay to extend service to that area.

- 13. Membership Fee.** At the time the application for service is approved, a refundable Membership Fee must be paid for each service requested before service shall be provided or reserved for the Applicant by the Corporation. The membership fee cannot be more than 12 times the minimum monthly base rate.

- a. The Membership Fee for water service is \$150.00 for each service unit.
b. Membership fee for oversized or Master Metered Accounts shall be based on multiples of meter size equivalence. (See Chart in Subsection 16 below.)

- 14. Meter Tampering and Damage to Property Penalty.** In addition to the Equipment Damage Fee, the Corporation may charge a penalty for “Tampering” as defined in Section E. 22. The penalty may only be assessed against the person who committed the Tampering. The penalty cannot be assessed against the Member for the Tampering committed by their tenant. The penalty shall not exceed six (6) times the Base Rate.

15. Monthly Charges.

a. Base Rate

- 1) Water Service - The monthly charge for standard metered water service is for a 5/8" X 3/4" meter. The 5/8" X 3/4" meter charge is used as a base multiplier for larger non-standard meters in accordance with the following chart based on American Water Works Association maximum continuous flow specifications:

Meter Size	5/8" Meter Equivalents	Monthly Rate
5/8"	1.0	\$ 36.00
1"	2.5	\$ 85.50
1 1/2"	5.0	\$ 168.00
2"	8.0	\$ 267.00
3" DISP	9.0	\$ 300.00
3" CMPD	16.0	\$ 531.00
3" TURB	17.5	\$ 580.00
4" CMPD	25.0	\$ 828.00
4" TURB	30.0	\$ 993.00
6" CMPD	50.0	\$.00
6" TURB	62.5	\$.00
8" CMPD	80.0	\$.00

- b. **Gallage Charge** - In addition to the Base Rate, a gallage charge shall be added at the following rates for usage during any one (1) billing period.

- 1) Water:
 - \$ 5.25 per 1,000 gallons for 0 to 10,000 gallons
 - \$ 6.25 per 1,000 gallons for 10,001 gallons to 50,000 gallons
 - \$ 9.25 per 1,000 gallons for 50,001 gallons and over
 - \$11.25 per 1,000 gallons for 100,001 gallons and over
- 2) The Corporation shall, as required by Texas Water Code Section 5.701, collect from each of its retail customers a regulatory assessment equal to one-half of one percent of the charge for retail water. This charge shall be collected in addition to other charges for utility service. This fee is collected on all charges pertaining to Section G. 16. Monthly Charges of this Tariff. 30 TAC 291.76(d))
- 3) The Corporation, as a part of its billing process, collects voluntary contributions on behalf of the CareFlite Emergency Medical Service. The Corporation shall retain from the proceeds the lesser amount of five percent or the total administrative costs for billing, collecting, and disbursing the voluntary contributions.
- 16. Mortgagee/Guarantor Notification Fee.** The Corporation shall assess a fee of \$5.00 for each notification to a Membership lien-holder under agreement prior to Membership cancellation. (See Miscellaneous Transaction Forms.)
- 17. Meter Test Fee.** The Corporation shall test a Member's meter upon written request of the Member. (See Meter Test Authorization and Test Report Form in Section J) Under the terms of Section E. of this Tariff, a charge of \$40.00 shall be imposed on the affected account.
- 18. Non-Disclosure Fee.** A fee of \$5.00 shall be assessed to any Member or tenant requesting in writing that personal information under the terms of this tariff not be disclosed to the public.
- 19. Other Fees.** All services outside the normal scope of utility operations that the Corporation may be compelled to provide at the request of a Member or the general public shall be charged to the recipient based on the cost of providing such service.
- 20. Owner Notification Fee.** The Corporation shall assess a fee of \$5.00 per notification to a Member of a renter/lessee delinquent account status prior to disconnection of service. (See Miscellaneous Transaction Forms.)
- 21. Reconnect Fee.** The Corporation shall charge a fee of \$25.00 for reconnecting service after the Corporation has previously disconnected the service for any reason provided for in this Tariff except for activation of service under Section E. 1. b. Re-Service.
- 22. Regulatory Assessment.** - A fee of 0.5% of the amount billed for water service will be assessed each customer; this assessment is required under Texas law and TCEQ regulations.
NOTE: The regulatory assessment is not to be collected from state agencies, wholesale customers, or buyers of non-potable (not drinkable) water. (Ref. TCEQ RG-199 revised Sept. 2017; TCEQ Section 291.76 (c))
- 23. Returned Check Fee.** In the event a check, draft, or any other similar instrument is given by a person, firm, corporation, or partnership to the Corporation for payment of services provided for in this Tariff, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason, the account for which the instrument was issued shall be assessed a return check charge of \$25.00. (See Miscellaneous Transaction Forms)
- 24. Seasonal Reconnect Fee.** The Corporation shall charge a fee calculated based on the Base Rate multiplied by the number of months during which service is suspended/locked, not to exceed nine (9) months during any twelve (12) consecutive months.
- 25. Service Investigation Fee.** The Corporation shall conduct a service investigation for each service application submitted to the Corporation. An initial determination shall be made by the Corporation, without charge, as to whether the service request is Standard or Non-Standard. An investigation shall then be conducted, and the results reported under the following terms:

