

SECTION A: RESOLUTION OF ADOPTION AND REVISION

**RESOLVED BY THE BOARD OF DIRECTORS OF THE
HILLTOP LAKES WATER SUPPLY CORPORATION THAT:**

1. This Tariff, serving Hilltop Lakes Community, consisting of Sections A through H inclusive, is hereby adopted and enacted as the regulations which shall supersede all policies passed by the Board of Directors before September 11, 2000, to the extent provided in paragraph 2 hereof.
2. No prior agreement executed by the Board of Directors is repealed by any provision contained herein, save and except as provided in the terms of that agreement.
3. The adoption of the provisions of this Tariff shall not affect any offense or act committed or done, or any penalty of forfeiture incurred, or any contract or vested right established or accruing before the effective date of this Tariff.
4. An official copy of this policy shall be available to the Membership of the Corporation during regular office hours of the Corporation. Requests for copies of this Tariff shall be subject to reproduction charges. The Secretary of the Corporation shall maintain the original copy as approved and clearly exhibit all additions, deletions and amendments separately.
5. This Tariff shall take effect immediately upon its approval as provided by law and according to its terms. Rules and regulations of State and Federal agencies having applicable jurisdiction, promulgated under any applicable State or Federal law, shall supersede all terms of this 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 thereby.

PASSED and APPROVED this _____ day of _____,2000.

Joe P. Teller, President
Hilltop Lakes Water Supply Corporation

SEAL

Attest:

Jim Cochran, Secretary
Hilltop Lakes Water Supply Corporation

Date Approved: September 11, 2000

Hilltop Lakes Water Supply Corporation

SECTION B: STATEMENTS

1. **Organization.** The Hilltop Lakes Water Supply Corporation is a member owned non-profit corporation incorporated pursuant to the Water Supply/Sewer Service Corporations Act, Article 1434a, Tex. Rev. Civ. Stat., (West 19880, Vernon supp. 1993 as amended) and as supplemented by the Texas Non-Profit Corporation act. Tex. Rev. civ. Stat. Ann., Art. 1396-1.01, et seq. (West 1980, Vernon supp. 1993 as amended) for the purpose of furnishing a potable water utility service. Corporation operating policies, rates, tariffs, and regulations are formulated and effected by a Board of Directors elected by the Members of the Corporation.
2. **Non-Discrimination Policy.** Membership in the Corporation and service of water is provided to all applicants who comply with the provisions of this Tariff regardless of race, creed, color, national origin, sex or marital status.
3. **Rules Application.** The rules and regulations specified herein apply to the water services furnished by Hilltop Lakes Water Supply Corporation, also referred to as the Corporation. Failure on the part of the Member, consumer, or Applicant to observe these rules and regulations of the Corporation, after due notice of such failure, automatically gives the Corporation the authority to deny or to discontinue the furnishing of service as provided herein and as may be amended from time to time by the Board of Directors of the Corporation.
4. **Corporation By-Laws.** The Corporation has adopted By-Laws which establish the make-up of the Board of Directors, establish the membership voting rights, provided for annual and regular meetings, provide for reserve accounts and establish the rights of the members and other important regulation of the water system. These By-Laws are included by reference herein, as amended from time to time, and are on file for inspection in the Corporation's office.
5. **Fire Protection Responsibility.** Fire risers installed within the Corporation's water distribution system are provided at the convenience of the Corporation and do not imply any responsibility on the part of the Corporation to meet fire flow requirements of local, county, state or federal governmental agencies. Fire risers are for volunteer fire department use and shall remain in place for such use as "refill only" of fire trucks. The Corporation reserves the right to remove any fire risers, due to improper use or detriment to the system as determined by the Corporation, at any time without notice.
6. **Damage Liability.** The Hilltop Lakes Water Supply Corporation is not liable for damages caused by service interruption, events beyond its control or for normal system failures, except to the extent of the cost of service provided. By acceptance of Membership, Member consents to waive of such liability.

7. **Information Disclosure.** The records of the Corporation shall be kept in the Corporation office in Hilltop Lakes, Texas. All information collected, assembled, or maintained by or for the Corporation shall be disclosed to the public in accordance with the Texas Open Records Act: Article 6252-17a, Tex. Rev. Civ. Stat. (Vernon Pamp. 1992). An individual customer may request in writing that their name, address, telephone number, or social security number be kept confidential. Such confidentiality does not prohibit the Corporation from disclosing this information to an official or employee of the state or a political subdivision of the state acting in an official capacity or an employee of the Corporation acting in connection with the employee's duties. Further, such confidentiality does not prohibit the Corporation from disclosing the name and address of each member on a list to be made available to the Corporation's voting members, or their agents or attorneys, in connection with any 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 affected Members and/or consumers at least thirty (30) days prior to the effective date of the new rate. The notice shall contain the old rates, new rates, effective date of the new rate, date of Board authorization, and the name and telephone number of the Corporation's contact person designated to address inquiries about the rate change.
9. **Grievance Procedures.** Any 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 for discussion and resolution. If not resolved to the satisfaction of the aggrieved party then;
 - b. By presenting a letter of request for a hearing before the Board of Directors. The letter shall state the individual's desired business before the Board and the desired result.
 - c. The President of the Board of Directors shall review the request and determine the best means by which the complaint shall be resolved.
 - d. The President shall further determine a reasonable time and place of all hearings, but not beyond forty-five (45) days of the date of receipt of the letter of complaint.
 - e. The Board of Directors and/or legal counsel shall hear the complaint as directed by the Board.
 - f. Any hearings by staff delegated to hear complaints shall report its recommendation to the full Board for a decision by the Board.

- g. The Board of Directors shall act upon the information available and direct the President or other representative to respond to the complaint by communicating the Board's decision in writing.
 - h. 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. The Board's decision shall be final.
10. **Plumbing Standards.** The Corporation adopts the Southern Standard Plumbing Code as guidance in the design, installation, and maintenance of plumbing systems and service facilities connecting or connected to the Corporation's water facilities, to the extent appropriate under the applicable statutes and regulations governing public water systems. Any Member may be required to retrofit plumbing systems and service facilities as determined to be necessary by the Corporation for purposes of compliance with the Southern Plumbing Code.

SECTION C: DEFINITIONS

ACTIVE SERVICE – Service status of any Member receiving authorized water service under the provisions of this Tariff.

APPLICANT – Person, partnership, cooperative corporation, corporation, agency, public or private organization of any character applying for service with the Hilltop Lakes Water Supply Corporation.

BOARD OF DIRECTORS – The Board of Directors elected by the Members of the Hilltop Lakes Supply Corporation.

BY-LAWS – The rules pertaining to the governing of the Hilltop Lakes Water Supply Corporation adopted by the Corporation Members.

CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) – The Authorization granted under Chapter 13 of the Texas Water Code for Hilltop Lakes Water Supply Corporation to provide water utility service within a defined territory. Hilltop Lakes Water Supply Corporation has Certificate Number 10341. Territory defined in the CCN shall be the Certificate Service Area.

CORPORATION – The Hilltop Lakes Water Supply Corporation.

