TABLE OF CONTENTS

SECTION PAGE

SECTION A DEFINITIONS 1-3

SECTION B STATEMENTS 4-5

SECTION D RATES AND SERVICE FEES 6-9

SECTION E SERVICE RULES AND REGULATIONS 10-19

SECTION F SERVICE AGREEMENT 20-22

SECTION G DISTRICT POLICIES 23-24

SECTION H SUBDIVISION REQUIREMENTS 25-30

SECTION I EMERGENCY RATIONING PLAN 31-32

**SECTION A**

**DEFINITIONS**

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

**Authorized Representative or District Representative**- The General Manager of the District or a representative or employee of the District engaged in carrying out the terms of or performing services prescribed by this Policy pursuant to either general or specific authorization to do so from the General Manager or the Board of Directors of the District.

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

**Customer**- Any person, corporation, organization, government or governmental subdivision or agency, business trust, estate, trust, partnership, association, or any other legal entity having District’s service at any specified premises.

**Defined Service Area**- That area within which water services are provided to customers and that includes the area within the District’s boundaries (and/or the area described within CCN Number 10165).

**Deposit**- A non-interest bearing fee as set by the Board of Directors based upon the size of the water meter which is held by the District as security for service being rendered. Said deposit is non-refundable until termination of service by customer.

**Developer**- Any person, partnership, cooperative corporation, agency, or public or private organization who subdivides land or requests two (2) or more water 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 discontinuance of water service to a customer of the District.

**District**- The Caddo Basin Special Utility District.

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

**Easement**- A perpetual right-of-way dedicated to the District for the installation of water pipelines and necessary facilities which allows access to property for future operation, maintenance, facility replacement, facility upgrades, and/or installation of additional pipelines for both service to a customer/applicant and system-wide service. This may also

## Section A, Page 1 of 32

## include restrictions on the adjacent area to limit the installation of sewer lines or other facilities that would restrict the use of any area of the easement. The District maintains and occasionally updates a standard easement, which must be provided prior to service to a new customer or new service connection.

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

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

**Master Meter**- A meter that serves two or more connections and is installed in accordance with the requirements set forth in Section E (2) (d) of this Order.

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

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

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

**Service Classification/Unit**- The type of water service required by an Applicant as may be determined by the District based on specific criteria such as usage, meter size, demand, type application, and other relevant factors related to the Applicant’s request. The base unit of water service used by the District in facilities design and rate making in this Rate Order is a 5/8” x ¾” water meter.

**Service Connection**- A fee as set by the Board of Directors for service being rendered which is non refundable.

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

## Approved on September 21, 1989 Section A, Page 2 of 32

**Sub divider**- An individual, firm, corporation, or other legal entity that owns any interest in land and that directly or indirectly subdivides land into lots as a part of a common promotional plan in the ordinary course of business. (Local Government Code Chapter 232, Section 232.021 Definitions)

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

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

**Texas Commission on Environmental Quality (TCEQ)** - State regulatory agency having jurisdiction of water and sewer service utilities and appellate jurisdiction over the rates and fees charged by the District.

## Approved on December 1, 2003 Section A, Page 3 of 32

**Approved & Revised October, 2005**

**SECTION B.**

**STATEMENTS**

1. **Organization**. The Caddo Basin Special Utility District is a Political Subdivision of the State of Texas organized under Chapter 49 of the Texas Water Code for the purpose(s) of furnishing potable water service to Hunt and Collin Counties. The management of the District is controlled by the Board of Directors who is responsible for adopting all District service policies, rate, and regulations. The members of the Board of Directors are elected by the registered voters residing within the District’s boundaries.
2. **Non-Discrimination Policy**. Service is provided to all Applicants who comply with the provisions of this Service Policy regardless of race, creed, color, national origin, gender, disability, or marital status.
3. **Policy and Rule Application**. These policies, rules, and regulations apply to the water services provided by the District. Failure on the part of the Customer or Applicant to observe these policies, rules and regulations gives the District the authority to deny or discontinue service according to the terms of this Policy.
4. **Fire Protection Responsibility**. The District generally does not provide nor does it imply that fire protection is available on any of the distribution system, except where expressly specified and agreed to by the District. All hydrants or flush valves are for the operation and maintenance of the system and may be used for refill only by authorized fire departments. The District reserves the right to remove any hydrant, due to improper use or detriment to the system as determined by the District, at any time without notice, refund, or compensation to the contributors.
5. **Liability**. The District is not liable for damages caused by service interruptions, events beyond its control, and for normal system failures.
6. **Information Disclosure**. The records of the District shall be kept in the District’s office in Floyd, Texas. All information collected, assembled, or maintained by or for the District shall be disclosed to the public in accordance with the Texas Public Information Act. A reasonable charge as established pursuant to the Texas Public Information Act may be assessed to any person requesting copies of District records. An individual customer may request in writing that their address, telephone number, account record of water use 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 or a political subdivision of the state acting in an official capacity or an employee of the District acting in connection with the employee’s duties.

## Approved on September 21, 1989 Section B, Page 4 of 32

1. **Customer Notice Provision**. The District will give written notice of a monthly water rate change by publication, mail or hand delivery to all affected customers at least thirty (30) days prior to effective date of the new rate. The notice shall contain the old rates, new rates, effective date of the new rates, date of Board authorization, and the name and phone number of the District representative designated to address inquires about the rate change. Failure of the District to give the notice shall not invalidate the effective date of the change, the amount of the newly adopted rate nor any change incurred based on the new rate.
2. **Customer Service Inspections**. The District requires that a customer service inspection certification be completed prior to providing water service to new construction and for all new customers as part of the activation of standard and non-standard service. Customer service inspections are also required on any existing service when the District has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction or addition to the customer’s water distribution facilities. This inspection is limited to the identification and prevention of cross connections, potential contaminant hazards and illegal lead materials. (30 TAC 290.46(I-j))
3. **Sub metering Responsibility**. Submetering and Non-Submetering by Master Metered Accounts may be allowed in the District’s water distribution system provided the Master Metered Account customer complies with the Texas Commission on Environmental Quality Chapter 291 Subchapter H rules pertaining to Submetering. The District has no jurisdiction over or responsibility to the tenants. Tenants receiving water under a Master Metered Account are not considered customers of the District. Any interruption or impairment of water service to the tenants is the responsibility of the Master Metered Account Customer. Any complaints regarding submetering should be directed to the Texas Commission on Environmental Quality.

