

TARIFF

**Rates & Charges
Service Rules
Policies and Procedures**

**NAVARRO MILLS WATER SUPPLY CORPORATION
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CCN#10779**

**Navarro Mills WSC is a Non-Profit
Member-Owned Corporation
Serving Rural Areas
In
Navarro County, Texas**

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RESOLVED BY THE BOARD OF DIRECTORS OF THE NAVARRO MILLS WATER SUPPLY CORPORATION
THAT:

1. This Tariff of Navarro Mills WSC, serving part of Navarro County, consisting of Sections A through H inclusive, is hereby adopted and enacted as the current regulations which shall supersede all policies passed by the Board of Directors before February 12, 1990, to the extent provided in paragraph 2 hereof.
2. No prior agreement executed by the Board of Directors is repealed by any provision contained herein, save and except as provided in the terms of that agreement.
3. The adoption of the provisions of this Tariff shall not affect any offense or act committed or done, or any penalty of forfeiture incurred, or any contract or vested right established or accruing before the effective date of this Tariff.
4. An official copy of this policy shall be available to the Membership of this Corporation during regular office hours of the Corporation. Requests for copies of this Tariff shall be subject to reproduction charges. The Secretary of the Corporation shall maintain the original copy as approved, and clearly exhibit all additions, deletions and amendments separately, as adopted from time to time by the Board of Directors.
5. This Tariff shall take effect immediately upon its approval as provided by law, and according to its terms. Rules and regulations of the State and Federal Agencies having applicable jurisdiction, promulgated under any applicable State or Federal Law, 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 thereby.

PASSED and APPROVED this 12th day of February, 1990.

SEAL

President, Navarro Mills WSC

ATTEST:

Secretary, Navarro Mills WSC

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STATEMENTS

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

7. Information Disclosure. The records of the Corporation shall be kept in the Corporation's office at Navarro Mills, Texas. All information collected, assembled, or maintained by or for the Corporation shall be disclosed to the public in accordance with the Texas Open Records Act: Article 6252-17a, Tex. Rev. Civ. Stat. (Vernon Pamp. 1992). An individual customer may request in writing that their address, telephone number, or social security number be kept confidential. Such confidentiality does not prohibit the utility from disclosing this information to an official or employee of the state of a political subdivision of the state acting in an official capacity or an employee of a utility acting in connection with the employee's duties. Further, such confidentiality does not prohibit the Corporation's voting members, or their agents or attorneys, in connection with any meeting of the Corporation's members. The utility shall give its applicants and customers notice of rights to confidentiality under this policy and all prevailing associated fees for such request.
8. Customer Notice Provisions. The Corporation shall give written notice of monthly rate changes by mail or hand delivery to all affected Members and/or Consumers at least thirty (30) days prior to the effective date of the new rate. The notice shall contain the old rates, new rates, effective date of the new rate, date of Board authorization, and the name and phone number of the Corporation's contact person designated to address inquiries about the rate change.
9. Grievance Procedures. Any Member of the Corporation or individual demonstrating interest under the policies of this Tariff in becoming a Member of the Corporation shall have an opportunity to voice concerns and grievances to the Corporation by the following means and procedures:
 - a. By presentation of concerns to the Corporation's manager or authorized staff member for discussion and resolution. If not resolved to the satisfaction of the aggrieved party then,
 - b. By presenting a letter of request for a hearing before the Board of Directors. The letter shall state the individual's desired business before the Board and the desired result.
 - c. The President of the Board of Directors shall review the request and determine the best means by which the complaint shall be resolved.
 - d. The President shall further determine a reasonable time and place of all hearings, but not beyond 45 days of the date of receipt of the letter of complaint.
 - e. The Board of Directors, committee thereof, and/or legal counsel shall hear the complaints as directed by the Board.
 - f. Any hearings by committees or staff delegated to hear complaints shall report its recommendations to the full Board for a decision by the Board.
 - g. The Board of Directors shall act upon the information available and direct the President or other representative to respond to the complaint by communication the Board's decision in writing.
 - h. Any charges or fees contested as a part of the complaint in review by the Corporation under this policy shall be suspended until a satisfactory review and final decision has been made by the Board of Directors. The Board's decision shall be final.

10. Plumbing Standards – The Corporation adopts the Southern Standard plumbing Code as guidance in the design, installation, and maintenance of plumbing systems and service facilities connecting or connected to the utility's water and/or wastewater facilities, to the extent appropriate under the applicable statutes and regulations governing public water and wastewater utility systems. Any Member may be required to retrofit plumbing systems and service facilities as determined to be necessary by the Corporation for purposes of compliance with the Southern Standard Plumbing Code.

11. Customer Service Inspections – The Corporation requires that a customer service inspection certification be completed prior to providing continuous water service to new construction and for all new members as part of the activation of standard and some non-standard service. Customer service inspections are also required on any existing service when the corporation has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction or addition to the members' water distribution facilities. This inspection is limited to the identification and prevention of cross connections, potential contaminant hazards and illegal lead materials (30 TAC 290.46(l-j))

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DEFINITIONS

ACTIVE SERVICE – Service status of any Member receiving authorized service under the provision of this tariff.

APPLICANT – Person, partnership, cooperative corporation, corporation, agency, public or private organization of any character applying for service with NMWSC.

BOARD OF DIRECTORS – The Board of Directors elected by the Members of NMWSC.

CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) – The authorization granted under Chapter 13 of the Texas Water Code for NMWSC to provide water and wastewater utility service within a defined territory. Navarro Mills Water Supply Corporation has Certificate Number 10779. Territory defined in the CCN shall be the Certified Service Area.

CORPORATION – The Navarro Mills Water Supply Corporation.

DEVELOPER – Any person, partnership, cooperative corporation, corporation, agency, or public or private organization who subdivides land or requests more than two (2) water or sewer service connections on a single contiguous tract of land (as defined in Chapter 13.2502 (e)(1) of the Water Code).

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

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

EQUITY BUY-IN FEE - In addition to the membership fee, each applicant will be required to achieve parity with members. This fee will be assessed immediately prior to providing service on a per service unit basis for each tap / lot and will be assigned and restricted to the tap / lot for which the service was originally requested.

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

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

FRONT-END CAPITAL CONTRIBUTION – A fee assessed of new Applicants for water service for the purpose of acquiring capital to defray the costs of expanding the system facilities in order to meet the customer growth needs of the Corporation. This fee is charged for each meter equivalent or Service Unit for which service has been requested.

HAZARDOUS CONDITION – A condition which jeopardizes the health and welfare of the Member/consumers of the Corporation as determined by the Corporation or a regulatory authority.

INDICATION OF INTEREST FEE – A fee paid by a potential Member of the Corporation for the purpose of aiding the FmHA and Corporation officials in determining the feasibility of a construction and/or expansion project. The Indication of Interest Fee may be converted to a Membership Fee upon determination that service to the Applicant is feasible and available. Upon such conversion, the Applicant may then further qualify as a Member and shall become a Member of the Corporation upon receipt of a Membership Certificate.

LIQUIDATED MEMBERSHIP – A Membership, which has been cancelled due to delinquent charges exceeding the Membership Fee or for other reasons as specified in this Tariff. Service shall not be provided to any person whose Membership Fee has been liquidated until a new Membership Fee has been paid and all other applicable requirements for service as provided in this Tariff have been satisfied.

MEMBER – Any person, partnership, cooperative corporation, corporation, agency, or public or private organization that has qualified for service and Membership in accordance with the Corporation's Tariff.

MEMBERSHIP FEE – A fee qualified as such under the terms of the Tariff and the Bylaws of the Corporation. The Membership Fee may be refundable upon termination of service and membership.

MINIMUM MONTHLY CHARGE – The term Minimum Monthly Charge is used to define the monthly charge assessed each Member of the Corporation utilizing service or each member who has the opportunity to utilize service via a metering device installed by the corporation. In the text of this Tariff, minimum monthly charge may be used generically to describe Minimum Monthly Charge or Reserved Service Charge; the two monthly charges assessed each Member entitled to service. See definition of Reserved Service Charge.

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

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

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

RESERVED SERVICE CHARGE – A monthly charge assessed for each property where service is being reserved in behalf of a Member or future member. The purpose of this fee is to reserve service capacity at a specified location pending installation of a tap by the Corporation. This fee is paid monthly in lieu of the Minimum Monthly charge until such time as a lot may be sold and a tap is provided as requested. The Reserved Service Charge shall be cost-based to defray actual costs of service to the property for which service has been requested.

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

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

SERVICE UNITY – The base unit of service used in facilities design and rate making. For the purposes of this Tariff, a service unit is the 5/8" x 3/4" water meter. Wastewater facilities are designed on the basis of population served by rates are set based on water consumed.

SUBDIVIDE – Means to divide the surface area of land into lots intended primarily for residential use. (Local Government Code Chapter 232, Section 232.021 Definitions)

SUBDIVIDER – Means an individual, firm, cooperation, or other legal entity that owns any interest in land and that directly or indirectly subdivides land into lots, as a part of a common promotional plan in the ordinary course of business. (Local Government Code Chapter 232, Section 232.021 Definitions)

SUBDIVISION – Means an area of land that has been subdivided into lots for sale or lease, (Local Government Code Chapter 232, Section 232.021 Definitions) this includes family heirs who divide property.

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

SYSTEM DEVELOPMENT FEE – NMWSC's proper name for Front-End Capital Contribution.