DEVELOPER – Person(s) who subdivided land or requests more than two water connections on a single contiguous tract of land.

DISCONNECTION OF SERVICE – The locking or removal of a water meter to prevent the use of water by a Member/User.

EASEMENT – A private perpetual dedicated right-of-way for the installation of water pipelines and necessary facilities which allows access to property for future operation, maintenance, facility replacement and/or installation of additional pipelines.

FINAL PLAT – A complete and exact plan for the subdivision of a tract of land into lots for marketing which has been approved by all regulatory agencies having jurisdiction over approval of the design, planning and specifications of the facilities of such subdivision. The Hilltop Lakes Water Supply Corporation shall determine if a plat submitted for the purposes of this Tariff shall qualify as a final plat.

FMHA – Abbreviation for Farmers Home Administration, an agency for the U. S. Department of Agriculture, providing loans and grant funds for development of rural water systems serving communities with a population of less than ten thousand (10,000) people. Includes succeeding agencies such as Rural Economics and Community Development.

FRONT-END CAPITAL CONTRIBUTION – In addition to the Membership Fee, each Applicant shall be required to contribute capital in an amount projected to defray the cost of upgrading system facilities to meet growth demands created by adding customers. This impact fee shall be assessed immediately prior to providing or reserving service on a per service unit

basis for each tap and shall be assigned and restricted to the tap for which the service was originally requested.

SHEET NO. C-2

HAZARDOUS CONDITION – A condition which jeopardizes the health and welfare of the Member/Consumers of the Corporation as determined by the Corporation.

INDICATION OF INTEREST FEE – A fee paid by a potential Member of the Corporation for the purpose of aiding the FMHA and Corporation officials in 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. Upon such conversion, the Applicant may then further qualify as a Member and shall become a Member of the Corporation upon issuance of a Membership Certificate.

LIQUIDATED MEMBERSHIP – A Membership in which the Membership Fee is not completed because delinquent charges have been applied against the Membership Fee. Service shall not be provided to a liquidated member until the Membership Fee is current and paid in full.

MEMBER – An Applicant who has received a Membership Certificate and who is receiving water utility service from Hilltop Lakes Water Supply Corporation by the payment of the monthly Service Availability Charge.

MEMBERSHIP CERTIFICATE – A stock certificate purchased from the Corporation evidencing a Member's interest in the Corporation.

MEMBERSHIP FEE – A fee qualified as such under the terms of the Tariff and the By-Laws of the Corporation. The membership fee may or may not be refundable upon termination of service and membership.

MINIMUM MONTHLY CHARGE – The term Minimum Monthly Charge is used to define the monthly charge assessed each Member of the Corporation utilizing service or each Member who has the opportunity to utilize service via a metering device installed by the Corporation.

PERSON – Any natural person, partnership, corporation, association, private corporation, agency, or public or private organization of any character.

RENTER – A person who rents property from a Member and may otherwise be termed a lessee.

RE-SERVICE – Providing service to an Applicant at a location for which service previously existed, but where Membership Fee has been liquidated and now requires the fitting of a metering device into an existing setting and possibly requiring modifications to the setting in order to restore service. Costs of such re-servicing shall be based on justifiable and reasonable costs to the Corporation for restoration of service.

SERVICE APPLICATION AND AGREEMENT – A written agreement between the Member and the Corporation outlining the responsibilities of each party regarding the service of water.

SERVICE CLASSIFICATION – A type of service which warrants a specific charge for service based on specific criteria such as usage, meter size, demand, type application, etc. as determined by the Corporation upon evaluation of the service requirements of the Applicant or Member.

SERVICE UNIT – The base unit of service used facilities design and rate making. For the purposes of this Tariff, a service unit is the 5/8" x 3/4" water meter.

SURRENDERED MEMBERSHIP – A Membership in which service has been discontinued upon request of the Member and all indebtedness due the Corporation has been paid in full.

TARIFF – The Corporation's published rate, fees, and conditions of service.

TRANSFeree – An Applicant receiving a Hilltop Lakes Water Supply Corporation Membership by legal means from a person desiring to forfeit and transfer current rights to Membership to another person or entity.

TRANSFEROR – A Member who transfers Membership by legal means to another person or entity desiring to qualify for service to a property for which the Membership is currently issued or to the Corporation.

SECTION E: SERVICE RULES AND REGULATION

1. **Service Entitlement.** An Applicant shall be considered fully qualified and entitled to water 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 by this Tariff.

2. **Application Procedures and Requirements.** For the purposes of the Tariff, service requested by a Applicant and provided by the Corporation shall be divided into the following two (2) classes with requirements of applications as listed:
 - a. **Standard Service** is defined as single residential tap on an existing pipeline where pipeline or service facility extensions are not required and special design and/or engineering considerations are not necessary. This would include only 5/8" x 3/4" sized water meter services set on existing pipelines. Standard Service may also be defined as a tap where a pipeline extension or road boring is required, but the Corporation determines that the extension does not warrant full or partial compliance with the Service Extension Section of this Tariff.

 - b. **Non-Standard Service** is defined as any service applied for which is not Standard Service. In addition to the following requirements for service, service requirements as prescribed by Section F of this Tariff shall be required on the Non-Standard Service Applicant prior to extension of such pipeline, and/or service facilities.

 - c. **Requirements for Standard and Non-Standard Service.**
 - (1) The Corporation's Standard Service Application and Agreement Form shall be completed in full and signed by the Applicant.

 - (2) A Right-of-Way Easement form, approved by the Corporation, must be completed by the Applicant for the purpose of allowing future extensions or facility additions to improve or provide service to future applicants. **NOTE:** This requirement may be delayed for Non-Standard Service request. Easements must be perpetual. Reversionary clauses are not acceptable. Special privileges cannot be awarded to the grantor of an easement.

 - (3) The Applicant shall provide proof of ownership or title to property for which service has been requested in a manner acceptable to the Corporation.

 - (4) All service Applications approved and cost of service fees quoted by the Corporation shall stand approved at quoted costs for a period not to exceed thirty (30) days. After thirty (30) days, each Applicant shall re-apply for service under the terms of the Tariff.

- (5) 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 refusals to grant easement to the Corporation for the purposes of installing the water main and appurtenances and the Corporation has documentation of such refusal on file, the Applicant, prior to receiving the requested service, shall grant easement to the Corporation. In addition to the normal required fees for service, the Applicant shall pay such sums as are necessary for the removal of the water main from the public right-of-way and for the relocation onto the Applicant's property pursuant to such easement. The Corporation shall retain the right to delay relocation of existing facilities onto private easement.
3. **Activation of Standard Service**
- a. **New Tap** ó 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 to the Applicant after a service investigation has been conducted by the Corporation. All fees shall be paid or a deferred payment contract signed in advance of installation.
- b. **Re-Service** ó On property where service previously existed, the Corporation shall charge only the Membership Fee and labor and material costs necessary to restore service. This fee shall be cost-based. Restoring service for a terminated membership, due to non-payment by the same property owner requesting re-service, will require the Applicant to pay any balance due on the terminated account in addition to normal re-service charges.
- c. **Performance of Work** ó After all applicable fees are paid and approval is granted by proper authorities, all tap and equipment installations specified by the Corporation shall be completed by the Corporation staff or the Corporation's designated representative. The tap shall be completed within ten (10) working days after receipt of payment of quoted installation fee.
- d. **Inspection of Customer Service Facilities** ó The Corporation staff or its designated representative shall inspect all customer service facilities before and periodically after the tap is made to insure compliance with state required Minimum Acceptable Operating Practices for Public Drinking Water Systems as promulgated by the Texas Natural Resource Conservation Commission or successor agency, applicable plumbing codes, and utility construction standards. Satisfactory inspection a prerequisite for service.
4. **Activation of Non-Standard Service.**
- (a) **Activation of Non-Standard Service** shall be conducted as prescribed by terms of Section F of this Tariff.