### Approved on September 21, 1989 Section B, Page 5 of 32

**SECTION D.**

## RATES AND SERVICE FEES

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

1. **Classes of Users**. All users of the District’s water and/or sewer services shall be classified as either: standard or non-standard service, as further defined in Section E (2) of this Service Policy. Either class of users may be further classified into sub-classes according to the meter size by which service is provided.
2. **Service Investigation Fee**. The District shall conduct a service investigation for each service application submitted to the District. An initial determination shall be made by the District, without charge, as to whether the service request is Standard or Non-Standard. An investigation shall then be conducted and the results reported under the following terms:
   1. 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.
   2. All Non-Standard Service requests shall be subject to a fee, appropriate to each project, of sufficient amount to cover all administrative, legal, and engineering fees required by the District to:
      1. Provide cost estimates of the project,
      2. Develop detailed plans and specifications as per final plat,
      3. Advertise and accept bids for the project,
      4. Execute a Non-Standard Service Contract with the Applicant, and
      5. Provide other services as required by the District for such investigation.
3. **Deposit**. At the time the application for service is approved, an Applicant for standard service shall pay an account Deposit which will be held by the District, without interest, until settlement of the customer’s final bill. The Deposit will be used to offset final billing charges of the account. In the event that a surplus of FIVE DOLLLARS ($5.00) or more exists after the final billing is settled, the balance will be paid to the customer within 45 days, when the District is provided with a suitable address. All requests for refunds shall be made in writing and must be filed within 90 days of termination. In the event that an outstanding balance exists after the Deposit is applied, the District shall attempt to collect the outstanding balance by all lawful means available.
   1. The Deposit for water service is $150.00 for each service unit.
   2. The Deposit for oversized or Master Metered Accounts shall be based on multiples of meter size equivalence or actual connections served.
4. **Easement Fee**. When the District determines that dedicated easements and/or facilities sites are necessary to provide service to the Applicant, the Applicant

### 

### Section D, Page 6 of 32

shall be required to make good faith efforts to secure the necessary easements and/or sites in behalf of the District and/or pay all costs incurred by the District in validating, clearing, and retaining such easements or sites in addition to tap fees otherwise required pursuant to the provisions of this Service Policy. The costs may include all legal fees and expenses necessary to attempt to secure such easements and/or facilities sites in behalf of the District.

1. **Installation Fee (Tap Fee)**. The District shall charge an installation fee for service as follows:
   1. Standard Service shall include all current labor, materials, engineering, legal, customer service inspection, and administrative costs necessary to provide individual metered water service shall be charged on a per tap basis as follows:

**Meter Size Water Installation (Tap) Fee**  *(*not to exceed three times the actual and reasonable cost)

5/8” x ¾” $550.00

1” or Greater $550.00 plus meter cost

**System Access Fee.** $1,350.00

**Total New Service Connection Fee.** $2,050.00.

* 1. Non-Standard Service shall include any and all construction labor and materials, inspection, administration, legal, and engineering fees, as determined by the District under the rules of Section F of this Service Policy.
  2. Standard and Non-Standard Service Installations shall include all costs of any pipeline relocations as per Section E.2. (d)(6) of this Service Policy or other system improvements.

1. **Monthly Charges**.
   1. Service Availability Charge
      1. Water Service. The monthly charge for metered water service, which does not include allowable gallonage, is $20.00.
   2. Gallonage Charge. In addition to the Service Availability Charge, a gallonage charge shall be added at the following rates for usage during any one (1) billing period.
      * 1. Water:

0-10,000 gallons…$5.11 per 1, 000 gallons

10,001 & up gallons…$8.32 per 1,000 gallons

In times of extreme to severe drought, it may be imperative to raise the water rate significantly for regular customers using more than 20,000 gallons a month (conservation rate), to deter over watering.

* + - 1. The District shall, as required by Section 5.235, Water Code, collect from each of its retail customers a regulatory assessment equal to one-half of one percent of the charge for retail water or wastewater 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 Service Policy.

**Approved by the Board of Directors on August 28, 2018 Section D, Page 7 of 32**

1. **Late Payment Fee.** Once per billing period, a penalty of $10.00 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.
2. **Returned Check Fee**. A returned check fee is added to an account which has a check returned for non-payment. More than two returned checks in one calendar year will result in a cash only method for the following twelve months.
3. **Reconnect Fee (Re-Service Fee)**. The District shall charge a fee of $100.00 for reconnecting service after the District has previously disconnected the service for any reason provided for in this Service Policy except for activation of service under Section E.3.b. Re-Service.
4. **Lock Fee**. The District shall charge a trip fee of $50.00 to unlock a meter locked for non-payment during normal business hours and a $75.00 trip fee for after normal business hours.
5. ***Fee for Unauthorized Actions***. If the District’s facilities or equipment have been damaged by tampering, by-passing, installing unauthorized taps, reconnecting service without authority, or other service diversion, a fee shall be charged equal to the actual costs for all labor, material, and equipment necessary for repair or replacement of the District’s facilities and shall be paid before service is re-established. The fee shall also include the actual costs for all labor, material, equipment, and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authorization. All components of this fee will be itemized, and a statement shall be provided to the Customer. If the District’s facilities or equipment have been damaged due to unauthorized use of the District’s equipment, easements, or meter shut-off valve, or due to other unauthorized acts by the Customer for which the District incurs losses or damages, the Customer shall be liable for all labor and material charges incurred as a result of said acts or negligence. Note: Payment of this fee will not preclude the District from requesting appropriate criminal prosecution.
6. **Meter Test Fee**. The District shall test a Customer’s meter upon written request of the Customer. Under the terms of Section E of this Service Policy, a charge of $25.00 shall be imposed on the affected account.
7. **Non-Disclosure Fee**. A fee of $3.00 shall be assessed any customer requesting in writing that personal information under the terms of this Service Policy not be disclosed to the public.
8. **Customer Service Inspection Fee**. A fee of $25.00 will be assessed each Applicant before permanent continuous service is provided to new construction if an additional inspection is required in addition to the initial inspection included with the installation or tap fee.
9. **Regulatory Assessment**. A fee of 0.5% of the amount billed for water/sewer service will be assessed each customer; as required under Texas law and TCEQ regulations.

