



**NORTH COLLIN
SPECIAL UTILITY DISTRICT**

RATE ORDER

CERTIFICATE OF CONVENIENCE AND NECESSITY NO. 11035
COLLIN COUNTY, TEXAS

Effective and Amended January 1, 2023

Amended February 17, 2022
Amended September 16, 2021
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SECTION A.
ADOPTION & AUTHORITY

1. **Effective Date.** This Rate Order was adopted by the Board of Directors of the North Collin Special Utility District on January 1, 2016, pursuant to the adoption of Ordinance No. 2016-002. This Rate Order shall take effect immediately upon its approval.

2. **Preexisting Penalties and Vested Rights.** The adoption of this Rate Order shall not affect any offense or act committed or done, or any penalty or forfeiture incurred, or any contract or vested right established or accrued prior to the effective date or adoption of this Rate Order.

3. **Official Copy Available.** An official copy of the Rate Order shall be available to the customers of the District during regular office hours of the District. Requests for copies shall be subject to reproduction charges. The reproduction charge shall be **\$15.00**. The General Manager of the District shall maintain the original copy of this Rate Order as approved, and clearly exhibit all additions, deletions and amendments hereto.

4. **Conflicts.** 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 Rate Order that directly conflict with such State and Federal rules or regulations. If any section, paragraph, sentence, clause, phrase, word or words of this Rate Order are declared unconstitutional or in violation of law, the remainder of this Rate Order shall not be affected thereby and shall remain in full force and effect.

SECTION B. STATEMENTS

1. **Organization.** The District is a special utility district organized and operating under Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 65 of the Texas Water Code. It exists for the purpose of furnishing potable water utility service. The management of the District is controlled by the Board of Directors, the members of which are elected by qualified voters residing within the District's boundaries.

2. **Non-Discrimination Policy.** Service is provided to all applicants that comply with the provisions of this Rate Order 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 service provided by the District. Failure on the part of a customer or applicant to observe these policies, rules and regulations grants the District the authority to deny or discontinue service.

4. **Fire Protection.** The District's water system provides potable water primarily for domestic consumption and will provide additional capacity to meet reasonable local demand characteristics. It is not a primary responsibility of the District to provide fire-flows from the District's water system. However, it is District policy, where feasible, to design and construct new additions to the water system with sufficient capacity to provide fire-flows and, following the construction of such facilities, the District will use its best efforts to maintain and operate the water system in accordance with any applicable fire-flow standards. However, the District's water system does not provide sufficient quantities of water in all areas for firefighting purposes. Therefore, the District does not provide or imply that fire protection is available on the District's water system. All hydrants or flush valves are for the operation and maintenance of the system and may be used for refill only by authorized fire departments. The District reserves the right to remove any hydrant due to improper use or detriment to its water system, as determined by the District, 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, in which event the terms and conditions of the contract shall apply.

5. **Damage Liability.** Pursuant to State Law, the District is not liable for damages caused by service interruptions due to waterline breaks or equipment failure, tampering by third persons or customers of the District, system failures, system maintenance or repairs, or other events beyond the District's control. The limit of liability of the District is the extent of the cost of service provided. Notwithstanding anything herein to the contrary, nothing in this Rate Order shall be construed as a waiver of immunity approved by the District or its officials.

6. Public Information. The District's records shall be kept at the District's office located at 2333 Sam Rayburn Highway, Melissa, Texas 75454. Unless excepted from disclosure, all information collected, assembled or maintained by or for the District shall be disclosed to the public in accordance with the Texas Public Information Act. A reasonable charge may be assessed to any person requesting copies of District records.

7. Notice of Change in Rates. The District will give written notice of a change to monthly water rates by publication, mail or hand delivery to all affected customers at least thirty (30) days prior to the effective date of the new rate. The notice shall state the old rates, the new rates, the effective date of the new rates, the date of Board approval, and the name and telephone number of the district representative designated to address inquiries about the rate change. Failure of the District to give the notice shall not invalidate the changed rate or any change based on the changed rate.

8. Customer Service Inspections. A customer service inspection is an examination of private water distribution facilities for the purpose of providing, denying or terminating water service. The District requires a customer service inspection to be completed prior to providing continuous water service to new construction and for all new customers as part of the activation of standard and some non-standard service. The District may also require customer service inspections of existing service connections when the District has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction or addition to private water distribution facilities. Under the foregoing conditions, the inspection is limited to the identification and prevention of cross connections, potential contaminant hazards and illegal lead materials. [30 TAC § 290.46(i-j)]. A customer service inspection is not a plumbing inspection as defined and regulated by the Texas State Board of Plumbing Examiners (TSBPE).

9. Public Works Standards. The District adopts applicable sections of the Standard Specifications for Public Works Construction (4th Edition), as amended, promulgated by the North Central Texas Council of Governments, as guidance in the design, installation and maintenance of line extensions and service facilities.

10. Submetering Responsibility. Submetering and non-submetering by Master Metered Accounts may be allowed in the District's water or distribution system provided the Master Metered Account customer registers with the Texas Commission on Environmental Quality (TCEQ) and complies with its rules on submetering at Title 30, Chapter 291, Subchapter H of the Texas Administrative Code. The District has no jurisdiction over or responsibility to tenants receiving water under a Master Metered Account, and such tenants are not considered customers of the District. Any interruption or impairment of water service to the tenants is the responsibility of the Master Metered Account customer. Any complaints regarding submetering should be directed to the TCEQ. From time to time, the District may check on the mater metered account customer to:

(a) verify that the master metered account customer is registered with the TCEQ (Water Code, Title 2, Subtitle B, Chapter 13, Subchapter M);

(b) verify that the master metered account customer charges tenants no more than the total amount of charges billed (if the aggregate bill is greater than the District's charge, the Master Metered Account Customer is considered by the TCEQ to be a separate public water system and it will be required to comply with all TCEQ regulations); or

(c) protect the District's CCN area. Should the master metered Account customer continue to violate these or other state regulations, the District may terminate service or will apply to the TCEQ for a cease and desist order (Water Code, §13.252 and 30 TAC §291.118).

11. **District Forms Policy.** The District may develop and use various forms to efficiently implement the directives, rules and regulations contained in this Rate Order together with applicable federal state laws and regulations.

SECTION C. DEFINITIONS

The following words and terms, when used in this Rate Order, shall have the following meanings unless the context clearly indicates otherwise:

Applicant — A person, corporation, organization, government or governmental subdivision or agency, business trust, estate trust, partnership, association, or any other legal entity applying to the District for service. A person must have reached the age of majority (18 years) in Texas to apply for service. (Civil Practices & Remedies Code § 129.001).

Board of Directors (or) **Board** — The governing body of the District elected by qualified voters residing within the District's boundaries in accordance with applicable election laws.

Certificate of Convenience and Necessity (or) **CCN** — The authorization granted by the Texas Commission On Environmental Quality or the Texas Public Utilities Commission under Chapter 13, Subchapter G, of the Texas Water Code for the District to provide water utility service within a defined territory. The District has been issued CCN No. 11035.

Customer — Any person receiving water service from the District.

Deposit — A non-interest bearing refundable fee as set by the board of directors based upon the size of the water meter or customer class, which is held by the District as security for payment for the service being rendered.

Designated representative (or) **district representative** — The General Manager of the District or a representative or employee of the District engaged in carrying out the terms of or performing services prescribed by this Rate Order pursuant to either general or specific authorization to do so from the General Manager or the Board of Directors.

Developer — Any person that subdivides land, requests two (2) or more water service connections on a single contiguous tract of land, or who is developing a non-residential project with a water demand that cannot be served through a standard residential water meter (5/8" x 3/4"). [See Water Code § 13.2502(e)(1)].

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

District — The North Collin Special Utility District.

Easement — A private perpetual dedicated right-of-way for the installation of water or wastewater service lines and facilities that allow The District access to property for purpose of operating, maintaining, replacing, upgrading, or installing one or more pipelines and appurtenant facilities, and may include restrictions to limit installation of structures or obstacles that may interfere the District's intended use of the easement.

Final plat — A complete and exact plan for the subdivision or development of a tract of land which has been approved by all local governments having jurisdiction pursuant to Chapters 212 or 232 of the Texas Local Government Code. The District shall determine if a plat submitted under this Rate Order qualifies as a final plat. [See 30 TAC § 291.85].

General Manager — The person appointed to the position of General Manager by the Board of Directors and given full authority to manage and operate the affairs of the District subject only to orders of the Board and applicable state and federal statutes and regulations.

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

Mobile Home Park — A property on which spaces are rented for the occupancy of manufactured or mobile homes for non-transient residential use and for which rent is paid at intervals of one month or longer.

Person — Any natural person, firm, corporation, cooperative, limited liability company, partnership, unincorporated association, public agency or governmental entity, or any other public or private organization or entity of any type or character.

Public Utility Commission (or) PUC — A Texas state regulatory agency having certain jurisdictional authority over water and wastewater service utilities.

Recreational Vehicle — A motor vehicle primarily designed as temporary living quarters for recreational, camping, or travel use, which includes a travel trailer, camping trailer, truck camper, and motor home. [See Transportation Code §522.0044(b)]

Recreational Vehicle Park — A commercial property that is designated primarily for recreational vehicle transient guests use for which fees for site service connections are paid daily or longer. [See Water Code § 13.087]

Re-Service — Providing service to an applicant at a location at which service previously existed and at which there is an existing service connection and meter box or vault for a meter. Costs of such re-servicing shall be as established in this Rate Order or based on justifiable expenses in connection with such re-servicing.

Service — Any act performed, anything furnished or supplied, and any facilities or lines committed or used by the District in the performance of its duties under the Texas Water Code, the Texas Administrative Code, or applicable municipal ordinance or Commissioner's Court Order to its customers, employees, other retail public utilities and the public, as well as the interchange of facilities between the District and one or more retail public utilities.

Service application and agreement (or) service agreement — A written agreement between a customer and the District defining the type or level of service requested, and the responsibilities of each party regarding the service to be provided. A service agreement generally relates to the provision of standard service but, at the discretion of the General Manager, may also relate to nonstandard service.

Service Area — The geographic area in which the District furnishes water service as described in CCN No. 10035. Sometimes referred to as a "certificated service area". [See Section D]

Service classification — The type of water service required by an applicant as may be determined by the District based on specific criteria such as estimated or actual usage, meter size, demand, nature of use, and other factors related to the applicant's request.

Service Investigation Fee — The fee paid by a developer simultaneous with filing a non-standard service application for the purpose of determining the feasibility of providing service to a proposed subdivision or development project. This fee covers administrative, legal fees, and engineering expenses incurred by District.

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

Subdivide — To divide the surface area of land into two or more lots or tracts. [See Local Gov't Code § 232.021(11)].

Subdivision — An area of land that has been subdivided into two or more lots or tracts. [See Local Gov't Code § 232.021(13)].

Temporary service — The classification for non-standard water service assigned to an applicant that is in the process of constructing a residential or commercial structure.

The District may also apply this classification to other nonpermanent service uses (e.g., agricultural, road construction, drilling, livestock, etc.). The District may provide temporary water service for up to six (6) months from the date of application for temporary service. Temporary service may be extended upon request and approval of the District's General Manager on a case-by-case basis. As a prerequisite to receiving temporary service, the applicant must pay the applicable Temporary Service Charges, pursuant to this Rate Order.

Texas Commission on Environmental Quality (or) TCEQ — A state regulatory agency having certain jurisdictional authority of water and wastewater service utilities

Usage — The amount billed or to be collected based on a water meter reading of water volume passing through said water meter.

Water Conservation Penalty - A penalty that may be assessed under Section H of this Rate Order to enforce customer water conservation practices during drought contingency or emergency water demand circumstances. (See Texas Water Code Chapter 67.011 (b)).

Water system — The water storage and distribution facilities operated by or constructed by or for the District, and any water system extensions, improvements or facilities that may be built within the District's boundaries or service area in the future.

SECTION D.
GEOGRAPHIC AREA SERVED

CERTIFICATE OF CONVENIENCE AND NECESSITY

1. **Certificate Holder:** The District has been granted Certificate of Convenience and Necessity (“CCN”) No. 11035 for the purpose of providing retail water service to the public. CCN No. 11035 was issued under Application No. 30999-C and subject to the rules and orders of Texas Commission on Environmental Quality (“TCEQ”) and/or the Public Utility Commission of Texas (“PUC”). The CCN is valid until amended or revoked by the PUC. For a copy of CCN No. 11035 and the District’s water service area map, please contact the District’s office.

2. **General Location of Service Area:** The area covered by this certificate is located north of McKinney, Texas on US Highway 75. The service area is generally bounded on the east by New Hope, Texas, Blue Ridge, Texas and Westminster, Texas, on the south by US Highway 380, on the west by Weston, Texas and on the north by Anna, Texas. This includes the area formerly known as Altoga Water Supply Corporation, which merged with the District in 2019.

3. **Certificated Service Area Maps:** The certificate holder is authorized to provide water service in the area identified on the PUC’s official service area maps, maintained in the offices of the Public Utilities Commission, William B. Travis Building, 1701 N. Congress Avenue, 7th Floor, Austin, Texas 78701, with all attendant privileges and obligations.

SECTION E.
SERVICE RULES AND REGULATIONS

1. **Service Entitlement.** An applicant requesting water service to real property located within the District's service area shall be considered qualified and entitled to water service when proper application has been made, the terms and conditions of service have been met and continue to be met, and all fees have been paid as prescribed. An applicant requesting service to real property located outside the boundaries of the District's service area shall be considered for service in accordance with current District policies on providing service outside the District's service area.