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

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

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

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SERVICE RULES AND REGULATIONS

1. Service Entitlement. An Applicant shall be considered fully qualified and entitled to water and wastewater utility service when proper application has been made, terms and conditions of Service and Membership have been met and continue to be met, and all fees have been paid as prescribed by this Tariff.
2. Application Procedures and Requirements. For the purposes of this Tariff, service requested by an Applicant and provided by the Corporation shall be divided into the following two (2) 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. Typically, this would include only 5/8" X 3/4" to 3/4" sized water meter services set on existing pipelines or wastewater taps made on collection lines no more than five feet in depth.
 - b. Non-Standard Service is defined as any service applied for which is not Standard Service. In addition to the following requirements for service, service requirements as prescribed by Section F of this Tariff shall be required of the Non-Standard Service Applicant prior to extension of such pipelines, and/or service facilities.
 - c. Requirements for Standard and Non-Standard Service.
 - (1) The Corporation's Service Application and Agreement Form shall be completed in full and signed by the Applicant.
 - (2) A Right-of-Way Easement Form, sanitary control easement, or other such easement forms, approved by the Corporation, must be completed by the Applicant for the purpose of allowing future extensions or facility additions to improve or provide service to future Applicants. NOTE: This requirement may be delayed for Non-Standard Service requests.
 - (3) The Applicant shall provide proof of ownership or title to property for which service has been requested in a manner acceptable to the Corporation.
 - (4) The Corporation shall consider master metering multiple units for an Applicant's request provided the total number of units to be served are all:
 - (a) owned by the same person, partnership, cooperative, agency, corporation, public or private organization of any character but not including a family unit;
 - (b) inaccessible to public right-of-way; and
 - (c) considered a commercial enterprise, i.e. for business, rental or lease purposes.
 - (5) All Service Applications approved and cost of service fees quoted by the Corporation shall be presented to the Applicant in writing and shall stand approved at quoted costs for a period not to exceed thirty (30) days. After thirty days, each Applicant shall re-apply for service under the terms of this Tariff.
 - (6) 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 land

owner's refusal to grant easement to the Corporation for the purposes of installing the water main and appurtenances, and the Corporation has documentation of such refusal on file, the Applicant, prior to receiving the requested service, shall grant easement to the Corporation. In addition to the normally required fees for service, the Applicant shall pay such sums as are necessary for the removal of the water main from the public right-of-way and for relocation onto the Applicant's property pursuant to such easement.

3. Activation of Standard Service.

- a. **New Tap**—The Corporation shall charge a non-refundable service installation fee as required under Section G of this Tariff. The service installation fee shall be quoted in writing to the Applicant. All other fees shall be paid in advance of installation or in advance of reservation of service capacity including, as applicable, the Membership Fee, any Easement Fees, and the Front-end Capital Contributions as required under Section G of this Tariff.
- b. **Re-Service**—On property where service previously existed, the Corporation shall charge the Membership Fee and costs necessary to restore service. These costs will be the Reconnect Charge current at the time of Re-Service plus any costs above that charge. Also, the Corporation shall charge a System Development Fee equal to and not to exceed the difference between the System Development Fee current at the time of Re-Service and any System Development Fee paid in past on that particular connection, after the Reserve Service Charge has been deducted from that paid System Development Fee for each month the service was inactive.
- c. **Performance of Work**—After all applicable fees are paid and approval is granted by proper authorities, all tap and equipment installations specified by the Corporation shall be completed by the Corporation staff or the Corporation's designated representative. The tap shall be complete within ten (10) working days after receipt of payment of quoted installation fees, when possible and reasonable, unless a later installation date is required by the Member.

4. Activation of Non-Standard Service.

- a. **Activation of Non-Standard Service** shall be conducted as prescribed by terms of Section F of this Tariff.
- b. **Re-Service**—The same terms which apply under the Activation of Standard Service Sub-Section on Re-Servicing shall be applied to Non-Standard re-Service request.

- 5. Changes in Service Classification.** If at any time the Corporation determines that the customer service needs change from those needs originally applied for to a different service classification and the Corporation determines that additional or different facilities are necessary to provide adequate service, the Corporation shall require the Applicant/Member to re-apply for service under the terms and condition of this Tariff. Applicants/Members failing to comply with this provision shall be subject to the Disconnect with

3. Activation of Standard Service

d. Inspection of Customer Service Facilities – The Corporation staff or its designated representative shall inspect all customer service facilities before and periodically after the tap is made to insure compliance with state required Minimum Acceptable Operating Practices For Public Drinking Water Systems as promulgated by the Texas Natural Resource Conservation Commission or successor agency, applicable plumbing codes, and utility construction standards.

3.a-1—Standard service requested in a service area which is restricted to growth by service availability. The requester shall be responsible for cost to increase service level to stated property, such cost to include administrative, legal and engineering fees, construction, etc. This cost in total is applicable to a single request. Such cost may be shared equally by multiple requester" in the same service area only if such request for service re all submitted jointly. Charges as determined shall be paid to the corporation in full before construction. At no time is recovery of cost for installation allowed by members.

Notice Provisions of this Tariff, Sub-Section 15.a.

6. Membership.

a. Eligibility – Eligibility for Membership shall not guarantee service to the Applicant or Transferee; however, qualification for service is a prerequisite to Membership eligibility for new Applicants or continued Membership for Membership Transferees.

b. Membership Certificates – Upon qualification for service, qualification for membership, and payment of the required fees, the Corporation shall issue a Membership Certificate to the Applicant. The Membership Certificate provides proof of Membership in the Corporation and shall entitle the Applicant/Member to (1) connection to the Corporation's water main and one (1) share of the affairs of any Annual or Special Membership meeting of the Corporation as prescribed by the Corporation Bylaws. An original or a copy of each Membership Certificate shall be held on file in the Corporation office. Ownership of more than one (1) Membership Certificate shall not authorize the Member to cast more than one vote at any annual or special meeting.

Each Membership Certificate and stock thereby represented shall be assigned to the specified parcel of land originally designated to receive service at the time of application.

NOTE: In the event that the Corporation is conducting a potential Members survey for indications of interest in future water service for the purpose of determining the feasibility of an initial construction or expansion project under FmHA guidelines, regular application procedures may be modified. An Indication of Interest Fee may be required prior to qualifications for receipt of service by the Applicant but shall only be used or applied as a membership Fee for Membership purposes (upon issuance of a Membership Certificate) if water service is ultimately received or reserved by the Applicant as a result of the planned project facilities. If service is not provided within the scope of this project, Indication of Interest Fees shall be refunded, less expenses, within sixty (60) days of the loan closing with FmHA.

a. Transfers of Membership.

(1) A Member is entitled to transfer Membership in the Corporation only under the following circumstances:

(a) The Membership is transferred by will to a person related to the Transferor within the second degree by consanguinity; or

(b) The Membership is transferred without compensation to a person related to the Transferor within the second degree by consanguinity; or

(c) The Membership is transferred without compensation or by

sale to the Corporation, or

(d) The Membership is transferred as a part of the conveyance of real estate from which the Membership arose.

(2) In the event the Membership is transferred pursuant to the provisions of Sub Section 6.c.[1] such transfer shall not be completed until such time as the transferor has provided satisfactory evidence to the Corporation of such transfer. A transfer of Membership shall not be binding on the Corporation until such transfer has been approved as provided by Sub-Section 6.c.[3].

(3) Qualifications for water service upon transfer of Membership set forth in Sub-Section 6.c.[1] and 6.c.[2] shall be subject to approval of the Corporation and shall be recorded on the books and records of the Corporation only upon the following terms and conditions:

(a) A Transfer Authorization Form has been completed by the Transferor and Transferee;

(b) The Transferee has completed the required Application Packet;

(c) All indebtedness due the Corporation has been paid;

(d) The Membership Certificate has been surrendered, properly endorsed, by the Transferor; and

(e) The Transferee demonstrates satisfactory evidence of ownership of the property designated to receive service and from which the Membership originally arose.

(f) In the event the existing Member requests a Membership refund, the Corporation shall require the new Member to deposit with the Corporation another Membership Fee equal to that quoted in the Corporation's current bylaws. In the event the existing Member does not request a Membership refund, the Membership Fee shall transfer with the Membership and the Corporation shall require the new Member to deposit with the Corporation any amount that may be needed for the membership Fee to equal that quoted in the Corporation's current Tariff Rates and Services Fees.

(d) Cancellation of Membership – To keep a Membership in good standing, a Minimum Monthly Charge or a monthly reserved Service Charge must be paid to the Corporation, whether or not water is used. Failure to pay this monthly charge to the Corporation shall jeopardize the Member's Membership standing and rise to liquidation of the Membership Fee. A Member may be relieved of this obligation to pay by surrendering the membership Certificate, properly endorsed, to the Corporation. The Membership shall also complete a Service Discontinuance.

Request Form prior to termination of service. However, a Member is not relieved of any obligations incurred prior to the date of surrender of a properly endorsed Membership Certificate prior to termination of service. Rights to future service at this tap shall be extended on an as-available basis and be subject to the terms of the Activation of Service Sub-Section 3.a. of this Tariff, Section E.

(e) Liquidation Due to Delinquency – When the amount of the delinquent minimum monthly charges, gallonage charges, penalties, and service fees owed by the Member equals the Membership fee, the Membership Fee shall be liquidated and the Membership cancelled and transferred back to the Corporation. In the event the Member leaves a balance due on an account guaranteed under the terms of a Service Application and Agreement, and the delinquent member owns more than one Membership Certificate, the Corporation may liquidate as many of the Member Guarantor's Membership Fees as necessary to satisfy the balance of the Corporation, provided proper notice has been given (see Section E, Sub-Section 14.a.[4]). The Corporation shall collect any remaining account balances through appropriate means. Reinstatement of service shall be subject to the terms of the Activation of Service Sub-Section 3.a of this Tariff.

(f) Cancellation Due to Policy Non-Compliance – The Corporation may cancel a Membership anytime a Member fails to comply with policies of the Corporation, including but not limited to Member's failure to provide proof of ownership of the property from which the Membership arose.

(g) Re-assignment of Cancelled Membership – The Corporation, upon cancellation of membership under the provisions of this Tariff, may re-assign the membership right thereby granted to any person who satisfactorily demonstrates eligibility for Membership, including, but not limited to proof of ownership of the property from which the membership arose.

(h) Mortgaging of Memberships – Nothing herein shall preclude a Member from mortgaging his memberships. However, notification to the holder of any security interest (mortgagee/lien-holder) of account status of Member/Mortgagor will be provided only upon satisfactory completion of requirements for such conditions under the Membership Mortgage Agreement. Prior to the cancellation of any Membership as provided under Sub-Section 6.d. (Cancellation of Membership), the Corporation will notify the holder of any security interest in the Membership. The holder of the security interest also must hold a security interest in the real property at which water service is provided under the Membership. The Corporation may transfer the membership to the holder of such security interest in lieu of cancellation, provided the holder of the security title to the real property from which the membership arose. The Corporation may withhold cancellation of a Membership pending resolution of any foreclosure proceedings or similar legal proceedings by the holder of the security interest.

7. Owners and Renters. Any Corporation Member renting or leasing property to other parties is responsible for all charges due the Corporation in the event a renter or lessee leaves the Corporation with any unpaid bills. The Corporation may bill the renter or lessee for water service as a third party, but the Member is fully responsible for any and all unpaid bills left by the renter/lessee. The owner may be required to sign an Alternate Billing Agreement. The Member shall take responsibility for any necessary deposits.