## Section D, Page 8 of 32

## 

1. **Additional Assessments**. In the event any federal, state or local government imposes on the District a “per meter” fee or an assessment based on a percent of water use or charges, this fee or assessment will be billed and collected as a “pass through” charge to the customer.
2. **Temporary Activate Fee**. A fee of $50.00 will be paid by any Applicant wanting water service for a minimum of one (1) day but no more than thirty (30) days.
3. **Other Fees**. The actual and reasonable costs for any services outside the normal scope of utility operations that the District may be compelled to provide at the request of a Customer shall be charged to the Customer.

## Section D, Page 9 of 32

## 

**SECTION E.**

**SERVICE RULES AND REGULATIONS**

1. **Service Entitlement**. An Applicant requesting service within the boundaries of the District or the District’s defined service area shall be considered qualified and entitled to water (and or sewer) utility service when proper application has been made, terms and conditions of service have been met and continue to be met, and all fees have been paid as prescribed. An Applicant requesting service outside the District’s boundaries or defined service area shall be considered for service in accordance with current District policies on providing service outside the District boundaries or CCN service area.
2. **Application Procedures and Requirements**. For the purposes of this Service Policy, service shall be divided into the following two classes:
   1. 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 5/8” x ¾” or ¾” sized water meter services set on existing pipelines or 4” gravity sewer taps, pressure collection facilities installed or connected to collection lines no more than five feet in depth.
   2. Non-Standard Service is defined as any service request which requires a larger meter service, service to a Master Metered Account (see E.2.c. (4) of this section), or an addition to the supply, storage and/or distribution/collection system. The service requirements as prescribed by Section H of this Service Policy shall be required of the Non-Standard Service Applicant prior to providing service.
   3. Requirements for Standard and Non-Standard Service.
      1. The District’s Service Application and Agreement Form shall be completed in full and signed by the Applicant.
      2. A Right-of-Way Easement Form or other such easement form, approved by the District, must be completed by the Applicant for the purpose of providing water to the applicant and to allow for future facility additions.
      3. On request, the District shall install individual meters owned by the District in an apartment house, manufactured home rental community, multiple use facility, or condominium on which construction begins after January 1, 2003, unless the District determines that installation of individual meters is not feasible. If the District determines that installation of meters is not feasible, the property owner or manager shall install a plumbing system that is compatible with the installation of sub meters or individual meters. The District shall be entitled to the payment of costs, including the costs of individual meter installations, as provided in Section H.4. The cost of individual meter installation

Section E, Page 10 of 32

shall be prepaid by the property owner as well as the cost of any additional facilities or supply occasioned by the total water/sewer service demand represented by full occupancy of the property, as determined under applicable provisions of Section H.

* + 1. The District shall consider master metering and/or non-standard sewer service to apartments, condos, trailer/RV parks, or business centers and other similar type enterprises at an Applicant’s request provided the total number of units to be served are all:
       1. Owned by the same person, partnership, cooperative, corporation, agency, public or private organization of any type but not including a family unit,
       2. Directly inaccessible to public right-of-way, and
       3. Considered a commercial enterprise;i.e. for business, rental, or lease purposes.
    2. Notice of application approval and costs of service determined by the District shall be presented to the Applicant in writing and shall remain in effect for a period not to exceed thirty (30) days. After that time the Applicant must re-apply for service
    3. If the water main has been located in the public right-of-way and is adjacent to Applicant’s property due to the current or previous landowner’s refusal to grant an easement to the District for the purpose of installing the water main and appurtenances, and the District has documentation of such refusal, the Applicant, prior to receiving the requested service, shall grant the easements required under this Service Policy and in addition to the normally required fees for new customer service, shall pay such sums as are reasonably necessary to cap the existing line in the ROW and construct the appropriate line or lines within that easement for the District’s system-wide service. (See Miscellaneous Transaction Forms)

1. **Activation of Standard Service**.
   1. New Tap- The District shall charge a non-refundable service installation fee and a refundable deposit as required under Section G of this Service Policy. The service installation fee shall be quoted in writing to the Applicant. All fees shall be paid or a deferred payment contract signed in advance of installation. (30 TAC 291.86 (a)(1)(A))
   2. Re-Service- For re-service the District shall charge the deposit fee and other costs necessary to restore service. When re-service is requested by an applicant owing any delinquent charges on previous service received from the District, all delinquent charges must be paid before reservicing procedures can begin. In no event will a capital improvement fee or capital impact fee be charged for a re-service event.

## Section E, Page 11 of 32

* 1. Performance of Work- After approval is granted by proper authorities, all tap and equipment installations specified by the District shall be completed by the District staff or designated representative. No person, other than the properly authorized agent of the District, shall be permitted to tap or make any connection with the mains or distribution pipes of the district’s water system, or make any repairs or additions to or alterations in any tap, pipe, cock or other fixture connected with the water service pipe. The tap shall be completed as soon as possible after approval and receipt of payment of quoted fees. This time may be extended for installation of equipment for Non-Standard Service Request. (see Section F., 30 TAC 291.85)
  2. Inspection of Customer Service Facilities- The property of and the facilities at the service connection shall be inspected to insure compliance with state required Minimum Acceptable Operating Practices for Public Drinking Water Systems as promulgated by the Texas Commission on Environmental Quality or successor agency. The customer must, at his or her expense, properly install any backflow prevention device required by the District. (30 TAC 290.46(j))

