

## **SECTION E.**

### **SERVICE RULES AND REGULATIONS**

1. ***Service Entitlement.*** An Applicant shall be considered qualified and entitled to water utility service when proper application has been made, terms and conditions of Service and Membership have been met and continue to be met, and all fees have been paid as prescribed. (30 TAC 291.85 (a))
2. ***Application Procedures and Requirements.*** For the purposes of this Tariff, service requested by an Applicant shall be for real estate designated to receive the service provided by the Corporation and 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.
  - B. **Non-Standard Service** is defined as any service request which requires a larger meter service, service to a Master Metered Account (Ref. Section E. 2. c. (4)), or an addition to the supply, storage and/or distribution. The service requirements as prescribed by Section F of this Tariff shall be required of the Non-Standard Service Applicant prior to providing service.
  - C. **Requirements for Standard and Non-Standard Service.**
    - 1) The Corporation's Service Application and Agreement Form shall be completed in full and signed by the Applicant. (Ref. Application Packet: Service Application and Agreement – USDA form RUS-TX 1942-11 (Rev. 8/96))
    - 2) A Right-of-Way Easement Form, Sanitary Control Easement, or other such easement forms, required by the Corporation, must be completed by the Applicant for the purpose of allowing future facility additions. (Ref. Application Packet: Easement, 30 TAC 290.47 Appendixes C.)

**NOTE:** This requirement may be delayed for Non-Standard Service requests.
    - 3) The Applicant shall provide proof of ownership and/or non-standard service to property for which service has been requested in a manner acceptable to the Corporation. Proof of ownership shall consist of a copy of the warranty deed, deed of trust or other recordable documentation of fee simple title to the real estate designated to receive service. (ART. 1434a, Sec.9A. (c) Vernon's Tex. Civ. Stat., 13.002 (11) of the Texas Water Code)
    - 4) The Corporation shall consider master metering 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 Corporation 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. (30 TAC 291.81 (a) (1))
    - 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 easement to the Corporation for the purpose of installing the water main and appurtenances, and the

Corporation has documentation of such refusal recorded in public records file, the Applicant, prior to receiving the requested service, shall grant easement to the Corporation. In addition to the normally required fees for service, the Applicant may be required to pay such sums as are necessary for the removal of the water main from the public right-of-way and for relocation onto the Applicant's property pursuant to such easement. (Ref. Application Packet: Easement, 30 TAC 290.47 Appendix C. and Section G.3)

3. **Activation of Standard Service.**

- A. **Installation** -- The Corporation shall charge an Installation Fee as required under Section G. 1-6 of this Tariff. The Installation Estimate Fees shall be quoted in writing to the Applicant. Fifty percent (50%) of the estimated fees shall be paid in advance of installation, with the balance due before permanent continuous service is provided. (30 TAC 291.86 (a)(1)(A))
- B. **Re-Service** -- On property where service previously existed, the Corporation shall charge the Membership Fee, where the Membership Fee has been liquidated, and costs necessary to restore service. (Ref. Miscellaneous Form: Re-Service Illustration)
  - 1. **Exceptional Circumstances:** the Board may allow a temporary turn on for a specified amount of time, for an inspection of the property. The Reconnect Fee will be charged.
- C. **Performance of Work** -- After approval is granted by proper authorities, all tap and equipment installations specified by the Corporation shall be completed by the Corporation staff or designated representative. The installation shall be completed within five (5) working days after approval and receipt of payment of fifty percent (50%) of the estimated fees. This time may be extended for installation of equipment for Non-Standard Service Request. (Ref. Section F., and 30 TAC 291.85)
- D. **Inspection of Customer Service Facilities** -- The property of the Applicant/ Member shall be inspected to insure compliance with state required Minimum Acceptable Operating Practices for Public Drinking Water Systems as promulgated by the TCEQ or successor agency. (30 TAC 290.46(j) and Miscellaneous Form: Customer Service Inspection Certification)

