

DIANA SPECIAL UTILITY DISTRICT SERVICE POLICY

Diana Special Utility District
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SECTION A.
RESOLUTION & AUTHORITY

1. This original Service Policy was transferred and adopted by the Board of Directors of the District on the 14th day of October 2002 to be effective on the 1st day of January 2003 as part of the conversion of the Diana Water Supply Corporation into the Diana Special Utility District. The Service Policy supersedes all utility service policies, rules and tariffs adopted or passed by the Board of Directors prior to 1st day of January 2003.
2. The adoption of the Service Policy shall not affect any violation or act committed or done, or any penalty or forfeiture incurred, or any contract or vested right established or accrued under any prior Service Policy.
3. An original of the Service Policy as approved shall be maintained in the records of the District and all additions, deletions and changes thereto shall be clearly exhibited.
4. Rules and regulations of state and federal agencies having applicable jurisdiction, promulgated under any applicable state or federal law, shall supersede all terms of the Service Policy that directly conflict with such state and federal rules or regulations. If any section, paragraph, sentence, clause, phrase, word or words of the Service Policy are declared unconstitutional or in violation of law, the remainder of the Service Policy shall not be affected thereby and shall remain in full force and effect.
5. This Service Policy has been reviewed and approved without change on this the 11th day of August, 2008.

REVIEWED AND APPROVED BY THE BOARD OF DIRECTORS on the 11th day of August, 2008.

SECTION B. **STATEMENTS**

1. ***Organization.*** The Diana Special Utility District is a Political Subdivision of the State of Texas organized under Chapters 49 and Chapter 65 of the Texas Water Code for the purpose(s) of furnishing potable water and/or sewer utility service within the boundary descriptions of the District's Certificates of Convenience and Necessity. The management of the District is controlled by the Board of Directors who is responsible for adopting all District service policies, rates and regulations. The members of the Board of Directors are elected by the registered voters residing within the District's boundaries.
2. ***Non-Discrimination Policy.*** Service is provided to all Applicants who comply with the provisions of this Service Policy regardless of race, creed, color, national origin, gender, disability, or marital status.
3. ***Policy and Rule Application.*** These policies, rules, and regulations apply to the water and/or sewer 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 Diana, 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.
7. ***Customer Notice Provision.*** The District will give written notice of a monthly water and/or sewer rate change by publication, mail or hand delivery to all affected customers at least thirty (30) days prior to the effective date of the new rate. The notice shall contain the old rates, new rates, effective date of the new rates, date of Board authorization, and the name and phone number of the District representative designated to address inquiries about the rate change. Failure of the District to give the notice shall not invalidate the effective date of the change, the amount of the newly adopted rate nor any charge incurred based on the new rate.

8. ***Customer Service Inspections.*** The District requires that a customer service inspection certification be completed prior to providing water service to new construction and for all new customers as part of the activation of standard and non-standard service. Customer service inspections are also required on any existing service when the District has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction or addition to the customer's water distribution facilities. This inspection is limited to the identification and prevention of cross connections, potential contaminant hazards and illegal lead materials. (30 TAC 290.46(i-j))
9. ***Submetering Responsibility.*** Submetering and Non-Submetering by Master Metered Accounts may be allowed in the District's water distribution (or sewer collection) 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.

SECTION C. DEFINITIONS

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

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

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

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

Defined Service Area - That area within which water and/or sewer services are provided to customers and that includes the area within the District's boundaries and/or the area described within CCN Number 10425 and CCN Number 20189.

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.

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

District - The Diana Special Utility District.

District's Sewer System - The sanitary sewer collection, disposal, and treatment facilities constructed and operated by the District and any sanitary sewer system or sewer extensions, which may be built within the District in the future.

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 (and sewer) 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 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.

Grinder Pump Station - The individual lift stations located at each commercial building or residence which are installed, owned, and maintained by the District as part of the District's Low Pressure Sewer System. The Grinder Pump Station includes a pump, tank, controls, control panel, valves, piping, electric wiring and related facilities.

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

Master Meter - A meter that serves two or more connections and is installed in accordance with the requirements set forth in Section E (2) (c)(4) of this Policy.

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 (or sanitary sewer) 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 (and sanitary sewer service) systems.

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

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 (or sewer) service used by the District in facilities design and rate making in this Rate Order is a 5/8" X 3/4" water meter.