2. **Application Procedures and Requirements.**

(a) Service Classifications. Applications to the District for service shall be divided into the following two (2) classes:

(1) *Standard Service.* Standard service is defined as service from an existing District service line where line or service facility extensions are not required and special design and/or engineering considerations are not necessary. Standard water service is provided to a 5/8" x 3/4" or 3/4" meter set on an existing waterline. The District may classify applications for service to commercial or industrial uses or for service requiring a one inch (1") or larger meters non-standard pursuant to subsection (b).

(2) *Non-Standard Service.* Non-standard service is defined as any service to a subdivision or high-density development, service that requires a meter larger than one inch (1"), service to a Master-Metered Account pursuant to Section E.2(b)(4) below, or service that requires an addition to the District's supply, storage or distribution facilities. Except for temporary service applicants, a non-standard service applicant must comply with the service requirements prescribed by Section F of this Rate Order prior to receiving service. The District shall determine the appropriate size and type of meter to serve non-standard service applicants.

(b) Requirements for Standard and Non-Standard Service.

(1) The applicant shall complete and sign a Service Application and Agreement or Non-Standard Service Application as applicable

- (2) As a condition for service, the applicant shall complete and execute an Easement and Right-of-Way, and any additional easement form(s) required by the District to obtain a dedicated easement(s) to allow the District a right of access to construct, install, maintain, replace, upgrade, inspect or test any facility necessary to serve the applicant as well as the District's purposes in providing system-wide service. [See Water Code § 49.218]. This requirement may be delayed for non-standard service applicants. New meters shall be located within a utility easement at or near the boundary line of the property designated for service.

- (3) At the request of a property owner or an owner's authorized agent, the District shall install individual meters owned by the District in an apartment house, manufactured home rental community, multiple use facility, or condominium on which construction begins after January 1, 2004, unless the District determines that the installation of individual meters is not feasible. If the District determines that installation of individual meters is not feasible, the property owner or manager shall install a plumbing system that is compatible with the installation of submeters or individual meters. The District shall be entitled to the payment of reasonable costs to install individual meters pursuant to 16 TAC § 24.122(d) and Section F or Section G of this Rate Order. The cost of individual meter installations shall be prepaid by the property owner as well as the cost of any additional facilities or system improvements required to satisfy the total water service demand of the property at full occupancy, as determined under applicable provisions of Section F. The District shall consider master metering and/or non-standard service to apartments, condos, trailer/RV parks, or business centers and other similar type enterprises at an applicant's request provided the total number of units to be served are all:
 - (A) owned by the same person, partnership, cooperative, corporation, agency, or public or private organization of any type, but not including a family unit;
 - (B) directly inaccessible to a public right-of-way; and
 - (C) considered a commercial enterprise (i.e., for business, rental or lease purposes).

- (4) Notice of application approval and costs of service as determined by the District shall be presented to the applicant in writing and shall remain in effect for a period not to exceed forty-five (45) days. After that time the applicant must re-apply for service. [16 TAC § 24.81(a)(1)].

- (5) If a 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 District for the purpose of installing the water main and appurtenances, and the District has documentation of such refusal, the applicant, prior to receiving the requested service, shall grant an easement as required under this Rate Order and, in addition to the normally required fees for new customer service, shall pay such sums as are reasonably necessary to remove or cap the existing water main in the public right-of-way and to construct the appropriate line or lines within that easement.
- (6) If an applicant or transferee fails to provide all documentation or information required at the time of application, the District will issue written notice that the applicant must provide the documentation and/or information within twenty (20) days or service will be terminated. This provision applies to both standard and non-standard service requests.

3. **Activation of Standard Service.**

- (a) New Service Connection. The District shall charge a deposit, connection fee and other applicable fees as required under Section G of this Rate Order to obtain a new service connection. The fees shall be quoted in writing to the applicant. An applicant must pay all fees prior to installation of a new service connection.
- (b) Re-Service. On property where service previously existed, the District shall charge a deposit and all fees applicable to restoration of service. In addition, the District shall charge accumulated Reserved Service Fees which have been assessed to the inactive account on a monthly basis. This will allow the District to recover the costs of reserving capacity to the location for which re-service has been requested. If restoration of service is not requested, this fee will accumulate monthly until the total balance of the Reserved Service Fees equals the amount of the connection fee initially paid for new service to the property. After this time the service equipment may be removed by the District and any future request for service to the property shall be treated as an application for new service.
- (c) Performance of Work. The District shall install all taps and equipment necessary to provide service within ten (10) working days after approval and receipt of payment of all quoted fees and charges. This time may be extended for installation of facilities and equipment necessary to serve a request for non-standard service. [See Section F; 16 TAC § 24.85].

- (d) Inspection of Customer Service Facilities. The District shall inspect an applicant's property to insure compliance with state required Minimum Acceptable Operating Practices For Public Drinking Water Systems as promulgated by the TCEQ or its successor agency. [30 TAC § 290.46(j)].

4. **Activation of Non-Standard Service.**

- (a) Activation of Non-standard Service. Activation of non-standard service shall be conducted pursuant to Section F of this Rate Order.
- (b) Re-service. The provisions applicable to standard re-service requests under the previous subsection 3(b) shall also apply to non-standard re-service requests.

4.1. **Line Extension Reimbursement.** An approved applicant may be required to pay, on a pro-rated basis, a line reimbursement fee to the District for the purpose of reimbursing the District or a third-party that made the capital outlay to extend service to the area requested by the Applicant. The pro-rated line reimbursement fee amount shall be calculated by the District's engineer after review of available capacity and the request of the application. The applicant must pay the pro-rated line reimbursement fee in full before receiving water service from the District.

5. **Changes in Service Classification.** If at any time the District determines that the service classification of a customer has changed from that originally applied for and that additional or different facilities are necessary to provide adequate service, the District shall require the customer to re-apply for service under the terms and conditions of this Rate Order. Customers failing to comply with this provision shall be subject to Disconnection with Notice under subsection 14(a) below.

6. **Owners and Tenants.**

- (a) In the case of a landlord/tenant relationship, the District may require both parties to sign an agreement specifying which party is responsible for monthly bills, deposits and other fees. This agreement may be included as a provision of the District's service application form. The District may not require the landlord to guarantee the tenant's customer deposit or monthly service bill as a condition of service. However, if the landlord signs a guarantee of payment for deposits, monthly service bills and fees, the guarantee shall remain in full force and effect until the guarantee is withdrawn in writing by the landlord and copies are provided to both the District and the tenant.
- (b) The owner of property designated to receive service under this Rate Order shall be solely responsible for payment of service extension fees to the District

provided the facilities will remain in service to the property after the tenant vacates the premises.

7. **Refusal of Service.** The District may refuse to serve an applicant for the following reasons:

- (a) failure of an applicant to complete all required easement forms and pay all required fees and charges;
- (b) failure of an applicant to comply with the rules, regulations and policies of the District;
- (c) existence of a hazardous condition at the applicant's property which would jeopardize the welfare of other customers of the District upon connection;
- (d) failure of an applicant to provide representatives or employees of the District reasonable access to property, for which service has been requested;
- (e) failure of an applicant to provide proof of ownership, control or possession of the property designated to receive service to the satisfaction of the District (e.g., presenting a deed, lease agreement, or other reliable documentation);
- (f) the District has determined that the applicant's service facilities are known to be inadequate or of such character that satisfactory service cannot be provided;
- (g) failure of an applicant to comply with applicable regulations for on-site sewage disposal systems if the District 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; or
- (h) failure of the applicant to pay any previous outstanding delinquent account(s) with the District in full.

8. **Applicant's Recourse.** In the event the District refuses to serve an applicant under the provisions of this section, the District shall inform the applicant in writing of the basis of its refusal and that the applicant may file a written appeal with the Board of Directors.

9. **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 owner or tenant of the property designated to receive service;
- (b) failure to pay a bill to correct previous underbilling more than six (6) months prior to the date of application;
- (c) failure to pay a bill of another customer as guarantor thereof unless the guarantee was made in writing to the District as a condition precedent to service;
- (d) failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill; or
- (e) failure to comply with regulations or rules for anything other than the type of utility service specifically requested including failure to comply with septic tank regulations or sewer hook-up requirements.

10. **Deferred Payment Agreement.** The District may enter into a deferred payment agreement, not to exceed a term of one (1) year, with a customer who cannot pay an outstanding balance for water service in full and is willing to pay the balance in reasonable installments as determined by the District, including any late payment penalties or interest on the monthly balance to be determined as per agreement.

11. **Indigent Care Policy.** Customers demonstrating an inability to pay for monthly service may apply for a waiver of part or all of the service charges pursuant to the District's Indigent Assistance Policy set forth at Section J of this Rate Order.

12. **Charge Distribution and Payment Application.**

- (a) Base Rate. The applicable base rate shall be charged from the first day to the last day of each billing cycle. All active service connections shall be assessed a monthly base rate charge whether or not there is use of service.
- (b) Gallonage Charge. A gallonage charge shall be billed at the rate specified in Section G and shall be calculated in one thousand (1000) gallon increments. Charges for water usage are based on monthly meter readings and are calculated from reading date to reading date. The District shall take all meter readings used in calculating billing.
- (c) Posting of Payments. All payments shall be posted against previous balances prior to posting against current billings.

- (d) Forms of Payment. The District may 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 District will not accept two-party checks, pay checks, or any other instrument of payment that is not made out to the District. The District reserves the right to require exact change and may refuse to accept payments made using more than **\$1.00** in coins. The District may collect a reasonable fee to recoup costs incurred by the District to process credit card or debit card payments.

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

- (a) The District will mail all statements for water service ("bills") at least monthly. All bills shall be due and payable upon receipt and are past due beyond the date indicated on the bill, after which time a penalty shall be applied pursuant to Section G. Payment for utility service is delinquent if the full payment, including late fees and regulatory assessments, is not received at the District by 4:00 p.m. on the due date. Payments made by mail will be considered late if postmarked after the past due date. Final notices shall be delivered by mail, text message, email or door hanger 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 or sent by text or email. If the past due date for a regular or final bill falls on a weekend or holiday, the past due date for payment purposes shall be the next day the District office is open for business after said weekend or holiday. For all disputed payment deadlines, the date postmarked on each bill will determine the beginning of each billing cycle or final notice mailings.
- (b) Upon written request, any residential customer sixty (60) years of age or older who occupies the entire premises of a dwelling receiving water utility service from the District shall receive an extension of the past due date, without penalty. The extension shall not exceed ten (10) days beyond the usual twenty-five (25) day payment period, for a total of no more than thirty (30) days from the date the bill is issued. [See Utilities Code §§ 182.001 - 182.005].
- (c) All checks returned for insufficient funds checks or closed accounts, 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 was received and the meter is subject to disconnection with notice on the regular disconnection day.

14. Rules for Disconnection of Service. Below are the rules and conditions for disconnection of service.

- (a) Disconnection with Notice. Water service may be disconnected after proper notice for any of the following reasons:
- (1) failure to pay a delinquent account for utility service provided by the District, failure to timely provide a deposit, or failure to comply with the terms of a deferred payment agreement;
 - (2) violation of the District's rules pertaining to the use of service in a manner which interferes with the service of others;
 - (3) the operation of non-standard equipment, if a reasonable attempt has been made to notify the customer and the customer is provided with a reasonable opportunity to remedy the situation;
 - (4) failure to comply with the terms of a service agreement, Non-Standard Service Contract, the District's drought contingency plan or this Rate Order provided the District has given notice of said failure to comply, and the customer has failed to comply within a specified amount of time after notification;
 - (5) failure to provide District personnel or designated representatives access to a meter or to property at which water service is received for purposes of inspecting and verifying the existence of potential hazardous conditions or policy violations;
 - (6) any misrepresentation of fact by an applicant or customer on any form, document or agreement required by the District;
 - (7) failure to re-apply for service upon notification by the District that customer no longer meets the service classification originally applied for under the original service application; or
 - (8) failure to pay a delinquent account billed by the District for sewer utility service provided by another retail public utility pursuant to the District's billing agreement with same.
- (b) Disconnection without Notice. Water service may be disconnected without prior notice for the following reasons:
- (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 Sections 341.011 or

343.011 of the Texas Health and Safety Code and regulations adopted pursuant thereto. If the District has reason to believe a dangerous or hazardous condition exists, the District may conduct a customer service inspection (CSI) to verify the hazardous condition and may notify the local county health office. The District will disconnect without notice if the customer refuses to allow access to the property for the purpose of confirming the existence of such condition and/or removing the dangerous or hazardous condition. [See 30 TAC § 290.46(i), (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 District's water system by the installation of an appropriate backflow prevention device;

- (2) where service is connected without District authority by a person who has not made application for service;
 - (3) where service has been reconnected without authority following termination of service; or
 - (4) in instances of tampering with the District's meter or equipment, bypassing the meter or equipment, or other diversion of service.
- (c) Disconnection Prohibited. Utility service may not be disconnected for any of the following reasons:
- (1) failure to pay charges for non-utility service provided by the District, unless there is an agreement whereby the customer guaranteed payment of non-utility service as a condition of service or the District has a contract with another governmental unit to collect payment for services rendered to the customer by the other government unit such as water, wastewater, or solid waste services;
 - (2) failure 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 to pay charges arising from an underbilling due to any misapplication of rates more than six (6) months prior to the current billing;
 - (4) failure to pay the account of another customer as guarantor thereof, unless the District has in writing the guarantee as a condition precedent to service;

- (5) failure of the customer to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due under Subsection 19 below (Inoperative Meters);
 - (6) failure of the customer to pay estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the District is unable to read the meter due to circumstances beyond its control; or
 - (7) in response to a request for disconnection by an owner of rental property where the tenant is billed directly by the District as authorized by the owner, and the renter's account is not scheduled for disconnection under the Rules for Disconnection of service in this Rate Order.
- (d) Disconnection on Holidays and Weekends. Unless a dangerous condition exists or the customer requests disconnection, service shall not be disconnected on a day, or on a day preceding a day, when District personnel are not available to the public for the purpose of making collections and reconnecting service.
 - (e) Disconnection Due to Utility Abandonment. The District may not abandon a customer or a certificated service area without written notice to its customers and all similar neighboring utilities, and obtained approval from the TCEQ.
 - (f) Disconnection Due to Illness or Disability. The District may not discontinue service to a delinquent residential customer permanently residing in an individually metered dwelling unit when that customer establishes that discontinuance of service will result in some person at that residence becoming seriously ill or more seriously ill if service is discontinued. To avoid disconnection under these circumstances, the customer must provide a written statement from a physician to the District prior to the stated date of disconnection. Service may be disconnected in accordance with subsection 13(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 customer enters into a deferred payment agreement with the District.
 - (g) Disconnection of Master-Metered Accounts. When a bill for service to a Master-Metered Account customer is delinquent, the following shall apply:
 - (1) The District shall send a notice to the customer as required. This notice shall also inform the customer that notice of possible disconnection will be provided to the customer's tenants or occupants of the master metered property in five (5) days if payment is not rendered before that time.