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

- A. **Activation of Non-Standard Service** shall be conducted as prescribed by terms of Section F of this Tariff.
- B. **Re-Service** - The same terms which apply under the Activation of Standard Service Sub-Section on Re-Servicing shall be applied to Non-Standard Re-Service requests. (Section E. 3. b)

5. **Installation.** The Corporation will provide service to a new Applicant upon approval where no service previously existed. The Installation shall be assigned and restricted to the service location's specified parcel of land originally designated to receive service at the time of application. The Installation includes:

a. **New Tap**

- 1) **Standard Service** shall include all current labor, materials, engineering, legal, customer service inspection, and administrative costs necessary to provide individual metered water service and shall be charged on a per tap basis as computed immediately prior to such time as metered service is requested and installed.
- 2) **Non-Standard Service** shall include any and all construction labor and materials, inspection, administration, legal, and engineering fees, as determined by the Corporation under the rules of Section F of this Tariff.

- b. **Service Investigation:** The Corporation shall conduct a service investigation for each service application submitted at the Corporation office. An initial determination shall be made by the Corporation, without charge, as to whether the service request is Standard or Non-Standard. An investigation shall then be conducted and the results reported under the following terms:
- 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 associated with investigation of the Corporation ability to deliver service to the Applicant to:
    - (a) provide cost estimates of the project,
    - (b) to present detailed plans and specifications as per final plat,
    - (c) to advertise and accept bids for the project,
    - (d) to present a Non-Standard Service Contract to the Applicant, and
    - (e) to provide other services as required by the Corporation for such investigation. A Non-Standard Service Contract shall be presented to the Applicant within a suitable amount of time as determined by the complexity of the project. (Ref. Section F.)
- c. **Easement:** When the Corporation determines that private right-of-way easements and/or facilities sites are necessary to provide service to the Applicant, the Applicant shall be required to make good faith efforts to secure easements in behalf of the Corporation and/or pay all costs incurred by the Corporation in validating, clearing, and retaining such right-of-way in addition to Installation Fees otherwise required pursuant to the provisions of this Tariff. The costs may include all legal fees, and expenses necessary to attempt to secure such right-of-way and/or facilities sites in behalf of the Applicant. (Ref. Section E. 2. c. (2, 6), Section F. 7. a, G. 3.)
- d. **Membership:** A membership in the Corporation perpetually assigned to a certain property that can be defined by an address or legal description. The membership can be transferred to a new owner of this property but not from one property to another. The Member must show proof of ownership of the property by a copy of the warranty deed, deed of Trust, or other recordable documentation of fee of Simple Title to the real estate to be served.
- e. **Customer Service Inspections.** The Corporation requires that a customer service inspection certification be completed prior to providing continuous water service to new construction including new or used mobile homes and for all new members as part of the activation of standard and some non-standard service. Customer service inspections are also required on any existing service when the corporation has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction or addition to the members' water distribution facilities. This inspection is limited to the identification and prevention of cross-connections, potential contaminant hazards and illegal lead materials. (30 TAC 290.46(I-j))
- f. **Equity Buy-In:** In addition to the Membership Fee, each Applicant shall be required to achieve parity with existing Members by contributing capital in an amount projected to defray the cost of 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 service unit basis for each Installation

and shall be assigned and restricted to the Installation for which the service was originally requested. The formula applied to such fee calculated annually after receipt of the system audit is as follows:

**Sample Calculation:**

Total Contributions and Assets of the Corporation minus (-)  
Accumulated depreciation minus (-)  
Outstanding Corporation Debt Principle minus (-)  
Developer Contributions divided by (/)  
Total Number of Existing Members/Customers equals (=)  
Average Net Equity Buy-In Fee

6. **Changes in Service Classification.** If at any time the Corporation determines that the customer service needs changed from those originally applied for to a different service classification and the Corporation determines that additional or different facilities are necessary to provide adequate service, the Corporation shall require the Applicant/Member to re-apply for service under the terms and conditions of this Tariff. Applicant/Members failing to comply with this provision shall be subject to the Disconnection with Notice Provisions of this Tariff, Section E.14.a.