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

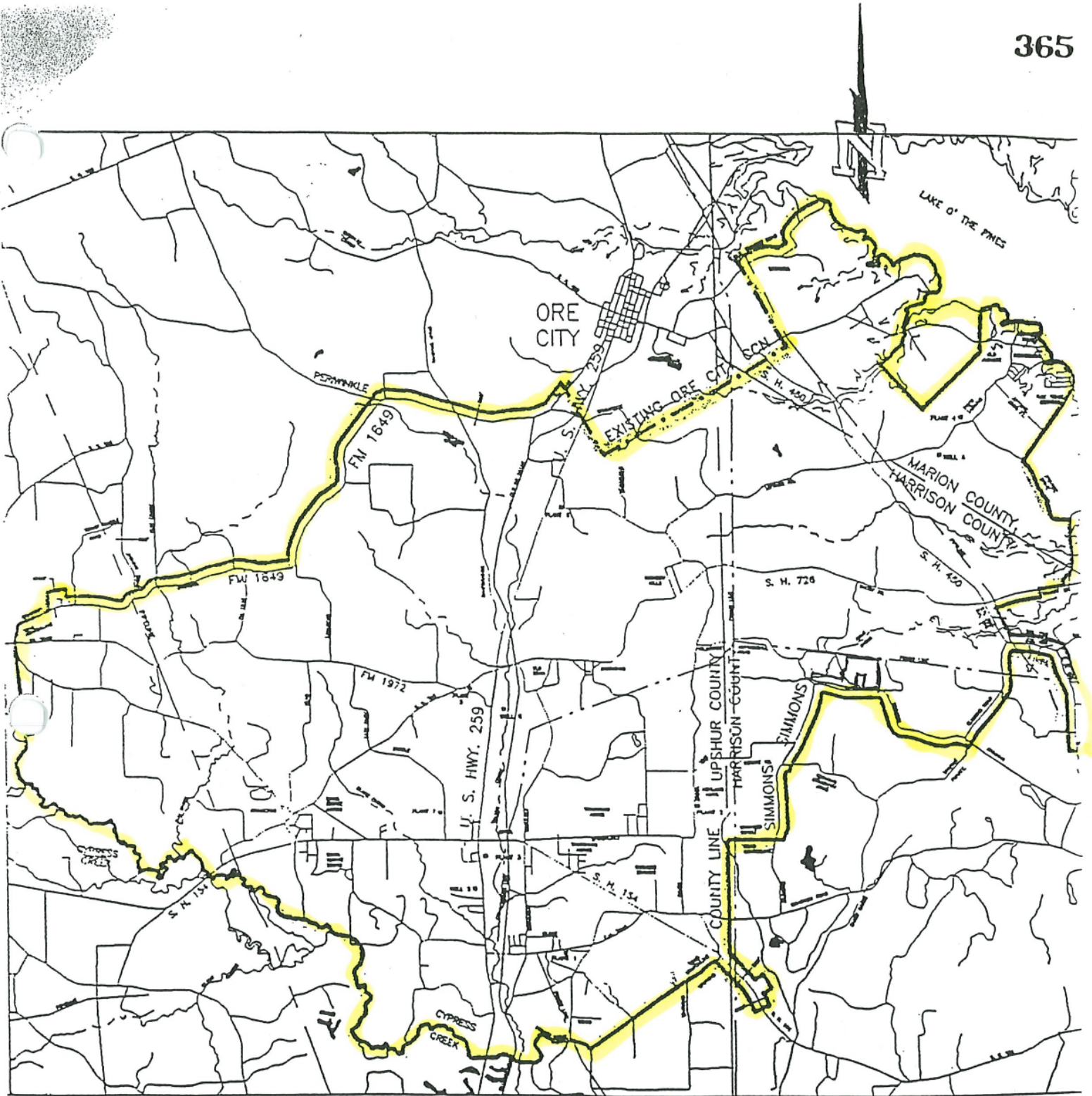
Subdivider - An individual, firm, corporation, or other legal entity that owns any interest in land and that directly or indirectly subdivides land into lots as a part of a common promotional plan in the ordinary course of business. (Local Government Code Chapter 232, Section 232.021 Definitions)

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 District will set the length of time associated with this classification.

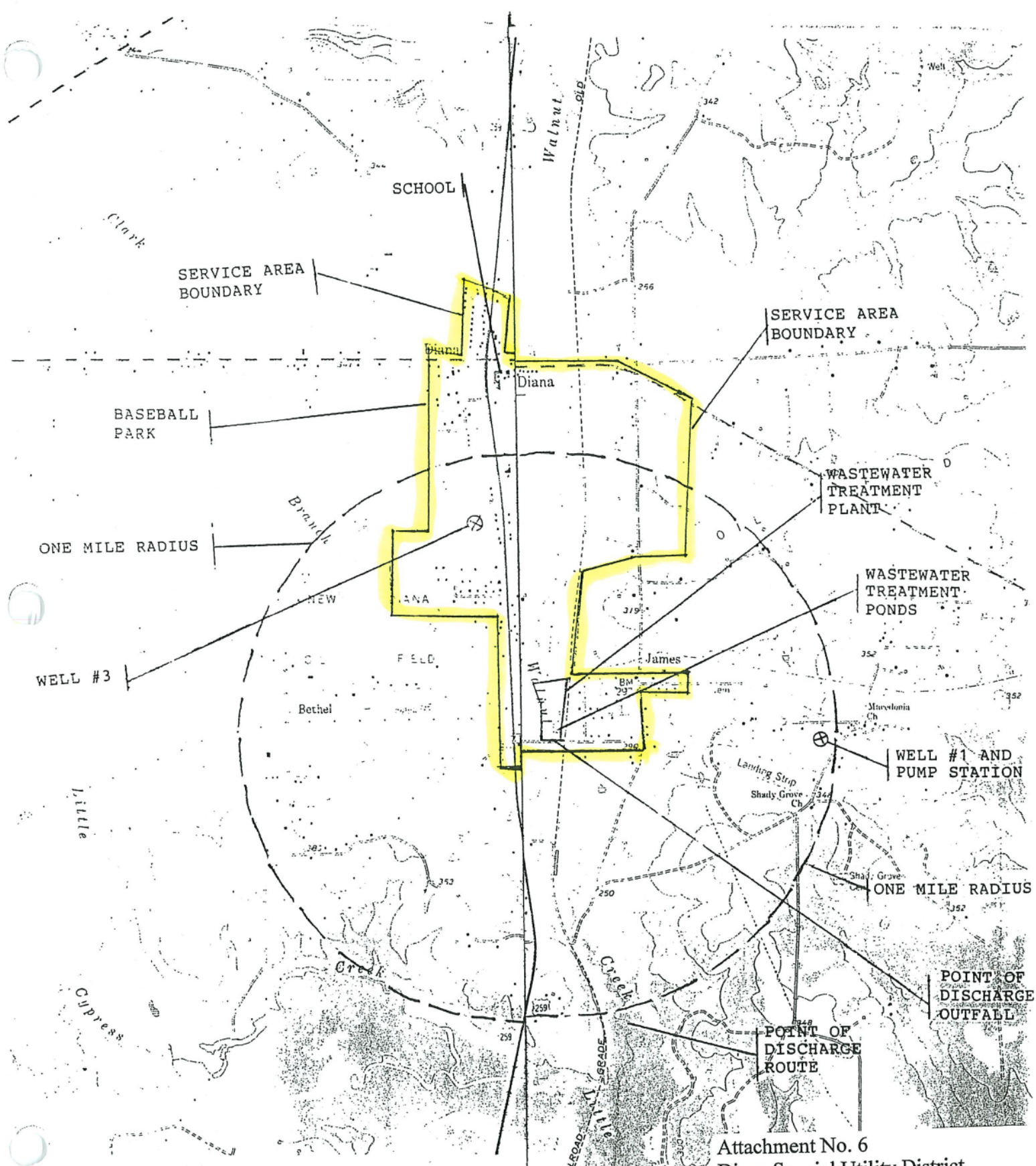
Texas Commission on Environmental Quality (TCEQ) - State regulatory agency having jurisdiction of water and sewer service utilities and appellate jurisdiction over the rates and fees charged by the District.

