SOUTHWEST FANNIN SPECIAL UTILITY DISTRICT

CCN 12406

DISTRICT SERVICE POLICY

May 1, 2026

Southwest Fannin Special Utility District
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SECTION A RESOLUTION & AUTHORITY

1. This Service Policy was updated by resolution by the Board of Directors of the District. This Service Policy supersedes all utility service policies, rules and tariffs adopted or passed by the Board of Directors previously.

2. The adoption of this Service Policy shall not affect any violation or act committed or done or any penalty or forfeiture incurred, or any contract or vested right established or accrued under any prior Service Policy.

3. An original of this Service Policy as approved shall be maintained in the records of the District and all additions, deletions and changes thereto shall be clearly exhibited.

4. Rules and regulations of state and federal agencies having applicable jurisdiction, promulgated under any applicable state or federal law, shall superseded all terms of the Service Policy that directly conflict with such state and federal rules or regulations. If any section, paragraph, sentence, clause, phrase, word or words of the Service Policy are declared unconstitutional or in violation of law, the reminder of the Service Policy shall not be affected thereby and shall remain in full force and effect.

5. This Service Policy is immediately effective upon the date of adoption unless otherwise specified.

Revision Approved on April 21, 2026

RESOLUTION BY SOUTHWEST FANNIN SPECIAL UTILITY DISTRICT ADOPTING A SERVICE POLICY AND ESTABLISHING RATES, FEES, ADOPTING RULES AND REGULATIONS RELATING TO THE ADMINISTRATION OF ITS UTILITY SERVICES, AND PROVIDING FOR ENFORCEMENT FOR VIOLATING THIS SERVICE POLICY

WHEREAS, the Southwest Fannin Special Utility District (the "District") operating under Chapter 49 of the Texas Water Code has provided facilities for the production and distribution of potable water to residential and business users within its authorized service areas;

WHEREAS, Section 49.212, Texas Water Code, authorizes the District to adopt and enforce all necessary charges, rates, fees, or rentals, and other terms and conditions for providing any district services;

WHEREAS, the Board of Directors has carefully considered the matter and is of the opinion that the following fees, charges, rates, rules, regulations, and enforcement procedures are necessary for the safe and efficient management of the District's utility facilities and services; NOW THEREFORE,

BE IT ORDERED BY THE BOARD OF DIRECTORS OF SOUTHWEST FANNIN SPECIAL UTILITY DISTRICT – FANNIN COUNTY, TEXAS, that the following Service Policy is adopted and established the fees charges, rules, regulations, and enforcement procedures for the District's water services ("Service Policy") and shall be effective on May 1, 2026.

SECTION A. RESOLUTION

THE BOARD OF DIRECTORS OF SOUTHWEST FANNIN SPECIAL UTILITY DISTRICT ESTABLISHES THAT:

1. This Service Policy of the Southwest Fannin Special Utility District, servicing in Fannin and Grayson Counties consisting of Sections A. through H. and forms inclusive, is adopted and enacted as the current regulations and policies effective as of the 1st day of May, 2026. This Service Policy supersedes all utility service policies, adopted or passed by the Board of Directors previously, unless otherwise provided.

2. Only those preexisting written contracts or agreements executed by the present or previous Board of Directors shall remain in effect, unless the contract or agreement requires compliance with changes of the service policy from time to time.

3. The adoption of this service policy does not prohibit or limit the District from enforcing previous penalties or assessments from before the current effective date. The adoption of this Service Policy shall not affect any violation or act committed or done, or any penalty or forfeiture incurred, or any contract or vested right established or accrued under any prior Service Policy.

4. An official copy of this and all policies or records shall be available during regular office hours of the District. The Secretary of the District shall maintain the original copy as approved and all previous copies for exhibit.

5. Rules and regulations of state or federal agencies having jurisdiction shall supersede any terms of this policy. If any section, paragraph, sentence, clause, phrase, word, or words of this policy are declared unconstitutional or invalid for any purpose, the remainder of this policy shall not be affected.

PASSED AND APPROVED this 21st day of April 2026.

_____
Presiding Officer, Southwest Fannin Special Utility District

ATTEST:

_____
Office Secretary, Southwest Fannin Special Utility District

PASSED AND APPROVED this 21st day of April 2026.

_____
Presiding Officer, Southwest Fannin Special Utility District

ATTEST:
Dana Mellugin
_____
Office Secretary, Southwest Fannin Special Utility District

SECTION B STATEMENTS

1. ***Organization.*** The Southwest Fannin Special Utility District is a Political Subdivision of the State of Texas organized under Chapters 49 of the Texas Water Code for the purpose of furnishing potable water service to the Districts serving area. It is declared to be a defined district within the meaning of Article XVI, Section 59, of the Texas Constitution. The management of the District is controlled by the Board of Directors who is responsible for adopting all District service policies, rates and regulations. The members of the Board of Directors are elected by the registered voters residing within the District's boundaries.

2. ***Non-Discrimination Policy.*** Service is provided to all Applicants who comply with the provisions of this Service Policy regardless of race, color, religion, national origin, disability or sexual orientation. The rules and regulations contained in this service policy will apply to every customer regardless of race, color, religion, national origin, disability or sexual orientation.

3. ***Policy and Rule Application.*** These policies and rules apply to the water services provided by the District. Failure on the part of the Customer or Applicant to observe these policies and rules gives the District the authority to deny or discontinue service and to take any other action deemed appropriate according to the terms of this Policy.

4. ***Fire Protection Responsibility.*** The District generally does not provide nor does it imply that fire protection is available on any of the distribution system, except where expressly specified and agreed to by the District. 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 change the color of any hydrant, flush valve or similar fixture, at any time without notice, refund or compensation to any third party. The District reserves the right to remove any hydrant, flush valve or similar fixture due to improper use or detriment to the system as determined by the District, at any time without notice, refund, or compensation to any third party.

5. ***Liability.*** The District is not liable for damages caused by service interruptions, events beyond its control, and for normal system failures.

6. ***Information Disclosure.*** The records of the District shall be kept in the District's office in Savoy, Texas. 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 except when an exception applies. A reasonable charge as established pursuant to the Texas Public Information Act may be assessed to any person requesting copies of District records. An individual customer's information is kept confidential unless the customer gives permission in writing for their information (address, telephone number, account record of water usage) to be made available upon open information request. Such confidentiality does not prohibit the District from disclosing this information to an official or employee of the state or a political subdivision of the state acting in an official capacity or an employee of the District acting in connection with the employee's duties or as otherwise authorized by Section 182.054 of the Texas Utilities Code.

7. ***Customer Notice Provision.*** The District will give written notice of a monthly water rate change by posting a notice on the website or on the water bills by email or by publication, mail or hand delivery to all affected customers at least thirty (30) days after the date on which the board authorizes the new rate and at least sixty (60) days prior to the effective date of the new rate. The notice shall contain the old rates, new rates, effective date of the new rates, date of Board authorization, and the name and phone 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 effective date of the change, the amount of the newly adopted rate nor any charge incurred based on the new rate.

8. ***Customer Service Inspections*.** The District requires that a customer service inspection certification be completed prior to providing water service to new construction and for all new customers as part of the activation of standard and non-standard service. Customer service inspections are also required on any existing service 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 the customer's water distribution facilities. This inspection is limited to the identification and prevention of cross connections, potential contaminant hazards and illegal lead materials. (30 TAC 290.46(i-j))

9. ***Submetering Responsibility.*** Submetering and Non-Submetering by Master Metered Accounts may be allowed in the District's water distribution system provided the Master Metered Account customer complies with the Public Utility Commission of Texas (PUC) Chapter 24 Subchapter H rules pertaining to Submetering. The District has no jurisdiction over or responsibility to the tenants. Tenants receiving water under a Master Metered Account 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 PUC.

SECTION C DEFINITIONS

Applicant – A person, corporation, organization, government or governmental subdivision or agency, business trust, estate, trust, partnership, association, or any other legal entity applying for service with the District.

Authorized 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 Policy pursuant to either general or specific authorization to do so from the General Manager or the Board of Directors of the District.

Board of Directors – The governing body of the District elected by the registered voters within the District's boundaries in accordance with the applicable election laws.

Customer – Any person, corporation, organization, government or governmental subdivision or agency, business trust, estate, trust, partnership, association, or any other legal entity receiving District's service at any specified premises designated to receive service.