7. **Membership.**

- a. **Eligibility** - Eligibility for Membership shall not guarantee service to the Applicant or Transferee; however, qualification for service is a prerequisite to Membership eligibility for new Applicants or continued Membership for Transferees. Ref. Section E. 1.
- b. **Membership Certificates** - Upon qualification for service, qualification for Membership, and payment of the required fees, the Corporation shall issue a refundable Membership Certificate to the Applicant. The Membership Certificate provides proof of Membership in the Corporation and shall entitle the Member to one (1) connection to the Corporation's water utility service and one (1) share of Corporation Stock. The Membership Certificate also entitles the Member to one (1) vote in conducting the affairs of any Annual or Special Membership Meeting of the Corporation as prescribed by the Corporation Bylaws. An original of each Membership Certificate shall be held on file in the Corporation Office. Ownership of more than one (1) Membership Certificate shall not authorize the Member to cast more than one (1) vote at any annual or special meeting. (Art. 1434a Vernon's Tex. Civ. Stat.) Each Membership Certificate and Stock thereby represented may be assigned to the specified parcel of land originally designated to receive service at the time of application. (ART. 1434a, 9A. (c)(e) Vernon's Tex. Civ. Stat.)

**NOTE 1.** In the event that the Corporation is conducting a potential Members survey for indications of interest in future service for the purpose of determining the feasibility of an initial construction or expansion project under RUS guidelines (Ref. Application Packet: Service Application and Agreement –(Form RUS TX 1942-1, Membership Survey Data Sheet), regular application procedures may be modified. An Indication of Interest Fee may be required prior to qualifications for receipt of service by the Applicant but shall only be used or applied as a Membership Fee for Membership purposes (upon issuance of a Membership Certificate) if service is ultimately received or reserved by the Applicant as a result of the planned project facilities. If service is not provided within the scope of this project, Indication of Interest Fees shall be refunded, less expenses, within sixty (60) days of the loan closing with the Rural Utilities Service.

2. In the event the applicant is in the process of construction the Membership will be considered TEMPORARY until such time as the final Customer Service Inspection is completed and the forms are returned as required. (Ref. Section C., Section E.1.)

- c. **Transfers of Membership.** (Art. 1434a, Vernon's Tex. Rev. Civ. Stat. Sec. 9A.)
- 1) A Member is entitled to transfer Membership in the Corporation only under the following circumstances:
    - (a) The Membership is transferred by will to a person related to the Transferor within the second degree by consanguinity; or
    - (b) The Membership is transferred without compensation to a person related to the Transferor or as the result of divorce, death &/or change of name within the second degree by consanguinity; or
    - (c) The Membership is transferred without compensation or by sale to the Corporation; or
    - (d) The Membership is transferred as a part of the conveyance of real estate from which the Membership arose.
  - 2) In the event that Membership is transferred pursuant to the provisions of Section E.6.c.(1) such transfer shall not be completed or recorded on the books and records of the Corporation until such time as the transferor has provided satisfactory evidence to the Corporation of such transfer. A transfer of Membership shall not be binding on the Corporation until such transfer has been approved as provided by Section E.6.c. (3).
  - 3) Qualifications for service upon transfer of Membership set forth in Section E.5.c.(1) and 5.c.(2) shall be subject to approval of the Corporation and shall be recorded on the books and records of the Corporation only upon the following terms and conditions:
    - (a) A Transfer Authorization Form has been completed by the Transferor and Transferee;
    - (b) The Transferee has completed the required Application Packet;
    - (c) All indebtedness due the Corporation has been paid by the Transferor;
    - (d) The Membership Certificate has been surrendered, properly endorsed, by the Transferor; and
    - (e) The Transferee demonstrates satisfactory evidence of ownership of the property designated to receive service and from which the Membership originally arose;
    - (f) The Transfer Fee has been paid;
    - (g) A Right of Way Easement signed and notarized if none exists.;
  - 4) If the Application Packet and other information is not completed on the day transfer of membership is requested, the corporation will give the Transferee written notice of ten (10) additional days to produce completed documentation to the corporation office. Service will be disconnected on the day following the 10<sup>th</sup> day according to disconnection with notice requirements. Additional time may be allowed at the directions of the Board.
- d. **Cancellation of Membership** – To keep a Membership in good standing, a Service Availability Charge must be paid monthly to the Corporation or the Member's Membership will be in jeopardy. A Member may be relieved of this obligation to pay by surrendering the Membership Certificated, properly endorsed, to the Corporation. The Member shall also complete a Service Discontinuance Request Form prior to termination of service. (Ref. Miscellaneous Forms.) However, a Member is not relieved of any obligations incurred prior to the date of surrender of a properly endorsed Membership Certificate prior to termination of service. On discontinuance of service the membership is applied to the balance of the account on the date of discontinuance. The account will be finalized on the date the discontinuance letter arrives in the office of the Corporation. The Final Bill will be sent to the now former member with a final amount due or a refund check for the difference of the membership. Rights to future service at this Installation shall be extended on an as-available basis and subject to the terms of the Activation of Service Section E.3.b. (Art. 1434a., Vernon's Tex. Rev. Civ. Stat. Sec. 9 A.(d))
- e. **Liquidation Due To Delinquency** – When the amount of the delinquent charges owed by the Member equals the Membership Fee, the Membership Fee shall be liquidated and a Disconnect