- (b) **Re-Service** ó The same terms which apply under the Activation of Standard Service Sub-Section and Re-Servicing shall be applied to Non-standard Re-service request.

SHEET NO. E-3

5. **Changes in Service Classification** ó If any time the Corporation determines that the Customer's service needs change from those needs 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. Applicants/Members failing to comply with this provision shall be subject to the Disconnect With Notice Provisions of this Tariff 14.a.a(7).
6. **Membership**
- (a) **Eligibility** ó 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 membership Transferees.
- (b) **Membership Certificates** ó Upon qualification for service, qualification for Membership and payment of the required fees, the corporation shall issue a Membership Certificate to the Applicant. The Membership Certificate provides proof of Membership in the Corporation and shall entitle the Applicant to one (1) connection to the Corporation's water main and one (1) share of Corporation stock. The Membership Certificate also entitles the member to one (1) vote in the conducting of the affairs of any Annual or Special Membership Meeting of the Corporation as prescribed by the Corporation By-Laws. Ownership of more than one (1) Membership Certificate shall not authorize the Member to cast more than one (1) vote at any annual or special meeting. Each membership Certificate thereby represented shall be assigned to the specified parcel of land originally designated to receive service at the time of application. An original of the Membership Certificate shall be held in file at the Corporation Office.

NOTE: In the event that the Corporation is conducting a potential Member survey of indications of interest in future water service for the purpose of determining the feasibility of an initial construction or expansion project under FMHA guidelines, regular application procedures may be modified. An Indication of Interest Fee may be required prior to qualifications for receipt of service by the Applicant but shall only be used or applied as a Membership Fee for Membership purposes (upon issuance of a Membership Certificate) if water service is ultimately received 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 FMHA.

(c) Transfer of Memberships

- (1) A Member is entitled to transfer membership in the Corporation without the prior approval of 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 of consanguinity; or
 - (b) The Membership is transferred without compensation to a person related to the Transferor within the second degree of consanguinity; or
 - (c) The Membership is transferred without compensation or by sale to the Corporation; or
 - (d) The Membership is transferred as a part of the conveyance of real estate from which the Membership arose.
- (2) In the event that Membership is transferred pursuant to the provisions of Sub-Section 6.c. (1) such transfer shall not be completed or recorded on the books and records of the Corporation until such time as the transferor has provided satisfactory evidence to the Corporation of such transfer. A Transfer of Membership shall not be binding on the Corporation until such transfer has been approved as provided by Sub-Section 6.c. (3).
- (3) Qualifications for water service upon transfer of Membership set forth in Sub-Section 6.c. (1) and 6.c. (2) shall be subject to approval of the Corporation and shall be recorded on the books and records of the Corporation only upon the following terms and conditions:
 - (a) A transfer Authorization Form has been completed by the Transferor and Transferee;
 - (b) The Transferee has completed the required Application packet, and
 - (c) All indebtedness due the Corporation has been paid.
 - (d) The Membership Certificate has been surrendered, properly endorsed, by the record Transferor; and
 - (e) The transferee demonstrates satisfactory evidence of ownership of the property designated to receive service and from which the Membership originally arose.
 - (f) Satisfactory inspection of facilities as described in Section 3.d.

- (g) In the event the existing Member requests a Membership refund, the Corporation shall require the new Member to deposit with the Corporation another Membership Fee equal to that quoted in the Corporation's current By-Laws.

SHEET NO. E-5

- (h) 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 direction of the manager or board.
- d. **Cancellation of Membership** ó To keep a membership in good standing, a minimum charge must be paid monthly to the Corporation, whether or not water is used. Failure to pay this monthly charge to the Corporation shall jeopardize the Member's Membership standing and give rise to liquidation of the Membership Fee. A member may be relieved of this obligation to pay by surrendering the Membership Certificate, properly endorsed, to the Corporation. The member shall also complete a Service Discontinuance Request Form prior to termination of service. However, a Member is not relieved of any obligations incurred prior to the date of surrender of a properly endorsed Membership Certificate prior to termination of service. Rights to future service at this tap shall be extended on an as-available basis and subject to the terms of the Activation of Service Sub-Section 3.b. of this Tariff.
- e. **Liquidation Due to Delinquency** – When the amount of the delinquent minimum monthly charges, gallonage charges, penalties, and service fees owed by the Member equals the Membership Fee, the Membership Fee shall be liquidated and the Membership cancelled and transferred back to the Corporation. In the event the Member leaves a balance due on an account guaranteed under the terms of a Standard Service Application and Agreement, and the delinquent Member owns more than one Membership Certificate, the Corporation may liquidate as many of the Member's Guarantor's Membership Fees as necessary to satisfy the balance due the Corporation, provided proper notice has been given (see section E. Sub-section 11.a.(2)). The Corporation shall collect any remaining account balances through appropriate means. Reinstatement of service shall be subject to the terms of the Activation of Service Sub-Section 3.b. of this Tariff.
- f. **Cancellation due to Policy Non-Compliance** ó 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.
- g. **Re-assignment of Canceled Membership** ó The Corporation, upon cancellation of Membership under the provisions of this Tariff, may re-assign the Membership rights thereby granted to any person who satisfactorily demonstrates eligibility for Membership, including but not limited to proof of ownership of the property from which the Membership arose. (Texas Water Code 67.016)

- h. **Mortgaging of Membership** ó Nothing herein shall preclude a Member from mortgaging his/her Membership. However, notification to the holder of any security interest (mortgagee/lien-holder) of account status of member/mortgagor will be provided only upon satisfactory completion of requirements for such conditions under the Membership Mortgage Agreement (See Miscellaneous Transaction Forms). Prior to the cancellation of any Membership as provided under Sub-section E. 6.d. (Cancellation of Membership), the Corporation will notify the holder of any security interest in the Membership. The holder of the security interest also must hold a security interest in the real property at which water service is provided under the Membership. The Corporation may transfer the Membership to the holder of such security interest in lieu of cancellation, provided 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** ó 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 (15) (a) of this tariff, with a copy of the notice to the bankruptcy Trustee.
7. **Owners and Renters** ó Any Hilltop Lakes Water Supply Corporation Member renting or leasing property to the other parties is responsible for all charges due the Corporation in the event a renter or lessee leaves the Corporation with any unpaid bills. The Corporation will bill the renter or lessee. The owner shall be required to sign an Alternate Billing Agreement. The Member shall take responsibility for any necessary deposits from the renter or lessee to ensure payment of a past due bill. The Corporation may notify the Member of the renter's past due payment status subject to service charges.
8. **Denial of Service** ó The Corporation may deny service for the following reasons:
- (a) Failure of Applicant or Transferee to complete all required forms and pay all required fees and charges;
 - (b) Failure of the Applicant or Transferee to comply with rules, regulations, policies and By-Laws 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;