Defined Service Area – That area within which water service is provided to customers and that includes the area within the District's boundaries (and/or the area described within CCN Number 12406).

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 service being rendered.

Developer – Any person, partnership, cooperative corporation, corporation, agency, or public or private organization who owns land located within the District or the District's service area(s) who has divided or proposed to divide the land into two (2) or more parts for the purpose of laying out any subdivision or any tract of land or any addition to any town or city, or for laying out suburban lots or building lots, or any lots, streets, alleys, or parks or other portions intended for public use. Or the use of purchasers or owners of lots fronting thereon or adjacent thereto. See Texas Water Code 13.2502(e)(1) & 49.052(d).

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

District – The Southwest Fannin Special Utility District.

District's Water System – The water production, treatment, and distribution facilities operated or to be constructed by the District as currently operating and any water system extensions or improvements which may be built within the District in the future.

Easement – A private perpetual right-of-way dedicated to the District for the installation of water pipelines and necessary facilities which allows access to property for future operation, maintenance, facility replacement, facility upgrades, and/or installation of additional pipelines (if applicable) for both service to a customer/applicant and system-wide service. This may also include restrictions on the adjacent area to limit the installation of water lines, sewer lines, or other facilities that would restrict the use of any area of the easement. The District maintains and occasionally updates a standard easement which must be provided prior to service to a new customer or new service connection. The easement will be filed in the real property records of the appropriate county or counties

Final Plat – A complete and exact plan for the subdivision of a tract of land which has been approved by all regulatory agencies having jurisdiction over approval of the design, planning and specifications of the facilities of such subdivision.

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

Master Meter – A meter used to measure, for billing purposes, all water usage of any apartment house, condominium, multiple use facility, or manufactured home rental community, including common areas, common facilities, and dwelling units. (See PUC Rules Chapter 24 Subchapter H, Section 24.275(c)(8)).

Meter Test Fee – A fee assessed by the District upon written request of the Customer for testing the accuracy of the meter.

Public Utility Commission (PUC) – State regulatory agency having jurisdiction over Certificate of Convenience and Necessity (CCN's) and appellate jurisdiction for rates of utility districts.

Re-Service – Providing service to an Applicant at a location at which service previously existed and at which there is an existing setting for a meter. Costs of such re-servicing shall be as established in the District's Service Policy or based on justifiable expenses in connection with such re-servicing.

Revenues – Any funds received for water service, tap fees, service charge fees, disconnect fees, reconnection fees or any and all other charges except for service deposits that may be charged and collected by the District from the ownership and operation of its water systems.

Service Application and Agreement – A written agreement on the current service application and agreement form between the Applicant and the District defining the specific type of service requirements requested, and the responsibilities of each party regarding the service to be provided on property designated to receive service.

Service Connection – In accordance with 30 TAC 290.38(16) a connection means "A single-family residential unit or each commercial or industrial establishment to which drinking water is supplied" from the PWS (public water supplier). The TCEQ interprets an "active connection" as a connection that is completed or existing and able to supply drinking water from the PWS to a single-family residential unit or each commercial or industrial establishment regardless of whether the single-family residential unit, commercial, or industrial establishment is occupied or unoccupied.

Service Classification/Unit – The type of water service required by an Applicant as may be determined by the District based on specific criteria such as usage, meter size, demand, type application, and other relevant factors related to the Applicant's request. The base unit of water service used by the District in facilities design and rate making in this Service Policy is a 5/8" X 3/4" water meter.

Subdivide – To divide the surface area of land into 2 or more lots or tracts. (Local Government Code Chapter 232, Section 232.021 Definitions)

Subdivider – An individual, firm, corporation, or other legal entity that directly or indirectly subdivides land into 2 or more lots for sale or lease as part of a common promotional plan in the ordinary course of business. (Texas Local Government Code Chapter 232, Section 232.021(12) Definitions)

Subdivision – An area of land that has been subdivided into 2 or more lots or tracts. (Local Government Code Chapter 232, Section 232.021 Definitions)

Temporary Service – The classification assigned an applicant that is in the process of construction. This could also apply to service for uses other than permanent (agricultural, road construction, drilling, livestock, etc.). The Board will set the length of time associated with this classification.

Texas Commission on Environmental Quality (TCEQ) – State regulatory agency having general supervision and oversight of water district. Including:

Monitoring water district activities and their compliance with state laws.

Providing information to district customers, consultants, board members, and employees.

Reviewing applications and petitions for appointment to district boards.

Reviewing the issuance of bonds that finance certain district infrastructure.

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

Actual Usage: Amount billed or to be collected based on actual meter reading.

Estimated Usage: Amount billed or to be collected based on either the customer's historical average usage for the prior month or for the same month of the prior year where date is available. (See PUC rules 16 TAC 24.125)j) regarding estimated bill

SECTION D GEOGRAPHIC AREA SERVED

This section includes an area map that shows all areas in which the District maintains facilities or proposes to construct facilities for the purpose of providing service, including but not limited to all areas within the District's boundaries.

As per Section 13.257 (r) of the Texas Water Code the District's CCN (Certificate of Convenience and Necessity) has been properly recorded in the real property records of each county included in the District's CCN area.

The service area map may be viewed at the Texas Public Utility Commission website at https://www.puc.texas.gov/ . Click on Consumer – Water – Utility Map Viewer. Or Click on Industry – Water – Mapping.

SECTION E SERVICE RULES AND REGULATIONS

1. ***Service Entitlement.*** An Applicant requesting service within the boundaries of the District or the District's defined service area shall be considered qualified and entitled to water utility service when proper application has been made, 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 outside the District's boundaries or defined service area shall be considered for service in accordance with current District policies on providing service outside the District boundaries or CCN service area.

2. ***Application Procedures and Requirements.*** For the purposes of this Service Policy, service shall be divided into the following two classes:

   a. **Standard Service** is defined as service on an existing pipeline where pipeline or service facility extensions are not required and special design and/or engineering considerations are not necessary. This would be for a residential service and include 5/8" X 3/4" sized water meter services set on existing pipelines that have capacity.

   b. **Non-Standard Service** is defined as any service request which requires an additional meter on a property that already has a meter, a larger meter service, service to a Master Metered Account (see E. 2. d. (4) of this section), or an addition to the supply, storage and/or distribution/collection system. The service requirements as prescribed by Section F of this Service Policy shall be required of the Non-Standard Service Applicant prior to providing service. The District shall make a determination as to the appropriate size and type of meter to serve non-standard applicants.

   c. **Requirements for Standard and Non-Standard Service.**

      1) The District's Service Application and Agreement Form shall be completed in full and signed by the Applicant.

      2) The Applicant must submit a copy of their driver's license or a photo ID.

      3) A Right-of-Way Easement Form(s), Sanitary Control Easement(s), or other such easement form(s), approved by the District, must be provided by the Applicant (properly executed by the person or persons having legal authority to convey an easement) for the purposes of providing water service to the applicant and to facilitate current and future system-wide service (Texas Water Code §49.218(d),(f)). The applicant may be responsible for obtaining Right-of-Way Easement Forms from neighboring properties if installation of lines cross that property.

      4) On request, 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, 2003, unless the District determines that installation of individual meters is not feasible. If the District determines that installation of meters is not feasible, the District shall have no obligation to install individual meters until the property owner or manager installs a plumbing system, at the property owner's or manager's expense, that is compatible with the installation of submeters or individual meters. The District shall be entitled to the payment of costs, including the costs of individual meter installations, as provided in Section F.4. The cost of individual meter installation shall be prepaid by the property owner as well as the cost of any additional facilities or supply occasioned by the total water service demand represented by full occupancy of the property, as determined under applicable provisions of Section F. Each individual meter will require a Service Application and Agreement pursuant to this Service Policy.

5) The District may consider master metering of water service to apartments, condos, trailer /RV parks, or business centers and other similar type enterprises installed prior to January 1, 2003, or at an Applicant's request provided the total number of units to be served are:
   (a) owned by the same person, partnership, cooperative, corporation, agency, public or private organization of any type but not including a family unit, and considered a commercial enterprise; i.e. for business, rental, or lease purposes; or
   (b) not directly inaccessible to public right-of-way, (such as but not limited to gated communities)

6) The District may consider installing a master meter for recreational vehicle and mobile home parks and charge the same rate as other commercial businesses that serve transient customers and receive non-sub metered master metered utility service. See Texas Water Code Section 49.2122(a-1).