SECTION D.
GEOGRAPHIC AREA SERVED



Diana Special Utility District
P.O. Box 74
Diana, TX 75640

SERVICE
AREA MAP



DIANA SPECIAL UTILITY DISTRICT
WASTEWATER CCN

Attachment No. 6
Diana Special Utility District
Site Drawing
Technical Report 1.0
Question No. 11

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:
 - 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 5/8" X 3/4" or 3/4" sized water meter services set on existing pipelines or gravity sewer taps, pressure collection facilities installed or connected to collection lines no more than five feet in depth.
 - b. **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 F of this Service Policy shall be required of the Non-Standard Service Applicant prior to providing service.
 - c. **Requirements for Standard and Non-Standard Service**
 - 1) The District's Service Application and Agreement Form shall be completed in full and signed by the Applicant.
 - 2) A Right-of-Way Easement Form, Sanitary Control Easement, or other such easement form, approved by the District, must be completed by the Applicant for the purpose of providing water and sewer service 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 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 submeters or individual meters. The District shall be entitled to the payment of costs, including the costs of individual meter installations, as provided in Section F.4. The cost of individual meter installation shall be prepaid by the property owner as well as the cost of any additional facilities or supply occasioned by the total water/sewer service demand represented by full occupancy of the property, as determined under applicable provisions of Section F.

- 4) 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:
 - (a) owned by the same person, partnership, cooperative, corporation, agency, public or private organization of any type but not including a family unit,
 - (b) directly inaccessible to public right-of-way, and
 - (c) considered a commercial enterprise; i.e. for business, rental, or lease purposes.
- 5) 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
- 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 landowner's refusal to grant an easement to the District for the purpose of installing the water main and appurtenances, 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.

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

- a. **New Tap** - The District shall charge a non-refundable service installation fee, a non-refundable capital contribution fee and a refundable deposit as required under Section G of this Service Policy. All fees shall be paid in advance of installation. (30 TAC 291.86 (a)(1)(A))
- b. **Re-Service** - For re-service the District shall charge the deposit fee, a non-refundable reconnect 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 re-servicing procedures can begin.
- c. **Performance of Work** - After approval is granted by proper authorities, all tap and equipment installations specified by the District shall be completed by the District staff or designated representative. No person, other than the properly authorized agent of the District, shall be permitted to tap or make any connection with the mains or distribution pipes of the District's water system, or make any repairs or additions to or alterations in any tap, pipe, cock or other fixture connected with the water service pipe
- d. **Inspection of Customer Service Facilities** - The property of and the facilities at the service connection shall be inspected to insure compliance with state required Minimum Acceptable Operating Practices for Public Drinking Water Systems as promulgated by the Texas Commission on Environmental Quality or successor agency. The customer must, at his or her expense, properly install any backflow prevention device required by the District. (30 TAC 290.46(j))

4. **Changes in Service Classification.** If at any time the District determines that the customer service demands have changed from those originally applied for to a different service classification and the District determines that additional or different facilities are necessary to provide adequate service, the District shall require the Customer to re-apply for service under the terms and conditions of this Service Policy. Customers failing to comply with this provision shall be subject to the Disconnection with Notice

Provisions of this Service Policy, Sub-Section 11.a.