- (2) At least five (5) days after providing notice to the customer, and at least five (5) days prior to disconnection, the District shall post notices, stating "Termination Notice," in public areas of the master-metered property to notify tenants or occupants of the scheduled date for disconnection of service.
- (3) The tenants or occupants may pay the District for any delinquent bill in behalf of the customer to avert disconnection or to reconnect service to the master-metered property.
- (h) Disconnection of Temporary Service. When an applicant with temporary service fails to comply with the conditions stated in the service agreement or provisions of this Rate Order, the District may terminate temporary service with notice.
- (i) Payment During Disconnection. The District is not obligated to accept payment of a bill when a District employee or designated representative is at a customer's property for the purpose of disconnecting service.

15. **Returned Check Policy.** Payment by check which has been rejected for insufficient funds, closed account, or for which a "stop payment" order has been issued is not deemed to be payment to the District. The District shall mail, via the U.S. Postal Service, a notice of returned check requiring that a returned instrument be redeemed at the District office within ten (10) days of the date of the notice. Redemption of the returned instrument shall be made by cash, money order, or certified check. Failure to meet these terms shall result in disconnection of service. A customer shall be considered a bad credit risk for having an instrument returned as insufficient or non-negotiable for any reason for any two billing periods within a 12-month period, and shall be placed on a "cash-only" basis for a 12-month period during which the District will only accept payment by means of a certified check, money order or cash.

16. **Billing Cycle Changes.** The District reserves the right to change its billing cycles if the workload requires such practice. After a billing period has been changed, bills shall be sent on the new change date unless otherwise determined by the District.

17. **Back-billing.** If a customer was undercharged, the District may backbill the customer for the amount which was underbilled. The backbilling shall not exceed six (6) months unless such undercharge was the result of meter tampering, bypass, or diversion of service by the customer as defined in Subsection 23 below. If the underbilling is **\$50.00** or more, the District shall offer to enter into a deferred payment agreement with such customer for the same length of time as that of the underbilling. In cases of meter tampering, bypass, or diversion of service, the District may, but is not required to, offer a customer a deferred payment plan.

18. **Disputed Bills.** In the event of a dispute between a customer and the District regarding any monthly bill, the dispute shall be resolved or disposed of in accordance with the Grievance Procedures set forth in subsection 19, except as follows:

- (a) Notice of the bill dispute must be submitted to the District, in writing, and a payment equal to the customer's average monthly usage at current rates must be received by the District prior to the due date posted on the disputed bill.
- (b) The customer shall not be required to pay the disputed portion of a bill which exceeds the amount of that customer's average monthly usage at current rates pending the completion of the determination of the dispute. For purposes of this subsection, the customer's average monthly usage shall be the average of the customer's usage for the preceding 12-month period. Where no previous usage history exists, consumption for calculating the average monthly usage shall be estimated on the basis of usage levels of similar customers under similar conditions.
- (c) Notwithstanding any other section of this Rate Order, a utility customer's service shall not be subject to discontinuance for nonpayment of that portion of a bill under dispute pending the completion of the determination of the dispute. The customer is obligated to pay any billings not disputed as established in subsection 14 of this Rate Order (relating to Disconnection of Service).

19. **Grievance Procedures.** Any customer of the District or person demonstrating an interest under the policies of this Rate Order in becoming a customer shall have an opportunity to voice concerns or grievances to the District by the following means and procedures:

- (a) The aggrieved party must first submit written notice to the General Manager or authorized staff member stating the concern or grievance and the desired result. The General Manager shall investigate the matter and provide a response to the aggrieved party within fourteen (14) days after receipt the written notice of grievance.
- (b) If the General Manager does not resolve the grievance to the satisfaction of the aggrieved party, the party may appeal the General Manager's decision, in writing, to the President of the Board of Directors for disposition. The written notice of appeal must be submitted to the District within seven (7) days after the date of the General Manager's written response to the notice of grievance.
- (c) Upon receipt of an appeal, the President of the Board of Directors may review the request and determine the best means by which the grievance may be resolved. The President may direct that a grievance be heard by the Board of

Directors for final disposition, or initially by District staff appointed by the President and serving in an advisory capacity to the Board of Directors. The President shall also determine a reasonable time and place for the grievance to be heard, but such hearing shall take place within sixty (60) days of the date that the President received the written notice of appeal. Final disposition by the Board of Directors shall be reported to the aggrieved party in writing.

- (d) If under this subsection an aggrieved party contests a charge or fee as sole or partial basis of a grievance, the contested charge or fee shall be suspended until such time as the grievance is satisfactorily resolved by the General Manager, the deadline for delivering an appeal to the President of the Board of Directors has passed, or the Board of Directors has rendered its final disposition of the dispute. This provision does not apply to disputed monthly bills pursuant to subsection 18 above.

20. **Inoperative Meters.** Water meters found inoperative will be repaired or replaced by the District within a reasonable time. If a meter is found not to register for any period, unless by-passed or tampered with, the District will charge for the water 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.

21. **Bill Adjustment Due To Meter Error.** The District will test any customer's meter upon written request of the customer. In the event the meter tests within the accuracy standards of The American Water Works Association (AWWA), a meter test fee as prescribed in Section G of this Order 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 will be calibrated or replaced, and a billing adjustment may be made as far back as six (6) months. The billing adjustment will be made to the degree of the meter's inaccuracy as determined by the test. The customer must complete and sign a Meter Test Authorization and Test Report prior to the test.

22. **Leak Adjustment Policy.**

The District offers a leak adjustment policy once within a twenty four (24) month period. The adjustment is intended for the potable water service from your meter to the residence including fixtures in the residence and lines extending to other buildings such as barns and shops that have been broken from natural causes such as ground movement or freezing.

- (a) Leaks from water sprinkler systems, accidentally leaving water faucets running and human or animals breaking the lines are not eligible for a leak adjustment.

(b) The procedure for calculating a leak adjustment is as follows:

1. Identify the usage amount to be adjusted.
2. Average the last 12 months of usage.
3. Subtract the averaged amount from the total leakage amount.
4. Calculate the cost of the average amount using the current water rates.
5. Calculate the cost of the remaining amount at a reduced rate, which is determined by the amount the District pays NTMWD for water purchased plus an amount for delivery.
6. Combine the two amounts to determine the amount due.
7. Persons over the age 65 will receive a 10% reduction of the amount due.
8. Once the final amount due has been determined, subtract that amount from the original charges on the account for the month in question and the remainder will be credited to the account if accepted.
9. We will notify the customer to determine if the adjustment will be accepted or declined.
10. If accepted the amount will be credited to their account.

23. Meter Tampering and Diversion of Service. All meters connected to the District's water system shall be provided, owned, installed and maintained by the District. Meter-tampering, by-pass and diversion of service are prohibited. For purposes of this Rate Order, meter tampering, bypass, or diversion shall be defined as tampering with a District meter or service equipment causing damage or unnecessary expense to the District, bypassing the same, or other instances of diversion of service, such as:

- (a) removing or altering District equipment, including locks or shut-off devices installed by the District to discontinue service;
- (b) physically disorienting a meter;
- (c) attaching objects to a meter to divert service or to by-pass;
- (d) inserting objects into a meter;
- (e) other electrical and/or mechanical means of tampering with, by-passing, or diverting service;
- (f) connecting or reconnecting service without District authorization; or
- (g) connecting to the service line of adjacent customers or of the District.

The burden of proof of meter-tampering, by-passing, or diversion is on the District. Photographic evidence or any other reliable and credible evidence may be used; however, any evidence shall be accompanied by a sworn affidavit by one or more employees or agents of the District upon the initiation of an action for meter-tampering under this Rate Order. A court finding of meter tampering may be used instead of photographic or other evidence, if applicable. Unauthorized users of District services shall be prosecuted to the extent allowed by law under the Texas Penal Code § 28.03.

24. **Meter Relocation.** The District will permit the relocation of a meter provided that:

- (a) an easement for the proposed location has been granted to the District;
- (b) the relocated meter will serve the same property; and
- (c) the customer pays a Meter Relocation Fee [See Section G].

25. **Prohibition of Multiple Connections to a Single Tap.** No more than one residential, commercial or industrial service connection is allowed per meter. The District may permit the owner of an apartment building, mobile home/RV park or other commercial account to apply for a single meter as a "Master-Metered Account" pursuant to Section E.2(b)(4) of this Rate Order. For Purposes of this section a master meter for a multiple use facility is considered a commercial meter. Any unauthorized submetering or diversion of service shall be considered a "multiple connection" and subject to disconnection of service. If the District has sufficient reason to believe a multiple connection exists, the District shall discontinue service under the Disconnection with Notice provisions in subsection 14(a) above.

- (a) For purposes of this section, the following definitions shall apply:
 - (1) A "multiple connection" is the connection to any portion of a customer's water line that is connected to a primary delivery point already serving one residence or commercial facility for the purpose of diverting service to another residence or commercial facility. Water lines connecting to outbuildings, barns or other accessory structures will not be considered a multiple connection if: (i) the structure is located on the same tract as the primary delivery point, and (ii) the structure is not used as a residence or commercial facility.
 - (2) "Primary delivery point" means the physical location of a meter that is installed in accordance with this Rate Order and applicable law, and which provides water service to one residence or to one commercial facility of a district customer.

- (3) "Residence" means any structure used for human habitation that includes kitchen and bathroom facilities or other evidence of habitation as defined by the District.
 - (4) "Commercial" facility means any structure or combination of structures at which any business trade, occupation, profession or other commercial activity is conducted. A business conducted within a customer's residence or property that does not require water in addition to that provided to the customer's residence shall not be considered a separate commercial facility
- (b) The District agrees to allow customers in good standing to share water usage with a visitor on their property housed in a recreation vehicle (RV) or travel trailer for a period of no longer than three months. However, if the recreation vehicle or travel trailer is being used as a permanent residence, the District will require the property owner to install an additional meter to serve the RV or travel trailer. The District may require the installation of an additional meter for a customer who routinely has more than one visitor at a time residing in recreation vehicles or travel trailers, or has multiple visitors throughout the year. The customer must submit a written request to the District's business office at least five (5) business days prior to sharing district water with a visitor. The District 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 customer is found to violate these conditions, the customer will be sent a letter of notice stating that water service will be cut off in ten (10) days if the situation is not corrected.

26. Customer Responsibilities.

- (a) District Access to Meters. Customers shall allow District employees and designated representatives access to meters for the purpose of reading, testing, installing, disconnecting, maintaining and removing meters and using utility cutoff valves. If access to a meter is hindered so that the District is prevented from the reading of the meter, an estimated bill shall be rendered to the customer for the month and a notice of the hindrance shall be sent to the customer. If access is denied for three (3) consecutive months after notice to the customer, then service shall be discontinued and the meter removed with no further notice.
- (b) Compliance with On-site Service and Plumbing Requirements. Customers shall be responsible for complying with all District, local, state and federal

codes, requirements and regulations concerning on-site service and plumbing facilities.

- (1) All connections shall be designed to ensure against back-flow or siphonage into the District's water system. In particular, livestock water troughs shall be plumbed above the top of the trough with an air space between the discharge and the water level in the trough. [30 TAC § 290.46].
- (2) It is prohibited to use pipe and pipe fittings that contain more than 8.0% lead, or solder or flux that contain more than 0.2% lead, in private water distribution facilities installed on or after July 1, 1988. It is prohibited to use pipe and pipe fittings that contain more than 0.25% lead in private water distribution facilities installed on or after January 4, 2014. Customer service pipelines shall be installed by the applicant. [30 TAC § 290.46].
- (3) All sewer and water service pipeline installations must be a minimum of nine feet (9') apart and meet all applicable regulations and standards for line separation and crossing.

(c) Backflow Prevention Assembly Requirements for Septic.