7) **Service Connection –** In accordance with 30 TAC 290.38(16) a connection means "A single-family residential unit or each commercial or industrial establishment to which drinking water is supplied" from the PWS. The TCEQ interprets an "active connection" as a connection that is completed or existing and able to supply drinking water from the PWS to a single-family residential unit or each commercial or industrial establishment regardless of whether the single-family residential unit, commercial, or industrial establishment is occupied or unoccupied. Accordingly, the District will charge a Meter Improvement Fee for each service unit obtaining water service from the District. Meter Improvement Fees will be charged for each standard meter, for non-standard size meters according to the meter equivalents and for master meters based on the number of potential service units (i.e. number of RV spaces, number of mobile or manufactured home spaces, number of apartments, etc). Determination shall be in accordance with the TCEQ Guidance – January 2019 – Determining Connections and Populations Served for Public Water Systems.

8) Notice of application for 1 standard residential meter approval and costs of service determined by the District shall be presented to the Applicant in writing and shall remain in effect for a period not to exceed thirty (30) days. After that time the Applicant must re-apply for service

9) If the water main has been located in the public right-of-way and is adjacent to Applicant's property due to the current or previous landowner's refusal to grant an 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 the easements required under this Service Policy and in addition to the normally required fees for new customer service, shall pay such sums as are reasonably necessary to cap the existing line in the ROW and construct the appropriate line or lines within that easement for the District's system-wide service. (See Miscellaneous Transaction Forms)

10) **Minimum Meter Sizes –** The District shall require a minimum 1-inch meter for all non-standard, commercial or master metered applications.

3. ***Activation of Standard and Non-Standard Service.***

   a. **New Tap** – The District shall charge a non-refundable service installation fee and a refundable deposit as required under Section G of this Service Policy. The service installation fee shall be quoted in writing to the Applicant. All fees shall be paid or a deferred payment contract signed in advance of installation. (30 TAC 291.86 (a)(1)(A))

   b. **Re-Service** – For re-service the District shall charge the deposit fee and other costs necessary to restore service. When re-service is requested by an applicant owing any delinquent charges on previous service at any location served by the District, all delinquent charges must be paid before re-servicing procedures can begin. In no event will a capital improvement fee or capital impact fee be charged for a re-service event.

   c. **Performance of Work** – After approval is granted by proper authorities, all tap and equipment installations specified by the District shall be completed by the District staff or designated representative. No person, other than the properly authorized agent of the District, shall be permitted to tap or make any connection with the mains or distribution pipes of the district's water system, or make any repairs or additions to or alterations in any tap, pipe, cock or other fixture connected with the water service pipe. The tap for a standard service request shall be completed within five (5) working days, whenever practicable, but not later than ten (10) working days after approval and receipt of payment of quoted fees on the property designated to receive service. This time may be extended for installation of equipment for Non-Standard Service Request. (see Section F., 30 TAC 291.85)

   d. **Inspection of Customer Service Facilities** – The property of and the facilities at the service connection shall be inspected to insure compliance with state required Minimum Acceptable Operating Practices for Public Drinking Water Systems as promulgated by the Texas Commission on Environmental Quality or successor agency. The customer must, at his or her expense, properly install and provide certification of maintenance on any backflow prevention device required by the District. (30 TAC 290.46(j)).

4. ***Changes in Service Classification.*** If at any time the District determines that the customer service demands have changed from those originally applied for to a different service classification and the District determines 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 Service Policy. Customers failing to comply with this provision shall be subject to the Disconnection with Notice Provisions of this Service Policy, Section E, Sub-Section 11.a.

5. ***Denial of Service.*** The District may deny service for the following reasons:

   a. Failure of the Applicant to provide all required easements and forms and to pay all required fees and charges;

   b. Failure of the Applicant to comply with rules, regulations, policies, and bylaws of the District;

   c. Existence of a hazardous condition at the Applicant's property which could jeopardize the welfare of other customers of the District upon connection;

   d. Failure of Applicant to provide representatives or employees of the District reasonable access to property for which service has been requested;

   e. Applicant's service facilities are known to be inadequate or of such condition that satisfactory service cannot be provided.

6. ***Applicant's Recourse.*** In the event the District refuses to serve an Applicant under the provisions of this Service Policy, the District must notify the Applicant, in writing, of the basis of its refusal. The Applicant may file for an appeal, in writing, with the Board of Directors of the District.

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

   a. Delinquency in payment for service by a previous occupant of the premises to be served;

   b. Failure to pay a bill of another customer as guarantor thereof, unless the guarantee was made in writing to the utility as a condition precedent to service;

   c. Violation of the District's rules pertaining to operation of non-standard equipment or unauthorized attachments which interferes with the service of others, unless the customer has first been notified and been afforded reasonable opportunity to comply with said requirements;

   d. Failure to pay 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.

   f. Failure to pay for the restoration of a tap removed by the utility at it's option or removed as the result of tampering or delinquency in payment by a previous customer;

   g. The service applicant or customer chooses to use a type of backflow prevention assembly approved under 30 TAC 290.44(h) (related to Water Distribution) even if the assembly is not the one preferred by the utility; or

8. ***Deferred Payment Agreement.*** The District may offer a deferred payment plan to a Customer who cannot pay an outstanding balance in full and is willing to pay the balance in reasonable installments as determined by the District, including any Late Penalty Fees or interest on the monthly balance to be determined as per agreement. (See Miscellaneous Transaction Forms.)

9. ***Charge Distribution and Payment Application.***

   a. **The Service Availability Charge** is billed on a monthly basis. Charges shall be prorated for meter installations and service terminations falling during the billing period.

   b. **Gallonage Charge** shall be billed at the rate specified in Section G and billing shall be calculated in one hundred (100) gallon increments. Water charges are based on monthly meter readings and are calculated from reading date to reading date. Readings used in all billing calculations shall be taken by the District's employees or designated representative.

   c. **Posting of Payments** All payments shall be posted against previous balances prior to posting against current billings.

   d. **Forms of Payment:** The District will accept the following forms of payment: cash, personal check, cashier's check, money order, credit or debit card (online only with a processing fee), automatic draft on customer's bank account, or e-check from customer's bank (initiated by customer; or online on district website with a processing fee). 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 reserves the right to collect past due accounts in several ways possible including but not limited to small claims court or credit reporting agency. If a customer has a bad debt with the district the debt must be paid before service is granted to any property on the district to that customer.

10. ***Due Dates, Delinquent Bills, and Service Disconnection Date.***

a. The District shall mail all bills on or about the 25th of the month. All bills shall be due and payable upon receipt and are past due beyond the date indicated on the bill, (the 10th of every month) (allowing approximately fifteen (15) days to pay), after which time a penalty shall be applied as described in Section G. A bill is delinquent if not paid on or before the past due date. Payments made by mail will be considered late if postmarked after the past due date. A 5 day grace period may then be allowed for delayed payments prior to mailing of final notices. Final notices shall be mailed allowing approximately ten (10) additional days for payment prior to disconnection. The approximately ten (10) additional days shall begin on the day the final notice is deposited with the U.S. Postal Service with sufficient postage. If the past due date for the regular or final billing is on a weekend or holiday, the past due date for payment purposes shall be the next day the 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 60 years of age or older who occupies the entire premises of a dwelling receiving water utility service from the District shall receive extension of the past due date, without penalty. The extension shall not exceed 10 days beyond the usual 15 day payment period for a total of no more than 25 days from the date the bill is issued. The request may specify extension of the late payment periods for current and subsequent billings (Reference: Utilities Code Section 182.001 – 182.005).

11. ***Rules for Disconnection of Service.*** The following describes the rules and conditions for disconnection of service.

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

1) Returned Checks - The District shall mail, via the U.S. Postal Service, a notice requiring redemption of the returned instrument within ten (10) days of the date of the notice to be made in the District office. Redemption of the returned instrument shall be made by cash, money order, certified check, or credit / debit card. Failure to meet these terms shall initiate disconnection of service. (see Miscellaneous Transaction Forms) Any such instruments returned as insufficient or non-negotiable for any reason for any two billing periods within a 12-month period shall be considered evidence of bad credit risk by the District. The Customer in violation shall be placed on a "cash-only" basis for a period of 12 months.

NOTE: "cash only," means certified check, money order, cash, or credit / debit card.