- a. All Standard Service requests shall be investigated without charge and all applicable costs for providing service shall be quoted in writing to the Applicant within ten (10) working days of application.
- b. All Non-Standard Service requests shall be subject to a fee, appropriate to each project, of sufficient amount to cover all administrative, legal, and engineering fees associated with investigation of the Corporation's ability to deliver service to the Applicant to;
 - (1) provide cost estimates of the project,
 - (2) to present detailed plans and specifications as per final plat,
 - (3) to advertise and accept bids for the project,
 - (4) to present a Non-Standard Service Contract to the Applicant, and
 - (5) to provide other services as required by the Corporation for such investigation. A Non-Standard Service Contract shall be presented to the Applicant within a suitable amount of time as determined by the complexity of the project. (See Section F.5.)

26. *Service Trip Fee.* The Corporation shall charge a trip fee of \$25.00 for any service call or trip to the Member's tap as a result of a request by the Member or tenant for response to damage of the Corporation's or another Member's facilities; for customer service inspections due to suspicion of meter tampering, bypass or diversion of service; or for the purpose of disconnecting or collecting payment for services. For service trips that extend beyond one hour, such as when an extended line location is required, the Corporation shall charge \$25.00 per employee per hour for each additional hour required.

27. *Transfer Fee.* A Fee of \$25.00 shall be assessed for the transfer of any membership.

SECTION H.

DROUGHT CONTINGENCY AND EMERGENCY

WATER DEMAND MANAGEMENT PLAN

1. Introduction

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

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

The plan will be implemented according to the three stages of water use restrictions as imposed by the Board. Paragraph 4 describes the conditions that will trigger these stages.

2. Public Involvement

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

3. Coordination with Regional Water Planning Group

Being located within the Prairie Groundwater Conservation District, a copy of this Plan has been provided to that Regional Water Planning Group.

4. Trigger Conditions

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

allowed in the purchased surface water contract with Files Valley must also be monitored to ensure ample water supplies are available during periods of high usage.

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

5. *Stage Levels of Water Allocations*

The stage levels of water allocations are to be placed in effect by the triggers in Paragraph 4. The System shall institute monitoring and enforce penalties for violations of the Drought Plan for each of the Stages listed below. The water allocation measures are summarized below.