(i) **Cancellation and Re-assignment of membership as results of Bankruptcy proceedings** – When the corporation is notified that a member has filed bankruptcy, the corporation shall cancel the membership for that property and require the receiver or current owner to qualify for membership in accordance with the terms of this tariff. Notice will be provided to the member filing for bankruptcy allowing 20 days to provide a completed application packet and payment of the required membership fee to the corporation or service will be disconnected according to the terms of this tariff.

(7) **Owners and Renters** - Any Corporation Member renting or leasing property to other parties is responsible for all charges due the Corporation in the event a renter or lessee leaves the Corporation with any unpaid bills. The Corporation may bill the renter or lessee for water service as a third party, but the Member is fully responsible for any and all unpaid bills left by the renter/lessee. The owner may be required to sign an alternate Billing Agreement. The Member shall take responsibility for any necessary deposits from the renter/lessee to ensure payment of a past due bill. The Corporation will notify the Member of the renter's past due payment status subject to service changes.

(8) **Denial of Service** – The Corporation may deny service for the following reasons:

- a. Failure of the Applicant or Transferee to complete all required forms and pay all required fees and charges;
- b. Failure of the Applicant or Transferee to comply with rules, regulations, policies and bylaws of the Corporation;
- c. Existence for a hazardous condition at the Applicant's property which would jeopardize the welfare of the Members/Users of the Corporation upon connection;
- d. Failure of Applicant of Transferee to provide representatives or employees of the Corporation reasonable access to property for which water service has been requested when there is reason to believe that a hazardous condition may exist for which access is necessary to verify;
- e. Failure of the applicant or Transferee to comply with all governmental rules and regulations of the Corporation on file with the state regulatory agency governing the service applied for by the Applicant;
- f. Failure of the Applicant or Transferee to provide proof of ownership, to the satisfaction of the Corporation, of property for which the tap has been requested; and/or
- g. Applicant's service facilities are known to be inadequate or of such character that satisfactory service cannot be provided.

(9) **Applicant's or Transferee's Recourse** – In the event the Corporation refuses to serve an Applicant under the provisions of these rules, the Corporation must notify the Applicant, in writing, of the basis of its refusal, and the Applicant may file for an appeal, in writing, with the Board of Directors of the Corporation.

(10) **Insufficient Grounds for Refusal of Service** – The following shall not constitute sufficient cause for the refusal of service to an Applicant;

- a. Delinquency in payment for service by a previous occupant of the premises to be served;
- b. Failure to pay a bill to correct previous underbilling due to misapplication of rates more than six (6) months prior to the date of application;
- c. Violation of the utilities 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 rules;
- d. 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;
- e. Failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill;

- f. Failure to pay for the restoration of a tap removed by the utility at its option or removed as the result of tampering or delinquency in payment by a previous customer.
- g. Failure to comply with regulations or rules for anything other than the type of utility service specifically requested including failure to comply with septic tank regulations.

11. Deferred Payment Agreement. The Corporation may offer a deferred payment plan to a member or rental tenant whose bill is more than three times the average monthly bill for the previous 12 months, provided that the customer has not been scheduled for disconnection more than twice in the previous 12 months. The outstanding balance must be paid in reasonable installments as determined by the Corporation, including any Late Penalty Fees Incurred. The deferred payment must be paid in addition to the customer's current monthly bill. Failure to make required and timely payments as provided in any deferred payment agreement will void that agreement and service will be discontinued. Service will not be restored until the account is paid in full and all other charges resulting from the disconnection of service are fully paid. In the event the requestor is a tenant of a rental property, the Corporation shall notify the owner/member of the the deferred payment agreement.

12. Charge Distribution and Payment Application

- a. The Minimum Monthly Charge or the Reserved Service Charge is applied from the first day of the billing month to the last day of the billing month. Charges shall be prorated for meter installations and service terminations falling during the billing month. All services shall be subject to this charge whether or not the service is in use by the Member.
- b. Gallonage Charge, defined as water usage in excess of any water allotment included in the Minimum Monthly Charge, shall be billed at the rate specified in Section G, and shall be billed in one hundred (100) gallon increments. Water charges for usage exceeding the monthly allotment are based on monthly meter readings and are calculated from reading date to reading date. Readings used in all billing calculations shall be taken by the Corporation's employees or designated representative.
- c. Posting of Payments – All payments shall be posted against previous balance prior to posting against current billings.

13. Due Dates, Delinquent Bills, And Service Disconnection Dates. The Corporation shall mail all bills on or about the 25th of the month. All bills shall be due upon receipt, and are past due beyond the date indicated on the bill, allowing approximately fifteen (15) days to pay, after which time a penalty shall be applied as described in Section G. A bill is delinquent if not paid by the past due date. Payments made by mail will be considered late if postmarked after the due date. If the past due date for the regular or final billing is on a weekend or holiday, the past due date for payment purposes shall be the next day the Corporation's office is open for business after said weekend or holiday. If the bill is not paid in full by the 25th of the month in which it is due, a lock will be placed on the meter. For all disputed payment deadlines, the date postmarked on each bill will determine the beginning of each billing cycle or final notice mailings.

Upon written request, any residential customer 60 years of age or older who occupies the entire premises of a dwelling receiving water utility service from the Corporation shall receive extension of the past due date, without penalty. The extension shall not exceed ten days beyond the usual fifteen 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.

14. Rules for Disconnection of Service. The following describes the rules and conditions for disconnection of water and wastewater service. For the purposes of disconnecting wastewater service under these policies, water service will be terminated in lieu of disconnecting wastewater taps. In instances of non-payment, the Corporation has the option to disconnect the wastewater tap or take other appropriate actions.

- 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**—In the event a check, draft, or any other similar instrument is given to the Corporation for payment of services provided for in this Tariff, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason, the Corporation shall mail, via the U.S. Postal Service, a notice requiring redemption of the returned instrument with ten (10) days of the date of the notice to be made in the Corporation's office. Redemption of the returned instrument shall be made by money order, or certified check. Failure to meet these terms shall initiate disconnection of service.

Any such instruments returned as insufficient or non-negotiable for any reason for any two billing periods within a twelve-month period shall be considered evidence of bad credit risk by the Corporation. The Member/Customer in violation shall be placed on a "cash-only" basis for a period of twelve months.
 - (2) **Failure to pay a delinquent account for utility service or failure to comply with the terms of a deferred payment agreement;**
 - (3) **Violation of the Corporation's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of non-standard equipment if a reasonable attempt has been made to notify the Member and the Member is provided with a reasonable opportunity to remedy the situation;**
 - (4) **Failure of the Member to comply with the terms of the Corporation's Service Agreement, Tariff, Bylaws, or Special Contract provided that the Corporation has given notice of said failure to comply and Member has failed to comply within a specified amount of time after notification;**
 - (5) **Failure to provide access to the meter under the terms of this Tariff or to property at which water service is received when there is reason to believe that a hazardous condition or policy violation exists for which access is necessary to verify.**
 - (6) **Misrepresentation by any Applicant or Transferee of any fact on any form, document, or other agreement required to be executed by the Corporation;**
 - (7) **Failure of Member to re-apply for service upon notification by the Corporation that Member no longer meets the terms of the service classification originally applied for under the original service application.**

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, or there is reason to believe a dangerous or hazardous condition exists and the Member refuses to allow access for the purpose of confirming the existence of such condition and/or removing the dangerous or hazardous condition;
- (2) Service is connected without authority by a person who has not made application for service or who has reconnected service without authority following termination of service for non-payment; and
- (3) In instances of tampering with the Corporation's meter or equipment, by-passing the meter or equipment, or other diversion of service.

Where reasonable, given the nature of the reason for disconnection, a written statement providing notice of disconnection and the reason therefore shall be posted at the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected.

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

- (1) Failure of the Member to pay for merchandise or charges for non-utility service provided by the Corporation, unless agreement exists between the Applicant and the Corporation whereby the Member Guarantees payment of non-utility service as a condition of service;
- (2) Failure of the Member to pay for a different type or class of utility service unless a fee for such service is included in the same bill;
- (3) Failure of the Member to pay charges arising from an underbilling occurring due to any misapplication of rates more than six (6) months prior to the current billing;
- (4) Failure of the Member to pay the account of another Member as guarantor thereof, unless the Corporation has in writing the guarantee as a condition precedent to service;
- (5) Failure of the Member to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due under the Inoperative Meter Sub-section E-14, 19 of this Tariff;
- (6) Failure of the member to pay estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the Corporation is unable to read the meter due to circumstances beyond its control;

- (7) In response to a request for disconnection by an Owner/Member of rental property where the renter is billed directly by the Corporation as authorized by the owner, and the renter's account is not scheduled for disconnection under the Rules for Disconnection of service in this Tariff.
- d. Disconnection on Holidays and Weekends—Unless a dangerous condition exists or the Member requests disconnection, service shall not be disconnected on a day preceding a day when personnel of the Corporation are not available to the public for the purpose of making collections and reconnecting service.
- e. Disconnection Due to Utility Abandonment—The Corporation may not abandon a Member or a Certificated Service Area without written notice to its Members and all similar neighboring utilities and approval from the Texas Water Commission.
- f. Disconnection for Ill and Disabled—The Corporation may not discontinue service to a delinquent residential Member permanently residing in an individually metered dwelling unit when that Member establishes that discontinuance of service will result in some person at that residence becoming seriously ill or more seriously ill if service is discontinued. Each time a Member seeks to avoid termination of service under this Sub-section, the Member must have the attending physician call or contact the Corporation within sixteen (16) days of issuance of the bill. A written statement must be received by the Corporation from the physician within twenty-six (26) days of the issuance of the utility bill. The prohibition against service termination shall last sixty-three (63) days from the issuance of the utility bill or such lesser period as may be agreed upon by the Corporation and Member's physician. The Member shall enter into a Deferred Payment Agreement.
- g. Disconnection of Master-Metered Service—When a bill for water utility services is delinquent for a master-metered service complex (defined as a complex in which a single meter services two (2) or more residential dwelling units), the following shall apply:
- (1) The Corporation shall send a notice to the Member as required. This notice shall also inform the Member that notice of possible disconnection will be provided to the tenants of the service complex in six (6) days if payment is not rendered before that time.
 - (2) At least six (6) days after providing notice to the Member and at least four (4) days prior to disconnection, the Corporation shall post at least five (5) notices in public areas of the service complex notifying the residents of the scheduled date for disconnection of service.
 - (3) The tenants may pay the Corporation for any delinquent bill in behalf of the owner to avert disconnection or to reconnect service to the complex. The Corporation is not obligated to accept payment from tenant(s) if the Corporation is not billing tenant(s).
- h. Reconnection—All monies due for reconnection shall be paid to the Corporation's office during business hours. There shall be no collections or reconnections outside regular working hours except in case of extreme hardship.