5. **Denial of Service.** The District may deny service for the following reasons:
 - a. Failure of the Applicant to complete all required easements and forms and to pay all required fees and charges;
 - b. Failure of the Applicant to comply with rules, regulations, policies, and bylaws of the District;
 - c. Existence of threats and/or a hazardous condition at the Applicant's property which could jeopardize the welfare of other customers or employees of the District;
 - d. Failure of Applicant to provide representatives or employees of the District reasonable access to property for which service has been requested;
 - e. Applicant's service facilities are known to be inadequate or of such condition that satisfactory service cannot be provided.
6. **Applicant's Recourse.** In the event the District refuses to serve an Applicant under the provisions of this Service Policy, the District must notify the Applicant, in writing, of the basis of its refusal. The Applicant may file for an appeal, in writing, with the Board of Directors of the District.
7. **Insufficient Grounds for Refusal of Service.** The following shall not constitute sufficient cause for the refusal of service to an Applicant:
 - a. Delinquency in payment for service by a previous occupant of the premises to be served;
 - b. Failure to pay a bill to correct previous underbilling due to misapplication of rates more than six (6) months prior to the date of application;
 - c. Violation of the District's rules pertaining to operation of non-standard equipment or unauthorized attachments which interferes with the service of others, unless the customer has first been notified and been afforded reasonable opportunity to comply with said requirements;
 - d. Failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill; or
 - e. Failure to comply with regulations or rules for anything other than the type of utility service specifically requested including failure to comply with septic tank regulations.
8. **Deferred Payment Agreement.** The District may offer a deferred payment plan to a Customer who cannot pay an outstanding balance in full and is willing to pay the balance in reasonable installments as determined by the District, including any late penalty fees or interest on the monthly balance to be determined as per agreement.
9. **Charge Distribution and Payment Application.**
 - a. **The Service Availability Charge (Minimum Monthly Charge)** is billed on a monthly basis. Charges shall be applied for meter installations and service terminations falling during the calendar month as follows: The full minimum amount will be charged if service is started on or before the 10th day of the month. The full minimum amount will be charged if termination is on the 15th day of the month or later.
 - b. **Gallonage Charge** shall be billed at the rate specified in Section G and billing shall be calculated in one hundred (100) gallon increments. Water charges are based on monthly meter readings and are calculated from reading date to reading date. Readings used in all billing calculations shall be taken by the District's employees or designated representative.
 - c. **Posting of Payments** - All payments shall be posted against previous balances prior to posting against current billings.

10. ***Due Dates, Delinquent Bills, and Service Disconnection Date.*** The District shall mail all bills on or about 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 G. A bill is delinquent if not paid on or before the past due date. Payments made by mail will be considered late if postmarked after the past due date. Late notices shall be mailed allowing ten (10) additional days for payment prior to disconnection. If the past due date for the regular or final billing is on a weekend or holiday, the past due date for payment purposes shall be the next day the District office is open for business after said weekend or holiday.
11. ***Rules for Disconnection of Service.*** The following describes the rules and conditions for disconnection of service. For the purposes of disconnecting sewer service under these policies, water service will be terminated in lieu of disconnecting sewer service. In instances of nonpayment of sewer service or other violations by a Customer who is not a water customer, the District has the option to disconnect the sewer 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*** - The District shall mail, via the U.S. Postal Service, a notice requiring redemption of the returned instrument within ten (10) days of the date of the notice to be made in the District office. Redemption of the returned instrument shall be made by cash, money order, 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 12-month period may be considered evidence of bad credit risk by the District. The Customer in violation may be placed on a "cash-only" basis. ***NOTE:*** "cash only," means certified check, money order, or cash.
 - 2) Failure to pay a delinquent account for utility service, failure to timely provide a deposit or failure to comply with the terms of a deferred payment agreement.
 - 3) Violation of the District's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of non-standard equipment if a reasonable attempt has been made to notify the Customer and the Customer is provided with a reasonable opportunity to remedy the situation.
 - 4) Failure of the Customer to comply with the terms of the District's Service Agreement, Service Policy, Bylaws, or Special Contract provided that the District has given notice of said failure to comply, and Customer has failed to comply within a specified amount of time after notification.
 - 5) Failure to provide access to the meter under the terms of this Service Policy or to property at which water service is received when there is reason to believe that a threat and/or a hazardous condition or policy violation exists for which access is necessary to verify.
 - 6) Misrepresentation by any Applicant of any fact on any form, document, or other agreement required to be executed by the District.
 - 7) Failure of Customer to re-apply for service upon notification by the District that Customer no longer meets the terms of the service classification originally applied for under the original service application.
 - 8) Failure to pay a delinquent account billed by the District for sewer utility service provided by Diana Special Utility District pursuant to the District's Agreement with the Diana Special

Utility District.

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

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

- 1) Failure of the Customer to pay for merchandise or charges for non-utility service provided by the District, unless an agreement exists between the Applicant and the District whereby the Customer guarantees payment of non-utility service as a condition of service;
 - 2) Failure of the Customer to pay for a different type or class of utility service unless a fee for such service is included in the same bill;
 - 3) Failure of the Customer to pay charges arising from an underbilling occurring due to any misapplication of rates more than six (6) months prior to the current billing;
 - 4) Failure of the Customer to pay the account of another Customer as guarantor thereof, unless the District has in writing the guarantee as a condition precedent to service;
 - 5) Failure of the Customer to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due under the Inoperative Meters subsection E. 15. of this Service Policy;
 - 6) Failure of the Customer to pay estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the District is unable to read the meter due to circumstances beyond its control;
- d. **Disconnection on Holidays and Weekends** - Unless a dangerous condition exists or the Customer requests disconnection, service shall not be disconnected on a day, or on a day preceding a day, when personnel of the District are not available to the public for the purpose of making collections and reconnecting service.
- e. **Disconnection Due to Utility Abandonment** - The District may not abandon a Customer or a Certificated Service Area without written notice to its Customers and all similar neighboring utilities and approval from the Texas Commission on Environmental Quality.
- f. **Disconnection for Ill and Disabled** - The District may not discontinue service to a delinquent residential Customer permanently residing in an individually metered dwelling unit when that Customer establishes that discontinuance of service will result in some person at that residence becoming seriously ill or more seriously ill if service is discontinued. Each time a Customer seeks to avoid termination of service under this Sub-section, the Customer must have the attending physician call or contact the District within sixteen (16) days of issuance of the bill. A written statement must be received by the District from the physician within twenty-six (26) days of the issuance of the utility bill. The prohibition against service termination shall last sixty-three (63)

days from the issuance of the utility bill or such lesser period as may be agreed upon by the District and Customer's physician. The Customer shall enter into a Deferred Payment Agreement.