SHEET NO. E-7

- (d) Failure of Applicant or Transferee to provide representatives or employees of the Corporation reasonable access to property for which water service has been requested when there is reason to believe that a hazardous condition may exist for which access is necessary to verify.
 - (e) Failure of Applicant or Transferee to comply with all governmental rules and regulations of the Corporation on file with the state regulatory agency governing the service applied for by the Applicant;
 - (f) Failure of Applicant or Transferee to provide proof of ownership, to the satisfaction of the Corporation, of property for which the tap has been requested, and/or;
 - (g) Applicant's service facilities are known to be inadequate or of such character that satisfactory service cannot be provided.
9. **Applicant's or Transferee's Recourse** ó In the event the Corporation refuses to serve an Applicant under the provisions of the rules, the Corporation must notify the Applicant, in writing, of the basis of its refusal and the Applicant may file for an appeal, in writing, with the Board of Directors of the Corporation.
10. **Insufficient Grounds for Refusal of Service** ó The following shall not constitute sufficient cause for the refusal of service to an Applicant;
- (a) Delinquency in payment for service by a previous occupant of the premises to be served;
 - (b) Failure to pay a bill to correct previous under billing due to misapplication of rates more than six (6) months prior to the date of application;
 - (c) Violation of Corporation's rules pertaining to operation of non-standard equipment or unauthorized attachments which interferes with the service of others, or other services such as communication services, unless the member has first been notified and been afforded reasonable opportunity to comply with said rules; or
 - (d) Failure to pay the bill of another Member as guarantor thereof unless the guaranty was made in writing to the Corporation as a condition precedent to service.
 - (e) Failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill;
 - (f) Failure to comply with regulations or rules for anything other than the type of utility service specifically requested including failure to comply with septic tank regulations.

11. **Deferred Payment Agreement** ó The Corporation may offer a deferred payment plan to a Member who cannot pay an outstanding balance in full and is willing to pay the balance in reasonable installments as determined by the Corporation, including any Late Penalty fees on the monthly balance to be determined as per agreement. Should be paid in full no later than six (6) months.
12. **Indigent Care Policy** ó Members demonstrating an inability to pay for monthly water service shall be extended an opportunity to apply for waiver of part or all of water charges under the conditions of the Corporation's Indigent Care Policy. (See Section Indigent Care Policy.)
13. **Charge Distribution and Payment Application** ó
 - (a) The **Minimum Monthly Charge** is applied from the twentieth (20th) day of the month to the twentieth (20th) day of the following month. Charges shall be prorated for meter installations and service terminations falling during the calendar month. Billings for this amount shall be mailed on or about the thirtieth (30th) of the month preceding the month for which this charge whether or not the service is in use by the Member. Trailer Parks served by one meter are billed based on multiple minimums of number of spaces occupied on meter reading day as directed by the Corporation's office.
 - (b) **Gallonge Charge** ó Defined as water usage in excess of any water allotment, if included, in the Minimum Monthly Charge, shall be billed at the rate specified in Section G, and shall be billed in one hundred (100) gallon increments. Water charges for usage exceeding the monthly allotment are based on monthly meter readings and are calculated from reading date to reading date. Readings used in all billing calculations shall be taken by the Corporation's employees or designated representative.
 - (c) **Posting of Payments** ó All payments shall be posted against previous balances prior to posting against current billings.
14. **Due Dates, Delinquent Bills and Service Disconnection Date** - The Corporation shall mail all bills on or about the 30th of the month. All bills shall be due the fifteenth (15) of the month, after which time a penalty shall be applied as described in Section G. A bill is delinquent if not paid by the due date. Final notice shall be mailed on the sixteenth (16) of the month allowing ten (10) additional days for payment prior to disconnection. Disconnection shall be on the twenty-fifth (25) of each month. The ten (10) additional days shall begin on the day the final notice is deposited with U. S. Postal Service with sufficient postage. If the due date for the regular or final billing is on a weekend or holiday, the next due date for payment purposes shall be the next day the Corporation's 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.

SHEET NO. E-9

15. **Rules for Disconnection of Service** ó The following describes the rules and conditions for disconnection of water service:

(a) **Disconnection with Notice** ó Water utility service may be disconnected for any of the following reasons after proper notification has been given:

- (1) Return checks ó 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 service 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 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 return instrument shall be made by cash, money order or certified check. Failure to meet these terms shall initiate disconnection of service.

Any such instruments returned as insufficient or non-negotiable for any reason for any two billing periods within a twelve (12) month period shall be considered evidence of bad credit risk by the Corporation. The Member in violation shall be placed on a "cash-only" basis for a period of twelve (12) months.

- (2) Failure to pay a delinquent account for water service or failure to comply with the terms of a deferred payment agreement.
- (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 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, By-Laws or Special contract provided that the Corporation has given notice of said failure to comply and member has failed to comply within a specified amount of time after notification.
- (5) Failure to provide access to the meter under the terms of this Tariff or to property at which water service is received when there is reason to believe that a hazardous condition or policy violation exists for which access is necessary to verify.
- (6) Misrepresentation by any Applicant or Transferee of any fact on any form, document or other agreement required to be executed by the Corporation.

- (7) Failure of Member to re-apply for service upon notification by the Corporation that Member no longer meets the terms of the service classification originally applied for under the original service application.

SHEET NO. E-10

- (b) **Disconnection Without Notice** ó Water Utility service may be disconnected without notice for any of the following conditions:

- (1) A known dangerous or hazardous condition exists for which service may remain disconnected for as long as the condition exists, including but not limited to a violation of the Texas Sanitation and Health Protection Law 4477-1, or there is reason to believe a dangerous or hazardous condition exists and the Member refuses to allow access for the purpose of confirming the existence of such condition and/or removing the dangerous or hazardous conditions;
- (2) Service is connected without authority by a person who has not made application for service or who has reconnected service without authority following termination of service for non-payment.
- (3) In instances of tampering with the Corporation's meter or equipment, by-passing the meter or equipment, or other diversion of service.

Where reasonable, given the nature of the reason for disconnection, a written statement providing notice of disconnection and the reason therefor 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 under billing 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 under-billing due to any faulty metering, unless the meter has been tampered with or unless such under-billing charges are due under the Inoperative meters Sub-section E.18 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.