- (1) Chapter 344 of the Texas Water Code, the Landscape Irrigation Program Regulations, applies to all irrigation systems. These regulations require the use of a Reduced Pressure Principle Backflow Prevention Assembly (RPZ) on irrigation systems that are installed on property which also has an On-Site Sewage Facility (OSSF). This is due to the significant increase in the contamination hazard posed by the OSSF.
- (2) Prior to the adoption of the current Landscape Irrigation Rules in 2009, a double-check valve assembly (DCVA) was an acceptable form of backflow prevention for irrigation systems installed on property which also has an OSSF. After 2009, the new rules an RPZ is required. As a result, many currently installed irrigation systems lack the appropriate, required backflow prevention. To remedy this the District implements the following policy: If an irrigation system is connected to a potable water supply and requires major maintenance, alteration, repair, or service, the system must be connected to the potable water supply through an approved, properly installed backflow prevention method as defined in the title before any major maintenance, alteration, repair or service is completed.

- (d) Payment on Multiple Accounts. A customer owning more than one service connection 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 customer.
- (e) Extent of District Ownership and Maintenance. The District's ownership and maintenance responsibility of water supply and metering equipment shall end at the meter or other service equipment. Therefore, all water usage registering upon and/or damages occurring to the metering equipment owned and maintained by the District shall be subject to charges pursuant to this Rate Order.
- (f) Cut-off Valve Requirement. The District shall require each customer to have a cut-off valve on the customer's side of the meter for purposes of isolating the customer's service pipeline and plumbing facilities from the District's water pressure. The valve shall meet AWWA standards (a ball valve is preferred). The customer's use of the District's curb stop or other similar valve for such purposes is prohibited. A customer shall be subject to charges for any damage to the District's meter or other service equipment. A cut-off valve may be installed as a part of the original meter installation by the District.

27. Prohibited Plumbing Practices.

- (a) No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination will be isolated from the public water system by an air gap or an appropriate backflow prevention device.
- (b) No cross-connection between the water supply and a private water system is permitted. These potential threats to the public drinking water supply must be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
- (c) No connection which allows water to be returned to the public drinking water supply is permitted.
- (d) No pipe or pipe fitting which contains more the eight percent (8.0%) lead may be used for the installation or repair of plumbing at any connection which provides water for human use.

- (e) No solder of flux which contains more than two-tenths of one percent (0.2%) lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

28. Water Service Connections.

- (a) Applications for water service connections shall be filed with the District on approved forms. Applicants shall meet all District requirements for service, including the grant of any necessary easements, as determined by the District, and the installation of a cut-off valve at the expense of the service applicant.
- (b) No person, other than District employees or designated representatives, shall be permitted to tap or make any connection with the mains or service lines of the District's water system, or make any repairs or additions to or alterations in any tap, pipe, cock or other fixture connected to a water service line.
- (c) A customer must allow the District to inspect the customers' property for possible cross-connections and other undesirable plumbing practices. These inspections will be conducted by the District prior to initiating service and may be conducted periodically thereafter. All inspections will be conducted during the District's normal business hours.
- (d) The customer must, at the customer's expense, properly install a backflow prevention device as required by the District. [30TAC § 290.38(17), (31)]
- (e) All costs to extend or oversize District water mains or service lines to serve any residential or commercial user or any undeveloped area within the District shall be the sole responsibility of the property owner and/or developer requesting service.

29. Standards for Water Service Lines. The following standards govern the installation of customer service lines for water service to residences or commercial buildings within the District:

- (a) All new residential or commercial connections to the District's water system shall be made in accordance with previous subsection 28 and the Rules and Regulations for Public Water Systems issued by the TCEQ as set forth in Subchapter D, Chapter 290, Title 31 of the Texas Administrative Code. In the event of a conflict between the provisions of subsection 28 and the

TCEQ's Rules and Regulations for Public Water Systems, the more stringent shall apply.

- (b) Water pipe and fittings shall be of brass, copper, galvanized malleable iron, galvanized wrought iron, galvanized steel or other approved materials.
- (c) Water lines and sewer lines shall be no less than three feet (3') apart horizontally and shall be separated by undisturbed or compacted earth.
- (d) Water shall not be run or laid in the same trench with non-metallic sewer lines or drainage pipe unless all three of the following conditions are met:
 - (1) The bottom of the water line at all points shall be at least twelve inches (12") above the top of the sewer line.
 - (2) The water line shall be placed on a solid shelf excavated at one side of the common trench and the two lines shall be separated by a minimum of eighteen inches (18").
 - (3) The water line shall be installed with water tight joints tested to a minimum of 150 PSI.
- (e) A minimum of four feet (4') of type "L" soft copper pipe shall be installed at the end of the water line at the connection to the water meter.
- (f) Water lines shall be bedded in washed sand to provide six inches (6") of cushion below the line. The trench bottom and walls shall be cleared of all protruding rocks which could damage the pipe before the sand bedding is placed.
- (g) A District-owned water meter and a District-approved meter box shall be installed by the District or its designated representative.
- (h) Potable water supply piping, water discharge outlets, backflow prevention devices, or similar equipment shall not be located so as to make possible the submergence of such equipment in any contaminated or polluted substance.
- (i) Lawn sprinkling systems shall be equipped with an approved vacuum breaker installed in the discharge side of each of the last valves. The vacuum breaker shall be installed at least six inches (6") above the

surrounding ground and above a sufficient number of heads so at no time will the vacuum breaker be subjected to back pressure or drainage.

- (j) The District's water system shall be protected from swimming pool backup water by means of an approved backflow prevention device or an adequate air gap.
- (k) Upon the installation of a service line, a request for inspection shall be made to the District's office, and the line shall not be back-filled until the District has inspected and approved of the installation. The District shall perform the inspection within forty-eight (48) hours of receiving the request.
- (l) Back filling of service line trenches must be accomplished within twenty-four (24) hours of inspection and approval, and no debris will be permitted in any service line trench.

30. **Authority to Tap or Repair District Facilities.** No person other than a duly authorized employee or agent of the District is authorized to tap or make any connection to a district owned water distribution line, except for emergency fire-fighting purposes, or to make any repairs or alterations to any meter, meter box, tap, pipe, cock or other fixture connected to the District's water system. The District reserves the right, immediately and without notice, to:

- (a) remove the meter or disconnect water service to any customer whose meter has been tampered with; and
- (b) to repair any damage to the District's water facilities; and
- (c) to assess an equipment damage fee to the customer under Section G.13 of this Rate Order.

31. **Standard Details for Service Facilities.** All water service facilities shall be constructed in accordance with the District's duly adopted Water Standard Details, a copy of which is available upon request. In the event of a conflict between the Water Standard Details and any provision of this Rate Order, the Water Standard Details shall control.

32. **Enforcement and Civil Penalties.**

- (a) Enforcement.

- (1) **Civil Penalties.** Any person violating any provision of this Rate Order may be subject to a civil penalty of not more than **\$2,000.00** for each violation. Each day that a violation of this Rate Order is permitted to exist shall constitute a separate violation. A penalty under this section is in addition to any other penalty or remedy provided by the laws of the State of Texas or this Rate Order. A penalty under this section may be enforced by complaint filed in the appropriate court of jurisdiction in the county in which the District's principal office or meeting place is located.
 - (2) **Liability for Costs.** Any person violating any provision of this Rate Order shall be liable to the District for any expense, loss or damage incurred by the District by reason of such violation and the District's enforcement thereof. If the District prevails in any legal action to impose a civil penalty or otherwise enforce this Rate Order, it may, in the same action, recover any reasonable fees for attorneys, expert witnesses, and other costs incurred by the District before the court.
- (b) No Waiver. The failure on the part of the District to enforce any article, section, clause, sentence, or provision of this Rate Order shall not constitute a waiver of the right of the District later to enforce any section, clause, sentence, or provision of this Rate Order.

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

1. **Districts Limitations.** All applicants shall recognize that the District must comply with state and federal laws and regulations as promulgated from time-to-time, and with covenants of current indebtedness. The District is not required to extend retail utility service to any applicant requesting standard service to a lot or tract in a subdivision where the developer responsible for the subdivision has failed to comply with the requirements of the District's subdivision service extension policies and non-standard service requirements set forth in this section.

2. **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 District's respective costs.

For purposes of this section, the term "applicant" shall refer to a developer or person that desires to secure non-standard service from the District. The applicant must be the same person or entity that is authorized to enter into a contract with the District setting forth the terms and conditions pursuant to which non-standard service will be furnished to the property. In most cases, the applicant will be the owner of the property for which non-standard service is sought. An applicant other than the property owner must furnish evidence to the District that the applicant has authority to request non-standard service on behalf the owner, or that it otherwise has authority to request non-standard service for the property.

3. **Application of Rules.** This section is applicable to subdivisions, additions to subdivisions, commercial, industrial and governmental developments, and any situation where additional service facilities are required to serve a single tract of property. Examples of non-standard service to a single tract of land include, without limitation, service requests that require road bores, extensions to the District's distribution system, service lines exceeding two inches (2") internal diameter in size, service lines exceeding twenty feet (20') in length, or which require a meter larger than 5/8" x 3/4" for service. Most non-residential service applications will be considered non-standard by the District at its sole discretion. For purposes of this Rate Order, applications subject to this section shall be defined as "non-standard." This section may be altered or suspended for facility expansions constructed by the District at its expense. The District's General Manager shall interpret, on an individual basis, whether or not an applicant's service request shall be subject to all or part of the conditions of this section. For purposes of this section the term "project" includes subdivisions, additions to subdivisions, and commercial, industrial and governmental developments.

This section sets forth the general terms and conditions pursuant to which the District will process non-standard service requests. The specific terms and conditions pursuant to which the District will provide non-standard service in response to any request will depend upon the nature of such request and may be set forth in a contractual agreement to be entered between the District and applicant. The contract may not contain terms or conditions that conflict with this section.

4. **Non-Standard Service Application.** The applicant shall meet the following requirements prior to entering into a Non-standard Service Contract with the District:

- (a) The applicant shall complete and submit three (3) copies of a Non-standard Service Application to the District, while giving special attention to that portion entitled "Special Service Needs of the Applicant."
- (b) Simultaneous with submission of the Non-Standard Service Application, the applicant must submit three (3) copies of the proposed plat showing the applicant's requested service area for approval by the District. The plans, specifications, and special requirements of such governmental authorities shall be submitted with the plat. Applicants for single taps that require an extension or over-sizing of District facilities shall be required to submit maps or plans detailing the location of the requested extension and details of demand requirements.
- (c) The applicant shall pay a Service Investigation Fee to the District in accordance with the requirements of Section G for the purpose of paying or reimbursing the District for administrative, legal and engineering fees directly related to an Application for Non-Standard Service. In the event such a fee is not sufficient to pay all expenses incurred by the District, the applicant shall pay to the District all remaining expenses that have been or will be incurred by the District, and the District shall have no obligation to complete processing of the request until all remaining expenses have been paid.
- (d) If, after completing its service investigation, the District determines that the applicant's service request is for property located wholly or partially outside the District's certificated service area, the District may still extend service provided that:
 - (1) the requested service area is not in an area receiving similar service from another retail utility;
 - (2) the requested service area is not within another retail utility's certificated service area;

- (3) the District's Certificate of Convenience and Necessity shall be amended to include the entirety of the applicant's property for which service is requested and the applicant shall pay all costs incurred by the District in amending its CCN, including but not limited to engineering and professional fees. If the service location is contiguous to or within one-fourth ($\frac{1}{4}$) mile of the District's certificated service area, the District may extend service prior to completing the amendment to its CCN, but will do so only upon applicant's legally enforceable agreement to fully support such amendment (including but not limited to payment of all professional fees, including legal, surveying and engineering fees incurred by District in securing the amendment); and
- (4) the Applicant will petition for annexation if service is requested for property that lies outside the District's geographic boundaries.

5. **Facilities Design and Approval.**

- (a) Design Requirements. Upon receipt of a completed Non-standard Service Application and Service Investigation Fee, the District shall study the design requirements of the applicant's required facilities before preparing a Non-standard Service Contract in accordance with the following:
 - (1) The District's engineer shall review, approve or return with comments, all plats, plans and specifications for all on-site and off-site service facilities for the applicant's requested service in accordance with the District's specifications, TCEQ requirements, and any applicable municipal or other governmental codes and specifications. The engineer shall notify the applicant in writing of any necessary changes to applicant's proposed plats and/or plans. Allow a minimum of thirty (30) days for the review process.
 - (2) The District's engineer shall ensure all facilities for any applicant meet the demands for service as platted and/or requested in the plans or plat submitted by the applicant. The District's engineer will also determine the fire-flow design for any non-standard service request including new subdivisions, based on density, type of structure and other factors. The District reserves the right to upgrade and/or oversize the planned service facilities to meet future customer demands on condition that the applicant is reimbursed the additional expense of such upgrading and/or oversizing in excess of the applicant's facility requirements plus ten percent (10%).

- (3) The size and location of waterlines and other service facilities will be determined by the District's engineer, whose determination is final; provided, however, that all new waterlines shall be a minimum of 6 inches (6") internal diameter (I.D.), being C-900 or HDPE pipe material. In all new installations, the District's waterlines shall be installed on the opposite side of the road as franchise or other utilities except where that may not be possible as determined by the District. Where it is not possible to install waterlines and franchise utilities on the opposite side of the road, a minimum of ten feet of separation shall be maintained.
- (4) All water line material fittings shall conform to American National Standards Institute/National Sanitation Foundation (ANSI/NSF) Standard 61 and must be certified by an organization accredited by ANSI and not less than ASTM-D2241 Class 900.
- (5) Any waterline extensions constructed by a developer shall be constructed completely across (property line to property line) the side of the subdivision or development which is contiguous and adjacent to the road or street on which the main entrance to the project is located.
- (6) The water system shall be designed to afford effective circulation of water with a minimum of dead ends. All dead-end mains shall be provided with acceptable flush valves and discharge piping. All dead-end lines less than two inches (2") in diameter will not require flush valves if they end at a customer service connection. Where dead ends are necessary as a stage in the growth of the system, they shall be located and arranged to ultimately connect the ends to provide circulation. [See 30 TAC § 290.44(d)(6)].