1. **Changes in Service Classification**. If at any time the District determines that the customer service demands have changed from those originally applied for to a different service classification and the District determines that additional or different facilities are necessary to provide adequate service, the District shall require the Customer to re-apply for service under the terms and conditions of this Service Policy. Customers failing to comply with this provision shall be subject to the Disconnection with Notice Provisions of this Service Policy, Sub-Section 15.a.
2. **Denial of Service**. The District may deny service for the following reasons:
   1. Failure of the Applicant to complete all required easements and forms and to pay all required fees and charges;
   2. Failure of the Applicant to comply with rules, regulations, policies, and bylaws of the District;
   3. Existence of a hazardous condition at the Applicant’s property which could jeopardize the welfare of other customers of the District upon connection;
   4. Failure of Applicant to provide representatives or employees of the District reasonable access to property for which service has been requested;
   5. Applicant’s service facilities are known to be inadequate or of such condition that satisfactory service cannot be provided.
3. **Applicant’s Recourse**. In the event the District refuses to serve an Applicant under the provisions of this Service Policy, the District must notify the Applicant, in writing, of the basis of its refusal. The Applicant may file for an appeal, in writing, with the Board of Directors of the District.

## Section E, Page 12 of 32

1. **Insufficient Grounds for Refusal of Service**. The following shall not constitute sufficient cause for the refusal of service to an Applicant:
   1. Delinquency in payment for service by a previous occupant of the premises to be served;
   2. Failure to pay a bill to correct previous under billing due to misapplication of rates more than six (6) months prior to the date of application;
   3. Violation of the District’s rules pertaining to operation of non-standard equipment or unauthorized attachments which interferes with the service of others, unless the customer has first been notified and been afforded reasonable opportunity to comply with said requirements;
   4. Failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill; or
   5. 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.
2. **Charge Distribution and Payment Application**.
   1. The Service Availability Charge is billed on a monthly basis. (Monthly Minimum Fee)
   2. Gallonage Charge shall be billed at the rate specified in Section D and billing shall be calculated in one hundred (100) gallon increments. Water charges are based on monthly meter readings and are calculated from reading date to reading date. Readings used in all billing calculations shall be taken by the District’s employees or designated representative.
   3. Posting of Payments- All payments shall be posted against previous balances prior to posting against current billings.

1. Due Dates, Delinquent Bills, and Service Disconnection Date. The District shall mail all bills on the last business day of the month. All bills shall be due and payable upon receipt and are past due beyond the date indicated on the bill (allowing approximately fifteen (15) days to pay), after which time a penalty shall be applied as described in Section D. A bill is delinquent if not paid on or before the due date.

Disconnect date is the 25th of each month.

**Section E, Page 13 of 32**

1. **Rules for Disconnection of Service**. The following describes the rules and conditions for disconnection of service.
   1. Disconnection with Notice-Water utility service may be disconnected for any of the following reasons after proper notification has been given.
2. Returned Checks-The District shall mail, via the U. S. Postal Service, a notice requiring redemption of the returned instrument within ten (10) days of the date of the notice to be made in the District office. Redemption of the returned instrument shall be made by cash, money Service Policy, or certified check. Failure to meet these terms shall initiate disconnection of service. (see Miscellaneous Transaction Forms) Any such instruments returned as insufficient or non-negotiable for any reason for any two billing periods within a 12-month period shall be considered evidence of bad credit risk by the District. The Customer in violation shall be placed on a “cash-only” basis for a period of 12 months. NOTE: “cash-only,” means certified check, money Service Policy, or cash.
3. Failure to pay a delinquent account for utility service, failure to timely provide a deposit or failure to comply with the terms of a deferred payment agreement (Miscellaneous Transaction Forms);
4. Violation of the District’s rules pertaining to the use of service in a manner which interferes with the service of others or the operation of non-standard equipment if a reasonable attempt has been made to notify the Customer and the Customer is provide with a reasonable opportunity to remedy the situation;
5. Failure of the Customer to comply with the terms of the District’s Service Agreement, Service Policy, Bylaws, or Special Contract provided that the District has given notice of said failure to comply, and Customer has failed to comply within a specified amount of time after notification.
6. Failure to provide access to the meter under the terms of this Service Policy or to property at which water service is received when there is reason to believe that a hazardous condition or policy violation exists for which access is necessary to verify.
7. Misrepresentation by any Applicant of any fact on any form, document, or other agreement required to be executed by the District.
8. Failure of Customer to re-apply for service upon notification by the District that the Customer no longer meets the terms of the service classification originally applied for under the original service application.
9. Failure to pay a delinquent account billed by the District for water utility service provided by [Retail Public Utility] pursuant to the District’s Agreement with the [Retail Public Utility].(See Miscellaneous Transaction Forms)

## Section E, Page 14 of 32

* 1. 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 Customer refuses to allow access for the purpose of confirming the existence of such condition and/or removing the dangerous or hazardous condition (Section E.3.d., E.22., 30 TAC 290.46(j));

1. Service is connected without authority by a person who has not made application for service or who has reconnected service without authority following termination of service for nonpayment; and
2. In instances of tampering with the District’s meter or equipment, bypassing the meter or equipment, or other diversion of service.

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

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

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

1. Failure of the Customer to pay for a different type or class of utility service unless a fee for such service is included in the same bill;
2. Failure of the Customer to pay charges arising from an under billing occurring due to any misapplication of rates more than six (6) months prior to the current billing;
3. Failure of the Customer to pay the account of another Customer as guarantor thereof, unless the District has in writing the guarantee as a condition precedent to service;
4. Failure of the Customer to pay charges arising from an under billing due to any faulty metering, unless the meter has been tampered with or unless such under billing charges are due under the Inoperative Meters subsection E.17. of this Service Policy.
5. Failure of the Customer to pay estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the District is unable to read the meter due to circumstances beyond its control;

##### Section E, Page 15 of 32

d. Disconnection on Holidays and Weekends- Unless a dangerous condition exists or the Customer requests disconnection, service shall not be disconnected on a day, or on a day preceding a day, when personnel of the District are not available to the public for the purpose of making collections and reconnecting service.