15. Billing Cycle Changes. The Corporation reserves the right to change its billing cycles if the workload required such practice. After a billing period has been changed, the billings shall be sent on the new change date unless otherwise determined by the Corporation.
16. Back-billing. The Corporation may back-bill a Member for up to four (4) years (48 months) for meter error, misapplied meter multiplier, incorrect meter readings or error in computing a Member's bill. Failure to pay the most recent six (6) months billing will result in discontinuation of service and the re-establishment of credit. Back-billing shall not extend beyond current Membership except in cases involving the transfer of a Membership conditioned upon payment of delinquent obligations by the Transferee, as provided under the Sub-Section 6.h.
17. Disputed Bills. In the event of a dispute between the Member and the Corporation regarding any bill, the Corporation shall forthwith make and conduct an investigation as shall be required by the particular case, and report the results in writing thereof to the Member. All disputes under this Sub-Section must be submitted to the Corporation, in writing, prior to the due date posted on said bill except in cases involving the transfer of a Membership conditioned on payment of delinquent obligations by the Transferee, as provided under Sub-Section 6.h.
18. Inoperative Meters. Water meters found inoperative will be repaired or replaced within a reasonable time. If a meter is found not to register for any period, unless by-passed or tampered with, the Corporation shall make a charge for units used, but not metered, for a period not to exceed three (3) months, based on amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.
19. Bill Adjustment Due To Meter Error. The Corporation shall test any Member's meter upon written request of the Member. In the event the meter tests within the accuracy standards of the American Water Works Association, a test fee prescribed in Section G of this Tariff shall be imposed. In the event the test results indicate that the meter is faulty or inaccurate, the test fee shall be waived, the meter shall be calibrated or replaced, and a billing adjustment may be made as far back as six (6) months but not extending beyond current Membership except in cases involving the transfer of a Membership conditioned on payment of delinquent obligations by the Transferee, as provided under Sub-Section 6.h. The billing adjustment shall be made to the degree of the meter's inaccuracy as determined by the test.
20. Meter Tampering and Diversion. For purposes to these Sections, meter tampering, by-passing or diversion shall all be defined as tampering with the Corporation's meter or equipment, by-passing the same, or other instances of diversion, such as removing a locking or shut-off device used by the Corporation to discontinue service, physically disorienting the meter, attaching objects to the meter to divert service or to by-pass, inserting objects into the meter, and other electrical and mechanical means of tampering with, by-passing

or diverting service. The burden of proof of meter tampering, bypassing or diversion is on the Corporation. Photographic evidence or other reliable and credible evidence may be used, however, any evidence shall be accompanied by a sworn affidavit by the Corporation's staff when any action regarding meter tampering is provided for in these Sections is initiated. A court finding of meter tampering may be used instead of photographic or other evidence, if applicable. Unauthorized users of services of the Corporation shall be prosecuted to the extent allowed by law.

21. Meter Relocation. Relocation of meters/taps shall be allowed by the Corporation provided that:

- a. The relocation is limited to the existing property designated to receive service;
- b. No transfer of Membership is involved;
- c. A current easement for the proposed location has been granted to the Corporation;
- d. The Member pays the cost of relocation plus administrative fees.

22. Prohibition of Multiple Connections to a Single Tap. In order that the Corporation may maintain adequate records of the actual number of users on its system to assure compliance with Texas Department of Health Rules and Regulations on minimum service standards, to ensure that charges are received for each user on the system, and to ensure that the Corporation's metering device is adequately sized for proper flow and accurate measurement of water used, all connections of any dwelling, household, business and/or water consuming establishment currently receiving or planning to receive water service, either directly or indirectly from the Corporation's water system, shall individually apply for service under the rules of this Tariff. Any unauthorized sub-metering or diversion shall be considered a Multiple Connection and subject to disconnection of service. If the Corporation has sufficient reason to believe a Multiple Connection exists, the Corporation shall discontinue service under the Disconnection with Notice provisions of this Tariff.

23. Member's Responsibility.

- a. The Member shall provide access to the meter at all reasonable times for the purpose of reading, installing, checking, repairing or replacing the meter. Member shall provide a key to locked gates. If the gate to the Member's premises is locked, preventing the reading of the meter, an estimated bill shall be rendered to the Member for the month; and a notice shall be sent to the effect that entrance could not be gained and that a key should be furnished or the gate unlocked for each reading period. Should the gate remain locked for three (3) consecutive months after proper notification the Member, then

service shall be discontinued and the meter removed with no further notice.

- b. The Member shall be responsible for compliance with all utility, local, and state codes, requirements, and regulations concerning on-site service and plumbing facilities.
- (1) All connections shall be designed to ensure against back-flow or siphonage into the Corporation's water supply. In particular, livestock water troughs shall be plumbed above the top of the trough with air space between the discharge and the water level in the trough.
 - (2) The use of pipe and pipe fittings that contain more than 8.0% lead or solder and flux that contain more than 0.2% lead is prohibited for any plumbing installation or repair of any residential or non-residential facility providing water for human consumption and connected to the Corporation's facilities. Customer service pipelines shall be installed by the applicant and shall be a minimum SDR-26 PVC pipe.
 - (3) All pipe and fittings used by the customer to convey sewage from its source to the sewer line must be D-3034, SDR-35 or equivalent, 4 inch diameter pipe. No DWV (drain waste and vent) pipe or fittings will be allowed. All joints must be watertight and pipe must be installed to recommended grade. All non-household wastewater customers who have the potential for dirt, grit sand, greased, oil, or similar substances must install and maintain a trap ahead of their entrance to the Corporation's wastewater collection piping. A double cleanout is required at the property line and recommended at the house. Other site-specific requirements may be imposed by the Corporation. All wastewater and potable water service pipeline installations must be a minimum of nine feet apart and meet all applicable plumbing standards for crossings, etc.
- Service shall be discontinued without further notice when installations of new facilities or repair of existing facilities are found to be in violation of this regulation until such time as the violation is corrected.
- c. A Member owning more than one (1) Membership Certificate shall keep all payments current on all accounts. Failure to maintain current status on all accounts shall be enforceable as per Service Application and Agreement executed by the Member.
- d. The Corporation's ownership and maintenance responsibility of water supply and metering equipment shall end at the meter. Therefore, all water usage registering upon and/or damages occurring to the metering equipment owned and maintained by the Corporation shall be subject to charges as determined by the Corporation's Tariff as amended from time to time by the board of Directors.
- e. The Corporation shall require each Member to provide a cut-off valve on the Member's side of the meter for purposes of isolating the Member's service pipeline and plumbing facilities from the Corporation's water pressure. The Member's use of the Corporation's curb stop or other similar valve for such purposes is prohibited. Any damage to the Corporation's equipment shall be subject to service charges.

SUB-SECTION 24. Record of Complaints. A written record shall be maintained in the Corporation's office of all complaints received by the Corporation's staff and directors from members, users, applicants for membership, and other persons affected by business operations, water system operations, or policies of the Corporation. The record shall include date, time and subject of the complaint; names of complainant and person receiving the complaint; date and description of action taken in response to complaint and names of persons taking action; results of action taken and follow-up response to the complaint. A permanently bound book shall be used for recording complaints under this provision.

SECTION F: NON-STANDARD SERVICE REQUIREMENTS

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SECTION F: NON-STANDARD SERVICE REQUIREMENTS

1. Corporation's Limitations. All Applicants shall recognize that the Corporation must comply with local, state and federal rules and regulations as promulgated from time to time, and with covenants of current indebtedness. The Corporation 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 policy. 13.2502 of the Texas Water Code requires that notice be given herein or by publication (see Miscellaneous Transaction Forms) or by alternative means to the Developers/Applicants. (Also see Section F.11.)
2. Purpose—It is the **purpose** of this Section to define the process by which the specific terms and conditions for service to subdivisions are determined including the Developer's and Corporation's respective costs
3. Application of Rules—This Section is applicable to subdivisions, additions to subdivision, developments, or whenever additional service facilities are required. For the purposes of this Tariff, Applications subject to this Section shall be defined as Non-Standard. This Section may be altered or suspended for planned facility expansions when the Corporation extends its indebtedness. The Board of Directors of the Corporation shall interpret on an individual basis whether or not the Applicant's service request shall be subject to all or part of the conditions of this Section
4. Non-Standard Service Application—The Applicant shall meet the following requirements **prior to the initiation of a Service Contract** by the Corporation:
 - a. The Applicant shall provide the Corporation a completed Service Application and Agreement giving special attention to the item on **SPECIAL SERVICE NEEDS OF THE APPLICANT**.
 - b. A final plat approved by the Corporation must accompany the Application showing the Applicant's requested service area. **The plat must be approved by all 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.
 - c. At the time the Applicant submits the Application, a Non-Standard Service Investigation Fee (See Section G) to cover initial administrative, legal and engineering fees shall be paid to the Corporation to study service requirements of the Applicant shall be refunded to the Applicant and Applicant shall pay any additional expenses.
 - d. If after the service investigation has been completed, the Corporation determines that the Applicant's service request is for property outside the area described in the Corporation's Certificate of Convenience and Necessity, service may be extended provided that:
 - (1) The service location is contiguous to or within one-fourth (1/4) mile of the Corporation's Certificated Service Area:

- (2) The service location is not in an area receiving similar service from another utility; and
- (3) The service location is not within another utility's Certificate of Convenience and Necessity.
- (4) **If the Corporation extends service under these conditions, the Applicant shall fully support any subsequent efforts by the Corporation to amend its Certificate of Convenience and Necessity to include the applicant's property within the service area.**

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

- a. The Corporation's Consulting Engineer shall design all service facilities for the codes and specifications of neighboring municipalities for all Non-Standard Service Applications which lie within the enforced extra territorial jurisdiction of a municipality.
- b. The Engineer's fees shall be paid out of the Non-Standard Service Investigation Fee, provided the actual costs of the Engineer's services do not exceed the amount of the Non-Standard service Investigation Fee allotted for engineering services. **If the fee for the Engineer's services exceed the allotted fee, the Applicant shall pay the balance of engineering fees prior to commencing with the service investigation.**
- c. The Consulting Engineer shall submit to the Corporation a set of detailed plans, specifications, and cost estimates for the project.
- d. **If no governmental authority imposes other design criteria on the Applicant's service request, the Corporation's Engineer shall design all facilities for any Applicant to meet the demand for service as platted and/or requested in the plans or plat submitted in application for service.** The Corporation reserves the right to upgrade design of service facilities to meet future demands provided however, that the Corporation shall pay the expense of such upgrading in excess of the Applicant's facility requirements.