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

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

12. **Billing Cycle Changes.** The District reserves the right to change its billing cycles if the workload requires such practice. After a billing period has been changed, the billings shall be sent on the new change date unless otherwise determined by the District.
13. **Back-billing.** The District may back-bill a Customer for up to forty-eight (48) consecutive months for meter error, misapplied meter multiplier, incorrect meter readings, or error in computing a Customer's bill. Failure to pay the most recent six (6) months billing will result in disconnection of service.
14. **Disputed Bills.** In the event of a dispute between the Customer and the District regarding any bill, the District shall forthwith make and conduct an investigation as shall be required by the particular case, and report the results in writing thereof to the Customer. All disputes under this Subsection must be submitted to the District, in writing, prior to the due date posted on said bill.
15. **Inoperative Meters.** Water meters found inoperative will be repaired or replaced within a reasonable time. If a meter is found not to register for any period, unless by-passed or tampered with, the District shall make a charge for units used, but not metered, for a period not to exceed three (3) months, based on amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.
16. **Bill Adjustment Due To Meter Error.** The District shall test any Customer's meter upon written request of the Customer. In the event the meter tests within the accuracy standards of The American Water Works Association, a test fee as prescribed in Section G of this Service Policy shall be imposed. In the event the test results indicate that the meter is faulty or inaccurate, the test fee shall be waived, the meter shall be calibrated or replaced, and a billing adjustment may be made as far back as six (6) months. The billing adjustment shall be made to the degree of the meter's inaccuracy as determined by the test.

17. ***Meter Tampering and Diversion.*** Meter-tampering, by-passing, or diversion are strictly prohibited, including any tampering with the District's service equipment, by-passing the same, or other instances of diversion, such as:
- removing a locking or shut-off device used by the District to discontinue service;
 - physically disorienting the meter;
 - attaching objects to the meter to divert service or to by-pass;
 - inserting objects into the meter; or
 - other electrical or mechanical means of tampering with, by-passing, or diverting service.
- Photographic evidence or any other reliable and credible evidence may be used to establish that a violation of this prohibition has occurred and to justify appropriate action by the District. A court finding of meter tampering may be used instead of photographic or other evidence, if applicable. Violation of this prohibition may be prosecuted to the extent allowed by law under the Texas Penal Code 28.03.
18. ***Service Facility Relocation.*** Relocation of service facilities on the same property shall be allowed by the District provided that:
- An easement for the proposed location has been granted to the District; and
 - The Customer pays the actual cost of relocation plus administrative fees; and
 - No transfer of Deposit is involved; and
 - The property of the new location requested is owned by the current Customer of the meter to be moved; and
 - The existing tap location is contiguous to the proposed tap location.
19. ***Prohibition of Multiple Connections To A Single Tap.*** No more than one (1) residential, commercial, or industrial service connection is allowed per meter. The District may consider allowing an apartment building or mobile home/RV park to apply as a "Master Metered Account" and have a single meter (Referring to Section E. 2. c. (4)). Any unauthorized submetering or diversion of service shall be considered a multiple connection and subject to disconnection of service. If the District has sufficient reason to believe a multiple connection exists, the District shall discontinue service under the Disconnection with Notice provisions of this Service Policy.
20. ***Customer's Responsibility.***
- 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.
 - The Customer shall be responsible for compliance with all utility, local, and state codes, requirements, and regulations concerning on-site service and plumbing facilities.
 - 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)
 - 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 District's facilities. Customer service pipelines shall be installed by the applicant. (30 TAC 290.46)

- 3) All pipe and fittings used by the customer to convey sewage from its source to the sewer line must be a minimum of 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 sewer customers who have potential for dirt, grit, sand, grease, oil, or similar substances must install and maintain a trap ahead of their entrance to the District's sewer collection piping. A double cleanout is required at the property line and recommended at the house. The District may impose other site-specific requirements. All sewer and potable water service pipeline installations must be a minimum of nine feet apart and meet all applicable plumbing standards for crossings, etc.

4) Requirements for Traps:

(A) Discharges to the District's sewer system requiring a trap include but are not limited to:

- (i) grease or waste containing grease in amounts that will impede or stop the flow in the public sewers;
- (ii) oil, flammable wastes;
- (iii) sand, and other harmful ingredients.

(B) Any person responsible for discharges requiring a trap shall, at his own expense, and as required by the District:

- (i) Provide equipment and facilities of a type and capacity approved by the District;
- (ii) locate the trap in a manner that provides ready and easy accessibility for cleaning and inspection; and
- (iii) maintain the trap in effective operating condition.

(C) Approving Authority Review and Approval:

- (i) If pretreatment or control is required, the District shall review and approve design and installation of equipment and processes.
- (ii) The design and installation of equipment and processes must conform to all applicable statutes, codes, ordinances and other laws.
- (iii) Any person responsible for discharges requiring pretreatment, flow equalizing or other facilities shall provide and maintain the facilities in effective operating condition at his own expense.

Service shall be discontinued without further notice when installations of new facilities or repairs of existing facilities are found to be in violation of this Section 22.b until such time as the violation is corrected.