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

b. Stage II - Moderate Conditions

- 1) All outside water use is prohibited (except for a livestock or other exemption or variance granted under this section).
- 2) Make public service announcements as conditions change via local media (TV, radio, newspapers, etc.).

c. Stage III - Severe Conditions

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

NOTE:

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

6. *Initiation and Termination Procedures*

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

Written notice of the proposed water use restrictions measure shall be mailed or delivered to each affected customer upon the initiation of each stage. Notice may be sent by email only if the customer chooses the option to receive email notices instead of mailed notices and provides a valid email address. In addition, upon adoption of Stage II or Stage III, a notice will be placed in a local newspaper or announced on a local radio or television station. The customer notice shall contain the following information:

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

A sample Customer Notice of Water Restrictions conditions is included in Miscellaneous Transaction Forms of this tariff.

If the water allocation program extends 30 days, then the Chairperson of the Drought/Emergency Management Committee or manager shall present the reasons for the allocations at the next

scheduled Board Meeting and shall request the concurrence of the Board to extend the allocation period.

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

7. *Penalties for Violations*

- a. **First Violation** – The Corporation will assess a penalty of \$100.00. The customer/member will be notified by a written notice of their specific violation and their need to comply with the tariff rules. The notice will show the amount of penalty * to be assessed and inform the customer that failure to pay the penalty will result in termination of service. Reconnection will require payment of the penalty and a charge for the service call to restore service. The notice will also inform the customer that additional violations will trigger more severe penalties and may result in termination of service regardless of whether the customer pays the penalties.
- b. **Second Violation** - The Corporation will assess a penalty * of \$100.00. The notice of second violation will show the amount of penalty to be assessed and will inform the customer that failure to pay the penalty will result in termination of service to be restored only upon payment of penalty and service call to restore service. The notice will also inform the customer that additional violations will trigger more severe penalties and may result in termination of service regardless of whether the customer pays the penalties.
- c. **Subsequent Violations** - The Corporation will assess an additional penalty * of \$100.00 for violations continuing after the Second Violation. The notice of subsequent violation will show the amount of the penalty to be assessed and will inform the violator that failure to pay the penalty will result in termination of service to be restored only upon payment of penalty and service call to restore service. The notice will also inform the customer that the Corporation may also install a flow restricting device in the customer's meter service to limit the amount of water that will pass through the meter in a 24-hour period. The costs of this procedure will be for the actual work and equipment and shall be paid by the customer. Removal of this device will be considered Meter Tampering and will result in disconnection of service without further notice. The notice of subsequent violation will also inform the customer that additional penalties will be assessed for additional violations; and in addition to penalties, that water service will be terminated for a period of three (3) days regardless of whether the customer pays the penalties for the additional violations.
- d. **Termination** – For each continuing violation, the Corporation will assess an additional penalty of \$100.00. Service will also be terminated for a period of three (3) days. The notice of termination will show the date on which water service will be terminated and the date on which service will be restored, unless the customer has failed to pay delinquent penalties, assessments or charges. Service will remain off until any delinquent penalty or other assessment is fully paid including a charge for the service call to restore service

These provisions apply to all customers of the Corporation.

NOTE: PENALTY * – A PWSC is allowed to charge a reasonable penalty to customers that fail to comply with the water use restriction procedures in accordance with 16 TAC 291.41(j) if:

- The penalty is clearly stated in the tariff;
- The penalty is reasonable and does not exceed six (6) times the minimum monthly bill stated

in the water supply corporation's current tariff; and

- The water supply corporation has deposited the penalty in a separate account dedicated to enhancing water supply for the benefit of all the water supply corporation's customers.

8. *Exemptions or Waivers*

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

- a. Compliance with this Plan cannot be technically accomplished during the duration of the water supply shortage or other condition for which the Plan is in effect.

Alternative methods can be implemented which will achieve the same level of reduction in water use.

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

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

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

- Variances granted shall include a timetable for compliance.
- Variances granted shall expire when the water allocation is no longer in effect unless the petitioner has failed to meet specified requirements. No variance allowed for a condition requiring water allocation will continue beyond the termination of water allocation under Section F. Any variance for a subsequent water allocation must be petitioned again. The fact that a variance has been granted in response to a petition will have no relevance to the Committee's decision on any subsequent petition.