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

- a. 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. Equity Buy-In Fee (Front-end Capital Contributions) required by the Corporation in addition to the other costs required under this Section.
- d. Monthly Reserved Service Charges as applicable to the service request.
- e. Terms by which reserved service shall be provided to the Applicant and duration of reserved service with respect to the impact the Applicant's service request will have upon the Corporation's system capability to meet other service requests.
- f. Terms by which the Applicant shall be reimbursed or compensated for fees duplicated in assessments for monthly rates and Equity Buy-In Fees.

a. Terms by which the Corporation shall administer the Applicant's project with respect to:

- 1) Design of the Applicant's service facilities;
- 2) Securing and qualifying bids;
- 3) Execution of the Service Agreement;
- 4) Selection of a qualified bidder for construction;
- 5) Dispensing advanced funds for construction of facilities required for the Applicant's service;
- 6) Inspecting construction of facilities; and
- 7) Testing facilities and closing the project.

b. Terms by which the Applicant shall indemnify the Corporation from all third party claims or lawsuit in connections with the project contemplated.

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

d. 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-ways and sites.

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

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

a. If the Corporation determines that right-of-way easements or facility sites outside the Applicant's property are required, the Corporation shall require the Applicant make good faith efforts to secure easements or title to facility sites in behalf of the Corporation. All right-of-way easements and property titles shall be researched, validated, and filed by the Corporation at the expense of the Applicant. (See Sample Application Packet RUS Form 442-8 or 442-9.)

b. All facilities required to be installed in public right-of-ways in behalf of the Applicant, due to inability to secure private right-of-way easements, shall be subject to costs equal to the original cost of facility installation for those facilities in public right-of-ways, plus the estimated cost of future relocation to private right-of-way, or subject to the cost of installation under condemnation procedures, whichever is most desired by the Applicant.

c. The Corporation shall require an exclusive dedicated right-of-way on the Applicant's property (as required by the size of the planned facilities and as determined by the Corporation) and title to property required for other on-site facilities.

d. Easement and facilities sites shall be prepared for the construction of the Corporation's pipeline and facility installations in accordance with the Corporation's requirements and at the expense of the Applicant.

8. Bids for Construction—The Corporation's Consulting engineer shall advertise for bids for the construction of the Applicant's proposed facilities in accordance with generally accepted

practices. Plans and specifications shall be made available, with or without charge, to prospective bidders. Although the Corporation reserves the right to reject any bid or contractor, the Corporation shall generally award the contract to the lowest and best bidder in accordance with the following criteria;

- a) The Applicant shall sign the Service 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 Corporation;
 - c) The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the Corporation;
 - d) The Contractor shall supply favorable references acceptable to the Corporation;
 - e) The Contractor shall qualify with the Corporation as competent to complete the work; and
 - f) The Contractor shall provide adequate certificates of insurance as required by the Corporation.
9. Pre-Payment for Construction and Service—After the Applicant has executed the Service Agreement, the Applicant shall pay to the Corporation all costs necessary for completion of the project prior to construction and in accordance with the terms of the Service Contract.
10. Construction
- a) All roadwork pursuant to federal, state, county and/or municipal standards (if 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 Corporation shall, at the expense of the Applicant, inspect the facilities to ensure that Corporation standards are achieved.
 - c) Construction plans and specifications shall be strictly adhered to, but the Corporation reserves the right to change-order any specifications, due to unforeseen circumstances during the design phase, to better facilitate operation of the Applicant's facility. All change-order amounts shall be charged to the Applicant.
11. Service within Subdivision—The Corporation's objective to provide service to any customer located within subdivision governed by this section is strictly limited to the non-standard service specified by the Applicant. The purchasers of any lots who do not receive service because this service has not been specified or paid for by the Applicant shall have no recourse to the Corporation but may have recourse to the Applicant/Developer.
12. Service Connections with Potential Hazardous Conditions—Application for new service with special water needs which create high risk for hazardous conditions from back-flow shall require installation of a back-flow control device. In addition, a change in service needs at an existing connection which create high risk for hazardous conditions from back-flow shall require installation of a back-flow control device. Determination of risk and selection

of device shall be by the Corporation's representative holding Department of Health Certificate of Competency, with professional consultation as needed. The applicant/member shall be assessed the cost of back-flow device and any extra installation costs incurred by the Corporation.

13. Accessibility—

- a) All mains constructed on private right-of-way shall be constructed along public road frontage.
- b) Each meter shall be installed on the parcel of land designated by the Membership Application and approved for Membership and Service.

SECTION G: RATES AND SERVICE FEES

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RATES AND SERVICE FEES

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

1. Service Investigation Fee. The Corporation shall conduct a service investigation for each service application submitted at the Corporation office. An initial determination shall be made by the Corporation, without charge, as to whether the service request is Standard or Non-Standard. An investigation shall then be conducted and the results reported under the following terms:

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

b. All Non-Standard Service requests shall be subject to a fee, unique to each project, of sufficient amount to cover all administrative, legal, and engineering fees associated with investigation of the Corporation's ability to deliver service to the Applicant, to provide cost estimates of the project, to present detailed plans and specifications as per final plat, to advertise and accept bids for the project, to present a Non-Standard Service Contract to the Applicant, and to provide other services as required by the Corporation for such investigation. A Non-Standard Service Contract shall be presented to the Applicant within a suitable amount of time as determined by the complexity of the project. (See Section F.)

2. Membership Fee. At the time the application for service is approved, a non-refundable Membership Fee must be paid before service shall be provided or reserved for the Applicant by the Corporation.

a. The Membership Fee for water service is \$400.00 for each Service Unit.

b. The Membership Fee for wastewater service is \$0.00 for each customer.
(Not applicable at this date.)

3. Easement Fee. When the Corporation determines that private right-of-way easements and/or facilities sites are necessary to provide service to the Applicant, the Applicant shall be required to secure easements on behalf of the Corporation and/or pay all costs incurred by the Corporation in validating, clearing, and retaining such right-of-way in addition to tap fees otherwise required pursuant to the provisions of this Tariff. The Costs may include all legal fees and expenses necessary to attempt to secure such right-of-way and/or facilities on behalf of the Applicant.

4. Installation Fee. The Corporation shall charge an installation fee for service as follows:

a. Standard Service shall include all current labor, materials, engineering, legal, plumbing inspection, and administrative costs necessary to provide individual metered water or wastewater service and shall be charged on a per tap basis as computed yearly by the Board of Directors prior to the annual meeting. This year the Tap and Connect Fee shall be \$3,500.00 at the time service is requested and installed.

5.a. Equity Buy-In Fee. In addition to the Membership Fee, each Applicant shall be required to achieve parity with existing Members by contributing capital in an amount projected to defray the cost of upgrading system facilities to meet growth demands created by adding customers. This fee shall be assessed immediately prior to providing or reserving service on a per service unit basis for each tap/lot and shall be assigned and restricted to the tap/lot for which the service was originally requested. The formula applied to such fee calculated annually after receipt of the system audit is as follows:

Total Assets of the Corporation less Accumulated Depreciation	\$3,673,832.00
Less Outstanding Long Term Debt	\$829,777.00
Less Developer's Capital	\$0.00
Total Net Equity	\$2,844,055.00
Total Members	1536
Average Net Equity Buy-In Fee	\$1,800.00

5.b. Front-End Capital Contribution / System Development Fee. A fee assessed of new Applicants for water service for the purpose of acquiring capital to defray the costs of expanding the system facilities in order to meet the customer growth needs of the Corporation. This fee is charged for each meter equivalent or Service Unit for which service has been requested.

Front-End Capital Contribution / System Development Fee	\$4,200.00
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6. Monthly Charges.

a. Minimum Monthly Charges – The monthly charge of metered water service is based on demand by meter size. Each charge is assessed based on the number of 5/8" x 3/4" meters (as per American Water Works Association maximum continuous flow specifications) equivalent to the size indicated and is used as a base multiplier for the minimum monthly charge. There is no allowable gallonage. Rates and equivalents are as shown:

METER Size	METER EQUIVOLANTS	MONTHLY RATE
5/8"X3/4"	1	\$35.00
1"	2.5	\$87.50
2"	8	\$280.00
3"	16	\$560.00

b. Reserved Service Charge – The monthly charge for each active account at a specific location for which a meter has not been installed but for which the Corporation and the Applicant have entered into and/or contract for reserved service. This monthly charge shall be based on the Corporation's monthly operating costs to service the Applicant's dedicated facilities on a per lot/tap meter equivalency basis. This charge reserves service to the Applicant's service area. This fee is determined on a case by case basis but shall never exceed the Minimum Monthly Charge for Metered Service on a per lot/tap basis for each designated meter size.

c. In addition to the Minimum Monthly Charge, a gallonage charge shall be added at the following rates for usage during any one (12) billing period:

(1) Water - \$8.50 per 1,000 gallons.

(2) Wastewater – (not applicable at this time).

The Corporation shall, as required by Section 5.235, Water Code of the State of Texas, collect from each of its retail customers a regulatory assessment equal to one-half of one percent for retail water or sewer 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.6, Monthly Charges of this Tariff.

d. Moderate Drought Surcharges – This section shall be in force and effect only when moderate drought conditions exist. When Navarro Mills Reservoir declines below elevation of 419.0 feet above MSL or when the daily water use equals or exceeds 95% of the City of Corsicana's treatment capacity for seven (7) consecutive days, the following surcharges will apply:

(1) \$1.00 per 1,000 gallons surcharge for usage in excess of 7,000 gallons.