2) Failure to pay a delinquent account for utility service, failure to timely provide a deposit or failure to comply with the terms of a deferred payment agreement (Miscellaneous Transaction Forms);

3) Violation of the District's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of non-standard equipment if a reasonable attempt has been made to notify the Customer and the Customer is provided with a reasonable opportunity to remedy the situation;

4) Failure of the Customer to comply with the terms of the District's Service Agreement, Service Policy, Bylaws, or Special Contract provided that the District has given notice of said failure to comply, and Customer has failed to comply within a specified amount of time after notification.

5) Failure to provide access to the meter under the terms of this Service Policy or to property at which water service is received when there is reason to believe that a hazardous condition or policy violation exists for which access is necessary to verify.

6) Misrepresentation by any Applicant of any fact on any form, document, or other agreement required to be executed by the District.

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

b. **Disconnection Without Notice** - Water utility service may be disconnected without notice for any of the following conditions:

1) A known dangerous or hazardous condition exists for which service may remain disconnected for as long as the condition exists, including but not limited to a violation of the Texas Sanitation and Health Protection Law 4477-1 (Rev. Civ. Stat. Ann.), or there is reason to believe a dangerous or hazardous condition exists and the Customer refuses to allow access for the purpose of confirming the existence of such condition and/or removing the dangerous or hazardous condition (Section E. 3. d., E. 20, 21., 30 TAC 290.46 (j));

2) Service is connected without authority by a person who has not made application for service or who has reconnected service without authority following termination of service for nonpayment; and

3) In instances of tampering with the District's meter or equipment, by-passing the meter or equipment, or other unauthorized diversion of service.

4) When a returned check is received on an account that was scheduled for disconnection, service shall be immediately disconnected. Notice shall be provided by same day mail or hand-delivery that the insufficient check was received. Notice shall state the hours and location where this insufficient check can be redeemed to allow service to be re-connected. There will be a fee to reconnect service (see section G of this Service Policy).

NOTE: Where reasonable, given the nature of the reason for disconnection without notice, a written statement providing notice of disconnection and the reason therefore shall be posted in the meter box or at the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected.

c. **Disconnection Prohibited** – Utility service may not be disconnected for any of the following reasons:

1) Failure of the Customer to pay for merchandise or charges for non-utility service provided by the District, unless an agreement exists between the Applicant and the District whereby the Customer guarantees payment of non-utility service as a condition of service;

2) Failure of the Customer to pay for a different type or class of utility service unless a fee for such service is included in the same bill;

3) Failure of the Customer to pay charges arising from an under billing occurring due to any misapplication of rates more than six (6) months prior to the current billing;

4) Failure of the Customer 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 under billing due to any faulty metering, unless the meter has been tampered with or unless such under billing charges are due under the Inoperative Meters subsection E. 15. of this Service Policy.

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;

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 personnel of the District are not available to the public for the purpose of taking 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 approval from the Texas Commission on Environmental Quality.

f. **Disconnection for Ill and Disabled** - 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. Each time a Customer seeks to avoid termination of service under this Sub-section, the Customer must have the attending physician call or contact the District within sixteen (16) days of issuance of the bill. A written statement must be received by the District from the physician within twenty-six (26) days of the issuance of the utility bill. The prohibition against service termination shall last sixty-three (63) days from the issuance of the utility bill or such lesser period as may be agreed upon by the District and Customer's physician. The Customer shall enter into a Deferred Payment Agreement (see Miscellaneous Transaction Forms).

g. **Disconnection of Master-Metered Accounts** – When a bill for water utility services is delinquent for a master-metered service complex (defined as a complex in which a single meter serves two (2) or more residential dwelling units), the following shall apply: (30 TAC Subchapter H. 291.126.)

1) The 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 tenants of the service complex in five (5) days if payment is not rendered before that time.

2) At least five (5) days after providing notice to the Customer and at least five (5) days prior to disconnection, the District shall post notices stating "Termination Notice" in public areas of the service complex notifying the residents of the scheduled date for disconnection of service.

3) The tenants may pay the District for any delinquent bill on behalf of the owner to avert disconnection or to reconnect service to the complex.

h. **Disconnection of Temporary Service** - When an applicant with a Temporary service fails to comply with the conditions stated in the Service Application and Agreement Form or other rules of this Service Policy service may be terminated with notice.

12. ***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, the billings shall be sent on the new change date unless otherwise determined by the District.

13. ***Back-billing.*** The District may back - bill a Customer for up to forty-eight (48) consecutive months for meter error, misapplied meter multiplier, incorrect meter readings, or error in computing a Customer's bill. Failure to pay the most recent six (6) months billing will result in disconnection of service.

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

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

16. ***Bill Adjustment Due To Meter Error.*** The District shall 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, a test fee as prescribed in Section G of this Service Policy shall be imposed. In the event the test results indicate that the meter is faulty or inaccurate, the test fee shall be waived, the meter shall be calibrated or replaced, and a billing adjustment may be made as far back as six (6) months. The billing adjustment shall be made to the degree of the meter's inaccuracy as determined by the test. The Customer shall complete a Meter Test Request Form prior to the test. (See Misc. Transaction Forms.)

17. ***Meter Tampering and Diversion.*** Meter-tampering, by-passing, or diversion are strictly prohibited, including any tampering with the District's service equipment, by-passing the same, or other instances of diversion, such as:

    a. removing a locking or shut-off devise used by the District to discontinue service;

    b. physically disorienting the meter'

    c. attaching objects to the meter to divert service or to by-pass;

    d. inserting objects into the meter; or

    e. other electrical or mechanical means of tampering with, by-passing, or diverting service.

    Photographic evidence or any other reliable and credible evidence may be used to establish that a violation of this prohibition has occurred and to justify appropriate action by the District. A court finding of meter tampering may be used instead of photographic or other evidence, if applicable. Violation of this prohibition may be prosecuted to the extent allowed by law under the Texas Penal Code 28.03 and Penal Code 12.21.

18. ***Service Facility Relocation.*** Relocation of service facilities on the same property shall be allowed by the District provided that:

    a. An easement for the proposed location has been granted to the District; and

    b. The Customer pays the actual cost of relocation plus administrative fees.

19. ***Prohibition of Multiple Connections To A Single Tap.*** No more than one (1) residential, commercial, or industrial service connection is allowed per meter. The District may consider allowing an apartment building or mobile home/RV park to apply as a "Master Metered Account" and have a single meter (Referring to Section E. 2. c. (4)). Any unauthorized submetering or diversion of service shall be considered a Multiple Connection and subject to disconnection of service. If the District has sufficient reason to believe a Multiple Connection exists, the District shall discontinue service under the Disconnection with Notice provisions of this Service Policy.

20. ***Customer's Responsibility.***
    a. The Customer shall provide access to the meter as per the easement and service agreement. If access to the meter is hindered or denied preventing the reading of the meter, an estimated bill shall be rendered to the Customer for the month; and a notice shall be sent to the effect that access could not be gained. If access is denied for three (3) consecutive months after proper notification to the Customer, then service shall be discontinued and the meter removed with no further notice. (Section E. 3. d.)

    b. The Customer shall be responsible for compliance with all utility, local, and state codes, requirements, and regulations concerning on-site service and plumbing facilities.

        1) All water service connections shall be designed to ensure against back-flow or siphonage into the District's water supply. In particular, livestock water troughs shall be plumbed above the top of the trough with air space between the discharge and the water level in the trough. (30 TAC 290.46). **All RV parks will be required to install, maintain, and annually inspect a RP backflow prevention device at the meter. The annual inspection report must be submitted to the Southwest Fannin S.U.D. office.**

2) The use of pipe and pipe fittings that contain more than ≤ 0.25% lead or solder and flux that contain more than 0.2% lead is prohibited for any plumbing installation or repair of any residential or non-residential facility providing water for human consumption and connected to the District's facilities. Customer service pipelines shall be installed by the applicant. (30 TAC 290.46)

3) Approving Authority Review and Approval:

(a) If pretreatment or control is required, the District shall review and approve design and installation of equipment and processes.

(b) The design and installation of equipment and processes must conform to all applicable statutes, codes, ordinances and other laws.