6. **Non-standard Service Contract.** Applicants requesting or requiring non-standard service shall be required to execute a written Non-standard Service Contract prepared by the District's attorney. Said contract shall define the terms of service prior to construction of required service facilities for a project. The Non-standard Service Contract may include, without limitation, provisions for the following:

- (a) payment of all costs associated with required administration, design, construction and inspection of facilities for water service to the project;
- (b) procedures by which the applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project;

- (c) reservation of service capacity for the applicant and duration of reserved service with respect to the impact the applicant's service demand will have upon the District's water system capability to meet other service requests;
- (d) terms by which the applicant shall indemnify the District from all third party claims or lawsuits arising from or related to the project;
- (e) terms by which the applicant shall dedicate all constructed service facilities to the District and by which the District shall assume operation and maintenance responsibility, including any enforcement of warranties related to construction of the service facilities;
- (f) terms by which the applicant shall grant title or easements to the District for right-of-ways, constructed service facilities, and service facility sites, and/or terms by which the applicant shall provide for the securing of required right-of-ways and sites;
- (g) terms by which the Board of Directors shall review and approve any applicable Non-standard Service Contract, or any other contract related to the project pursuant to current rules, regulations and policies of the District; and
- (h) terms by which the District may administer the applicant's project with respect to:
 - (1) the design of the applicant's water service facilities;
 - (2) securing and qualifying bids;
 - (3) execution of the contract;
 - (4) dispensing advanced funds for construction of facilities required for the applicant's service;
 - (5) inspecting construction of facilities; and
 - (6) testing facilities and closing the project.

The District and applicant must execute a Non-standard Service Contract before commencing construction of service facilities for a project. In the event that an applicant commences construction of any water service facilities prior to execution of the contract,

the District may refuse to provide service to the applicant (or require full costs of replacing/repairing any facilities constructed without prior execution of the contract from any person buying a lot or home from applicant), require that all facilities be uncovered by the applicant for inspection by the District, require that any service facilities not approved by the District be replaced, or take any other lawful action determined appropriate by the Board of Directors.

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

- (a) If the District determines that right-of-way easements or facility sites outside the applicant's property are required, the applicant shall secure easements or title to the right-of-way or facility sites on behalf of the District. All right-of-way easements and property titles shall be researched, validated, and recorded by the District at the expense of the applicant.
- (b) All costs associated with service facilities that must be installed in public right-of-ways on behalf of the applicant, due to the inability of the applicant to secure private right-of-way easements, shall be paid by the applicant. Alternatively, applicant shall pay all costs, including legal and other professional fees, and the condemnation award in the event District secures such private easements or facility sites through eminent domain proceedings. Any request of applicant to the District to commence eminent domain proceedings shall be made in writing. The District reserves the right to secure right-of-way easements or facility sites by eminent domain on its own initiative.
- (c) The District shall require an exclusive dedicated right-of-way on the applicant's property (as required by the size of the planned facilities and as determined by the District) and title to property required for other on-site facilities.
- (d) Easements and facility sites shall be prepared for construction of the District's mains, service lines and service facilities in accordance with the District's requirements and at the expense of the applicant.

8. **Contractor Selection & Qualification.** Applicants shall select a qualified contractor to construct water and wastewater facilities required by the District to serve a project. The District reserves the right to reject any contractor selected by the applicant. Alternatively, the District may agree to construct the service facilities provided the applicant pays all estimated constructions costs prior to the commencement of construction.

9. **Construction.**

- (a) All road work shall be completed in accordance with applicable state, county and/or municipal standards prior to construction of project water service facilities to avoid future problems resulting from road right-of-way excavation and completion. 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 service facilities.
- (b) The District shall, at the expense of the applicant, inspect the service facilities to ensure compliance with District standards.
- (c) Construction plans and specifications shall be strictly adhered to, but the District reserves the right to revise any specifications by change-order due to unforeseen circumstances during the design phase or to better facilitate construction and/or operation of the project service facilities. All change-order amounts shall be charged to the applicant.
- (d) After completing construction of the water service facilities, the applicant shall deliver to the District three (3) copies of as-built drawings plus one copy in PDF electronic format. The as-built drawings shall verify that all facilities have been properly located within the easements or rights-of-way conveyed or dedicated to the District. The District's receipt of the as-built drawings shall be a condition of acceptance of the service facilities.

10. **Dedication of Service Facilities.** Upon proper completion of construction of an applicant's on-site and any required off-site service facilities, the applicant and/or developer shall have the facilities tested and provide the results and final inspection thereof to the District for approval by the District, and applicant must pay to the District of all required fees and charges in connection therewith. Upon approval of the District, the applicant shall dedicate the service facilities to the District by an appropriate legal instrument approved by the District's attorney, and provide a maintenance bond to the District in an amount not less than twenty percent (20%) of the total construction cost of the service facilities, including but not limited to materials and labor, and for a term of not less than two (2) years. The maintenance bond is subject to prior approval by the District's attorney. The District shall accept the dedication and thereafter own the water service facilities subject to applicant's maintenance bond.

11. **Service within Subdivisions.** The District's objective to provide service to any customer located within a subdivision governed by this section is strictly limited to the non-standard service specified by an applicant. The applicant is responsible for paying

for all costs necessary to provide non-standard service to a subdivision as determined by the District under the provisions of this Rate Order, and in particular, the provisions of this section. Should the applicant fail to pay these costs, the District has the right to require payment of these costs by any one or more of the persons purchasing lots within such subdivision before the District is obligated to provide water service to the subdivision. In addition, the District may elect to pursue any remedies provided by the Non-Standard Service Contract and the laws of Texas.

12. **Pro-Rata Reimbursement.** The District may from time to time negotiate and enter into a pro-rata reimbursement agreement with a project applicant on condition that the following factors must be present:

- (a) the project applicant (or "constructing applicant") must construct off-site service facilities to the District's water system;
- (b) the constructing applicant must comply with a District requirement to oversize the off-site service facilities, the waterline sizes of which shall be determined by the District's consulting engineer, to service future growth not generated by the constructing applicant's project;
- (c) the District shall assess a five percent (5%) administrative fee for the administration of pro-rata fees collected by the District from subsequent connecting applicants, which shall be deducted from pro-rata reimbursements before remittance to the constructing applicant;
- (d) the amount reimbursed to the applicant shall be based per standard meter (5/8" x 3/4") connection requested by a third-party utilizing the oversized off-site service facilities, and shall be calculated by the District's consulting engineer dependent on applicant's cost to oversize the off-site service facilities, the number of new connections being requested by the third-party, and the capacity of the off-site service facilities available at the time of the request; and
- (e) the pro-rata reimbursement agreement shall contain the following items:
 - (1) the term of the agreement shall not exceed five (5) years;
 - (2) the amount per standard meter connection available for reimbursement to the applicant as calculated by the District's consulting engineer; and

- (3) reimbursement shall not be for a total of more than eighty percent (80%) of the actual cost of the off-site improvement constructed.

**SECTION G.
RATES AND SERVICE FEES**

1. **Classes of Users.** All users of the District's water services shall be grouped into the following classes:

- (a) Residential users, consisting of residential users located within the District.
- (b) Commercial users, consisting of users located within the District to which service to a non-residential structure is provided.

Water charges will be assessed in such a manner that each class of users generally pays its share of debt service and operation and maintenance expenses for water service. The District may create additional classes of users in the future at its discretion.

All classes of users may be grouped into sub-classes according to the meter size provided to their residence and/or commercial establishment.

2. **Service Investigation Fee/Administration Fee.** The District shall conduct a service investigation for each service application submitted to the District. An initial determination shall be made by the District as to whether the request is for standard or non-standard service. An investigation shall then be conducted by the District and the results reported under the following terms:

(a) Standard Service Requests. All standard service requests shall be subject to an Administration Fee of \$50.00 and all applicable costs for providing service shall be quoted in writing to the applicant within ten (10) working days of application.

(b) Non-standard Service Requests. All non-standard service requests shall be subject to a Service Investigation Fee in the amount of \$2,500 plus \$10.00 for each service connection in excess of two hundred and fifty (250) service connections, unless the District determines otherwise, in which case the District shall charge a Service Investigation Fee appropriate to the project and of sufficient amount to cover all administrative, legal and engineering costs associated with an investigation of the District's ability to provide service to the applicant's project, which may include:

- (1) providing cost estimates of the project;
- (2) presenting detailed plans and specifications as per final plat;

- (3) advertising and accepting bids for the project;
- (4) preparing a Non-Standard Service Contract between the District and applicant; and
- (5) providing other services as required by the District for such investigation.

A Non-Standard Service Contract shall be presented to the applicant within a suitable amount of time as determined by the complexity of the project. [See Section F].

3. **Deposits.**

(a) **Initial Payment and Amount.** At the time an application for service is approved, the applicant shall pay a Deposit to be held by the District, without interest, until settlement of the customer's final bill. The Deposit will be used to offset unpaid charges or bills.

(1) The Deposit for standard or residential water service is **\$150.00** for each service unit.

(2) The Deposits for commercial and nonresidential water service, including Master Metered Accounts is \$250.00 for each service unit.

(b) Commercial and Nonresidential Customers. If actual monthly billings of a commercial or nonresidential customer are more than twice the amount of the estimated billings at the time service was established, a new deposit amount may be calculated and an additional deposit may be required to be made within fifteen (15) days after the issuance of written notice.

(c) Applicants 65 Years of Age or Older. No deposit may be required of a standard service applicant who is 65 years of age or older if the applicant does not have a delinquent account balance with the District or another water utility.

(d) Reestablishment of Deposit. Every service applicant who has previously been a customer of the District and whose service has been discontinued for nonpayment of bills, meter tampering, bypassing of meter or failure to comply with applicable state regulations or regulations of the District shall be required, before service is resumed, to pay all amounts due the District or execute a deferred payment agreement, if offered, and shall be required to pay a deposit if the District does not currently have a deposit from the customer.

(e) Refund of Deposit. If service is not connected, or after disconnection of service, the District shall refund the service applicant's or customer's deposit, if any, in excess of the unpaid bills for service furnished. In the event that a surplus of Five Dollars (\$5.00) or more exists after the final bill is paid, the balance of the Deposit will be paid to the customer within forty-five (45) days provided the customer has given the District written notice of a forwarding address. All requests for Deposit refunds shall be made in writing and must be delivered to the District within ninety (90) days of termination of service. In the event that an outstanding balance exists after the Deposit is applied, the District shall attempt to collect the outstanding balance by all lawful means available.

4. **Easement Fee**. When the District determines that private right-of-way easements and/or easements for facility sites are necessary to provide service to an applicant, the applicant shall be required to make a good faith effort to secure such easements on behalf of the District or pay all costs incurred by the District to validate, clear and obtain such easements, including but not limited to legal fees and court costs, in addition to a Connection Fee otherwise required pursuant to the provisions of this Rate Order. [See Sections E.2(b)(2) and F.7(a)].

5. **Connection Fee**. The District shall charge a Connection Fee for service as follows:

(a) Standard Residential. The Connection Fee for standard residential shall include all labor, materials for construction, installation, or inspection of a tap or connection to the District's water system, including all necessary customer service lines and a meter. The Connection Fee shall be charged on a per meter basis in the following amounts:

<u>Meter Size</u>	<u>Connection Fee</u>
5/8" x 3/4"	\$4,250.00

(b) High Density Developments and Subdivision Projects. The Connection Fee for non-standard service to land being developed or subdivided that at the time of platting was not being provided with water service by the District, shall be **\$2,750.00** for each service connection plus **\$1,500.00** for each meter installation.

(c) Extraordinary Expenses. In addition to the Connection Fee, the District may charge the applicant for any extraordinary expenses such as road bores, street crossings, line extensions and system improvements and pipeline relocations.

6. Monthly Charges.

(a) Base Rate. The Base Rate is that portion of a customer's monthly bill which is paid for the opportunity of receiving utility service, excluding standby fees and reserved service charges, which does not vary due to changes in service consumption. The standard 5/8" x 3/4" meter (as per American Water Works Association maximum continuous flow specifications) is used as a base multiplier for the Base Rate amount. Therefore, a customer's Base Rate charge is based on the number of 5/8" x 3/4" meters equivalent to the size of that customer's meter. The District's monthly Base Rates for water service and meter size equivalents are as follows:

METER SIZE	5/8" x 3/4" METER EQUIVALENTS	MONTHLY RATE
5/8" x 3/4"	1.0	\$31.00
3/4"	1.5	\$46.50
1"	2.5	\$77.50
1½"	5.0	\$155.00
2"	8.0	\$248.00

(b) Gallonge Charge. In addition to the Base Rate, customers shall be assessed a Gallonge Charge at the following rate for water usage during any one (1) billing period:

0 to 2,000 gallons	\$5.35 per 1,000 gal.
2,001 to 8,000 gallons	\$5.89 per 1,000 gal.
8,001 to 15,000 gallons	\$6.48 per 1,000 gal.
15,000+ gallons	\$7.13 per 1,000 gal.

(c) Reserved Service Charge. The District shall assess a monthly Reserved Service Charge for each active account at a specific location for which a meter has not been installed but for which the District and an applicant have entered into a service agreement or Non-Standard Service Contract. This monthly charge shall be based on the District's fixed costs to service the applicant's dedicated facilities on a per service unit basis. This charge reserves service to the applicant's real property designated to receive service.