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7. **Late Payment Fee.** Once per billing period a penalty of \$15.00 shall be applied to delinquent bills. This late payment penalty shall not be applied to any balance to which the penalty was applied in a previous billing, but shall be applied to any unpaid balance during the current billing period.
8. **Owner Notification Fee.** The Corporation may, at the expense of the Member, notify said Member of a renter/leasee delinquent account status prior to disconnection of service. The Owner Notification Fee shall be \$50.00 per notification.
9. **Mortgages/Guarantor Notification Fee.** The Corporation shall assess a fee of \$50.00 for each notification to a Membership lien-holder under agreement prior to Membership cancellation.
10. **Returned Check Fee.** In the event a check, draft or any other similar instrument is given by a person, firm, corporation or partnership to the Corporation for payment of service provided for in this Tariff, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason, the account for which the instrument was issued shall be assessed a return check charge of \$35.00
11. **Service Trip Fee.** The Corporation shall charge a trip fee of \$60.00 for any service call or trip to the Member's tap as a result of a request by the Member or resident, i.e., meter re-reads (unless the meter was read incorrectly) or for the purpose of disconnecting or reconnecting service due to non-payment of services.
12. **Equipment Damage Fee.** If the Corporation's facilities or equipment have been damaged by tampering, by-passing, installing unauthorized taps, reconnecting service without authority, or other service diversion, a minimum fee of \$1,250.00 shall be charged, or a fee equal to the actual costs for all labor, materials and equipment necessary for repair, replacement and other Corporation actions; whichever is greater. This fee shall be charged and paid before service is re-established. If the Corporation's equipment has not been damaged, a minimum fee of \$1,250.00 or a fee equal to the actual costs for all labor, material and equipment and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authority shall be charged; whichever is greater. All components of this fee will be itemized, and a statement shall be provided to the Member. If the Corporation's facilities or equipment have been damaged due to negligence or unauthorized use of the Corporation's equipment, right-of-way, or meter shut-off valve, or due to other acts for which the Corporation incurs losses or damages, the Member shall be liable for all labor and material charges incurred as a result of said acts of negligence.
13. **Customer History Report Fee.** A fee of \$25.00 shall be charged to provide a copy of the Member's record of past water purchases in response to a Member's request for such a record.
14. **Meter Test Fee.** The Corporation shall test a Member's meter upon written request of the Member. Under the terms of Section E of this Tariff, a charge of \$200.00 shall be imposed on the affected account.
15. **Meter History Report.** In the event that a Member or customer disputes water usage billed to them, the Corporation may at the Member's request, pull a usage history from the meter in question. If it is found that the usage did go through the meter, a charge of \$200.00 shall be imposed on the affected account.
15. **Service Call Fee.** The Corporation shall charge a fee equal to the Corporation's cost for any service call to the Member's tap as a result of a request by the Member or resident unless the service call is in response to damage of the Corporation's or another Member's facilities.

6. **Transfer Fee.** An Applicant for service who is a Transferee shall complete all required application forms, etc. and pay a Transfer fee of \$150.00.
7. **Member Certificate Duplicate Fee.** A fee of \$25.00 will be charged to provide a duplicate copy of the Membership Certificate.
8. **Service Availability Document Fee.** A fee of \$50.00 shall be charged for each letter, copy of Certificate of Convenience and Necessity, completed information forms, or any other documentation of service availability to property within the system's service area when such documents are furnished by the Corporation to any individual, lending institution, real estate firm or any other entity upon the request of and for the benefit of that individual, lending institution, real estate firm, or other entity.
9. **Non- Disclosure Fee.** A fee of \$25.00 shall be assessed any customer requesting in writing that personal information under the terms of this Tariff not be disclosed to the public.
10. **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 Corporation based on the level of service and costs to provide such information, but not to be inconsistent with the terms of the Texas Open Records Act: Article 6252-17a.
11. **Other Fees.** All services outside the normal scope of utility operations that the Corporation may be compelled to provide at the request of a customer or Member shall be charged to the recipient based on the cost of providing such service.
12. **Customer Service Inspection Fee.** The Corporation will perform a Customer Service Inspection prior to providing continuous water service to a new construction and for all new members as part of the activation of standard and some non-standard service. (See Section B, Addition to First Revised Sheet No. B-2). The Customer Service Inspection Fee of \$100.00 shall be paid at the time new service is requested.
13. **Meter Relocation Fee.** A fee of \$1,500.00 shall be charged to relocate a meter in accordance with Corporation Service Rules and Regulations. (See Section E, Second Revision sheet No. E-12).

SECTION H: EMERGENCY RATIONING PROGRAM

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Section II) Public Involvement.....Sheet No. H-1

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Section V) Authorization.....Sheet No. H-1

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Section I: Declaration of Policy, Purpose, and Intent

In order to conserve the available water supply and protect the integrity of water supply facilities, with particular regard for domestic water use, sanitation, and fire protection, and to protect and preserve public health, welfare, and safety and minimize the adverse impacts of water supply shortage or other water supply emergency conditions, the Navarro Mills Water Supply Corporation hereby adopts the following regulations and restrictions on the delivery and consumption of water.

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

Section II: Public Involvement

Opportunity for the public to provide input into the preparation of the Plan was provided by the Navarro Mills Water Supply Corporation by means of scheduling and providing notice of a public meeting to accept input on the Plan. The Plan was adopted under the open meetings requirement during the April 18, 2019 Board of Directors meeting.

Section III: Public Education

The Navarro Mills Water Supply Corporation will periodically provide the public with information about the Plan, including information about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage. This information will be provided by means of posting on our website (www.navarromillswsc.com), direct mailings to customers and signs posted in public places.

Section IV: Coordination with Regional Water Planning Groups

The service area of the Navarro Mills Reservoir is located within the Region C and Region G and Navarro Mills Water Supply has provided a copy of this Plan to Region C and Region G.

Section V: Authorization

The Operator, or his/her designee and along with the Board of Directors of the Navarro Mills Water Supply Corporation is hereby authorized and directed to implement the applicable provisions of this Plan upon determination that such implementation is necessary to protect public health, safety, and welfare. The Operator or his/her designee shall have the authority to initiate or terminate drought or other water supply emergency response measures as described in this Plan.

Section VI: Application

The provisions of this Plan shall apply to all persons, customers, and property utilizing water provided by the Navarro Mills Water Supply Corporation. The terms "person" and "customer" as used in the Plan include individuals, corporations, partnerships, associations, and all other legal entities.

Section VII: Definitions

For the purposes of this Plan, the following definitions shall apply:

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

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

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

Customer: any person, company, or organization using water supplied by Navarro Mills Water Supply Corporation.

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

Even number address: street addresses, box numbers, or rural postal route numbers ending in 0, 2, 4, 6, or 8 and locations without addresses.

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

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

Non-essential water use: water uses that are not essential nor required for the protection of public, health, safety, and welfare, including:

- (a) irrigation of landscape areas, including parks, athletic fields, and golf courses, except otherwise provided under this Plan;
- (b) use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle;
- (c) use of water to wash down any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
- (d) use of water to wash down buildings or structures for purposes other than immediate fire protection;
- (e) flushing gutters or permitting water to run or accumulate in any gutter or street;
- (f) use of water to fill, refill, or add to any indoor or outdoor swimming pools or Jacuzzi-type pools;
- (g) use of water in a fountain or pond for aesthetic or scenic purposes except where necessary to support aquatic life;
- (h) failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
- (i) use of water from hydrants for construction purposes or any other purposes other than fire fighting.

Odd numbered address: street addresses, box numbers, or rural postal route numbers ending in 1, 3, 5, 7, or 9.

Section VIII: Criteria for Initiation and Termination of Drought Response Stages

The Operator or his/her designee upon advising and along with the Board of Directors of the Navarro Mills Water Supply Corporation, shall monitor water supply and/or demand conditions on a daily basis and shall determine when conditions warrant initiation or termination of each stage of the Plan, that is, when the specified "triggers" are reached.

The triggering criteria described below are based on known system capacity limits.

Utilization of alternative water sources and/or alternative delivery mechanisms:

Alternative water source(s) for Navarro Mills Water Supply is a 1605' groundwater well that was drilled in 2014.

Stage 1 Triggers – MILD Water Shortage Conditions

Requirements for initiation

Customers shall be requested to voluntarily conserve water and adhere to the prescribed restrictions on certain water uses, defined in Section VII Definitions, when pursuant to the requirements specified in the Navarro Mills Water Supply Corporation wholesale water purchase contract with the City of Corsicana, notifies the Navarro Mills Water Supply Corporation requesting that Stage 1 of the Plan shall be initiated due to operations being at less than 100 percent of normal operating capacity. The Navarro Mills Water Supply Corporation will then be given 3 days (72 hours) to notify all customers being served by the Navarro Mills Water Supply Corporation.

Requirements for termination

Stage 1 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of 3 consecutive days.

Stage 2 Triggers - MODERATE Water Shortage Conditions

Requirements for initiation

Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses provided in Section IX of this Plan when, pursuant to requirements specified in the Navarro Mills Water Supply Corporation wholesale water purchase contract with the City of Corsicana, notifies the Navarro Mills Water Supply Corporation that Stage 2 of the Plan shall be initiated due to operation being at less than 80 percent of normal operating capacity. The Navarro Mills Water Supply Corporation will then be given 3 days (72 hours) to notify all customers being served by the Navarro Mills Water Supply Corporation.

Requirements for termination

Stage 2 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of 3 consecutive days. Upon termination of Stage 2, Stage 1, or the applicable drought response stage based on the triggering criteria, becomes operative.

Stage 3 Triggers – SEVERE Water Shortage Conditions

Requirements for initiation

Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses for Stage 3 of this Plan when, pursuant to requirements specified in the Navarro Mills Water Supply Corporation wholesale water purchase contract with the City of Corsicana, notifies the Navarro Mills Water Supply Corporation that Stage 3 of the Plan shall be initiated due to operations being at less than 64 percent of normal operating capacity. The Navarro Mills Water Supply Corporation will then be given 3 days (72 hours) to notify all customers being served by the Navarro Mills Water Supply Corporation.

Requirements for termination

Stage 3 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of 3 consecutive days. Upon termination of Stage 3, Stage 2, or the applicable drought response stage based on the triggering criteria, becomes operative.