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

Service shall be discontinued without further notice when installations of new facilities or repairs of existing facilities are found to be in violation of this Section 20.b until such time as the violation is corrected.

c. 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 as determined by this Service Policy.

d. 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. This cut-off valve may be installed as a part of the original meter installation by the District. 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. Any damage to the District's equipment shall be subject to service charges.

e. The customer may install a pressure reducer / regulator to the customer's side of the meter along the service line. The District does not supply or install pressure reducers / regulators. The customer is responsible for the installation, maintenance, water usage and all other conditions associated with the pressure reducer / regulator.

21. 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 than ≤ 0.25% 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.

22. Connection of Water Service

a. Applications for water service connections shall be filed with the District upon application forms made available from the District. Applicants for water service shall meet all District requirements for service including the granting of any necessary water easements (as determined by the District) to serve the connection and to enable the District to provide system wide service. In addition, the District may install a customer service isolation valve at the expense of the service applicant.

b. No person, other than the properly authorized agent of the District, shall be permitted to tap or make any connection with the mains or distributing pipes of the District's water system, or make any repairs or additions to or alterations in any tap, pipe, cock or other fixture connected with the water service pipe.

c. The customer must allow his or her property to be inspected for possible cross – connections and other undesirable plumbing practices. These inspections will be conducted by the District or its designated agent 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 his or her expense, properly install any backflow prevention device required by the District.

e. Water Extensions. As of the effective date of this Service Policy, the cost of the installation of water lines beyond the existing service lines or the cost of upsizing lines (when necessary) of District to 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 services.

23. Standards for Water Service Lines

a. In addition to compliance with this Service Policy, all connections shall comply with the Rules and Regulations for Public Water Systems issued by the Texas Commission on Environmental Quality set forth in 31 TAC 290. In the event of a conflict between this Service Policy and TCEQ Rules, the more stringent rule shall apply.

b. Water pipe and fittings shall be of brass, copper, cast iron, galvanized malleable iron, galvanized wrought iron, galvanized steel, or other approved materials.

c. Water service lines and wastewater service lines shall not be less than three (3) feet apart horizontally and shall be separated by undisturbed or compacted earth.

d. Water service lines or any underground water pipe shall not be run or laid in the same trench with non-metallic sewer or drainage piping unless all three of the following conditions are met:

   1) The bottom of the water service line at all points shall be at least twelve inches (12") above the top of the wastewater line.

   2) The water service 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 service 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 service line at the connection to the water meter.

f. Water service 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 a District 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 makeup water by means of an approved backflow preventer 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 forty-eight (48) hours in advance for request of inspection, and no back filling of the lines may be made until inspection has been made by the District, its agents or employees.

l. Back filling of service line trenches must be accomplished within 24 hours of inspection and approval, and no debris will be permitted in any service line trench.

24. Standards for Water Service Lines – The District hereby adopts the minimum waterline size of 6-inch diameter. All distribution waterline extensions shall be 6-inch minimum diameter unless determined otherwise by the District and the District's Engineer.

SECTION F DEVELOPER, SUBDIVISION AND NON-STANDARD SERVICE REQUIREMENTS

1. ***District's Limitations.*** All Applicants shall recognize that the District must comply with local, state, and federal rules and regulations as promulgated from time to time, and with covenants of current indebtedness.

2. ***Purpose.*** It is the purpose of this Section to define the process for which the specific terms and conditions for all kinds of Non-Standard Service, including specifically for Non-Standard Service to subdivisions and the respective developers and subdividers, including the Non-Standard Service Application and the District's respective costs. The Applicant must be the same person or entity that is authorized to enter into a contract with the District setting forth terms and conditions pursuant to which Non-Standard Service will be furnished to a property or subdivision.

3. ***Application of Rules.*** This Section sets forth the terms and conditions pursuant to which the District will process Non-Standard Service Requests. This Section is applicable to subdivisions, additions to subdivisions, developments, RV parks, or whenever additional service facilities are required for a single tract of property. Examples of non-standard services for a single tract of property include, but are not limited to, road bores, extensions to the distribution system, meters larger than 5/8" X 3/4", water service lines exceeding 3/4" diameter and service lines exceeding ____ feet in length, and any property that already has a meter. For the purposes of this Service Policy, Applications subject to this Section shall be defined as Non-Standard. In cases of service to a single tract, the Board of Directors or the General Manager of the District shall interpret on an individual basis whether or not the Applicant's service request shall be subject to all or part of the conditions of this Section. Non-Standard Service to subdivisions are governed by this Section.

   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 legally enforceable, contractual agreement to be entered into by the District and the service Applicant. The agreement may not contain any terms or conditions that conflict with this Section.

4. ***Non-Standard Service Application.*** The Applicant shall meet the following requirements prior to the initiation of a Non-Standard Service or the execution of a Non-Standard Service Contract by the District:

   a. The Applicant shall provide the District a completed Service Application and Agreement giving special attention to the item(s) on SPECIAL SERVICE NEEDS OF THE APPLICANT.

   b. The Applicant must be authorized to enter into a contract with the District setting forth terms and conditions pursuant to which Non-Standard Service will be furnished to a property or subdivision. 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 legally enforceable, contractual agreement to be entered into by the District and the service Applicant. A Non-Standard service contract may not contain any terms or conditions that conflict with this section.

   c. A final plat approved by the District must accompany the Application showing the Applicant's requested service area. The plat must be approved by all governmental authorities exercising jurisdiction over lot sizes, sewage control, drainage, right-of-way, and other service facilities. Plans, specifications, and special requirements of such governmental authorities shall be submitted with the plat. Applicants for single taps involving extension or upsizing of facilities shall be required to submit maps or plans detailing the location of the requested extension and details of demand requirements.

d. A Non-Standard Service Investigation Fee shall be paid to the District in accordance with the requirements of Section G for purposes of paying initial administrative, legal, and engineering fees. The District's engineering firm shall refund any balance that remains after it has completed its service investigation and has completed all legal and engineering services associated with processing a request. In the event such a fee is not sufficient to pay all reasonable expenses incurred by the District or the engineering firm, the Applicant shall pay to the District or the engineering firm all remaining expenses that have been or will be incurred by the District and the engineering firm and the District and the engineering firm shall have no obligation to complete processing of the request until all remaining expenses have been paid.

e. If after the service investigation has been completed, the District's engineering firm determines that the Applicant's service request is for property located, in whole or in part, outside the area described in the District's defined service area, service may be extended provided that:

1) The service location is not in an area receiving similar service from another retail public utility;

2) The service location is not within another retail public utility's Certificate of Convenience and Necessity (CCN); and

3) The District's defined service area shall be amended to include the entirety of Applicant's property for which service is requested. Applicant shall pay all reasonable costs incurred by District for annexation or for amending its CCN, including but not limited to engineering and professional fees. 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). If the District determines to annex the property, the Applicant shall secure written requests for annexation from all ownership interests in the property to be annexed, and shall pay all costs, including engineering and professional fees for the annexation.

5. ***Design.*** Upon receipt of the signed and completed Non-Standard Service Application and Investigation Fee, the District shall study the design requirements of the Applicant's required facilities prior to initiation of a Non-Standard Service Contract by adopting the following schedule:

a. The District's Consulting Engineer shall design**,** or review and approve plans for, all on-site and off-site service facilities for the Applicant's requested level and manner of service within the District's specifications, incorporating any applicable municipal or other governmental codes and specifications.

b. The Consulting Engineer's fees shall be paid by the Applicant.

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

d. The District's Engineer shall ensure all facilities for any Applicant meet the demand for service as platted and/or requested in the plans or plat submitted an application for service and are of proper size and type to meet the level and manner of service specified in the Non-Standard Service Application. The District reserves the right to upgrade design of service facilities to meet future demands provided however, that the District shall pay the expense of such upgrading in excess of what is reasonably and directly allocable to the Applicant's facility requirements.