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

9. *Implementation*

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

This Plan was adopted by the Board at a properly noticed meeting held on _____.

Corporation Official _____

Title: _____

SECTION I:
APPLICATION PACKET

Water Supply Corporation Service Application and Agreement Form (USDA RUS-TX Bulletin 1780-9 (Rev. 5/2021))

Right-of-Way Easement (Location Required) (Form RD-TX 442-8 (Rev. 6-06))

Right-of-Way Easement (General) (Form RD-TX 442-9 (Rev. 6-06))

Non-Standard Service Application

Non-Standard Service Contract

Parker Water Supply Corporation

7001 County Road 1200 • Cleburne, TX 76031

(817) 373-2666

office@parkerwsc.com**Service Application****Please Print: FORM MUST BE COMPLETED BY APPLICANT ONLY**

DATE: _____ ACCOUNT # ASSIGNED: _____

APPLICANT'S NAME: _____ DL #: _____

CO-APPLICANT'S NAME: _____ DL #: _____

SERVICE ADDRESS: _____ BILLING ADDRESS (if different from service address)

EMAIL ADDRESS: _____

PHONE NUMBER – Home (____) _____ - _____ Cell (____) _____ - _____

EMERGENCY – (____) _____ - _____ Work (____) _____ - _____

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

ARE YOU THE RESIDENT PROPERTY OWNER WHERE YOUR WATER SERVICE CONNECTION WILL BE LOCATED? YES NO IF NO EXPLAIN: (a) The Owner is:

(b) Other explanation: _____

(INCLUDE MAP OR PLAT OF SERVICE ADDRESS(ES) WITH APPLICATION)

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

PROOF OF OWNERSHIP PROVIDED BY (circle one): DEED OF TRUST/ WARRANTY DEED/ OTHER (explain): _____

CIRCLE ONE: Married Single Widow(er)

MEMBERS IN HOUSE _____ HOUSE SQ. FT. _____ ACREAGE _____

CORPORATION USE ONLY

Date Approved: _____

Service Classification: _____

Cost: _____ ACCT # _____

Service Inspection Date: _____

Engineer Update: _____

SPECIAL SERVICE NEEDS OF APPLICANT:

Meters Needed (one meter is required per household): _____

Meter TYPE (circle one): Residential/ Commercial

Special Needs: _____

EACH CONNECTION WILL BE USED TO SERVE THE FOLLOWING:

	Daily Water Use	Monthly Water Use
PEOPLE (FAMILY-HIRED LABOR) _____		_____
DAIRY (Average number milked) # _____	_____	_____
OTHER CATTLE (include dry dairy cows) _____	_____	_____
HORSES _____	_____	_____
HOGS _____	_____	_____
SHEEP _____	_____	_____
POULTRY _____	_____	_____

Water for livestock will be (circle one): Continuously Seasonally Infrequently

I want to participate in the development of a rural domestic water system for my neighborhood area and will become a member of the association provided a satisfactory system can be developed and constructed at a reasonable cost. I agree to grant an Easement of right-of-way on my property to the Association for the purpose of installing, maintaining, and operating such pipelines, meters, valves, and any other equipment which may be deemed necessary for the Association on such form as is required by the Association.

DATE_____
APPLICANT SIGNATURE

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

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

AGREEMENT made this _____ day of _____, _____, between PARKER WATER SUPPLY CORPORATION, a corporation organized under the laws of the State of Texas (hereinafter called the Corporation) and _____ (hereinafter called the Applicant and/or Member).

Witnesses: _____

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

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

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

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

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

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

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

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

The Corporation is responsible for protecting the drinking water supply from contamination or pollution which could result from improper practices. This service agreement is to notify each customer of the restriction which are in place to provide this protection. The Corporation enforces these restrictions to ensure the public health and welfare. Each retail customer must sign this agreement before the Corporation will begin service. In addition, when service to an existing retail connection has been suspended or terminated, the water Corporation will not reestablish service unless it has a signed copy of this agreement.