Stage 4 Triggers – CRITICAL Water Shortage Conditions

Requirements for initiation

Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses for Stage 4 of this Plan when, pursuant to requirements specified in the Navarro Mills Water Supply Corporation wholesale water purchase contract with the City of Corsicana, notifies the Navarro Mills Water Supply Corporation that Stage 4 of the Plan shall be initiated due to operations being at less than 46 percent of normal operating capacity. The Navarro Mills Water Supply Corporation will then be given 3 days (72 hours) to notify all customers being served by the Navarro Mills Water Supply Corporation.

Requirements for termination

Stage 4 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of 3 consecutive days. Upon termination of Stage 4, Stage 3, or the applicable drought response stage based on the triggering criteria, becomes operative.

Stage 5 Triggers – EMERGENCY Water Shortage Conditions

Requirements for initiation

Customers shall be required to comply with the requirements and restrictions for Stage 5 of this Plan when the Operator, or his/her designee upon advising the Board of Directors of the Navarro Mills Water Supply Corporation, determines that a water supply emergency exists based on:

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

Requirements for termination

Stage 5 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of 3 consecutive days. Upon termination of Stage 5, Stage 4 will be effective immediately.

Stage 6 Triggers - WATER ALLOCATION

Requirements for initiation

Customers shall be required to comply with the water allocation plan prescribed in Section IX of this Plan and comply with the requirements and restrictions for Stage 5 of this Plan when, pursuant to the requirements specified in the Navarro Mills Water Supply Corporation wholesale water purchase contract with the City of Corsicana, notifies the Navarro Mills Water Supply Corporation that Stage 5 of the Plan shall be initiated due to operations being at less than 31 percent of its capacity.

Requirements for termination - Water allocation may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of 3 consecutive days (72 hours).

Section IX: Drought Response Stages

The Operator or his/her designee, upon advising the Board of Directors of the Navarro Mills Water Supply Corporation, shall monitor water supply and/or demand conditions on a daily basis and, in accordance with the triggering criteria set forth in Section VIII of this Plan, shall determine that a mild, moderate, severe, critical, emergency or water shortage condition exists and shall implement the following notification procedures:

Notification

Notification of the Public:

The Operator or his/ her designee, upon advising the Board of Directors of the Navarro Mills Water Supply Corporation shall notify the public by means of:

- Publication in a newspaper of general circulation;
- Radio;
- Direct mail to each customer;
- Signs posted in public places;
- Posting on our website (www.navarromillswsc.com)

Additional Notification:

The Operator or his/ her designee, upon advising the Board of Directors of the Navarro Mills Water Supply Corporation shall notify directly, or cause to be notified directly, the following individuals and entities:

- Mayor;
- Fire Chief(s);
- City and/or County Emergency Management Coordinator(s);
- County Judge & Commissioner(s);
- TCEQ

Stage 1 Response - MILD Water Shortage Conditions

Target: Achieve a voluntary reduction in total water use by the customers of the Navarro Mills Water Supply Corporation.

Best Management Practices for Supply Management:

The Navarro Mills Water Supply Corporation will be implementing directly by management to reduce water demand by reducing unnecessary flushing of water lines.

Voluntary Water Use Restrictions for Reducing Demand:

- (a) Water customers are requested to voluntarily limit the irrigation of landscaped areas to:

<u>Last Digit of address</u>	<u>Allowed Water Dates</u>
0 and 5	5 th , 10 th , 15 th , 20 th , 25 th , 30 th
1 and 6	1 st , 6 th , 11 th , 16 th , 21 st , 26 th
2 and 7	2 nd , 7 th , 12 th , 17 th , 22 nd , 27 th
3 and 8	3 rd , 8 th , 13 th , 18 th , 23 rd , 28 th
4 and 9	4 th , 9 th , 14 th , 19 th , 24 th , 29 th

- (b) All operations of the Navarro Mills Water Supply Corporation shall adhere to water use restrictions prescribed for Stage 1 of the Plan.

- (c) Water customers are requested to practice water conservation and to minimize or discontinue water use for non-essential purposes.

Stage 2 Response – MODERATE Water Shortage Conditions

Target: Achieve a 20 percent reduction in total water use.

Best Management Practices for Supply Management:

The Navarro Mills Water Supply Corporation will be implementing directly by management to reduce the water demand by taking necessary steps to reduce system water loss.

Water Use Restrictions for Demand Reduction:

Under threat of penalty for violation, the following water use restrictions shall apply to all persons:

- (a) Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited to:

<u>Last Digit of address</u>	<u>Allowed Water Dates</u>
0 and 5	5 th , 10 th , 15 th , 20 th , 25 th , 30 th
1 and 6	1 st , 6 th , 11 th , 16 th , 21 st , 26 th
2 and 7	2 nd , 7 th , 12 th , 17 th , 22 nd , 27 th
3 and 8	3 rd , 8 th , 13 th , 18 th , 23 rd , 28 th
4 and 9	4 th , 9 th , 14 th , 19 th , 24 th , 29 th

Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.

- (b) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rises. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.
- (c) Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or Jacuzzi-type pools is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight.
- (d) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
- (e) Use of water from hydrants shall be limited to fire fighting, related activities, or other activities necessary to maintain public health, safety, and welfare, except that use of water from designated fire hydrants for construction purposes may be allowed under special permit from the Navarro Mills Water Supply Corporation.
- (f) Use of water for the irrigation of golf course greens, tees, and fairways is prohibited except on designated watering days between the hours 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight. However, if the golf course utilizes a water source other than that provided by the Navarro Mills Water Supply Corporation, the facility shall not be subject to these regulations.
- (g) All restaurants are prohibited from serving water to patrons except upon request of the patron.
- (h) The following uses of water are defined as non-essential and are prohibited:
 - 1. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
 - 2. use of water to wash down buildings or structures for purposes other than immediate fire protection;
 - 3. use of water for dust control;
 - 4. flushing gutters or permitting water to run or accumulate in any gutter or street; and
 - 5. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s).

Stage 3 Response - SEVERE Water Shortage Conditions

Target: Achieve a 36 percent reduction in total water use.

Water Use Restrictions for Demand Reduction:

All requirements of Stage 2 shall remain in effect during Stage 3 except:

- (a) Irrigation of landscaped areas shall be limited to designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight and shall be by means of hand-held hoses, hand-held buckets, drip irrigation, or permanently installed automatic sprinkler system only. The use of hose-end sprinklers is prohibited at all times.
- (b) The watering of golf course tees is prohibited unless the golf course utilizes a water source other than that provided by the Navarro Mills Water Supply Corporation.
- (c) The use of water for construction purposes from designated fire hydrants under special permit is to be discontinued.

Stage 4 Response - CRITICAL Water Shortage Conditions

Target: Achieve a 54 percent reduction in total water usage.

Water Use Restrictions for Reducing Demand:

All requirements of Stage 2 and 3 shall remain in effect during Stage 4 except:

- (a) Irrigation of landscaped areas shall be limited to designated watering days between the hours of 6:00 a.m. and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight and shall be by means of hand-held hoses, hand-held buckets, or drip irrigation only. The use of hose-end sprinklers or permanently installed automatic sprinkler systems are prohibited at all times.
- (b) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle not occurring on the premises of a commercial car wash and commercial service stations and not in the immediate interest of public health, safety, and welfare is prohibited. Further, such vehicle washing at commercial car washes and commercial service stations shall occur only between the hours of 6:00 a.m. and 10:00 a.m. and between 6:00 p.m. and 10 p.m.
- (c) The filling, refilling, or adding of water to swimming pools, wading pools, and Jacuzzi-type pools is prohibited.
- (d) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.

- (e) No application for new, additional, expanded, or increased-in-size water service connections, meters, service lines, pipeline extensions, mains, or water service facilities of any kind shall be approved, and time limits for approval of such applications are hereby suspended for such time as this drought response stage or a higher-numbered stage shall be in effect.

Stage 5 Response – EMERGENCY Water Shortage Conditions

Target: Achieve a 67 percent reduction in total water use.

Water Use Restrictions for Reducing Demand:

All requirements of Stage 2, 3, and 4 shall remain in effect during Stage 5 except:

- (a) Irrigation of landscaped areas is absolutely prohibited.
- (b) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited.

Stage 6 Response – WATER ALLOCATION

In the event that water shortage conditions threaten public health, safety, and welfare, the Operator upon advising the Board of Directors of the Navarro Mills Water Supply Corporation is hereby authorized to allocate water according to the following water allocation plan:

Single-Family Residential Customers

The allocation to residential water customers residing in a single-family dwelling shall be as follows:

Persons per Household	Gallons per Month
1 or 2	6,000
3 or 4	7,000
5 or 6	8,000
7 or 8	9,000
9 or 10	10,000
11 or more	12,000

“Household” means the residential premises served by the customer’s meter. “Persons per household” include only those persons currently physically residing at the premises and expected to reside there for the entire billing period. It shall be assumed that a particular customer’s household is comprised of two (2) persons unless the customer notifies the Navarro Mills Water Supply Corporation of a greater number of persons per household on a form prescribed by the Navarro Mills Water Supply Corporation. The Office Manager shall give his/her best effort to see that such forms are mailed, otherwise provided, or made available to every residential customer. If, however, a customer does not receive such a form, it shall be the customer’s responsibility to go to the Navarro Mills Water Supply Corporation office to complete and sign the form claiming more than two (2) persons per household.

New customers may claim more persons per household at the time of applying for water service on the form prescribed by the Navarro Mills Water Supply Corporation.

When the number of persons per household increases so as to place the customer in a different allocation category, the customer may notify the Navarro Mills Water Supply Corporation on such form and the change will be implemented in the next practicable billing period. If the number of persons in a household is reduced, the customer shall notify the Navarro Mills Water Supply Corporation in writing within two (2) days. In prescribing the method for claiming more than two (2) persons per household, the Navarro Mills Water Supply Corporation shall adopt methods to insure the accuracy of the claim. Any person who knowingly, recklessly, or with criminal negligence falsely reports the number of persons in a household or fails to timely notify the Navarro Mills Water Supply Corporation of a reduction in the number of persons in a household shall be fined not less than \$500.00.

Residential water customers shall pay the following surcharges:

- \$50.00 for the first 1,000 gallons over allocation.
- \$100.00 for the second 1,000 gallons over allocation.
- \$200.00 for the third 1,000 gallons over allocation.
- \$300.00 for each additional 1,000 gallons over allocation.

Surcharges shall be cumulative.