6. ***Non-Standard Service Contract.*** Applicants requesting or requiring Non-Standard Service may be required to execute a written Non-Standard Service Contract, drawn up by the District's Attorney, in addition to submitting the District's Service Application and Agreement. Service to any subdivision shall require a Non-Standard Service Contract. Said Contract shall define the terms of service, including the level and manner of service and the date for commencing service, prior to construction of any facilities. The Non-Standard Service Contract may include, but is not limited to:

   a. All costs associated with required administration, design, construction, and inspection of facilities for water service to the Applicant's service area and terms by which these costs are to be paid.

   b. Procedures by which the Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.

   c. Terms by which service capacity adequate to the level and manner of service requested shall be reserved for the Applicant following construction of facilities and duration of reserved service with respect to the impact the Applicant's service demand will have upon the District's system capability to meet other service requests, including assessment of any service availability charges following construction of facilities or reserved service fee (if applicable).

   d. Terms by which the District shall administer the Applicant's project with respect to:

      1) Design of the Applicant's on-site and off-site service facilities;

      2) Securing and qualifying bids;

      3) Requirements for executing the Non-Standard Service Agreement;

      4) Selection of a qualified bidder for construction;

      5) Dispensing advanced funds for construction of facilities required for the Applicant's service;

      6) Inspecting construction of facilities; and

      7) Testing facilities and closing the project.

   e. Terms by which the Applicant shall indemnify the District from all third party claims or lawsuit**s** in connection with the project.

   f. Terms by which the Applicant shall deed all constructed facilities to the District and by which the District shall assume operation and maintenance responsibility, including any enforcement of warranties in connection with construction of the Applicant's project.

   g. Terms by which the Applicant shall grant title or easement for right-of-ways, constructed facilities, and facility sites and/or terms by which the Applicant shall provide for the securing of required right-of-way easements and sites for use of property during construction and for ongoing service thereafter.

   h. Terms by which the Board of Directors or General Manager shall review and approve the Service Contract pursuant to current rules, regulations, and bylaws.

   i. Agreement to enforceable remedies in the event Applicant fails to comply with all contract obligations, including specific performance.

The District and the Applicant must execute a Non-Standard Service Contract prior to the initiation of construction of facilities by the Applicant. In the event that the Applicant commences construction of any such facilities prior to execution of a Contract with the District, then the District may refuse to provide service to the Applicant or to any portion of the Applicant's property (or require payment of all costs for replacing/repairing any facilities constructed without prior execution of a contract from any person requesting service within the Applicant's service area, such as a person buying a lot or home within the subdivision from the Applicant), require that all facilities be uncovered by the Applicant for inspection by the District, require that any facilities not approved by the District be replaced, or take any other lawful action determined appropriate by the Board of Directors of the District.

7. ***Property and Right-of-Way Acquisition.*** With regard to construction and subsequent maintenance and operation of facilities, the District shall require exclusive right-of-way easements or property dedicated to the District (title of 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 facility sites exclusively for the District. All right-of-way easements and property titles shall be researched, validated, and filed by the District at the expense of the Applicant.

   b. In the event the Applicant is unable to secure any right-of-way easement or title to any sites required by the District, and the District determines to acquire such easements or titles by eminent domain, all reasonable costs incurred by the District shall be paid by the Applicant. If the District must install facilities in the public right-of-ways on behalf of the Applicant, due to the inability of the Applicant to secure private right-of-way easements, all reasonable costs shall be paid by the Applicant. , Applicant shall pay all costs including, but not limited to, legal and other professional fees, appraisal fees, court costs, and the condemnation award in the event District secures such private easements or facility sites through eminent domain proceedings.

   c. The District shall require an exclusive dedicated right-of-way on the Applicant's property as appropriate for the level and manner of service requested by the Applicant and system-wide service by the District. All such easements shall be adequate to authorize the District to construct, install, maintain, replace, upgrade, inspect, or test any facility necessary for service to the Applicant as well as system-wide service within the District generally. Right-of-way easements for subdivisions also must be sufficient for service throughout the subdivision when the subdivision is fully occupied. A title to any portion of the Applicant's property required for on-site facilities will be provided and exclusive to the District.

   d. Easements and facilities sites shall be prepared for the construction of all District facilities in accordance with the District's requirements and at the expense of the Applicant.

8. ***Bids For Construction.*** The District's Consulting Engineer shall solicit or advertise for bids for the construction of the Applicant's proposed facilities in accordance with law and generally accepted practices. Plans and specifications shall be made available, with or without charge, to prospective bidders. Although the District reserves the right to reject any bid or contractor, the District shall generally award the contract to the lowest and best bidder in accordance with the following criteria:

   a. The Applicant shall execute the Non-Standard Service Contract noting willingness to proceed with the project and shall pay all costs in advance of construction associated with the project;

   b. The Contractor shall provide an adequate bid bond under terms acceptable to the District;

   c. The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the District;

d. The Contractor shall supply favorable references acceptable to the District;

e. The Contractor shall qualify with the District as competent to complete the work; and

f. The Contractor shall provide adequate certificates of insurance as required by the District.

9. ***Pre-Payment For Construction and Other Costs***. After the Applicant has executed the Service Agreement, as a general rule, the Applicant shall be required to pay all anticipated costs of construction, easement and title acquisition, legal and engineering fees, and other costs associated with extending non-standard service prior to these costs being incurred by the District. The District shall promptly remit any and all unexpended prepaid funds, without interest, upon completion of the non-standard service extension and commencement of service. While the District will make every reasonable effort to work with Applicant, prepayment of costs shall be provided in a manner acceptable to District

10. ***Construction.***

a. All roadwork pursuant to state, county and/or municipal standards (as applicable) shall be completed prior to facility construction to avoid future problems resulting from road right-of-way completion and excavation. Subject to approval of the requisite authority, road sleeves may be installed prior to road construction to avoid road damage during construction of Applicant's facilities.

b. The District shall, at the expense of the Applicant, inspect the facilities to ensure compliance with District standards.

c. Construction plans and specifications shall be strictly adhered to, but the District reserves the right to change-order any specifications, due to unforeseen circumstances during the design phase, to better facilitate construction or operation of the Applicant's facility. All change-order amounts shall be charged to the Applicant.

11. ***Service within Subdivisions***-The District's obligation to provide service to any customer located within a subdivision governed by this section is strictly limited to the level and manner of the service specified by the Applicant Developer in the Non-Standard Service Agreement for that subdivision. The Applicant Developer is responsible for paying for all costs necessary for non-standard service to a subdivision as determined by the District under the provisions of this Service Policy and specifically the provisions of this Section. The District is not required to extend retail utility service to an Applicant in a subdivision where the responsible party (Applicant/Developer) of the applicable property (subdivision) has failed to comply with the terms of this Service Policy. The Applicant Developer is responsible for paying for all costs necessary for non-standard service to a subdivision as determined by the District under the provisions of this Service Policy and specifically the provisions of this Section, if the Applicant Developer fails 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 or homes within such subdivision before the District is obligated to provide retail utility service to any customer service applicant within the subdivision. In addition, the District may elect to pursue any remedies provided by the Non-Standard Service Contract if one has been executed. Applicant Developer is advised that purchasers of lots or homes also may have legal recourse to the Applicant Developer under Texas law, including but not limited to Section 13.257, Texas Water Code, and the Texas Deceptive Trade Practices – Consumer Protection Act, Chapter 17, Subchapter E, Business and Commerce Code.

12. Service to Subdivisions of 50 acres or greater

a. For Service to subdivisions involving tracts of 50 acres or greater, the Applicant Developer must provide all information otherwise required under this Section and must ensure that the District has been provided complete information sufficient to determine whether the level and manner of service requested by the Applicant Developer can be provided within the time frame specified by the Applicant Developer and to determine what capital improvements, including expansion of capacity of the District's production, treatment and/or storage facilities and/or general transmission facilities properly and directly allocable to the requested level and manner of service, will be needed. At a minimum, and in addition to information otherwise required under this Section, the Applicant Developer must provide:

1) Map and description of the area to be served complying with the map requirements of 30 Texas Administrative Code Section 291.105(a)(2)(A)-(G) of the TCEQ's Rules.

2) Time frame for:

   (a) Initiation of service; and

   (b) Service to each additional phase following the initial service.

3) Level of service (quantity and quality) for;

   (a) Initial service; and

   (b) If the Applicant Developer proposes development in phases, the level of service that must be provided for each phase, and the estimated location of each phase depicted on the maps required under Section 12.a-1 of this policy.

4) Manner of service for;

   (a) Initial needs; and

   (b) Phased and final needs and the projected land uses that support the requested level of service for each phase.

5) Copies of all required approvals, reports and studies done by or for the Applicant Developer to support the viability of the proposed subdivision.

6) The proposed improvements to be constructed by the Applicant Developer including time lines for the construction of these improvements.

7) A map or plat of the subdivision depicting each phase and signed and sealed by a licensed surveyor or registered professional engineer.