SHEET NO. E-11

- (7) In response to a request for disconnection by an Owner/Member of rental property where the renter is billed directly by the Corporation as authorized by the owner, and renter's account is not scheduled for disconnection under the Rules of Disconnection of Service in this Tariff.
- (d) **Disconnection on Holidays and Weekends** – Unless a dangerous condition exists or the Member requests disconnection, service shall not be disconnected on a day, or on a day preceding a day, when personnel of the Corporation are not available to the public for purpose of making collection and reconnecting service.
- (e) **Disconnection Due to Utility Abandonment** ó The Corporation may not abandon a Member or a Certificate Service Area without written notice to its members and all similar neighboring utilities and approval from the Texas Commission of Environmental Quality.
- (f) **Disconnection for Ill and Disabled** ó The Corporation may not discontinue service to a delinquent residential member permanently residing in an individually metered dwelling unit when that Member establishes that discontinuance of service will result in some person at that residence becoming seriously ill or more seriously ill if service is discontinued. Each time a Member seeks to avoid termination of service under this Sub-Section, the Member must have the attending physician call or contact the corporation within sixteen (16) days of issuance of the bill. A written statement must be received by the Corporation from the physician within twenty-six (26) days of the issuance of the utility bill. The prohibition against service termination shall last sixty-three (63) days from issuance of the utility bill or such lesser period as may be agreed upon by the Corporation and Member's physician. The Member shall be required to enter into a Deferred Payment Agreement with the Corporation.
- (g) **Disconnection of Master-Metered Accounts and Non-Standard Sewer Services** ó When a bill for water utility service is delinquent for a master-metered service complex (defined as a complex in which a single meter serves (2) or more residential dwelling units), the following shall apply: (30 TAC SUBCHAPTER H.291.126)
 - (1) The Corporation shall send a notice to the Member as required. This notice shall also inform the Member that notice of possible disconnection will be provided to the tenants of the service complex in five (5) days if payment is not rendered before that time.
 - (2) At least five (5) days after providing notice to the Member and at least five (5) days prior to disconnection, the Corporation shall post notices, stating

Termination Notice in public areas of the service complex notifying the residents of the scheduled date for disconnection of service.

- (3) The tenants may pay the Corporation for any delinquent bill in behalf of the owner to avert disconnection or to reconnect service to the complex.

SHEET NO. E-12

16. **Billing Cycle Changes** – The Corporation reserves the right to change its billing cycle if the work load requires such practice. After a billing period has been changed, the billings shall be sent on the new change date unless otherwise determined by the corporation.
17. **Back Billing** – The Corporation may back-bill a Member for up to four years (48 months) for meter error, misapplied meter multiplier, incorrect meter readings or error in computing a Member's bill. Failure to pay the most recent six (6) months billing will result in disconnection of service and the re-establishment of credit. Back billing shall not extend beyond current Membership.
18. **Disputed Bills** – In the event of a dispute between Member and the Corporation regarding any bill, the Corporation shall forthwith make and conduct an investigation as shall be required by the particular case and report the results in writing thereof to the Member. All disputes under this Sub-Section must be reported to the Corporation, in writing, prior to the due date posted on said bill.
19. **Inoperative Meters** – Water meters found inoperative will be repaired or replaced within a reasonable time. If a meter is found not to register for any period, unless by-passed or tampered with, the Corporation shall make a charge for units used, but not metered, for a period not to exceed three (3) months, based on amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.
20. **Bill Adjustment Due to Meter Error** – The Corporation shall test any Member's meter upon written request of the Member. In the event the meter tests within the accuracy standards of the American Water Works Association, a test fee as prescribed in Section G of the 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 shall be made as far back as six (6) months but not extending beyond current membership. 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.
21. **Meter Tampering And Diversion** - For the purpose of these Sections, meter-tampering, by by-passing or diversion shall all be defined as tampering with the Corporation's meter or equipment, by-passing the same, or other instances of diversion, such as removing a locking or shut-off device used by the Corporation to discontinue service, physical and disorienting the meter, attaching objects to the meter to divert service or to by-pass, inserting objects into the meter, and other electrical and mechanical means of tampering with, by-passing or diverting service. The burden of proof of meter-tampering by-passing

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

SHEET NO. E-13

22. **Meter Relocation** – Relocation of meters/taps shall be allowed by the Corporation provided that;
- (a) No transfer of membership is involved.
 - (b) An easement for the proposed location has been granted to the Corporation.
 - (c) The Member pays the actual cost of relocation plus administrative fees, and
 - (d) Service capacity is available at proposed location.
23. **Prohibition of Multiple Connections To A Single Tap** – No more than one (1) residential, commercial, or industrial service connection is allowed per meter. The Corporation may consider allowing an apartment building or mobile home/RV park to apply as a "Master Metered Account" and have a single meter (This refers to Section E.2.c. (4)). Any unauthorized sub-metering or diversion of service shall be considered a Multiple Connection and subject to disconnection of service. If the Corporation has sufficient reason to believe a Multiple Connection exists, the Corporation shall discontinue service under the Disconnection with Notice provisions of this Tariff.
24. **Member's Responsibility** –
- (a) The Member shall provide access to the meter as per service agreement. If access to the meter is hindered or denied preventing the reading of the meter, an estimated bill shall be rendered to the Member for the month; and a notice shall be sent to the effect that access could not be gained. If access is denied for three (3) consecutive months after proper notification to the Member, then service shall be discontinued and the meter removed with no further notice. (Section E.3.d.)
 - (b) The Member shall be responsible for compliance with all utility, local, and state codes, requirements, and regulations concerning on-site service and plumbing facilities.
 - (1) All connections shall be designed to insure against back-flow or siphonage into the Corporation's water supply. In particular, livestock water troughs shall be plumbed into the top of the trough with airspace between the discharge and the water level in the trough.

- (2) The use of pipe and pipe fittings that contain more than .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 and be a minimum SDR-26 PVC pipe.

SHEET NO. E-14

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

- (h) A member owning more than one (1) Membership Certificate shall keep all payments current on all accounts. Failure to maintain current status on all accounts shall be enforceable as per Standard Service Application and Agreement executed by the Member.
- (i) The Corporation's ownership and maintenance responsibility of water supply and metering equipment shall end at the meter. 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.
- (j) The Corporation shall require each member to provide a cut-off valve on the Member's side of the meter for purposes of isolating the Member's service pipeline and plumbing facilities from the Corporation's water pressure. The Member's use of the Corporation's curb stop and other similar valve for such purposes is prohibited. Any damage to the Corporation's equipment shall be subject to service charges.

SECTION F: NON-STANDARD SERVICE REQUIREMENTS

1. **Corporation's Limitations** – All applicants shall recognize that the Corporation must comply with local, state and federal rules and regulations as promulgated from time to time and by covenants of current indebtedness.
2. **Purpose** ó It is the purpose of this Section to define the process by which the specific terms and conditions for service to subdivisions are determined including the Developer's and the Corporation's respective costs.
3. **Application of Rules** ó This Section may be altered or suspended when applied to planned facility expansions for which the Corporation extends its indebtedness. The Board of Directors of the Corporation shall interpret on an individual basis whether or not the Applicant's service request shall be subject to all or part of the conditions of this Section.
4. **Non-Standard Service Application** ó The Applicant shall meet the following requirements prior to the initiation of Service Agreement by the Corporation.
 - (a) The Applicant shall provide the Corporation a completed Service Application and Agreement giving special attention to the item on SPECIAL SERVICE NEEDS OF THE APPLICANT.
 - (b) A final plat approved by the Corporation must accompany the Application showing the Applicant's requested service area. The plat must be approved by all regulatory authorities having jurisdiction over lot sizes, sewage control, drainage, right-of-way and other service facilities. Plans, specifications, and special requirements of such regulatory authorities shall be submitted with the plat. Applicants for single taps involving extension or up-sizing of facilities shall be required to submit maps or plans detailing the location of the requested extension and details of demand requirements.
 - (c) At the time the Applicant submits the Application, a Non-Standard Service Investigation Fee (See Section G) to cover initial administrative, legal and engineering fees shall be paid to the Corporation. The balance of actual expenses incurred as a result of efforts by the Corporation to study service requirements of the Applicant shall be refunded to the Applicant and the Applicant shall pay any additional expenses.