1. Disconnection Due to Utility Abandonment- The District may not abandon a Customer or a Certificated Service Area without written notice to its Customers and all similar neighboring utilities and approval from the Texas Commission on Environmental Quality.
2. Disconnection for Ill and Disabled- The District may not discontinue service to a delinquent residential Customer permanently residing in an individually metered dwelling unit when that Customer establishes that discontinuance of service will result in some person at that residence becoming seriously ill or more seriously ill if service is discontinued. Each time a Customer seeks to avoid termination of service under this Sub-section, the Customer must have the attending physician call or contact the District within sixteen (16) days of issuance of the bill. A written statement must be received by the District from the physician within twenty-six (26) days of the issuance of the utility bill. The prohibition against service termination shall last sixty-three (63) days from the issuance of the utility bill or such lesser period as may be agreed upon by the District and Customer’s physician. The Customer shall enter into a Deferred Payment Agreement (see Miscellaneous Transaction Forms).
3. Disconnection of Master-Metered Accounts and Non-Standard Sewer Services-When a bill for water Utility services is delinquent for a master-metered service complex (defined as a complex in which a single meter serves two (2) or more residential dwelling units), the following shall apply: (30 TAC Subchapter H.291.126.)

1) The District shall send a notice to the Customer as required. This notice shall also inform the Customer that notice of possible disconnection will be provided to the tenants of the service complex in five (5) days if payment is not rendered before that time.

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

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

###### Section E, Page 16 of 32

1. Disconnection of Temporary Service- When an applicant with a Temporary service fails to comply with the conditions stated in the Service Application and Agreement Form or other rules of this Service Policy service may be terminated with notice.
2. Billing Cycle Changes. The District reserves the right to change its billing cycles if the workload requires such practice. After a billing period has been changed, the billings shall be sent on the new change date unless otherwise determined by the District.
3. Back-billing. The District may back-bill a Customer for up to forty-eight (48) consecutive months for meter error, misapplied meter multiplier, incorrect meter readings, or error in computing a Customer’s bill. Failure to pay the most recent six (6) months billing will result in disconnection of service.
4. Disputed Bills. In the event of a dispute between the Customer and the District regarding any bill, the District shall forthwith make and conduct an investigation as shall be required by the particular case, and report the results in writing thereof to the Customer. All disputes under this Subsection must be submitted to the District, in writing, prior to the due date posted on said bill.
5. Inoperative Meters. Water meters found inoperative will be repaired or replaced within a reasonable time. If a meter is found not to register for any period, unless by-passed or tampered with, the District shall make a charge for units used, but not metered, for a period not to exceed three (3) months, based on amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.
6. Bill Adjustment Due To Meter Error. The District shall test any Customer’s meter upon written request of the Customer. In the event the meter tests within the accuracy standards of The American Water Works Association, a test fee as prescribed in Section D of this Service Policy shall be imposed. In the event the test results indicate that the meter is faulty or inaccurate, the test fee shall be waived, the meter shall be calibrated or replaced, and a billing adjustment may be made as far back as six (6) months. The billing adjustment shall be made to the degree of the meter’s inaccuracy as determined by the test. The Customer shall complete a Meter Test Request Form prior to the test. (See Misc. Transaction Forms.)
7. Meter Tampering and Diversion. Meter-tampering, by-passing, or diversion are strictly prohibited, including any tampering with the District’s service equipment, by-passing the same, or other instances of diversion, such as:
   1. removing a locking or shut-off devise used by the District to discontinue service;
   2. physically disorienting the meter’
   3. attaching objects to the meter to divert service or to by-pass
   4. inserting objects into the meter; or

## Section E, Page 17 of 32

## 

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

1. Service Facility Relocation. Relocation of service facilities on the same property shall be allowed by the District provided that:
   1. An easement for the proposed location has been granted to the District; and
   2. The Customer pays the actual cost of relocation plus administrative fees.
2. Prohibition of Multiple Connections To A Single Tap. No more than one (1) residential, commercial, or industrial service connection is allowed per meter. The District may consider allowing an apartment building or mobile home/RV park to apply as a “Master Metered Account” and have a single meter (Referring to Section E.2.c. (4)). Any unauthorized sub metering or diversion of service shall be considered a Multiple Connection and subject to disconnection of service. If the District has sufficient reason to believe a Multiple Connection exists, the District shall discontinue service under the Disconnection with Notice provisions of this Service Policy.
3. Customer’s Responsibility.
   1. The Customer shall provide access to the meter as per the easement and service agreement. If access to the meter is hindered or denied preventing the reading of the meter, an estimated bill shall be rendered to the Customer for the month; and a notice shall be sent to the effect that access could not be gained. If access is denied for three (3) consecutive months after proper notification to the Customer, then service shall be discontinued and the meter removed with no further notice. (Section E.3.d.)
   2. The Customer shall be responsible for compliance with all utility, local, and state codes, requirements, and regulations concerning on-site service and plumbing facilities.
      * + 1. All water service connections shall be designed to ensure against back-flow or siphonage into the District’s water supply. In particular, livestock water troughs shall be plumbed above the top of the trough with air space between the discharge and the water level in the trough. (30 TAC 290.46)
          2. The use of 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

Section E, Page 18 of 32

providing water for human consumption and connected to the District’s facilities. Customer service pipelines shall be installed by the applicant. (30 TAC 290.46)

c. The District’s ownership and maintenance responsibility of water supply and metering equipment shall end at the meter or other service equipment. Therefore, all water usage registering upon and/or damages occurring to the metering equipment owned and maintained by the District shall be subject to charges as determined by this Service Policy.

The District shall require each Customer to have a cut-off valve on the Customer’s side of the meter for purposes of isolating the Customer’s service pipeline and plumbing facilities from the District’s water pressure. The valve shall meet AWWA standards (a ball valve is preferred). The Customer’s use of the District’s curb stop or other similar valve for such purposes is prohibited. Any damage to the District’s equipment shall be subject to service charges. (This cut-off valve may be installed as a part of the original meter installation by the District.).