- c. The District's ownership and maintenance responsibility of water supply and metering equipment shall end at the meter or other service equipment. Therefore, all water usage registering upon and/or damages occurring to the metering equipment owned and maintained by the District shall be subject to charges as determined by this Service Policy.
- d. The District shall require each Customer to have a cut-off valve on the Customer's side of the meter for purposes of isolating the Customer's service pipeline and plumbing facilities from the District's water pressure. 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. Ownership and maintenance of the cut-off valve shall be the customer's responsibility.

- e. The customer shall be responsible for maintaining a minimum of three (3) feet of cover on the District's water and/or sewer mains and not more than six (6) feet of cover on the District's water mains, unless otherwise directed by the District. Requests to alter the water and/or sewer main route and depth shall be considered on a case by case basis. All costs associated with approved water and/or sewer facility relocations shall be at the expense of the customer.

21. Prohibited Plumbing Practices.

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

22. Excluded Flow and Waste.

- a) No waste material, which is not biologically degradable, will be permitted to be discharged into the district's facilities, including mud and debris accumulated during service line installation or construction of private facilities.
- b) No industrial wastes other than domestic sewage shall be discharged into the District's sewer system unless approved in writing by the Board of Directors. No toxic wastes, wastes which would damage the collection and treatment facilities or wastes which would interfere with the waste treatment process shall be discharged into the District's sewer system.
- c) Industrial wastes shall not be diluted by unnecessary use of process water, or by adding unpolluted water, before discharging into the District's sewer system. No unpolluted cooling water shall be discharged into the District's sewer system.
- d) No downspouts, yard or street drains, or gutters will be permitted to be connected into the District's sewer system.
- e) No ground water drains, foundation drains, or other subsurface drains shall be connected in the District's sewer system.
- f) No effluent drains from existing and/or abandoned septic tanks or field lines will be permitted to remain in service.

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

1. ***District's Limitations.*** All Applicants shall recognize that the District must comply with local, state, and federal rules and regulations as promulgated from time to time, and with covenants of current indebtedness.
2. ***Purpose.*** It is the purpose of this Section to define the process for which the specific terms and conditions for service to subdivisions and other kinds of Non-Standard Service are determined, including the Non-Standard Service Applicant's and the District's respective costs. 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. For the purposes of this Service Policy, Applications subject to this Section shall be defined as Non-Standard. The District Management 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:
 - a. The Applicant shall provide the District a completed Service Application And Agreement giving special attention to the item(s) on SPECIAL SERVICE NEEDS OF THE APPLICANT.
 - b. A final plat approved by the District must accompany the Application showing the Applicant's requested service area. The plat must be approved by all governmental authorities exercising jurisdiction over lot sizes, sewage control, drainage, right-of-way, and other service facilities. Plans, specifications, and special requirements of such governmental authorities shall be submitted with the plat. Applicants for single taps involving extension or upsizing of facilities shall be required to submit maps or plans detailing the location of the requested extension and details of demand requirements.

- c. A Non-Standard Service Investigation Fee shall be paid to the District in accordance with the requirements of Section G for purposes of paying initial administrative, legal, and engineering fees. The District 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.
 - d. 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 retail 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.
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:
- a. The District's Consulting Engineer shall design, or review and approve plans for, all on-site and off-site service facilities for the Applicant's requested service within the District's specifications, incorporating any applicable municipal or other governmental codes and specifications.
 - b. The Consulting Engineer's fees shall be paid out of the Non-Standard Service Investigation Fee under Section 4.
 - c. The Consulting Engineer shall submit to the District a set of detailed plans, specifications, and cost estimates for the project.
 - d. The District's Engineer shall ensure all facilities for any Applicant meet the demand for service as platted and/or requested in the plans or plat submitted 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.
 - b. Procedures by which the Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.
 - c. Terms by which service capacity 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).
 - d. 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;
 - 6) Inspecting construction of facilities; and
 - 7) Testing facilities and closing the project.
 - e. Terms by which the Applicant shall indemnify the District from all third party claims or lawsuits in connection with the project.
 - f. Terms by which the Applicant shall deed all constructed facilities to the District and by which the District shall assume operation and maintenance responsibility, including any enforcement of warranties in connection with construction of the Applicant's project.
 - g. Terms by which the Applicant shall grant title or easement for right-of-ways, constructed facilities, and facility sites and/or terms by which the Applicant shall provide for the securing of required right-of-ways and sites.
 - h. Terms by which the Board of Directors shall review and approve the Service Contract pursuant to current rules, regulations, and bylaws.
 - i. Agreement to enforceable remedies in the event applicant fails to comply with all contract obligations, including specific performance.

The District and the Applicant must execute a Non-Standard Service Contract prior to the initiation of construction of facilities by the Applicant. In the event that the Applicant commences construction of any such facilities prior to execution of a Contract with the District, then the District may refuse to provide service to the Applicant (or 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.
 - b. 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.
 - c. The District shall require an exclusive dedicated right-of-way on the Applicant's property (as required by the size of the planned facilities and as determined by the District) and title to property required for other on-site facilities.
 - d. Easements and 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:
 - 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 District;
 - c. The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the District;
 - d. The Contractor shall supply favorable references acceptable to the District;
 - e. The Contractor shall qualify with the District as competent to complete the work; and
 - f. The Contractor shall provide adequate certificates of insurance as required by the District.
9. ***Pre-Payment For Construction and 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.