(d) If after the service investigation has been completed, the Corporation determines that the Applicant's service request is for property outside the Corporation's Certificate Service Area of Public Convenience and Necessity, service may be extended provided that:

(1) The service location is contiguous to or within one-fourth (1/4) mile of the Corporation's Certificate Service Area of Public Convenience and Necessity.

(2) The service location is not in an area receiving similar service from another utility, and

SHEET F-2

(3) The service location is not within the Area of Public Convenience and Necessity of another similar utility.

(4) If the Corporation extends service under these conditions, the Applicant shall fully support any subsequent efforts by the Corporation to amend its Certificate of Convenience and Necessity to include the applicant's property within the service area.

5. **Design** – The Corporation shall study the Design requirements of the Applicant's required facilities prior to initiation of a Service Agreement by adopting the following schedule:

(a) The Corporation's Consulting Engineer shall design all service facilities for the Applicant's requested service within the Corporation's specifications or within certain codes and specifications of neighboring municipalities for all Non-Standard Service Applications which lie with the enforced ETJ of the municipalities.

(b) The Engineer's fees shall be paid out of the Non-Standard Service Investigation Fee, provided however, that the actual costs of the Engineer's services do not exceed the amount of the Non-Standard Service Investigation Fee allotted for engineering services. If the Applicant's services exceed the allotted fee, the Applicant shall pay the balance of engineering fees prior to commencing with the service investigation.

(c) The Consulting Engineer shall submit to the Corporation a set of detailed plans, specifications, and cost estimates for the project.

(d) If no local authority imposes other design criteria on the Applicant's service request, the Corporation's Engineer shall design all facilities for any Applicant to meet the demand for service as platted and/or requested in the plans or plat submitted in application for service. The Corporation reserves the right to upgrade design of service facilities to meet future demands, provided however, that the Corporation pays the expenses of such upgrading above the Applicant's facility requirements.

6. **Non-Standard Service Contract** – All Applicants requesting or requiring Non-Standard Service shall enter into a written contract, drawn up by the Corporation's Attorney, in addition to submitting the Corporation's Service Application and Agreement. Said contract shall define the terms of service prior to construction of required service facilities. Guidelines for the service contract may include, but are not limited to:

- (a) Definition of 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) Definition of procedures by which the Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.

SHEET F-3

- (c) Definition of Equity-buy in Capital Contributions required by the Corporation in addition to the other costs required under this Section.
- (d) Definition of Minimum Monthly Reserve Service Charges as applicable to the service requirements.
- (e) Terms by which reserved service shall be provided to the Applicant and duration of reserved service with respect to the impact the Applicant's service request will have upon the Corporation's system capability to meet other service requests.
- (f) Definition of terms by which the Applicant shall be reimbursed or compensated for fees duplicated in assessments for monthly rates and Front-end Capital Contributions.
- (g) Definition of terms by which the Corporation shall administer the Applicant's project with respect to:
 - (1) Design of the Applicant's service facilities;
 - (2) Securing and qualifying bids;
 - (3) Execution of the Service Agreement;
 - (4) Selection of a qualified bidder for construction;
 - (5) Dispensing advanced funds for construction of facilities required for the Applicant's service;
 - (6) Inspecting construction of facilities; and
 - (7) Testing facilities and closing the project.
- (h) Definition of terms by which the Applicant shall indemnify the Corporation from all third party claims or lawsuits in connection with the project contemplated.
- (i) Definition of terms by which the Applicant shall deed all constructed facilities to the Corporation and by which the Corporation shall assume operation and maintenance responsibility, including any enforcement of warranties in connection with construction of the Applicant's project.

- (j) Definition of terms by which the Applicant shall grant title or easement for right-of-way, constructed facilities, and facility sites and/or terms by which the Applicant shall provide for the securing of required right-of-ways and sites.
- (k) Definition of terms by which the Board of Directors shall review and approve the Service Agreement pursuant to current rules, regulations, and By-Laws.

SHEET NO. F-4

- 7. **Property and Right-of-Way Acquisition** – With regard to construction of facilities, the Corporation shall require private right-of-way easement or private property as per the following conditions:
 - (a) If the Corporation determines that right-of-way easements or facility sites outside the Applicant's property are required, the Corporation shall require the Applicant to secure easements or title to facility sites in behalf of the Corporation. All right-of-ways in behalf of the Applicant, due to inability to secure private right-of-way, plus the estimated cost of future relocation to private right-of-ways, or subject to the cost of installation under state condemnation procedures, whichever is most desired by the Applicant.
 - (b) All facilities required to be installed in public right-of-ways in behalf of the Applicant, due to inability to secure private right-of-way easements, shall be subject to costs equal to the original cost of facility installation for those facilities in public right-of-way, plus the estimated cost of future relocation to private right-of-ways, or subject to the cost of installation under state condemnation procedures, which ever is most desired by the Applicant.
 - (c) The Corporation shall require an exclusive dedicated right-of-way on the Applicant's property (as required by the size of the planned facilities and as determined by the Corporation) and title to property required for other on-site facilities.
 - (d) Easements and facilities sites shall be prepared for the construction of the Corporation's pipeline and facility installations in accordance with the Corporation's requirements and at the expense of the Applicant.
- 8. **Bids for Construction** ó 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 will be made available with or without charge, 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 and best bidder in accordance with the following criteria:
 - (a) The applicant shall sign the Service Agreement noting willingness to proceed with the project and shall pay all costs in advance of construction associated with the project.

- (b) The Contractor shall provide an adequate bid bond under terms acceptable to the Corporation.
- (c) The contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the Corporation.
- (d) The contractor shall supply favorable references acceptable to the Corporation, and
- (e) The Contractor shall qualify with the Corporation as competent to complete the work

SHEET NO. F-5

- (f) The Contractor shall provide adequate Certificates of Insurance as required by the Corporation.