Master-Metered Multi-Family Residential Customers

The allocation to a customer billed from a master meter which jointly measures water to multiple permanent residential dwelling units (example: apartments, mobile homes) shall be allocated 6,000 gallons per month for each dwelling unit. It shall be assumed that such a customer's meter serves two dwelling units unless the customer notifies the Navarro Mills Water Supply Corporation of a greater number on a form prescribed by the Navarro Mills Water Supply Corporation. The Office Manager shall give his/her best effort to see that such forms are mailed, otherwise provided, or made available to every such customer. If, however, a customer does not receive such a form, it shall be the customer's responsibility to go to the Navarro Mills Water Supply Corporation office to complete and sign the form claiming more than two (2) dwellings. A dwelling unit may be claimed under this provision whether it is occupied or not. New customers may claim more dwelling units at the time of applying for water service on the form prescribed by the Navarro Mills Water Supply Corporation. If the number of dwelling units served by a master meter is reduced, the customer shall notify the Navarro Mills Water Supply Corporation in writing within two (2) days. In prescribing the method for claiming more than two (2) dwelling units, the Navarro Mills Water Supply Corporation shall adopt methods to insure the accuracy of the claim. Any person who knowingly, recklessly, or with criminal negligence falsely reports the number of dwelling units served by a master meter or fails to timely notify the Navarro Mills Water Supply Corporation of a reduction in the number of person in a household shall be fined not less than \$500.00. Customers billed from a master meter under this provision shall pay the following monthly surcharges:

- \$100.00 for 1,000 gallons over allocation up through 1,000 gallons for each dwelling unit.
- \$200.00, thereafter, for each additional 1,000 gallons over allocation up through a second 1,000 gallons for each dwelling unit.
- \$300.00, thereafter, for each additional 1,000 gallons over allocation up through a third 1,000 gallons for each dwelling unit.
- \$400.00, thereafter for each additional 1,000 gallons over allocation.

Surcharges shall be cumulative.

Commercial Customers

A monthly water allocation shall be established by the Navarro Mills Water Supply Corporation for each nonresidential commercial customer other than an industrial customer who uses water for processing purposes. The non-residential customer's allocation shall be approximately 75 percent of the customer's usage for corresponding month's billing period for the previous 12 months. If the customer's billing history is shorter than 12 months, the monthly average for the period for which there is a record shall be used for any monthly period for which no history exists. The Office Manager shall give his/her best effort to see that notice of each non-residential customer's allocation is mailed to such customer. If, however, a customer does not receive such notice, it shall be the customer's responsibility to contact the Navarro Mills Water Supply Corporation office to determine the allocation. Upon request of the customer or at the initiative of the Navarro Mills Water Supply Corporation, the allocation may be reduced or increased if, (1) the designated period does not accurately reflect the customer's normal water usage, (2) one non-residential customer agrees to transfer part of its allocation to another non-residential customer, or (3) other objective evidence demonstrates that the designated allocation is inaccurate under present conditions. A customer may appeal an allocation established hereunder to the Navarro Mills Water Supply Corporation. Non-residential commercial customers shall pay the following surcharges:

- \$100.00 per thousand gallons for the first 1,000 gallons over allocation.
- \$200.00 per thousand gallons for the second 1,000 gallons over allocation.
- \$300.00 per thousand gallons for the third 1,000 gallons over allocation.
- \$400.00 per thousand gallons for each additional 1,000 gallons over allocation.

The surcharges shall be cumulative. As used herein, "block rate" means the charge to the customer per 1,000 gallons at the regular water rate schedule at the level of the customer's allocation.

Pro Rata Water Allocation

In the event that the triggering criteria specified in Section VII of the Plan for Stages 1, 2, 3, 4 and 5 have been met, the City of Corsicana is hereby authorized to initiate allocation of water supplies on a pro rata basis in accordance with Texas Water Code Section 11.039 and according to the following water allocation policies and procedures:

- a. A monthly water usage allocation shall be established by the City of Corsicana for the Navarro mills Water Supply Corporation. The Navarro mills Water Supply Corporation's water usage baseline will be computed on the average water usage by month for the 1995-1999 period as shown below. This allocation will be passed on to the retail customers of the Navarro Mills Water Supply Corporation as specified as to the following: If the retail water customer's billing history is less than 5 years, the monthly average for the period for which there is a record shall be used for any monthly period for which no billing history exists. If a retail customer with no billing history starts to divert water, an allocation based on the severity of the water shortage and the need to curtail water diversion will be established. This Plan will be amended to include the allocation.

NAVARRO MILLS WATER SUPPLY CORPORATION
(Water Purchased from the City of Corsicana in Millions of Gallons per Month)

Reservoir: Navarro Mills

Month	1995	1996	1997	1998	1999	Sum	Average	Stage 1 Allocation 90%	Stage 2 Allocation 80%	Stage 3 Allocation 64%	Stage 4 Allocation 46%	Stage 5 Allocation 31%
January	4,982.00	6093.00	6448.00	6784.00	7598.00	31895.00	6379.00	5741.10	5103.20	4082.66	2934.34	1779.74
February	4269.00	3760.00	4389.00	4974.00	6072.00	22464.00	4492.80	4043.62	3594.24	2875.39	2066.69	1253.49
March	6252.00	7940.00	3940.00	4534.00	6435.00	27101.00	5420.20	4878.18	4336.16	3468.93	2493.29	161
April	4669.00	4754.00	4439.00	5973.00	7168.00	27009.00	5400.60	4860.54	4320.48	3456.38	2484.28	160
May	4268.00	5401.00	6253.00	4938.00	5775.00	26635.00	5127.00	4614.30	4101.60	3281.28	2358.42	1430.43
June	6178.00	8652.00	5298.00	11940.00	6576.00	38642.00	7728.40	6955.56	6182.72	4946.18	3555.06	2166.22
July	8856.00	8796.00	6789.00	12380.00	9657.00	46478.00	9295.60	8366.04	7436.48	5949.18	4275.98	2593.47
August	7079.00	6816.00	8995.00	9441.00	9026.00	41357.00	8271.40	7444.26	6617.12	5293.70	3804.84	2307.72
September	7391.00	5484.00	7484.00	7645.00	11550.00	39454.00	7890.80	7101.72	6312.64	5050.11	3629.77	2201.53
October	5130.00	4766.00	6869.00	6168.00	8287.00	31220.00	6244.00	5619.60	4995.20	3996.16	2872.24	1742.08
November	8036.00	6361.00	5327.00	6259.00	6463.00	29446.00	5889.20	5300.28	4711.36	3769.09	2709.03	1643.09
December	5504.00	4304.00	4712.00	6919.00	7602.00	29041.00	5808.20	5227.38	4646.66	3717.25	2671.77	1620.49
TOTAL	69814.00	72127.00	69941.00	87855.00	90199.00	389736.00	77947.20	70162.48	62357.76	49886.21	35855.71	21747.27

Section X: Enforcement

- (a) No person shall knowingly or intentionally allow the use of water from the Navarro Mills Water Supply Corporation for residential, commercial, industrial, agricultural, governmental, or any other purpose in a manner contrary to any provision of this Plan, or in an amount in excess of that permitted by the drought response stage in effect at the time pursuant to action taken by Navarro Mills Water Supply Corporation in accordance with provisions of this Plan.
- (b) Any person who violates this Plan is guilty of a misdemeanor and, upon conviction shall be punished by a fine of not less than five hundred dollars (\$500.00) and not more than one thousand dollars (\$1,000.00). Each day that one or more of the provisions in this Plan is violated shall constitute a separate offense. If a person is convicted of three or more distinct violations of this Plan, the Navarro Mills Water Supply Corporation shall, upon due notice to the customer, be authorized to discontinue water service to the premises where such violations occur. Services discontinued under such circumstances shall be restored only upon payment of a re-connection charge, hereby established at \$ 1,500.00, and any other costs incurred by the Navarro Mills Water Supply Corporation in discontinuing service. In addition, suitable assurance must be given to the Navarro Mills

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NMWSC

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Water Supply Corporation that the same action shall not be repeated while the Plan is in effect. Compliance with this plan may also be sought through injunctive relief in the district court.

- (c) Any person, including a person classified as a water customer of the Navarro Mills Water Supply Corporation, in apparent control of the property where a violation occurs or originates shall be presumed to be the violator, and proof that the violation occurred on the person's property shall constitute a rebuttable presumption that the person in apparent control of the property committed the violation, but any such person shall have the right to show that he/she did not commit the violation. Parents shall be presumed to be responsible for violations of their minor children and proof that a violation, committed by a child, occurred on property within the parents' control shall constitute a rebuttable presumption that the parent committed the violation, but any such parent may be excused if he/she proves that he/she had previously directed the child not to use the water as it was used in violation of this Plan and that the parent could not have reasonably known of the violation.
- (d) Any employee of the Navarro Mills Water Supply Corporation, police officer, or other Civil Service employee designated by the Navarro Mills Water Supply Corporation, may issue a citation to a person he/she reasonably believes to be in violation of this Ordinance. The citation shall be prepared in duplicate and shall contain the name and address of the alleged violator, if known, the offense charged, and shall direct him/her to appear in the Navarro County, County Court on the date shown on the citation for which the date shall not be less than 3 days nor more than 5 days from the date the citation was issued. The alleged violator shall be served a copy of the citation. Service of the citation shall be complete upon delivery of the citation to the alleged violator, to an agent or employee of a violator, or to a person over 14 years of age who is a member of the violator's immediate family or is a resident of the violator's residence. The alleged violator shall appear in Navarro County, County Court to enter a plea of guilty or not guilty for the violation of this Plan. If the alleged violator fails to appear in Navarro County, County Court, a warrant for his/her arrest may be issued. A summons to appear may be issued in lieu of an arrest warrant. These cases shall be expedited and given preferential setting in Navarro County, County Court before all other cases.

Section XI: Variances

The Navarro Mills Water Supply Corporation, 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, sanitation, or fire protection 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 Navarro Mills Water Supply Corporation within 5 days after the Plan or a particular drought response stage has been invoked. All petitions for variances shall be reviewed by the Navarro Mills Water Supply Corporation and shall include the following:

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

Section XII: Variances

It is hereby declared to be the intention of the Trinity River Authority of Texas that the sections, paragraphs, sentences, clauses, and phrases of this Plan are severable and, if any phrase, clause, sentence, paragraph, or section of this Plan shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs, and sections of this Plan, since the same would not have been enacted by the Trinity River Authority of Texas without the incorporation into this Plan of any such unconstitutional phrase, clause, sentence, paragraph, or section.