8) Intended land use of the development, including detailed information concerning types of land use proposed;

9) The projected water and/or sewer demand of the development when fully built out and occupied, the anticipated water/sewer demands for each type of land use, and a projected schedule of build-out;

10) A schedule of events leading up to the anticipated date upon which service from the District will first be needed; and

11) A proposed calendar of events, including design, plat approval, construction phasing and initial occupancy; and

12) Any additional information requested by the District necessary to determine the capacity and the costs for providing the requested service.

b. Applicant Developer must establish that current and projected service demands justify the level and manner of service being requested.

c. The Applicant Developer must advise the District that he/she may request expedited decertification from the TCEQ.

d. The Application will be processed on a time frame that should ensure final decision by the District within 90 days from the date of the Non-Standard Service Application and the payment of all fees required by this Section.

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

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

3) By mutual written agreement, the District and the Applicant Developer may extend the time for review beyond the 90 days provided for expedited petitions to the TCEQ. The Applicant Developer is advised that failure to timely provide the information required by this Section, including this Subsection, may cause the TCEQ to reject any subsequent petition for decertification of Applicant Developer's property. The Applicant Developer is further advised that if the Applicant Developer makes any change in level or manner of service requested, the time frame for initiation of service, or the level or manner or time frame for any phase of service, the Applicant Developer's original Application for Non-Standard Service will be deemed withdrawn, and the change may be considered a new Application for Non-Standard Service for all purposes, including the times specified herein for processing.

4) Following 90 days and final approval by the District and acceptance of the District's terms for service by the Applicant, a Non-Standard Service Contract will be executed and the District shall provide service according to the conditions contained in the Non-Standard Service Contract.

12. Capacity Reservation Timeframe – Upon installation of required improvements for developments or non-standard service requests, as determined by the District's Engineer, capacity will be reserved for a period of 1-year from the completion of the required improvements unless all meters have been purchased for the development or non-standard service request. After 1-year following the completion of the required system improvements, a re-evaluation may be required and additional system improvements may be necessary.

SECTION G RATES AND SERVICE FEES

UNLESS SPECIFICALLY DEFINED IN THIS SERVICE POLICY, ALL FEES, RATES, AND CHARGES AS STATED HEREIN SHALL BE NON-REFUNDABLE.

1. ***Classes of Users*** – All users of the District's water and/or sewer services shall be classified as either standard or non-standard service, as further defined in Section E and Section F of this Service Policy. Either class of users may be further classified into sub-classes according to the meter size by which service is provided.

2. ***Service Investigation 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, without charge, as to whether the service request is Standard or Non-Standard. An investigation shall then be conducted and the results reported under the following terms:

   a. All Standard Service requests shall be investigated without charge and all applicable costs for providing service shall be quoted in writing to the Applicant within ten (10) working days of application.

   b. All Non-Standard Service requests shall be subject to a fee, appropriate to each project, of sufficient amount to cover all administrative, legal, and engineering fees associated with investigation of the District's ability to deliver service to the Applicant as required by the District to:

      1) provide cost estimates of the project,

      2) develop detailed plans and specifications as per final plat,

      3) advertise and accept bids for the project,

      4) execute a Non-Standard Service Contract with the Applicant, and

      5) provide 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. ***Deposit.***

   a. At the time the application for service is approved, an Applicant for standard service shall pay an account Deposit which will be held by the District, without interest, until settlement of the customer's final bill. The Deposit will be used to offset final billing charges of the account. After the final billing is settled, the remaining deposit balance will be paid to the customer within 45 days, provided the District is given a suitable address. All requests for refunds shall be made in writing and should be filed within 90 days of termination. 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.

      1) The Deposit for water service is **$200.00** for each service unit.

      2) The Deposit for oversized or Master Metered Accounts shall be based on multiples of meter size equivalence or actual connections served.

   b. If the District is not provided with a suitable address to send the balance of a deposit or if after sending the balance it is returned by the postal service, the District will hold the funds for the customer to claim for a period of three years. After the three-year holding period has expired, the District will turn the money over to the Texas Comptroller's Office. The customer may still claim their deposit once deposited with the Comptroller's Office.

c. Each time a customer is turned off for non-pay and has a deposit amount less than the current deposit amount of **$200.00**, a deposit increase of $50 will be charged to the customer before the service is reinstated. This deposit increase will be held on the account according to the above paragraph 3a. The additional deposit charge will be charged each time the account is disconnected for non-pay until the account has a deposit amount equal to the current deposit amount charged for new customers.

4. ***Easement Fee.*** When the District determines that dedicated or private right-of-way easements and/or facilities sites are necessary to provide service to the Applicant, the Applicant shall be required to make good faith efforts to secure the necessary easements and/or sites in behalf of the District and/or may be required to pay all costs incurred by the District in validating, clearing, and retaining such easements or sites in addition to tap fees otherwise required pursuant to the provisions of this Service Policy. The costs may include all legal fees and expenses necessary to attempt to secure such easements and/or facilities sites in behalf of the Applicant.

5. ***Installation Fee (Tap Fee).*** The District shall charge an installation fee for service as follows:

   a. **Standard Service** shall include all current labor, materials, engineering, legal, customer service inspection, any additional site-specific equipment or appurtenances, and administrative costs necessary to provide individual metered water service and shall be charged on a per tap basis as computed immediately prior to such time as metered service is requested and installed. Service shall be charged on a per tap basis as follows:

      Standard Size Residential Meter Service Installation Fee per meter installation is $1,900.00

      A non-standard size meter will be assessed a service installation fee (tap fee) based on the size of meter

   b. **Non-Standard Service** shall include any and all construction labor and materials, inspection, administration, legal, engineering fees, any additional site-specific equipment or appurtenances, and administrative costs as determined by the District under the rules of Section F of this Service Policy (includes tap fee(s))..

   c. **Standard and Non-Standard Service Installations** shall include all costs of any pipeline relocations as per Section E of this Service Policy or other system improvements.

6. ***Meter Improvement Fee.*** In addition to the Deposit, each Applicant shall be required to pay an improvement fee if an improvement fee has not previously been paid for the property at which service is requested. This fee shall be used to assist in funding capital improvements to the District's system capacity, including water supply. This fee shall be assessed immediately prior to providing service on a per service unit basis for each property and shall be assigned and restricted to that property for which the service was originally requested.

   Standard Size Residential Meter Improvement Fee per installation is $3,800.00.

   A non-standard size meter will be assessed an impact fee based on the size of meter

7. ***Monthly Charges.***

a. **Service Availability Charge (Monthly Minimum)**

1. Water Service - The monthly charge for metered water service, which may or may not include allowable gallonage, is based on demand by meter size. Each charge is assessed based on the number of 5/8" X 3/4" meters (as per American Water Works Association (AWWA) maximum continuous flow specifications – see Miscellaneous) equivalent to the size indicated and is used as a base multiplier for the Service Availability Charge and any allowable gallonage. Rates and equivalents are as follows:

Meter Size	AWWA Equivalency	Monthly Rate
5/8" (residential)	1.0	$30.00
5/8" (commercial)	1.0	$34.00
1"	2.5	$85.00
11/2"	5.0	$170.00
2"	8.0	$272.00
3"	16.0	$544.00
4"	27.5	$935.00
6"	56.3	$1,914.20

b. **Reserved Service Charges** – The monthly charge for each active account at a specific location for which a meter has not been installed but for which the District and the Applicant have entered into agreement and/or contract for reserved service. 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 estate designated to receive service. This fee is determined on a case by case basis but shall never exceed the Service Availability Charge for Metered Service on a per Service Unit basis.

c. **Gallonage Charge** – In addition to the Service Availability Charge, a gallonage charge shall be added at the following rates for usage during any one (1) billing period.

1. Water – Standard Size residential meter

0 gallons	Monthly minimum
1 – 10,000 gallons	$7.00 per 1,000 gallons
10,001 – 20,000 gallons	$10.00 per 1,000 gallons
20,001 – 30,000 gallons	$11.00 per 1,000 gallons
30,001 and over	$15.00 per 1,000 gallons

2. Water – Non- Standard Size meter and / or commercial meter

0 gallons	Monthly minimum based on meter size
1 – 30,000 gallons	$11.00 per 1,000 gallons
30,001 and over gallons	$15.00 per 1,000 gallons

3. The District shall, as required by Section 5.235, Water Code, collect from each of its retail customers a regulatory assessment equal to one-half of one percent of the charge for retail water service. This charge shall be collected in addition to other charges for utility service. This fee is collected on all charges pertaining to Section G.7. Monthly Charges of this Service Policy.