The following unacceptable practices are prohibited by state regulations.

- A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
- B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device, a service agreement must exist for annual inspection and testing by a licensed BPAT inspector.
- C. No connection which allows water to be returned to the public drinking water supply is permitted.
- D. No pipe or pipe fitting which contains more than 0.25% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.
- E. No solder or flux which contains more than 0.2% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.

The Corporation will maintain a copy of this agreement as long as the Customer and/or the premises is connected to the Water System. The Customer shall allow his/her property to be inspected for possible cross-connections and potential contamination hazards. These inspections shall be conducted by the Corporation or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private distribution facilities. The inspections shall be conducted during the Corporation's normal business hours.

The Corporation shall notify the Member in writing of any cross-connections or other undesirable practices which have been identified during the initial or subsequent inspection. The Member shall immediately correct any undesirable practice on their premises. The Member shall, at their own expense, properly install, test, and maintain any backflow prevention device required by the

Corporation. Copies of all testing and maintenance records shall be provided to the Corporation as required. Failure to comply with the terms of this service agreement shall cause the Corporation to either terminate service properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Member.

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

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

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

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

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

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

Witness

Applicant/Member

Approved and Accepted

Date Approved

Form RD-TX 442-8
(Rev. 6-06)

HILL COUNTY

**UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Utilities Service**

RIGHT-OF-WAY EASEMENT (Location of Easement Required)

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

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

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

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

Form RD-TX 442-8

(Rev. 6-06)

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

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

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

ACKNOWLEDGEMENT

(Individual)

STATE OF TEXAS §
COUNTY OF _____ §

This instrument was acknowledged before me on _____ by _____
_____.

(SEAL)

_____ Notary Public, State of Texas

Form RD-TX 442-9
(Rev 6-06)

JOHNSON COUNTY

**UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Utilities Service**

RIGHT-OF-WAY EASEMENT (General Type Easement)

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

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

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

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

Form RD-TX 442-9
(Rev. 6-06)

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

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

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

ACKNOWLEDGMENT
(Individual)

STATE OF TEXAS §
COUNTY OF _____ §

This instrument was acknowledged before me on _____ by

(SEAL)

Notary Public, State of Texas

PARKER WATER SUPPLY CORPORATION NON-STANDARD SERVICE APPLICATION

Please Print or Type Clearly

Applicant's Name/Company _____

Address/City/State/ZIP: _____

Phone number (____) _____ - _____ FAX (____) _____ - _____

E-mail _____

Please attach a legal description of the proposed development as listed in deed records as a filed plat or parcel of land where other types of non-standard water service are requested. Plat requirements include name of subdivision, owner/developer's name, lot sizes and lot lines, lot numbers, right of way dimensions and dedicated utility easements, legal description, highway and county road numbers, total acreage, adjoining property owners, flood plain, and vicinity map. Instrument must show proof of ownership; preliminary plats are acceptable for discussion purposes, but an "approved plat" must be provided before contract closing.

Check type of service application or development:

- | | | | |
|--|---|--|---------------------------------|
| <input type="checkbox"/> Residential Subdivision | <input type="checkbox"/> Multi-family | <input type="checkbox"/> Trailer Park | <input type="checkbox"/> School |
| <input type="checkbox"/> Line Extension | <input type="checkbox"/> Commercial/Industrial Park | <input type="checkbox"/> Large Meter (>1") | |
| <input type="checkbox"/> Multi-use Facility | <input type="checkbox"/> Mobile Home Park | <input type="checkbox"/> Other | |

Please list all water demand criteria for each meter or meter equivalent, or attach any engineering studies completed for the proposed service:

Maximum number of proposed lots: _____ Range of standard lot sizes: _____

Acreage(s) _____

Please describe in detail the nature and scope of the project/development.

Initial needs _____