10. **Construction.**

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

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

RATES AND SERVICE FEES

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

1. ***Classes of Users*** -- All users of the District's water and/or sewer services shall be classified as either: standard or non-standard service, as further defined in Section E (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:
 - a. All Standard Service requests shall be investigated without charge and all applicable costs for providing service shall be quoted upon request in writing to the Applicant.
 - b. All Non-Standard Service requests shall be subject to a fee, appropriate to each project, of sufficient amount to cover all administrative, legal, and engineering fees 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 DOLLARS (\$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.
 - a. The Deposit for water service is \$100.00 for each service unit.
 - b. The Deposit for sewer service is \$100.00 for each service unit.
 - c. 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 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.

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

- a. **Standard Service** shall include all current labor, materials, engineering, legal, customer service inspection, and administrative costs necessary to provide individual metered water or wastewater service shall be charged on a per tap basis as follows:

<u>Meter Size</u>	<u>Water Installation (Tap) Fee</u>
5/8" X 3/4"	\$1,290.00
Greater than 1"	Evaluated at time of request

- b. **Sewer Tap Fee.** Actual cost to District from existing sewer lines including labor and materials. The tap fee is currently three hundred twenty five dollars (\$325.00). Where sewer lines are more than five (5) feet in depth a contractor may be used at the District's discretion.
- c. **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.
- d. **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.

6. **Capital Contribution.** In addition to the Deposit Fee and the Installation Fee, each Applicant shall be required to contribute capital in an amount projected to defray the cost of up-grading system facilities to meet growth demands created by adding customers. This fee shall be assessed immediately prior to providing service on a per meter equivalent basis for each tap/lot and shall be assigned and restricted to the tap/lot for which the service was originally requested.

a. The Water Capital Improvement Aid to Construction Contribution (CIAC) is currently one thousand and ninety seven dollars (\$1,260.00) for a 5/8 x 3/4 meter set.

b. The Sewer Capital Improvement Aid to Construction Contribution (CIAC) is one thousand two hundred and fifty dollars (\$1,250.00) for a standard sewer tap.

7. **Monthly Charges.**

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

(1) Water Service - The monthly charge for metered water service, which includes zero (0) allowable gallonage, is based on demand by meter size. Each charge is assessed based on the number of 5/8" X 3/4" meters (as per American Water Works Association maximum continuous flow specifications) equivalent to the size indicated and is used as a base multiplier for the Service Availability Charge and any allowable gallonage. Rates and equivalents are as follows:

METER SIZE	5/8" X 3/4" METER EQUIVALENTS	MONTHLY RATE
5/8" X 3/4"	1.0	\$28.00
3/4"	1.5	\$28.00
1"	2.5	\$70.00
1 1/2"	5.0	\$140.00
2"	8.0	\$224.00
3"	16.0	\$448.00

- (2) Sewer Service - The monthly charge for standard sewer service, which includes zero (0) allowable gallonage, on a per tap basis is as follows:

Single household: \$19.60 monthly

Non-household: \$30.80 monthly

All rates for metered services larger than 3/4", except those without water service, will be charged a minimum based upon meter equivalent size. 5/8"x 3/4" and 3/4" one times minimum rate; 1" two and one half (2.5) times minimum rate; and 1.5" five times minimum rate; 2" eight times minimum rate.

Single household without water service \$30.80 monthly

Non-household without water service \$38.50 monthly

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

- (1) Water - \$5.00 per 1,000 gallons for 1 – 10,000 gallons usage
\$6.00 per 1,000 gallons for 10,001 – 20,000 gallons usage
\$7.00 per 1,000 gallons for 20,001 or more gallons usage

- (2) Sewer - \$1.60 per 1,000 gallons

- (3) The District shall, as required by Section 5.235, Water Code, collect from each of its retail customers a regulatory assessment equal to one-half of one percent of the charge for retail water and/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.

8. **Late Payment Fee.** Once per billing period, a penalty being the greater of \$5.00 or 10% 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.

9. **Returned Check Fee.** In the event a check, draft, or any other similar instrument is given by a person, firm, District, or partnership to the District for payment of services provided for in this Service Policy, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason, the account for which the instrument was issued shall be assessed a return check charge not to exceed the maximum the law allows.
10. **Re-Service Fee.** The District shall charge a fee of \$50.00 for reconnecting service after the District has previously disconnected the service for any reason provided for in this Service Policy.
11. **Lock/Reconnect Fee.** A lock/reconnect fee of \$45.00 will be charged to the account at the time a work order is issued to disconnect the service for non-payment. The balance must be paid in full for reconnection of service.
12. **After Hours Fee.** The District shall charge a fee of \$50.00 for a service trip after regular office hours if the service is disconnected for any reason provided for in this Service Policy. The customer requesting the after hours service trip will be assessed this fee if the request is made after 5:00 p.m. on regular work days.
13. **Data Log Fee.** A customer of the District may request data log information. The District may impose a \$50.00 fee for the retrieval and processing for the data log. Data log information is intended to be a helpful customer service tool to identify specific water usage of a disputed bill.
14. **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 Vandalism/Theft fee of \$100.00 shall be charged plus charges 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.
15. **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.
16. **Non-Disclosure Fee.** A fee of \$5.00 shall be assessed any customer requesting in writing that personal information under the terms of this Service Policy not be disclosed to the public.
17. **Customer Service Inspection Fee.** No fee will be assessed to 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.

18. **Regulatory Assessment.** A fee of 0.005% of the amount billed for water/sewer service will be assessed each customer; as required under Texas law and TCEQ regulations.
19. **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/sewer use or charges, this fee or assessment will be billed and collected as a "pass through" charge to the customer.
20. **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.