1. Prohibited Plumbing Practices.
   1. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination will be isolated from the public water system by an air gap or an appropriate backflow prevention device.
   2. No cross-connection between the water supply and a private water system is permitted. These potential threats to the public drinking water supply must be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
   3. No connection which allows water to be returned to the public drinking water supply is permitted.
   4. No pipe or pipe fitting which contains more than eight percent (8.0%) lead may be used for the installation or repair of plumbing at any connection, which provides water for human use.
   5. No solder of flux which contains more than two-tenths of one percent (0.2%) lead can be used for the installation or repair of plumbing at any connection, which provides water for human use.

## Section E, Page 19 of 32

**SECTION F.**

# CADDO BASIN SPECIAL UTILITY DISTRICT

**SERVICE AGREEMENT**

AGREEMENT made this day of , between CADDO BASIN SPECIAL UTILITY DISTRICT, a district organized under the laws of the State of Texas (hereinafter called the District) and . (hereinafter called the Customer)

Witnessed:

The District agrees to sell and deliver water service to the Customer and Customer agrees to purchase and receive water service from the District, in accordance with the bylaws and rules and regulations of the District as amended from time to time by the District.

The Customer shall pay the District for service hereunder at the rates and upon the terms and conditions set forth in the rate schedule adopted from time to time by the District's Board of Directors.

The District shall have the right to discontinue the service of any Customer in the event of nonpayment of any charges or assessments owing by said Customer that exceeds $100.00.

In the event the Customer shall refuse or fail to connect to the District's facility and use same as soon as the facility is available, the minimum monthly charge will be assessed beginning as soon as water is available, and if the Customer refuses to pay the minimum monthly water rate as established by the District, the Customer agrees to discontinue the service.

All water shall be metered by meters to be furnished and installed by the District. The meter and/or connection is for the sole use of the Customer and is to serve water to only one dwelling or business and does not permit the extension of pipe or pipes to transfer water from one property to another, nor share, resell, or sub-meter water to any persons, dwelling, business, property, etc. General farm use is included with a dwelling or business, property, etc. but not irrigation use. Once set, meters are usable by Customers at that designated location and may not be transferred or relocated.

In the event the total water supply be insufficient to meet all of the needs of the Customers, or in the event there is a shortage of water the District may prorate the water available among the various Customers on such basis as is deemed equitable by the Board of Directors, and may also prescribe a schedule of hours

Section F, Page 20 of 32

covering the use of water for garden purposes by particular Customers and require adherence thereto to prohibit the use of water for garden purposes; provided that, if at any time the total water supply be insufficient to meet all of the needs of all Customers, the District must first satisfy all of the needs of all Customers for domestic purposes before supplying any water for livestock purposes and must satisfy all the needs of the Customers for both domestic and livestock purposes before supplying any water for garden purposes.

Plumbing Standards: The District adopts the Uniform/International 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 customer may be required to retrofit plumbing systems and service facilities as determined to be necessary by the District for purposes of compliance with the Uniform Plumbing Code.

Caddo Basin Special Utility District hereby notifies the customer that dual check valves are routinely installed on all new services.

The dual check valves create a closed system for the customer which helps to ensure the health and safety of all customers from possible cross connection contamination. The customer is warned that as a result of the installation of dual check valves, the possibility of thermal expansion is present within the customers closed system. To prevent possible damage or harm from thermal expansion, all customers shall install and maintain adequate thermal and/or pressure relief valves on all hot water heaters attached to the customer's service lines. For further information on dual check valves, closed systems, or thermal expansion, please contact Caddo Basin Special Utility District or your local licensed plumber.

The Customer shall install at his own expense a service line from the water meter connection to the point of use, and agrees to install any water conservation devices, or comply with any water conservation measures that may be prescribed by the Board of Directors. The Customer may not use any lead or other hazardous materials in the service line or anywhere beyond the District's service tap.

The Customer shall hold the District harmless from any and all claims or demands for damage to real or personal property occurring from the point the Customer ties on to the water meter to the final destination of the line installed by Customer.

Approved by the Board of Directors on May 23, 2017 Section F, Page 21 of 32

The Customer agrees to grant to the District an easement of right-of-way for the purpose of installing, maintaining and operating such pipelines, meters, valves, and any other equipment, which may be deemed necessary by the District to provide service to the Customer.

The District shall have the right to locate a water service meter and the pipe necessary to connect the meter on the property of the Customers at a point to be chosen by the District, shall have access to its property and equipment located upon Customer's premises at all reasonable times for any purpose connected with or in the furtherance of its business operations, and upon discontinuance of service shall have the right to remove any of its property from the customer's premises.

Section F, Page 22 of 32

**SECTION G.**

**DISTRICT POLICIES**

1. **LOCATION OF LINE** The District installs all water lines and appurtenances on private property with easement where practical.

2. **MINIMUM LINE SIZE** The District requires a minimum line size of four (4) inch or like size where larger lines already exist on all line extensions. Single service crossing may be two (2) inch line size. Exceptions must be with Board of Director approval.

3. **CONSTRUCTION CONTRACTS** All District construction projects for providing water supply facilities to provide water service shall be done in accordance with a mutually executed contract.

4.  **DISTRICT CONSTRUCTION** All District construction for projects estimated to be under $15,000 shall be performed by District personnel with District equipment (or a bonded contractor approved by the District should the District not be able to do the construction). If the estimated amount of the construction project is $15,000 or more but less than $25,000 competitive bids on uniform written specifications must be requested from at least three (3) bidders. If the estimated amount of construction project is $25,000 or more, open bids on uniform specifications must be requested.

5.  **SERVICE AGREEMENT** Prior to providing service to an applicant, an applicant shall execute a service agreement which will remain on file at the District's office.