8. ***Late Payment Fee.*** If an account has a delinquent balance of **$20.01** or more after the due date a penalty of $20.00 shall be applied once per billing period.

9. ***Returned Check Fee.*** In the event a check, draft, or any other similar instrument is given by a person, firm, District, or partnership to the District for payment of services provided for in this Service Policy, 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 **$40.00**.

10. ***Reconnect Fee (Re-Service Fee).*** The District shall charge a fee of **$100.00** for reconnecting service after the District has previously disconnected the service for any reason provided for in this Service Policy except for activation of service under Section E.3.b. Re-Service.

11. ***Service Trip Fee.*** The District shall charge a trip fee of **$100.00** for any service call or trip to the Customer's tap as a result of a request by the Customer or resident (unless the service call is in response to damage of the District's or another Customer's facilities) or for the purpose of disconnecting or collecting payment for services. If the customer was disconnected for nonpay and request the meter turned back on after hours, the District is allowed to charge the service trip fee.

12. ***Fee for Unauthorized Actions.*** 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 minimum of $500.00 not to exceed $4,000.00. The fee shall also include the actual costs for all labor, material, equipment, and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authorization. There may also be an average water usage charged based on the highest usage month in the past 5 years added for each month the unauthorized action has disrupted the District's facilities or equipment has been damaged by tampering, by-passing, installing unauthorized taps, reconnecting service without authority or other service diversions. 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 tampered with or damaged due to unauthorized use of the District's equipment, easements, or meter shut-off valve, or due to other unauthorized acts by the Customer 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. Note: Payment of this fee will not preclude the District from requesting appropriate criminal prosecution.

13. ***Meter Test Fee.*** The District shall test a Customer's meter upon written request of the Customer. Under the terms of Section E of this Service Policy, a charge of **$250.00** shall be imposed on the affected account.

14. ***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 Open Records Act: Chapter 552, Texas Government Code. This fee must be paid with cash, cashier's check, or money order.

15. ***Customer Service Inspection Fee.*** A fee of **$100.00** will be assessed each Applicant for a Customer Service Inspection before permanent continuous service is provided to new construction or any property with a possible source of danger to the District's system.

16. ***Regulatory Assessment.*** A fee of 0.5% of the amount billed for water service will be assessed each customer; as required under Texas law and TCEQ regulations.

17. ***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 use or charges, this fee or assessment will be billed and collected as a "pass through" charge to the customer.

18. ***Groundwater District Production Fee.*** A fee of $ .07 per thousand gallons of water used by each customer will be collected to pay a portion of the annual fee charged the District by Red River Groundwater Conservation District based on the amount of water pumped from the District's wells located within the boundaries of the District. **Note:** As of June 25, 2009, this fee is not charged by the District. The District reserves the right to implement this fee in the future.

19. ***Developers / Realtors Estimate Fee.*** The District may charge a fee to Developers or Realtors for an estimate for water service. The fee will be **$100.00 / hr** with a minimum fee for figuring the estimate of **$100.00**.

20. ***Late Fee (Meter Impact Fee, Meter pay-out).*** The District will charge **$25.00** each month that payment is not made for the meter impact fee or meter installation pay-out.

21. ***Handling Fee (Meter pay-out).*** The District will charge a **$25.00** handling fee for the paperwork involved in paying out the installation of a meter.

22. ***Leak Adjustment***. In the event a customer has a leak or a broken pipe, the customer may apply for an adjustment of 1/3 (one third) off the one month bill. To qualify for an 1/3 (one third) adjustment the water usage must be three times the average usage and the bill amount must be over $500.00. An adjustment is only allowed once in a twelve month period. The customer must notify the District of the leak and apply for the adjustment before the due date of that month's bill. An adjustment will not be allowed on bill amounts from previous months. The leak adjustment is allowed for standard size residential meters. The adjustment policy is not allowed for commercial meters or meters 1 inch and larger in size. The District will follow these requirements for every customer that applies for an adjustment regardless of race, creed, color, national origin, gender, disability, or marital status.

23 ***Other Fees.*** The actual and reasonable costs for any 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 Customer.

SECTION H DROUGHT CONTINGENCY AND EMERGENCY WATER DEMAND MANAGEMENT PLAN

1. INTRODUCTION

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

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

The plan will be implemented according to the three stages of rationing as imposed by the Board. Section D describes the conditions that will trigger these stages.

2. PUBLIC INVOLVEMENT

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

3. COORDINATION WITH REGIONAL WATER PLANNING GROUP

Being located within the Region 4, a copy of this Plan has been provided to the Region 4 Planning Group.

4. TRIGGER CONDITIONS

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

a. Stage I – Mild Condition: Stage I water allocation measures may be implemented when one or more of the following conditions exist:

1) Water consumption has reached 80 percent of daily maximum supply for three (3) consecutive days.

2) Water supply is reduced to a level that is only 20 percent greater than the average consumption for the previous month.

3) There is an extended period (at least eight (8) weeks) of low rainfall and daily use has risen 20 percent above the use for the same period during the previous year.

b. Stage II – Moderate Conditions: Stage II water allocation measures may be implemented when one of the following conditions exist:

1) Water consumption has reached 90 percent of the amount available for three consecutive days.

2) The water level in any of the water storage tanks cannot be replenished for three (3) consecutive days. Example: The highest recorded water level drops _____ (___) feet or more for _____ (___) consecutive days.

c. Stage III – Severe Conditions: Stage III water allocation measures may be implemented when one of the following five conditions exist:

1) Failure of a major component of the system or an event which reduces the minimum residual pressure in the system below 20 psi for a period of 24 hours or longer.

2) Water consumption of 95 percent or more of the maximum available for three (3) consecutive days.

3) Water consumption of 100 percent of the maximum available and the water storage levels in the system drop during one 24-hour period.

4) Natural or man-made contamination of the water supply source(s).

5) The declaration of a state of disaster due to drought conditions in a county or counties served by the District.

6) Reduction of wholesale water supply due to drought conditions.

7) Other unforeseen events which could cause imminent health or safety risks to the public.

5. STAGE LEVELS OF WATER ALOCATIONS

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

a. Stage I – Mild Conditions

1) Alternate day, time of day, or duration restrictions for outside water usage allowed. (System will notify Customers which restriction is in effect)

2) The system will reduce flushing operations.

3) Reduction of customers' water use will be encouraged through notices on bills or other method.

b. Stage II – Moderate Conditions

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

2) Make public service announcements as conditions change via local media (TV, radio, newspapers, etc.).

c. Stage III – Severe Conditions

1) All outside watering prohibited.

2) Water use will be restricted to a percentage of each member's prior month usage. This percentage may be adjusted as needed according to demand on the system. Notice of this amount will be sent to each customer.

3) District shall continue enforcement and educational efforts.

NOTE:

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

6. INITIATION AND TERMINATION PROCEDURES

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

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

a. The date water allocation shall begin,

b. The expected duration,

c. The stage (level) of water allocations to be employed,

d. Penalty for violations of the water allocation program, and

e. Affected area or areas.

A sample Customer Notice of water allocation conditions is included in Miscellaneous Transaction Forms of this Service Policy.

If the water allocation program extends 30 days then the Chairperson of the Drought/Emergency Management Committee or manager shall present the reasons for the allocations at the next scheduled Board Meeting and shall request the concurrence of the Board to extend the allocation period.

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

7. PENALTIES FOR VIOLATIONS

a. **First Violation** – The customer/member will be notified by a written notice of their specific violation.

b. **Second Violation** - The District may install a flow restricting device in the customer's service line to limit the amount of water that will pass through the meter in a 24 hour period. The cost of this shall be the actual cost to do the work and shall be paid by the customer.

c. **Subsequent Violations** - The District may terminate service for up to 7 days and charge for the service call to restore service.

These provisions apply to all customers of the District.

8. EXEMPTIONS OR WAIVERS

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

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

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 Drought/Emergency Management Committee within 5 days after the Plan or a particular drought response stage has been invoked or after a condition justifying the variance first occurs. All petitions for variances shall be reviewed by the Committee and shall include the following:

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

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

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

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

9. IMPLEMENTATION

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

This Plan was adopted by the Board at a properly noticed meeting held August 2005.