(d) Regulatory Assessment. In accordance with TCEQ regulations, the District may collect from each customer a regulatory assessment equal to 0.5% of the monthly charge for water and sewer service. [See 30 TAC § 291.76(d)(3)].

7. **Standby Fee**. A monthly charge imposed on undeveloped property (a tract, lot or reserve in the District to which no water or wastewater connections have been made and for which water facilities and services are available.). Upon adoption by the Board of Directors and approval by the TCEQ, the District may charge a Standby Fee to owners of undeveloped property.

8. **Late Payment Fee**. A one late payment fee of **\$25.00** shall be applied to each delinquent bill. This late payment fee shall not be applied to any balance to which the fee was applied in a previous billing but shall be applied to any unpaid balance during the current billing period.

9. **Returned Check Fee**. In the event a check, draft, or any other similar instrument is given by any person for payment of services provided for in this Rate Order, 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**.

10. **Reconnect Fee**. The District shall charge a Reconnect Fee of **\$25.00** during regular business hours for restoration of service after disconnection for any reason stated in this Rate Order or to restore service after disconnection at a customer's request, except for re-service under Sections E.3(b) and E.4(b) of this Rate Order.

11. **Service Trip Fee**. The District shall charge a Service Trip Fee of **\$50.00** for any service call or trip to a customer's tap as a result of a request by the customer or tenant, unless the service call concerns damage to District or customer equipment or facilities, or for the purpose of disconnecting or collecting payment for services.

12. **Equipment Damage Fee**. If the District'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 in an amount equal to the actual cost of all labor, materials and equipment necessary to repair or replace the damaged facilities or equipment. This fee shall be charged and paid before service is re-established. If the District's equipment has not been damaged, a fee shall be charged in an amount equal to the actual cost of all labor, materials, equipment, and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authority. All components of this fee will be itemized, and a statement shall be provided to the customer. If the District's facilities or equipment have been damaged due to negligence or unauthorized use of the District's equipment, right-of-way, or meter shut-off valve, or due to other acts for which the District incurs losses or damages, the

customer shall be liable for all labor and material charges incurred as a result of said acts or negligence.

13. **Meter Test Fee.** The District shall test a customer's meter upon written request of the customer and a Meter Test Fee of **\$25.00** shall be imposed on the affected account.

14. **Non-Disclosure Fee.** A fee of **\$5.00** may be assessed to any customer who requests in writing that personal information under the terms of this Rate Order not be disclosed to the public.

15. **Information Disclosure Fee.** All public information except that which has been individually requested as confidential shall be available to the public for a fee to be determined by the District based on the level of service and costs to provide such information, but not to be inconsistent with the terms of the Texas Publication Information Act: Chapter 552, Texas Government Code.

16. **Customer Service Inspection Fee.** A fee of **\$25.00** will be assessed each applicant before permanent continuous service is provided to new construction if an additional inspection is required in addition to the initial inspection included with the Connection Fee.

17. **Franchise Fee.** A percentage of the amount billed for water service will be assessed each customer whose meter is located inside the corporate limits of a municipality that imposes a franchise fee on the District.

18. **Additional Assessments.** In the event any federal, state or local government imposes on the District 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.

19. **Other Fees.** All services outside the normal scope of utility operations that the District may be compelled to provide at the request of a customer shall be charged to the recipient based on the cost of providing such service.

20. **Backflow Prevention Assembly Testing Fee.** The District may charge \$50.00 to inspect and test a backflow prevention assembly device.

21. **Fees Non-refundable.** All fees, rates and charges of the District contained in this Rate Order are non-refundable unless expressly stated otherwise.

22. **Free Service Prohibited.** The District shall not furnish free service to any customer.

SECTION H.

DROUGHT CONTINGENCY PLAN

1. The Plan

In order to conserve the available water supply and to:

Protect the integrity of water supply facilities, with particular regard for domestic use and sanitation.

Protect and preserve public health, welfare, and safety.

Minimize the adverse impacts of water supply shortage or other water supply emergency conditions.

North Collin Special Utility District hereby adopts the following regulations and restrictions on the delivery and consumption of water.

Water consumption above the limits set in accordance with this Drought Contingency Plan (the Plan) are considered to be excessive. Continuation of such usage during times 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 10 of the Plan.

The District obtains a majority of its water from North Texas Municipal Water District (NTMWD). NTMWD is responsible for monitoring its supplies (primarily Lake Lavon) and notifying its members and clients when a NTMWD drought trigger has been met. The District will follow NTMWD's lead in entering and leaving the different drought stages. Note that if the NTMWD plan calls for the rationing of water to its members and clients during a drought, NTMWD member/clients will not be able to draw more water each day than the amount that NTMWD has allowed them.

The Plan sets forth the means to declare a water shortage event and the actions to be taken during a shortage event. Since the ability of the District to "police" its customers during a water shortage event is virtually non-existent, and since NTMWD may only deliver a fixed amount of water each day during a drought, the Plan must provide a method whereby the users may govern their own actions and water usage so that the amount actually used is less than that delivered by NTMWD each day. The Plan attempts to achieve this goal by the assessment of 'excess water penalty fees' upon customers who exceed their allowed usage amounts during the water shortage event. It is felt that the advance knowledge of the 'excess' fees to be imposed, combined with the severity of those 'excess' fees,

will provide sufficient motivation to users to limit their usage during the shortage event.

The calculation of the penalty fees is designed to encourage all customers to conserve water. But users who normally use little water on average would be unfairly penalized if required to reduce their already low usage even further during later stages of the Drought Plan. Therefore, the Plan allows the Board to designate classes of low usage customers and cap the percentage of water they will be asked to conserve.

If the District and it's customers are successful in reducing their daily water usage to the levels mandated by NTMWD, the District will not receive enough revenue to continue operating the system in an efficient and safe manner. Therefore, during a drought stage, the District may increase the base water usage rates by an amount sufficient to maintain normal revenue levels.

2. Public Input

Opportunity for the public to provide input into the preparation of the Plan was provided by the District by means of posting in the agenda of the Board of Directors meeting on May 14, 2009.

3. Annual Notice

The District will annually provide the public with information about the Plan. This information will be provided by means of bill inserts, direct mail, and/or local newspapers.

4. Service Area

The service area of the District is located within the regional water planning area C and the District has provided a copy of this Plan to the Region C Water Planning Group.

5. Plan Manager

The General Manager, or his/her designee, is hereby authorized and directed to implement the applicable provisions of this Plan upon determination that such implementation is necessary to protect the public health, safety, and welfare. The General Manager, or his/her designee, shall have the authority to initiate or terminate drought or other water supply emergency response measures as described in this Plan.

Only the District Board of Directors shall have the authority to modify the Plan. The Plan shall be reviewed annually and appropriate changes made thereto.

6. Customer Categories, Allowed Usage, and Drought Rate Schedules

The provisions of this Plan shall apply to all persons, customers, and property utilizing water provided by the District. The terms “person” and “customer” as used in the Plan includes individuals, corporations, partnerships, associations, and all other legal entities.

The General Manager shall review the District customers and assign them into one of four types of customer drought rate categories: Drought Rate 1, Drought Rate 2, Drought Rate 3, or Drought Rate 4. The Board of Directors shall review and approve the assignments. A customer may, upon application as defined in Section 11- Variances, request assignment to the Exception category defined for each of the four categories. The definition of each category’s members is found in Section 7- Definitions. Each customer shall be notified of their classification during the annual notification. Customers may also contact the District business office to obtain their classification category.

In the event that rationing becomes necessary, each category will be assigned an allowed usage amount. This amount shall be calculated from historical usage data for that category of customer, and shall be the average amount of water used by that type of customer. There shall be a winter time amount, and a summer time amount. When NTMWD declares a drought stage and sets the target percentages to reduce consumption (rationing is not necessary), the District will calculate an allowed usage amount for each customer, based on their individual historical usage. Using the target percentage, the District will reduce the allowed usage amount by the corresponding percentage and the resulting amount will be the allowed usage for that drought stage for that customer.

The General Manager shall define (and the Board of Directors approve) a water rate and penalty fee schedule for each of the eight categories under each of the Drought Stages and the two seasons. Upon the declaration of a drought stage as defined in Section 8- Drought Stage Triggers, water rates and penalty fees applicable to each category and Stage will become effective upon the next billing cycle and will remain in effect for each ensuing billing cycle covered by the drought stage. Each customer shall be notified of the drought rate and penalty fee schedule during the annual notification. Customers may also contact the District business office to obtain a copy of the drought rate and penalty fee schedule.

The General Manager shall define (and the Board of Directors approve) a schedule defining the classes of low usage customers and the conservation goal cap assigned to each class for each stage of the Drought Plan.

7. Definitions

For the purposes 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. Does not include commercial car wash facilities, unless the facility re-cycles used water.

Conservation: 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: any person, company, or organization using water supplied by the District.

Domestic water use: 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.

Drought Rate 1 Customers: Any residential customer.

Drought Rate 1 Exceptions: Any Rate 1 Customer who can show, in accordance with Section 11- Variances, why they require amounts of water above that allowed to Rate 1 Customers during a drought.

Drought Rate 2 Customers: Any livestock operation

Drought Rate 2 Exceptions: Any Rate 2 Customer who can show, in accordance with Section 11- Variances, why they require amounts of water above that allowed to Rate 2 Customers during a drought.

Drought Rate 3 Customers: Any commercial or institutional customer, where water is integral to their operation.

Drought Rate 3 Exceptions: Any Rate 3 Customer who can show in

accordance with Section 11- Variances, why they require amounts of water above that allowed to Rate 3 Customers during a drought.

Drought Rate 4 Customers: All other customers

Drought Rate 4 Exceptions: Any Rate 4 Customer who can show, in accordance with Section 11-Variances, why they require amounts of water above that allowed to Rate 4 Customers during a drought.

Industrial water use: the use of water in processes designed to convert materials of lower value into forms having greater usability and value.

Landscape irrigation use: 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: 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 any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
- (d) use of water to wash down buildings or structures for purposes other than immediate fire protection;
- (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;
- (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 firefighting.

Summer time: The months from May through October.

Winter time: The months from November through April.

8. **Drought Stage Triggers**

The General Manager or his/her designee shall monitor the water supply and/demand conditions on a daily basis and shall determine when conditions warrant initiation or termination of each stage of the Plan, that is, when the specified “triggers” are reached.

The triggering criteria described below are based on the North Texas Municipal Water District’s Drought Contingency Plan (NTMWD Plan), since that agency supplies a majority of the water used by the District, and on the District system. Those criteria are based on a statistical analysis of the vulnerability of the water source (Lake Lavon) under a drought of record conditions or based on known system capacity limits.

As the NTMWD Plan is revised, this Plan shall be revised accordingly. As the District’s system is upgraded, this Plan shall be revised accordingly.

Stage 1 Triggers -- MILD Water Shortage Conditions

Requirements for initiation

Customers shall be requested to voluntarily conserve water and adhere to the recommended uses, as defined in Section 9 – Actions, when the NTMWD Plan MILD trigger is achieved.

Requirements for termination

The necessity for Stage 1 of the Plan ends when all of the Stage 1 triggering events have ceased to exist for a period of 3 consecutive days.

Stage 2 Triggers -- MODERATE Water Shortage Conditions

Requirements for initiation

Customers shall be requested to voluntarily conserve water and adhere to the recommended uses, as defined in Section 9 – Actions, when the NTMWD Plan MODERATE trigger is achieved.

Requirements for termination

The necessity for Stage 2 of the Plan ends when all of the Stage 2 triggering events have ceased to exist for a period of 3 consecutive days. Upon termination of Stage 2, Stage 1 becomes operative.

Stage 3 Triggers -- SEVERE Water Shortage Conditions

Requirements for initiation

Customers shall be requested to voluntarily conserve water and adhere to the recommended uses, as defined in Section 9 – Actions, when the NTMWD Plan SEVERE trigger is achieved.

Requirements for termination

The necessity for Stage 3 of the Plan ends when all of the Stage 3 triggering events have ceased to exist for a period of 3 consecutive days. Upon termination of Stage 3, Stage 2 becomes operative.

Stage 4 Triggers -- EMERGENCY Water Shortage Conditions

Requirements for initiation

Customers shall be requested to voluntarily conserve water and adhere to the recommended uses, as defined in Section 9 – Actions, when

1. The NTMWD Plan EMERGENCY trigger is achieved or
2. Major water line breaks, or pump or system failures occur, which cause unprecedented loss of capability to provide water service; **or**
2. Natural or man-made contamination of the water supply source(s).

Requirements for termination

The necessity for Stage 4 of the Plan ends when all of the Stage 4 triggering events have ceased to exist for a period of 2 consecutive days.

9. Actions

The General Manager, or his/her designee, shall monitor the water supply and/or demand conditions on a daily basis and, in accordance with the triggering criteria set forth in Section 8 of this Plan, shall determine that a mild, moderate, severe, or emergency water shortage condition exists and shall implement the following notification procedures:

Notification

Notification of the Public:

The General Manager or his/ her designee shall notify the public by one or more of the following means:

- Publication in a local newspaper of general circulation,*
- Direct mail to each customer,*
- Signs posted in public places.*

Additional Notification:

The General Manager or his/her designee, shall notify directly, or cause to be notified directly, the following individuals and entities:

Fire Chiefs

City and County Emergency Management Coordinator

TCEQ

Major water users

Stage 1 Response -- MILD Water Shortage Conditions

Goal: Achieve the percent reduction set by NTMWD in daily water demand.

Supply Management Measures:

The District will reduce flushing of water mains.