6. **METER TESTS** The District shall, upon request of a customer, and, if he so desires, in his presence or in that of his authorized representative, make without charge a test of the accuracy of the customer's meter. The test shall be made during the District's normal working hours at a time convenient to the customer if he desires to observe the test. The test shall be made preferably on the customer's premises, but may, at the District's discretion, be made at the District's test laboratory. If the meter has been tested by the District, or by an authorized agency, at the customer's request, and within a period of four years the customer requests a new test, the District shall make the test, but if the meter is found to be within the accuracy established by the American Water Works Association, the District may charge the customer a fee which reflects the cost to test the meter, but this charge shall in no event be more than twenty five dollars ($25.00) for a

residential customer. Following the completion of any requested test, the District shall promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

##### Section G, Page 23 of 32

7. **BILL ADJUSTMENT** If any meter is found to be outside of the accuracy standards established by the American Water Works Association, proper correction shall be made of previous readings for the period of six months immediately preceding the removal of such meter from service for test, or from the time the meter was in service since last tested, but not exceeding six months, and adjusted bills shall be rendered. No refund is required from the District except to the customer last served by the meter prior to the testing. If a meter is found not to register for any period, unless bypassed or tampered with, the District shall make a charge for units used, but not metered, for a period not to exceed three months based on amounts used under similar conditions during periods preceding or subsequent thereto, or during corresponding periods in previous years.

8. **LEAK POLICY** If a customer has an underground leak on their personal line, the bill reflecting the leak may be adjusted to the customer's average monthly usage and District cost of the remaining water plus 10%.

9. **LEAK CREDIT** If a customer reports a leak which is later verified by district personnel on the District's distribution lines, that customer is entitled to a credit on the next applicable water bill. The credit applies only to the first customer to report a given leak.

10. **INCREMENTAL CHARGE** If a customer has more than one dwelling or a dwelling and a business connected to one meter, that customer may choose to pay a non-refundable incremental charge per connection instead of the service connect fee for as long as the added connection exists. The incremental charge does not apply towards payment of the service connect fee or towards payment of any of the usage through the meter.

11. **RELOCATIONS** There shall be no relocation of water service or meter once that meter has been installed on the water main.

**Section G, Page 24 of 32**

SECTION H.

DEVELOPER, SUBDIVISION AND NON-STANDARD SERVICE REQUIREMENTS

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

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

3. **Application of Rules**. This Section is applicable to subdivisions, additions to subdivisions, developments, or whenever additional service facilities are required for a single tract of property. Examples, of non-standard services for a single tract of property include, but are not limited to, road bores, extensions to the distribution system. For the purposes of this Service Policy, Applications subject to this Section shall be defined as Non-Standard. The Board of Directors of the District shall interpret on an individual basis whether or not the Applicant’s service request shall be subject to all or part of the conditions of this Section.

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

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

* 1. The Applicant shall provide the District a completed Service Application and Agreement giving special attention to the item(s) on SPECIAL SERVICE NEEDS OF THE APPLICANT.
  2. A final plat approved by the District must accompany the Application showing the Applicant’s requested service area. The plat must be approved by all governmental authorities exercising jurisdiction over lot sizes, sewage control, drainage, right-of-way, and other service facilities. Plans, specifications, and special requirements of such governmental authorities shall be submitted with the plat.

## Section H, Page 25 of 32

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.

* 1. A Non-standard Service Investigation Fee shall be paid to the District in accordance with the requirements of Section D for purposes of paying initial administrative, legal, and engineering fees. The District shall refund any balance that remains after it has completed its service investigation, and has completed all legal and engineering services associated with processing a request. In the event such a fee is not sufficient to pay all expenses incurred by the District, the Applicant shall pay to the District all remaining expenses that have been, or will be incurred by the District and District shall have no obligation to complete processing of the request until all remaining expenses have been paid.
  2. If after the service investigation has been completed, the District determines that the Applicant’s service request is for property located, in whole or in part, outside the area described in the District’s defined service area, service may be extended provided that:

1. The service location is not in an area receiving similar service from another retail utility;
2. The service location is not within another utility’s Certificate of Convenience and Necessity; and
3. The District’s defined service area shall be amended to include the entirety of Applicant’s property for which service is requested. Applicant shall pay all costs incurred by District for annexation or for amending its CCN, including but not limited to engineering and professional fees. The District may extend service prior to completing the amendment to its CCN, but will do so only upon Applicant’s legally enforceable agreement to fully support such amendment (including but not limited to payment of all professional fees, including legal, surveying and engineering fees incurred by District in securing the amendment). If the District determines to annex the property, the applicant shall secure written requests for annexation from all ownership interests in the property to be annexed, and shall pay all costs, including engineering and professional fees for the annexation.

## Section H, Page 26 of 32

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

* 1. The District’s Consulting Engineer shall design, or review and approve plans for, all on-site and off-site service facilities for the Applicant’s requested service within the District’s specifications, incorporating any applicable municipal or other governmental codes and specifications.
  2. The Consulting Engineer’s fees shall be paid out of the Non-Standard Service Investigation Fee under Section 4.
  3. The Consulting Engineer shall submit to the District a set of detailed plans, specifications, and cost estimates for the project.
  4. The District’s Engineer shall ensure all facilities for any Applicant meet the demand for service as platted and/or requested in the plans or plat submitted in application for service. The District reserves the right to upgrade design of service facilities to meet future demands provided however, that the District shall pay the expense of such upgrading in excess of the Applicant’s facility requirements.

6) **Non-Standard Service Contract**. Applicants requesting or requiring Non-Standard Service may be required to execute a written contract, drawn up by the District’s Attorney, in addition to submitting the District’s Service Application and Agreement. Said contract shall define the terms of service prior to construction of required service facilities. The service contract may include, but is not limited to:

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

1. Procedures by which the Applicant shall accept or deny a contractor’s bid, thereby committing to continue or discontinue the project.
2. Terms by which service capacity shall be reserved for the Applicant and duration of reserved service with respect to the impact the Applicant’s service demand will have upon the District’s system capability to meet other service requests, including assessment of any reserved service fee (if applicable).
3. Terms by which the District 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;

## Section H, Page 27 of 32

* + 1. Inspecting construction of facilities; and
    2. Testing facilities and closing the project.

1. Terms by which the Applicant shall indemnify the District from all third party claims or lawsuits in connection with the project.
2. Terms by which the Applicant shall deed all constructed facilities to the District and by which the District shall assume operation and maintenance responsibility, including any enforcement of warranties in connection with construction of the Applicant’s project.
3. 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.
4. Terms by which the Board of Directors shall review and approve the Service Contract pursuant to current rules, regulations, and bylaws.
5. Agreement to enforceable remedies in the event applicant fails to comply with all contract obligations, including specific performance.