DROUGHT CONTINGENCY
AND
EMERGENCY WATER DEMAND MANAGEMENT PLAN

DIANA SPECIAL UTILITY DISTRICT
1716 US HWY 259 SOUTH
P. O. BOX 74
DIANA, TEXAS 75640
903-663-4837

PWS # 2300006

SECTION H.
DROUGHT CONTINGENCY
AND
EMERGENCY WATER DEMAND MANAGEMENT PLAN

1. INTRODUCTION

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

The District Management will monitor usage patterns and public education efforts and will make recommendations to the Board on future conservation efforts, demand management procedures or any changes to this plan. The District Management will also review and evaluate any needed amendments or major changes due to changes in the District's service area population, distribution system or supply. This review and evaluation will be done as conditions necessitate.

The plan will be implemented according to the three stages of rationing as imposed by the Board of Directors. Section 4 describes the conditions that will trigger these stages.

2. PUBLIC INVOLVEMENT

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

3. COORDINATION WITH REGIONAL WATER PLANNING GROUP

Being located within the Region D Water Planning Group, a copy of this Plan has been provided to that Regional Water Planning Group.

4. TRIGGER CONDITIONS

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

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

- 1) Water consumption has reached 90 percent of daily maximum supply for three (3) consecutive days.

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

- 1) Water consumption has reached system capacity for three (3) consecutive days.
- 2) The water level in any of the water storage tanks cannot be replenished for three (3) consecutive days.

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

- 1) The imminent or actual failure of a major component of the system or an event which cause an immediate health or safety hazard.
- 2) Water demand exceeds the maximum available for two (2) consecutive days.
- 3) Other unforeseen events which could cause imminent health or safety risks to the public.

5. STAGE LEVELS OF WATER ALOCATIONS

The stage levels of water allocations are to be placed in effect by the triggers in Section 4. The District Management shall institute monitoring and enforce penalties for violations of the Drought Plan for each of the Stages listed below. The water allocation measures are summarized below.

a. Stage I - Mild Conditions

- 1) Alternate day, time of day, or duration restrictions for outside water usage allowed. (System will notify Customers which restriction is in effect)
- 2) The system will reduce flushing operations.
- 3) Reduction of customers' water use will be encouraged through notices on bills or other method.

b. Stage II - Moderate Conditions

- 1) All outside water use is prohibited (except for livestock variances).
- 2) Make public service announcements as conditions change via local media (TV, radio, newspapers, etc.).

c. Stage III - Severe Conditions

- 1) All outside watering prohibited.
- 2) Water use will be restricted to a percentage of each member's prior month usage. This percentage may be adjusted as needed according to demand on the system. Notice of this amount will be sent to each customer.
- 3) District shall continue enforcement and educational efforts.

6. INITIATION AND TERMINATION PROCEDURES

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

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

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

If the water allocation program extends 30 days then the District Management shall present the reasons for the allocations at the next scheduled Board Meeting and shall request the concurrence of the Board of Directors to extend the allocation period.

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

7. PENALTIES FOR VIOLATIONS

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

These provisions apply to all customers of the District.

8. EXEMPTIONS OR WAIVERS

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

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

Persons requesting an exemption from the provisions of this Plan shall file a petition for variance with the District Management within 5 days after the Plan or a particular drought response stage has been invoked or after a condition justifying the variance first occurs. All petitions for variances shall be reviewed by the Board of Directors and shall include the following:

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

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

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

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

An emergency rationing program was adopted by the Board of Directors on February 12, 1990. The Board will make a periodic review of the plan to ensure that the water availability can be preserved in response to drought or emergency conditions.

SECTION I – SEWAGE

Unless specifically stated in this portion of the Service Policy all general information in Section A through H will apply to the sewage section.

1. Rates.

Single household: Nineteen dollars and sixty cents (\$19.60) plus one dollar and sixty cents (\$1.60) per 1,000 gallons of metered water.

Non-household: Thirty dollars and eighty cents (\$30.80) per month plus one dollar and sixty cents (\$1.60) per 1,000 gallons of metered water.

All rates for metered services larger than three quarters ($\frac{3}{4}$) inches, except those without water service, will be charged a minimum based upon meter equivalent size. Five eighths by three quarter inches ($\frac{5}{8} \times \frac{3}{4}$) equals one (1) times minimum rate; one inch (1) equals two and one half (2.5) times minimum rate; one and one half inch ($1\frac{1}{2}$) equals five (5) times minimum rate; two inch (2) equals eight (8) times minimum rate and three (3) inches equals sixteen (16) times minimum rate..

Single household without water service – thirty dollars and eighty cents (\$30.80) monthly
Non-household without water service – thirty eight dollars and fifty cents (\$38.50) monthly

2. **Deposit Fee.** Sewer Deposit fee one hundred dollars (\$100.00).
3. **Capital Contribution Fee.** See section G-6. The capital contribution fee is currently one thousand two hundred fifty dollars (\$1,250.00).
4. **Tap Fee.** Actual cost to District from existing sewer lines including labor and materials. The tap fee is currently three hundred twenty five dollars (\$325.00). Where sewer lines are more than five (5) feet in depth a contractor may be used at the District's discretion.
5. **Customer's Piping.** 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. No DWV (drain waste and vent) pipe or fittings will be allowed.
6. **Special Requirements.** All non-household sewer users who by nature of their service have dirt, grit or sand, grease, oil or similar substance must install and maintain a trap ahead of their entrance to Diana SUD's sewage system piping to exclude such substance.