Recommended Customer Measures:

- (a) Limit the irrigation of landscaped areas and irrigate landscapes only between the hours of midnight and 10:00 a.m. and 8:00 p.m. to midnight.
- (b) Practice water conservation and minimize or discontinue water use for non-essential purposes.

Stage 2 Response -- MODERATE Water Shortage Conditions

Goal: Achieve the percent of reduction in daily water demand set by NTMWD.

Supply Management Measures:

The District will discontinue flushing water lines.

Recommended Customers Measures:

- (a) Limit irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Irrigation of landscaped areas is may be done at any time if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.
- (b) Limit the use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle to the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing should be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rises. Vehicle washing may be done at

any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.

- (c) Limit the use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or jacuzzi-type pools to the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight.
- (d) Suspend the operation of any ornamental fountain or pond for aesthetic or scenic purposes except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
- (e) Use of water from hydrants should be limited to firefighting, related activities, or other activities necessary to maintain public health, safety, and welfare, except that use of water from designated fire hydrants for construction purposes may be allowed under special permit from the District.
- (f) All restaurants should limit the serving of water to patrons except upon request of the patron.
- (g) The following uses of water are defined as non-essential and should be suspended:
 - 1. use of water to wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
 - 2. use of water to wash down buildings or structures for purposes other than immediate fire protection;
 - 3. use of water for dust control;
 - 4. flushing gutters or permitting water to run or accumulate in any gutter or street; and
 - 5. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s).

Stage 3 Response -- SEVERE Water Shortage Conditions

Goal: Achieve the percent of reduction in daily water demand set by NTMWD.

Supply Management Measures

The District will discontinue all non-essential water use.

Recommended Customers Measures. All requirements of Stage 1 and 2 should remain in effect during Stage 3 with the following recommendations:

- (a) Limit irrigation of landscaped areas to the hours of 6:00 a.m. and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight and only by means of hand-held hoses, hand-held buckets, or drip irrigation only. The use of hose-end sprinklers or permanently installed automatic sprinkler systems should be suspended.
- (b) Limit the use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle to the premises of a commercial car wash and commercial service stations.
- (c) Suspend the filling, refilling, or adding of water to swimming pools, wading pools, and jacuzzi-type pools.
- (d) Suspend the operation of any ornamental fountain or pond for aesthetic or scenic purposes except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
- (e) Applications for new, additional, expanded, or increased-in-size water service connections, meters, service lines, pipeline extensions, mains, or water service facilities of any kind must be approved by the Board of Directors. Time limits for approval of such applications are hereby suspended for such time as this drought response stage or a higher-numbered stage shall be in effect.
- (f) The use of water for construction purposes from designated fire hydrants under special permit is to be discontinued.

Stage 4 Response -- EMERGENCY Water Shortage Conditions

Goal: Achieve the percent of reduction in daily water demand set by NTMWD.

Recommended Customer Measures. All requirements of Stage 1, 2, and 3 should remain in effect during Stage 4 with the following recommendations:

- (a) Suspend all irrigation of landscaped areas.
- (b) Suspend all use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle.

10. Enforcement

Enforcement of the curtailed water usage is effected by the assessment of 'excess water penalty fees' at the end of each billing period during the drought. The fees are calculated in accordance with the penalty fee schedules set for that category of customer and that type of Drought Stage.

The 'excess penalty' fees will be billed to the customer in accordance with the District's normal billing methods and shall be treated in the same manner as a charge to the customer's bill during a non-drought period.

11. **Variances**

The General Manager, or his/her designee, may, in writing, grant temporary variance for existing water uses otherwise required under this Plan if it is determined that failure to grant such variance would cause an emergency condition adversely affecting the health or sanitation of 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; or
- (b) Alternative methods can be implemented which will achieve the same level of reduction in water use.

Persons requesting an exemption from the provisions of this Ordinance shall file a petition for variance with the District within 5 days after the Plan or a particular drought response stage has been invoked. All petitions for variances shall be reviewed by the General Manager, or his/her designee, and shall include the following:

- (a) Name and address of the petitioner(s).
- (b) Purpose of water use;
- (c) Specific provision(s) of the Plan from which the petitioner is requesting relief;
- (d) 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 Ordinance;
- (e) Description of the relief requested;
- (f) Period of time for which the variance is sought;
- (g) 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; and
- (h) Other pertinent information.

Variances granted by the District shall be subject to the following conditions, unless waived or modified by the General Manager or his/her designee:

- (a) Variances granted shall include a timetable for compliance; and
- (b) Variances granted shall expire when the Plan is no longer in effect, unless the petitioner has failed to meet specified requirements.

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

Customers may file an application to alter their classification in one of the four base categories, supplying the same information and using the same procedure as given above. These applications may be taken in advance of a drought declaration and will remain in effect until:

- a) the customer requests their reassignment to the appropriate base category; or
- b) the customer's type of usage changes significantly enough to warrant their reassignment by the General Manager .

Petitions for re-assignment must be approved by the Board of Directors.

12. Penalty Fee Calculation Overview

Customers will be charged an excess penalty fee (per 1000 gallons) for water use exceeding their individual allowed usage amounts. The excess penalty fee is 2 times the current base rate, or as set by the Board from time to time by resolution.

	Stage 2 Penalty Fee Schedule
Excess Penalty Amount per 1000 gallons @ \$3.85	\$7.70

Examples for Stage 2:

Excess Gallons	Calculation	Excess Penalty Fee
5,000	5 * \$7.70	\$38.50
15,000	15 * \$7.70	\$115.50
25,000	25 * \$7.70	\$192.50

Each customer's summer and winter time average use amounts are calculated from the

calendar year adopted by the Board. The allowed amount per customer is their summer or winter average use, minus the savings goal percentage set by the Board for that Stage. The Board set the savings goal percentages as follows:

	Stage 2 Goal	Stage 3 Goal	Stage 4 Goal	Rationing Goal
NTMWD Goal for NCSUD	2%	5%	10%	Daily %
NCSUD Customer Goals				
Customer average < 5,001 gallons	2%	2%	2%	2%
Customer average > 5,000 gallons	2%	5%	10%	Daily %

Example:

Customer Monthly Average	Stage 2 Allowed amount	Stage 3 Allowed amount	Stage 4 Allowed amount
3,300 gallons	3,234	3,234	3,234
7,600 gallons	7,448	7,220	6,840

13. Penalty Fee Calculation Detail

Step 1 - Calculate the winter and summer averages for each meter, using the readings from the previous calendar year (meter readings are in 100's of gallons). Months with zero usage are not counted towards the average.

Example:

Nov '05	Dec '05	Jan '05	Feb '05	Mar '05	Apr '05	Winter Average
499	147	148	0	131	190	223
May '05	June '05	July '05	Aug '05	Sept '05	Oct '05	Summer Average
292	362	1189	1061	985	578	744.5

Step 2 - Using the usage percentage goal set by the Board, calculate the allowed usage

amount for each meter, measured from the meter’s winter or summer average amount, then round the allowed usage amount up to the next thousand. Note that an even thousands amount (i.e. 5000 gallons) rounds up to the same number (i.e. 5000 rounds up to 5000, while 5001 will round up to 6000).

Note that the goals set by the Board for low usage customers (customers whose average is less than 5,000 gallons per month) will override the goal set by NTMWD for each stage of the Drought Plan.

This table shows the NTMWD goal for NCSUD, and the NCSUD goals for low usage customers and all other customers.

	Stage 2 Goal	Stage 3 Goal	Stage 4 Goal	Rationing Goal
NTMWD Goal for NCSUD	2%	5%	10%	Daily %
NCSUD Customer Goals				
Customer average < 5,001 gallons	2%	2%	2%	2%
Customer average > 5,000 gallons	2%	5%	10%	Daily %

Example for customers whose average is greater than 5,000 gallons per month:

	Average Amount in gallons	Stage 2 Allowed Usage Amount (2%)	Stage 2 Rounded Allowed Usage Amount in 000’s	Stage 3 Allowed Usage Amount (5%)	Stage 3 Rounded Allowed Usage Amount in 000’s	Stage 4 Allowed Usage Amount (10%)	Stage 4 Rounded Allowed Usage Amount in 000’s
Winter	22,300	21,854	22	20,761	21	19,723	20
Summer	74,450	72,961	73	69,313	70	65,847	66

Step 3 - Convert the current month’s water usage to gallons (meter readings are in 100’s of gallons), and round down the usage amount to the next lowest 1000. Note that an even thousands amount (i.e. 5000 gallons) rounds down to the same number (i.e. 5000 rounds down to 5000, while 5999 will round down to 5000).

Example:

Meter reading amount in 00’s	Usage in gallons	Rounded Usage Amount in 000’s

54	5,400	5
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Step 4 – Calculate the Excess Usage amount, in thousands, by using the rounded numbers calculated in Steps 2 and 3. If the usage is less than the allowed amount, then there is no excess usage. If the usage is less than or equal to 1000 gallons, then there is no excess usage. Otherwise, the excess usage is the difference between the used amount and the allowed amount.

Example:

Usage Amount in gallons	Rounded Usage Amount in 000's	Allowed Usage Amount in gallons	Rounded Allowed Usage Amount in 000's	Excess Usage Amount in gallons	Rounded Excess Usage Amount in 000's
34,500	34	21,854	22	12,646	12
34,500	34	72,150	73	0	0
954	0	4,853	5	0	0

Step 5 – Calculate the Year to Date (YTD) Allowed Usage and YTD Credit. The YTD Allowed Usage is the sum of the previous month's YTD Credit and the current month's Allowed Usage. In January, the previous month's YTD Credit is set to zero. The YTD Credit is calculated by subtracting the current month's Usage amount from the YTD Allowed Usage. Round the YTD Credit to the next lowest 1000.

Example:

Previous Month's YTD Credit in gallons	Current Month Allowed Usage in gallons	Current Month YTD Allowed Usage in gallons	Current Month Usage in gallons	YTD Credit in gallons	Rounded YTD Credit amount in 000's
4,308	21,854	26,162	9,400	16,762	16
-5,471	10,715	5,244	6,200	-956	0
-7,949	5,276	-2,673	6,200	-8,873	8

Step 6 – Calculate the excess penalty amount that will be used to calculate the excess penalty fee. If a customer has built up a positive YTD Credit, and it is greater than the current month's excess usage, then there will be no penalty fee this month. If a customer has built up a positive YTD Credit, but the current month's excess usage is greater than

the YTD Credit, then there will be a penalty fee this month, but it will only be calculated for the excess usage over the YTD Credit amount. Otherwise, the penalty fee will be based on the full excess usage amount. First determine if there is a partial credit by comparing the YTD Credit amount and the Excess Usage amount. There is partial credit if the YTD Credit amount is less than the Excess Usage amount. There is no partial credit if the YTD Credit amount is greater than the Excess Usage amount. Then calculate the Excess Penalty amount using the following steps:

A – If the current month’s YTD Credit is positive, then the Excess Penalty amount is zero

B – If the current month’s YTD Credit is negative and there is no partial credit, then the Excess Penalty amount is the same as the Rounded Excess Usage amount

C – If the current month’s YTD Credit is negative and there is partial credit, then the Excess Penalty amount is the same as the Rounded YTD Credit amount

Example:

YTD Credit amount in gallons	Excess Usage amount in gallons	Partial Credit – Yes/No	Rounded Excess Usage amount in 000’s	Rounded YTD Credit amount in 000’s	Excess Penalty amount in 000’s
16,762					0
-4,889	5,196	Yes	5	4	4
-10,956	5,562	No	5	10	5

Step 7 – Finally, calculate the Excess Penalty Fee using the penalty fee schedule set for each of the Drought Stages.

If Excess Penalty Amount calculated in Step 6 is zero, then the Excess Penalty Fee is zero.

Otherwise, use the following table to calculate the Excess Penalty Fee.

	Stage 2 Penalty Fee Schedule
Excess Penalty Amount per 1000 gallons	\$7.70

Example for Stage 2

Excess Penalty Amount	Calculation	Excess Penalty Fee
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in '000s		
5	5 * \$7.70	\$38.50
15	15 * \$7.70	\$115.50
25	25 * \$7.70	\$192.50

SECTION I.

WATER CONSERVATION PLAN

WATER CONSERVATION PLAN (the "Plan") OF THE NORTH COLLIN SPECIAL UTILITY DISTRICT (the "District")

1. **The Purpose and Intent.**

In order to conserve the available water supply and to:

- Protect the integrity of water supply facilities, with particular regard for domestic use and sanitation.
- Protect and preserve public health, welfare, and safety.
- Minimize the adverse impacts of water supply shortage or other water supply emergency conditions.
- Reduce the loss and waste of water
- Extend the life of the current supply of water
- Encourage efficient outdoor water use.

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

The Texas Commission on Environmental Quality (TCEQ) rules governing water conservation plans for municipal water suppliers are contained in Title 30, Part 1, Chapter 288, Subchapter A, Rule 288.2 of the Texas Administrative Code.

2. **Water Conservation Goals.**

- Maintain the per capita water use below the specified amount in gallons per capita per day in a dry year, as determined by the Board of the District.
- Maintain the level of unaccounted water in the system below twelve percent (12%) annually. (The 12% goal for unaccounted water is recommended but is not required. Systems with long distances between customers may adopt a higher unaccounted water goal.)
- Implement and maintain a program of universal metering and meter replacement and repair.
- Increase efficient water usage through a water conservation ordinance, order or resolution.
- Decrease waste in lawn irrigation by implementation and enforcement of landscape water management regulations.
- Prohibit watering from 10:00 a.m. to 6:00 p.m. during April through October.