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

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

a. If the District determines that right-of-way easements or facility sites outside the Applicant’s property are required, the Applicant shall secure easements or title to facility sites in behalf of the District. All right-of-way easements and property titles shall be researched, validated, and filed by the District at the expense of the Applicant.

1. All costs associated with facilities that must be installed in public right-of-ways on behalf of the Applicant, due to the inability of the Applicant to secure private right-of-way easements, shall be paid by the Applicant. Alternatively, Applicant shall pay all costs, including legal and other professional fees, and the condemnation award in the event District secures such private easements or facility sites through eminent domain proceedings.

## Section H, Page 28 of 32

1. The District shall require an exclusive dedicated right-of-way on the Applicant’s property (as required by the size of the planned facilities and as determined by the District) and title to property required for other on-site facilities.
2. Easements and facilities sites shall be prepared for the construction of the District’s pipeline and facility installations in accordance with the District’s requirements and at the expense of the Applicant.

8. **Bids For Construction**. The District’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 District reserves the right to reject any bid or contractor, the District shall generally award the contract to the lowest and best bidder in accordance with the following criteria:

* 1. 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;
  2. The Contractor shall provide an adequate bid bond under terms acceptable to the District;
  3. The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the District;
  4. The Contractor shall supply favorable references acceptable to the District;
  5. The Contractor shall qualify with the District as competent to complete the work; and
  6. The Contractor shall provide adequate certificates of insurance as required by the District.

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

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

## Section H, Page 29 of 32

1. **Service within Subdivisions**. The District’s objective to provide service to any customer located within a subdivision governed by this section is strictly limited to the nonstandard service specified by the Applicant. The District is not required to extend retail utility service to an Applicant in a subdivision where the responsible party (Applicant/Developer) of the applicable property (subdivision) has failed to comply with the terms of this Service Policy. The Applicant is responsible for paying for all costs necessary for non-standard service to a subdivision as determined by the District under the provisions of this Service Policy and specifically the provisions of this Section; if the Applicant fails to pay these costs, the District has the right to require payment of these costs by any one or more of the persons purchasing lots within such subdivision before the District is obligated to provide water/sewer service. In addition, District may elect to pursue any remedies provided by the Non-Standard Service Contract. Applicant is advised that purchasers of lots also may have legal recourse to the Applicant under Texas law.

## Section H, Page 30 of 32

**SECTION I.**

**EMERGENCY RATIONING PLAN**

EMERGENCY WATER DEMAND MANAGEMENT PLAN

AND EMERGENCY RATIONING PROGRAM

The following water rationing program is adopted for emergency use only during periods of acute water shortage.

1. *Declaration of Emergency* – When a system demand exceeds production or storage capability measured over a twenty-our (24) hour period, and refilling the storage facilities is rendered impossible, or when the District is notified by it’s wholesale supplier of a cutback in water to be delivered to such an extent that normal use patterns will no longer be possible, the District may declare an emergency to exist, and thereafter ration water in the following manner.
2. *Notice Requirements –* Written notice of the proposed rationing shall be mailed or delivered to each affected Customer seventy-two (72) hours before the District actually starts the program, and shall also be placed in a local newspaper. The Customer’s notice shall contain the following information:
3. The date rationing shall begin;
4. The date rationing shall end;
5. The Category (level) of rationing to be employed;
6. A copy of this rationing authority; and
7. Affected area to be rationed.
8. *Category Levels of Rationing* –
9. CATEGORY I (Mild Rationing Conditions) – Alternate day usage of water for outdoor purposes such as lawns, gardens, car washing, etc. The provisions for alternate days use shall be specified by the District in the written notice.
10. CATEGORY I-A (Limited Water Usage) – The District may limit water usage to a gallonage determined by the water plant’s mechanical capability to provide continuous service in direct proportion to the loss of production/refill capability at a plant where no back-up facilities are available to remedy the shortage, prorated over all Customers served by the water plant. Water restrictors may be installed for Customers that exceed the limited gallonage determined by the system’s mechanical capability. Repeated violations will result in water service terminating for seven (7) days.

Section I, Page 31 of 32

The normal Reconnection Fee (Service Trip Fee) of the District shall apply for restoration of service. The maximum number gallons per meter per month shall be contained in the notice to each Customer.

1. CATEGORY II (Moderate Rationing Conditions) – All outdoor water usage is prohibited; however, usage for livestock is exempt.
2. CATEGORY III (Severe Rationing Conditions) – All outdoor water usage is prohibited; livestock may be exempted by the District. All consumption shall be limited to each Customer in one of the following ways:
3. A fixed percentage of each Customer’s average use in the prior month, the percentage to be uniformly applied on a system-wide basis, each Customer being notified of this percentage amount, OR,
4. A maximum number of gallons per meter (Customer) per week, with notice to each Customer of this number.

Total percentages under item 1 or maximum number of gallons under item 2 above shall be calculated not to exceed 80% of the system’s current production/refill capability for the area being rationed.

1. *Violation of Emergency Rationing Rules* –
2. First Violation – The District may install a flow restrictor in the line to limit the amount of water that will pass through the meter in a twenty-four (24) hour period. The cost to be charged to the Customer’s account shall be the actual installed cost to the District, not to exceed $50.00.
3. Subsequent Violations – The District may terminate service at the meter for a period of seven (7) days, or until the end of the calendar month, whichever is less. The normal service trip fee of the District shall apply for restoration of service.
4. *Exemptions or Variances from Rationing Rules* – The Board of Directors may grant any Customer an exception or variance from the uniform rationing program, for good cause. The District shall treat all Customers equally concerning exemptions and variances, and shall not employ discrimination in such grants.
5. *Rates* – All existing rate schedules shall remain in effect during the rationing period, and no charges may be levied against a Customer which are not contained in the approved Tariff of the District.

The purpose of this Emergency Rationing Program is to conserve the total amount of water demanded from the District until supply can be restored to normal levels. This rationing program shall not exceed sixty (60) days without extension by the Board of Directors.

**Section I, Page 32 of 32**