9. **Prepayment for Construction and Service** – After the Applicant has executed the Service Agreement, the Applicant shall pay to the Corporation all costs necessary for completion of the project prior to construction and in accordance with the terms of the Service Agreement.
10. **Construction -**
 - (a) All roadwork pursuant to county and/or municipal standards (if applicable) shall be completed prior to the facility construction to avoid future problems resulting from road right-of-way completion and excavation. Subject to approval of the requisite authority, road sleeves may be installed prior to road construction to avoid road damage during construction of Applicant's facilities.
 - (b) The Corporation shall, at the expense of the Applicant, inspect the facilities to insure that Corporation standards are achieved.
 - (c) Construction plans and specifications shall be strictly adhered to, but the Corporation reserves the right to change-order any specifications, due to unforeseen circumstances during the design phase, to better facilitate operation of the Applicant's facility. All change-order amounts shall be charged to the Applicant.
11. **Service within Subdivisions** ó The Corporation's objective to provide service to any customer located within subdivision governed by this section is strictly limited to the nonstandard service specified by the Applicant. The purchaser of any lots who do not receive service because this service has not been specified or paid for by the Applicant shall have no recourse to the Corporation but may have recourse to the Applicant/Developer.

SECTION G: RATES AND SERVICE FEES

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

1. **Service Investigation Fee** ó The Corporation shall conduct a service investigation for each service application submitted at the Corporation office. An initial determination shall be made by 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 Applications shall be investigated without charge and all costs for installation shall be quoted to the Applicant within ten (10) working days of application.
 - (b) All Non-Standard Service Applications shall be subject to a fee, unique 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 provide cost estimates of the project, to present detailed plans and specifications as per final plat, to advertise and accept bids for the project, to present a Non-Standard Service Agreement to the Applicant and to provide other services as required by the Corporation for such investigation. A Non-Standard Service Agreement shall be presented to the Applicant within a suitable amount of time as determined by the complexity of the project.
2. **Membership Fee** ó At the time an application for water service is approved, a refundable Membership Fee of \$100.00 must be paid before service shall be provided for the Applicant by the Corporation.
3. **Easement Fee** ó 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 secure easements in behalf of the Corporation and/or pay all costs incurred by the Corporation in validating, clearing and retaining such right-of-way in addition to tap fees otherwise required pursuant to the provisions of this Tariff. The costs may include all legal fees and expenses necessary to attempt to secure such right-of-way and/or facilities sites in behalf of the applicant.

4. Installation Fee ó The Corporation shall charge an installation fee for service as follows.
- (a) Standard service shall include all current labor, materials, engineering, legal, plumbing inspection, and administrative fees necessary to provide individual metered water service and shall be charged on a per tap basis. The installation fee shall be quoted to the Applicant after a service investigation has been conducted. The meter set rate is \$1,000.00 and road boring, if applicable, is \$300.00.
 - (b) Non-Standard Service shall include any and all construction labor and materials, inspection, administration, legal, and engineering fees, as determined by the Corporation under the rules of Section F of this Tariff.

SHEET NO. G-2

- (c) Standard and Non-Standard Service installation shall include all costs of any pipeline relocations as per Section E.2.c(5) of this Tariff.
5. **FRONT-END CAPITAL CONTRIBUTION** – In addition to the Membership Fee, each Applicant shall be required to contribute capital in an amount projected to defray the cost of upgrading system facilities to meet growth demands created by adding customers. This impact fee shall be assessed immediately prior to providing or reserving service on a per service unit basis for each tap and shall be assigned and restricted to the tap for which the service was originally requested. The formula applied to such a fee is as follows:

Average Net Equity Purchase Fee

OR the total fees of \$1,000.00 plus \$ 100.00 Membership = \$1,100.00 Total as approved by the Board of Directors.

*New Service:	\$250.00 labor
	+ \$250.00 equipment charge
	+ \$500.00 materials
	+ \$100.00 membership
	+ <u>\$1,500.00</u> Front-end Capital
	\$2,600.00 Total

*Re-service:	\$150.00 materials
	<u>\$100.00</u> Membership
	\$250.00 Total

6. **Monthly Charges**

(a) **Minimum Monthly Charges** – The monthly charge for metered water service, includes an allowable gallonage, is based on demand by meter size. Each charge is assessed based on the number of 5/8" x 3/4" meters (as per American Water Works Association maximum continuous flow specifications) equivalent to the size indicated and is used as a base multiplier for the minimum monthly charge and allowable gallonage. Rates, equivalents, and allowable gallonages are as follows:

<u>Service</u>	<u>Meter Size</u>	<u>Gallons</u>	<u>Allowable Gallonage</u>	<u>Monthly Rate</u>
Standard	5/8" x 3/4"	20 gpm	3,000	\$38.94
Non-Standard	1"	50 gpm	6,000	\$49.22
Non-Standard	1 1/2"	100 gpm	15,000	\$123.00
Non-Standard	2"	160 gpm	24,000	\$197.00

SHEET NO. G-3

(b) In addition to the Minimum Monthly Charge, a gallonage charge shall be added at the following rates for usage during any one (1) billing period. Per rate schedule as follows:

Minimum charge	\$38.94	-	0-3,000 gallons
per 1,000 gals	3.84	-	3,001 – 5,000 gallons
per 1,000 gals	4.05	-	5,001 - 10,000 gallons
per 1,000 gals	4.35	-	10,001 – 15,000 gallons
per 1,000 gals	4.50	-	15,001 - 20,000 gallons
per 1,000 gals	4.80	-	20,000+ gallons

The monthly minimum shall be charged when service has been established.

(c) The Corporation shall, as required by Section 5.235, Water Code of the State of Texas, collect from each of its retail customers a regulatory assessment equal to one-half of one percent of the charge for retail water service. This charge shall be collected in addition to other charges for water service. This fee is collected on all charges pertaining to Section G.6.b. Monthly charges of this Tariff.

7. **Late Payment Fee** ó A penalty of \$20.00 per billing period shall be made on delinquent bills. This late payment penalty shall be applied to any unpaid balance exceeding one (1) full Minimum Monthly Charge during any one billing period.
8. **Owner Notification Fee** ó the Corporation may notify said member of a renter/lessee delinquent account status prior to disconnection of service.
9. **Return Check Fee** ó 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. No third party checks will be accepted.
10. **Reconnect Fee** ó The Corporation shall charge a fee of \$50.00 for reconnecting service after the Corporation has previously disconnected the service for any reason provided for in this Tariff except for activation of service under Section E.3.b. Re-Service.

SHEET NO. G-4

11. **Equipment Damage Fee** ó 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 reestablished. If the Corporation's equipment has not been damaged, a fee equal to the actual costs for labor, material, equipment and other actions necessary to correct service diversions, unauthorized taps or re-connection of service without authority shall be charged. All components of this fee shall be itemized and an itemized statement shall be provided to the Member.

If the Corporation's facilities or equipment have been damaged due to negligence or unauthorized use of the Corporation's equipment, right-of-way or meter shut-off valve; or due to other acts for which the corporation incurs losses or damages, the Member shall be liable for all labor and material charges incurred as a result of said acts or negligence.