3. **Annual Notice.** The District will annually provide the public with information about the Plan. This information will be provided by means of bill inserts, direct mail, and/or local newspapers.
4. **Service Area.** The service area of the District is located within the regional water planning area C and the District has provided a copy of this Plan to the Region C Water Planning Group.
5. **Plan Manager.** The District's General Manager, or his/her designee, is hereby authorized and directed to implement the applicable provisions of this Plan upon determination that such implementation is necessary to protect the public health, safety, and welfare. The General Manager, or his/her designee, shall have the authority to initiate or terminate water conservation or other water supply emergency response measures as described in this Plan.

Only the District's Board of Directors shall have the authority to modify the Plan. The Plan shall be reviewed annually and appropriate changes made thereto.

6. **Definitions.** For the purposes 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. Does not include commercial car wash facilities, unless the facility re-cycles used water.

Conservation: 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: any person, company, or organization using water supplied by the District.

Domestic water use: 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.

Industrial water use: the use of water in processes designed to convert materials of lower value into forms having greater usability and value.

Landscape irrigation use: 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: 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 any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
- (d) use of water to wash down buildings or structures for purposes other than immediate fire protection;
- (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;
- (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.

Summer time: The months from May through October.

Winter time: The months from November through April.

7. **Other Water Conservation Measures.**

Ordinances, Plumbing Codes, or Rules on Water-Conserving Fixtures

The state has required water-conserving fixtures in new construction and renovations since 1992. The state standards call for flows of no more than 2.5 gallons per minute (gpm) for faucets, 3.0 gpm for showerheads, and 1.6 gallons per flush for toilets. Similar standards are now required nationally under federal law. These state and federal standards assure that all new construction and renovations will use water-conserving fixtures.

Landscape Water Management Measures

The following landscape water management measures are required by the District for this plan. These are the minimal measures that should be implemented and enforced in order to irrigate the landscape appropriately.

- Time of day restrictions prohibiting lawn irrigation watering from 10 AM to 6 PM beginning May 1 and ending October 31 of each year.
- Prohibition of watering of impervious surfaces. (Wind driven water drift will be taken into consideration.)
- Prohibition of outdoor watering during precipitation or freeze events.
- Lawn and landscape irrigation limited to twice per week.
- Prohibiting the use of treated water to fill or refill residential, amenity, and any other natural or manmade ponds. A pond is considered to be a still body of water with a surface area of 500 square feet or more.
- Rain and freeze sensors and/or ET or Smart controllers required on all new irrigation systems. Rain and freeze sensors and/or ET or Smart controllers must be maintained to function properly.
- “At home” car washing can be done only when using a water hose with a shut-off nozzle.
- The District is responsible for developing regulations, ordinances, policies, or procedures for enforcement of water conservation guidelines.
- Prohibition of watering areas that have been overseeded with cool season grasses (such as rye grass or other similar grasses), except for golf courses and public athletic fields.

Additional Water Conservation Measures (Not Required)

The following water conservation measures are also included in this Plan as options to be considered by the District:

- Additional landscape water management regulations
- Landscape ordinance
- Water audits
- Rebates

In addition, the District recommends the following measures, but they are not required:

- Requirement that all existing irrigation systems be retrofitted with rain and freeze sensors and/or ET or Smart controllers capable of multiple programming. Rain and freeze sensors and/or ET or Smart controllers must be maintained to function properly.
- Prohibition of use of poorly maintained irrigation systems that waste water.
- Prohibition of planting cool season grasses (such as rye grass or other similar

grasses) that intensify cool season water requirements, exception allowed for golf courses or public athletic fields.

- Requirement that all new athletic fields be irrigated by a separate irrigation system from surrounding areas.
- Implementation of other measures to encourage off-peak water use.

Landscape ordinances are developed by cities to guide developers in landscaping requirements for the city. the District recommends that the following measures be included:

- Requirement that all new irrigation systems be in compliance with state design and installation regulations (TAC Title 30, Part 1, Chapter 344).
- Native, drought tolerant, or adaptive plants should be encouraged.
- Drip irrigation systems should be promoted.
- Evapotranspiration (ET) / Smart controllers that only allow sprinkler systems to irrigate when necessary should be promoted.

Water audits are useful in finding ways in which water can be used more efficiently at a specific location. In addition to the conservation measures described above, the District considers the following water conservation incentive programs as options that might be included in the plan:

- Low-flow toilet replacement and rebate programs,
- Rebates for rain/freeze sensors and/or ET or Smart controllers,
- Low-flow showerhead and sink aerators replacement programs or rebates,
- ET/Smart irrigation controller rebates,
- Water efficient clothes washer rebates,
- Pressure reducing valve installation programs or rebates,
- Rain barrel rebates,
- On-demand hot water heater rebates, or
- Other water conservation incentive programs.

Metering, Water Use Records, Control of Unaccounted Water, and Leak Detection and Repair

One of the key elements of water conservation is tracking water use and controlling losses through illegal diversions and leaks. It is important to carefully meter water use, detect and repair leaks in the distribution system and provide regular monitoring of unaccounted water.

Accurate Metering of Treated Water Deliveries from the District

Water deliveries from the District are metered by the District using meters with accuracy of $\pm 2\%$.

Metering of Customer and Public Uses and Meter Testing, Repair, and Replacement

The provision of water to all customers, including public and governmental users, should be metered. All customer meters should be replaced on a minimum of a 15-year cycle.

Record Management System

As required by TAC Title 30, Part 1, Chapter 288, Subchapter A, Rule 288.2(a)(2)(B), a record management system should allow for the separation of water sales and uses into residential, commercial, public/institutional, and industrial categories. This information should be included in an annual water conservation report.

Determination and Control of Unaccounted Water

Unaccounted water is the difference between water delivered to the District from NTMWD (and other supplies, if applicable) and metered water sales to customers plus authorized but unmetered uses. (Authorized but unmetered uses would include use for fire fighting, releases for flushing of lines, uses associated with new construction, etc.) Unaccounted water can include several categories:

- Inaccuracies in customer meters. (Customer meters tend to run more slowly as they age and under-report actual use.)
- Accounts which are being used but have not yet been added to the billing system.
- Losses due to water main breaks and leaks in the water distribution system.
- Losses due to illegal connections and theft
- Other.

Measures to control unaccounted water should be part of the routine operations of the District. Maintenance crews and personnel should look for and report evidence of leaks in the water distribution system. A leak detection and repair program is described below. Meter readers should watch for and report signs of illegal connections, so they can be quickly addressed.

With the measures described in this plan, the District should maintain unaccounted water below 15 percent in 2008 and subsequent years. If unaccounted water exceeds this goal, the District should implement a more intensive audit to determine the source(s) of and reduce the unaccounted water. The annual conservation report described below is the primary tool that should be used to monitor unaccounted water.

Leak Detection and Repair

As described above, maintenance crews and personnel should look for and report evidence of leaks in the water distribution system. Areas of the water distribution system in which numerous leaks and line breaks occur should be targeted for replacement as funds are available.

Monitoring of Effectiveness and Efficiency - Annual Water Conservation Report

This report should be used in the development of an annual water conservation report by the District. This form should be completed by March 31 of the following year and used to monitor the effectiveness and efficiency of the water conservation program and to plan conservation-related activities for the next year. The form records the water use by category, per capita municipal use, and unaccounted water for the current year and compares them to historical values. The annual water conservation report should be sent to NTMWD.

Water Conservation Implementation Report

This report includes the TCEQ-required water conservation implementation report. The report is due to the TCEQ by May 1 of every year, starting in the year 2010. This report lists the various water conservation strategies that have been implemented, including the date the strategy was implemented. The report also calls for the five-year and ten- year per capita water use goals from the previous water conservation plan. The reporting entity must answer whether or not these goals have been met and if not, why not. The amount of water saved is also requested.

Continuing Public Education and Information Campaign

The continuing public education and information campaign on water conservation includes the following elements:

- Utilize the “Water IQ: Know Your Water” and other public education materials produced by the NTMWD.
- Encourage local media coverage of water conservation issues and the importance of water conservation.
- Notify local organizations, schools, and civic groups that the District's staff and staff of the NTMWD are available to make presentations on the importance of water conservation and ways to save water.
- Promote the *Texas Smartscape* web site (www.txsmartscape.com) and provide water conservation brochures and other water conservation materials available to the public at City Hall and other public places.
- Make information on water conservation available on its website (if applicable) and include links to the “Water IQ: Know Your Water” website, *Texas Smartscape* website and to information on water conservation on the TWDB and TCEQ web sites and other resources.

SECTION J.

INDIGENT ASSISTANCE POLICY

The District may permit a customer to receive water service at (i) the monthly service availability charge, (ii) a reduced rate, or (iii) free of any charge, provided the customer meets one or more of the following conditions:

(a) the customer receives Aid to Families with Dependent Children (AFDC benefits) if the only people included in the AFDC benefits are minor children;

(b) the customer or the customer's spouse receives Supplemental Security Income (SSI) benefits and has no income from any other source (including income from the earnings of any other member of the customer's household) in excess of **\$400.00** per month;

(c) the customer or the customer's spouse receives unemployment compensation from the State of Texas and receives no income from any other source (including income from the earnings of any other member of the customer's household) in excess of **\$400.00** per month; or

(d) the customer or the customer's spouse receives Veteran's Administration disability benefits and has no income from any other source (including income from the earnings of any other member of the customer's household) in excess of **\$400.00** per month.

To qualify for indigent assistance, the customer must submit an application for Indigent assistance to the Board of Directors, on a form approved by the District, and present proof of financial circumstances including, but not limited to, the following:

- (a) proof of receipt of applicable benefits; and
- (b) copies of wage statements and/or federal income tax returns.

Indigent assistance is available in other hardship cases at the discretion of the Board of Directors upon application and presentation of appropriate proof of financial indigence.

Applicants for indigent assistance shall complete only the District's approved form. The indigent assistance applicant shall apply separately for each case on a need-by-need basis.

**SECTION K.
CROSS-CONNECTION CONTROL PROGRAM**

1. Customer Service Inspections.

(a) A customer service inspection shall be completed prior to providing continuous water service to all new construction and to any existing service connection when the District finds or has reason to believe that a cross-connection or other contaminant hazard exists at the property, or after any material improvement, modification or addition to the customer's private water distribution facilities. It is the responsibility of the customer to report to the District any such improvements, corrections or additions.

(b) Only individuals with the following credentials will be recognized as capable of conducting a customer service inspection:

(1) Plumbing inspectors and water supply protection specialists that have been licensed by the Texas State Board of Plumbing Examiners (TSBPE); and

(2) Certified waterworks operators and members of other water related professional groups who have completed a training course, passed an examination administered by the TCEQ or its designated agent, and hold a current endorsement issued by the TCEQ.

(c) The customer service inspector must certify that:

(1) 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 water system by a properly installed air gap or an appropriate backflow prevention assembly.

(2) No cross-connection between the public water supply and a private water source exists. Where an actual properly installed air gap is not maintained between the public water supply and a private water supply, an approved reduced pressure-zone backflow prevention assembly is properly installed and a service agreement exists for annual inspection and testing by a recognized backflow prevention assembly tester.

(3) No connection exists which allows water to be returned to the public water supply is permitted.

(4) No pipe or pipe fitting which contains more than 8% lead may be used for the installation or repair of plumbing at any connection that provides water for human use.

(5) No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection that provides water for human use. A minimum of one (1) lead test shall be performed for each inspection.

(6) No water service connection shall be made to any establishment where a potential or actual contamination hazard exists unless the water supply is protected in accordance with TCEQ Rules and Regulations for Public Water Systems ("TCEQ Rules") and the provisions of this article. The District shall discontinue water service if a required backflow prevention assembly is not installed, maintained and tested in accordance with the TCEQ Rules and this article. The required assembly shall be installed at the customer's expense.

2. Backflow Prevention Assembly Installation, Testing, and Maintenance.

(a) All backflow prevention assemblies in the District's service area shall be installed, tested, and certified to be operating within specifications by a licensed backflow prevention assembly tester (SPAT) that has registered with the District. A backflow prevention assembly installed by or for a customer to protect the District's water system against health hazards may be tested and certified to be operating within specifications at least annually by a SPAT licensed District operator, for which the customer will be assessed a Backflow Prevention Assembly Testing Fee by the District. (See Section G)

(b) All backflow prevention assemblies shall be installed and tested in accordance with the manufacturer's instructions, the AWWA's Recommended Practice for Backflow Prevention and Cross-Connection Control (Manual M14), current addition, or The University of Southern California Manual of Cross-Connection Control, current addition.

(c) Assemblies shall be repaired, overhauled or replaced at the expense of the customer whenever said assemblies are found to be defective. Original forms of the test, repairs and over-haul shall be kept and submitted to the District within five (5) working days of any test, repair or overhaul of a backflow prevention assembly. These forms shall include the test gauge's serial number and date of last certification.

(d) No backflow prevention assembly or device shall be removed from use, relocated, or other assembly or device substituted without the approval of the District. Whenever the existing assembly or device is moved from the present location or cannot be repaired, the backflow assembly or device shall be replaced with a backflow prevention assembly or device that complies with this section, the AWWA's Recommended Practice for Backflow Prevention and Cross-Connection Control (Manual M14), current addition, University of Southern California Manual of Cross Connection Control, current addition, or the current plumbing policies and regulations of the District, whichever is more stringent.

Test gauges used for backflow prevention assembly testing shall be calibrated at least annually in accordance with the AWWA's Recommended Practice for Backflow Prevention and Cross-Connection Control (Manual M14), current addition, or The University of Southern California's Manual of Cross-Connection Control, current addition. The original calibration form must be submitted to the District within five (5) working days after calibration.