12. **Customer History Report Fee** ó A fee of \$5.00 shall be charged to provide a copy of the Member's record of past water purchases in response to a member's request for such a record.
13. **Meter Test Fee** ó The Corporation shall test a Member's meter upon written request of the Member. Under the terms of Section E of this Tariff, a charge of \$25.00 shall be imposed on the affected account.
14. **Transfer Fee** ó An applicant for service who is a Transferee shall complete all required application forms, etc. and pay a Transfer Fee of \$25.00.
15. **Membership Certificate Copy Fee** ó A fee of \$5.00 will be charged to provide a duplicate copy of the Membership Certificate.
16. **Non-Disclosure Fee** ó A fee of \$5.00 shall be assessed any customer requesting in writing that personal information under the terms of this Tariff not be disclosed to the public.
17. **Information Disclosure Fee** ó All public information except that which has been individually requested as confidential shall be available to the public for a fee to be determined by the Corporation based on the level of service and costs to provide such information, but not to be inconsistent with the terms of the Texas Open Records Act: Article 6252-17a.
18. **Other Fee** ó All services outside the normal scope of utility operations which the Corporation may be compelled to provide at the request of a Member shall be charged to the recipient based on the cost of providing such service.
19. **Mortgage/Guarantor Notification Fee** ó 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.)

SHEET NO. G-5

20. **Customer Service Inspection Fee** ó This is included in the Water Tap Fee for each Applicant before permanent continuous service is provided to new construction.

SHEET NO. H-1

**SECTION H:
DROUGHT CONTINGENCY
AND
EMERGENCY WATER DEMAND MANAGEMENT PLAN**

1. **Declaration of Policy, Purpose, and Intent** ó In order to conserve the available water supply and protect the integrity of water supply facilities, with particular regard for domestic water use, sanitation, and fire protection, and to protect and preserve public health, welfare, and safety and minimize the adverse impact of water supply shortage or other water supply emergency conditions, the Hilltop Lakes Water Supply Corporation

Date Approved: September 11, 2000

Hilltop Lakes Water Supply Corporation

hereby adopts the following regulations and restrictions on the delivery and consumption of water.

Water uses regulated or prohibited under this Drought Contingency Plan are considered to be non-essential and continuation of such uses during time of water shortage or other emergency water supply condition are deemed to constitute a waste of water which subjects the offender(s) to penalties as defined in Section H 6.1 of this Tariff.

2. **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 WSC 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.
3. **Notice Requirements** ó Written notice of the proposed rationing shall be mailed or delivered to each member seventy-two (72) hours before the Corporation actually starts the program, and shall also be placed in a local newspaper. The member notice shall contain the following information:
 - (a) The date rationing shall begin
 - (b) The date rationing shall end
 - (c) The stage (level) of rationing to be employed
 - (d) A copy of this rationing authority
4. **Application** ó The provisions of this Plan shall apply to all persons, customers, and property utilizing water provided by the Hilltop Lakes Water Supply Corp. The terms "person" and "customer" as used in the Plan include individuals, corporations, partnerships, associations, and all other legal entities.

SHEET NO. H-2

5. **Definitions** ó For the purpose of this Plan, the following definitions shall apply:

Aesthetic Water Use – Water use for ornamental or decorative purposes such as fountains, reflecting pools, and water gardens.

Commercial and Institutional Water Use - Water use which is integral to the operations of commercial and non-profit establishments and governmental entities such as retail establishments, hotels, and motels, restaurants, and office buildings.

Conservation ó Those practices, techniques, and technologies that reduce the consumption of water, reduce the loss or waste of water, improve the efficiency in the use of water or increase the recycling and reuse of water so that a supply is conserved and made available for future or alternative uses.

Customer ó Any person, company, or organization using water supplied by Hilltop Lakes Water Supply Corp.

Domestic Water Use ó Water use for personal needs or for household or sanitary purposes such as drinking, bathing, heating, cooking, sanitation, or for cleaning a residence, business, industry, or institution.

Even Number Address ó Account numbers ending in 0,2,4,6, and 8.

Industrial Water Use ó The use of water in processes designed to convert materials of lower value into forms having greater usability and value.

Landscape Irrigation Use ó Water used for the irrigation and maintenance of landscaped areas, whether publicly or privately owned, including residential and commercial lawns, gardens, golf courses, parks, and rights-of-way and medians.

Non-Essential Water Use ó Water uses that are not essential nor required for the protection of public, health, safety, and welfare, including;

- (a) Irrigation of landscape areas, including parks, athletic fields, and golf courses, except otherwise provided under this Plan.
 - (b) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle
 - (c) Use of water to wash down buildings or structures for purposes other than immediate fire protection
 - (d) Use of water to wash down any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard surfaced area
 - (e) Flushing gutters or permitting water to run or accumulate in any gutter or street
 - (f) Use of water to fill, refill, or add to any indoor or outdoor swimming pools, or Jacuzzi type pools
- SHEET NO. H-3
- (g) Use of water in a fountain or pond for aesthetic or scenic purposes except where necessary to support aquatic life
 - (h) Failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
 - (i) Use of water from hydrants for construction purposes or any other purposes other than fire fighting

Odd Number Address ó Account numbers ending in 1, 3, 5, 7, or 9

6. **Trigger Conditions** ó The Drought Emergency management Committee is responsible for monitoring water supply and demand conditions on a monthly basis (or more frequently if conditions warrant) and shall determine when conditions warrant initiation or termination of each stage of the plan, that is, when the specified triggers are reached. The Committee will monitor monthly operating reports, water supply or storage tank levels and/or rainfall as needed to determine when trigger conditions are reached. The triggering conditions described below take into consideration; the vulnerability of the water source under drought of record conditions; the production, treatment and distribution capacities of the system, and member usage based upon historical patterns.
- (a) **Stage I – Mild Condition** ó 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** ó Stage II water allocation measure may be implemented when one of the following conditions exists:
- (1) Water consumption has reached 90 percent of the amount available for three consecutive days.
 - (2) The water level in any of the water storage tanks cannot be replenished for three (3) consecutive days
- (c) **Stage III – Severe Conditions** ó Stage III water allocation measures may be implemented when one of the following conditions exists:
- (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.

SHEET NO. H-4

- (3) Water consumption of 200 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.

7. **Stage Level of Water Allocations** ó The stage levels of water allocations are to be placed in effect by the triggers in Section 6.b.1. 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 purposes such as lawns, gardens, car washing, etc. The provisions for alternate day use shall be specified by the Corporation in a written notice.
- (2) The system will reduce flushing operations
- (3) Reduction of customers' water use will be encouraged through notices on bill or other methods.

(b) **Stage II – Moderate Conditions**

- (1) All outside water use is prohibited (except for livestock variances).

SHEET NO. H-5

(c) **Stage III – Severe Conditions**

- (1) All outside water use is prohibited; livestock may be exempted by the Corporation. All consumption shall be limited to each member in one of the following ways;

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

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 insure compliance with this program for the benefit of all the customers.

8. **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 state of rationing shall be initiated. The initiation may be delayed if there is a reasonable possibility the water system performance will not be compromised by the condition. If water allocation is to be instituted, written notice to the customers shall be given.

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

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

SECTION NO. H-6

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.

9. **Penalties for Violations**

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

These provisions apply to all customers of the Corporation.

10. **Exemption or Waivers**

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

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

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

SHEET NO. H-7

- ❑ 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.

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

- ❑ Variations granted shall include a timetable for compliance.
- ❑ Variations 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.

11. **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 August 14, 2000.