Fee has been applied, and the Membership canceled and transferred back to the Corporation. In the event the Member leaves a balance due on an account guaranteed under the terms of a Service Application and Agreement, and the delinquent Member owns more than one Membership Certificate, the Corporation may liquidate as many of the Member Guarantor's Membership Fees as necessary to satisfy the balance due the Corporation, provided proper notice has been given (see section E, Subsection 14.a. [4]). The Corporation shall collect any remaining account balances by initiation of legal action. Re-instatement of service shall be subject to the terms of the Activation of Service (Ref. Section E. 3. b.)

- f. **Cancellation Due To Policy Non-Compliance** -- The Corporation may cancel a Membership anytime a Member fails to comply with policies of the Corporation. (ART. 1434a., Vernon's Tex. Rev. Civ. Stat. Sec. 9A. (e))
- g. **Re-assignment of Canceled Membership** -- The Corporation, upon cancellation of Membership under the provisions of this Tariff, may re-assign the Membership rights thereby granted to any person who satisfactorily demonstrates eligibility for Membership, including but not limited to proof of ownership of the property from which the Membership arose. (Art. 1434a., Vernon's Tex. Rev. Civ. Stat. Sec. 9A.(e))
- h. **Mortgaging of Memberships** -- Nothing herein shall preclude a Member from mortgaging his/her Membership. However, notification to the holder of any security interest (mortgagee/lien-holder) of account status of Member/mortgagor will be provided only upon satisfactory completion of requirements for such conditions under the Membership Mortgage Agreement (Ref. Miscellaneous Forms). Prior to the cancellation of any Membership as provided under Section E. 6.d. (Cancellation of Membership), the Corporation will notify the holder of any security interest in the Membership. The holder of the security interest also must hold a security interest in the real property at which water service is provided under the Membership. The Corporation may transfer the Membership to the holder of such security interest in lieu of cancellation, provided the holder of the security interest pays in full all delinquent and unpaid obligations and provided further that the holder of the security interest has secured title to the real property from which the Membership arose. The Corporation may withhold cancellation of a Membership pending the resolution of any foreclosure proceedings or similar legal proceedings by the holder of the security interest.
- i. **Cancellation and Re-assignment of membership as results of Bankruptcy proceedings** – When the corporation is notified that a Member has filed bankruptcy, the corporation shall cancel the Membership for that property and require the receiver or current owner to qualify for Membership in accordance with the terms of this Tariff. Notice will be provided to the Member filing for bankruptcy allowing twenty (20) days to provide a completed application packet and payment of the required Membership Fee to the Corporation or service will be disconnected according to the terms of this Tariff.

8. **Owners and Renters.** Any Member, renting or leasing real estate property designated to receive service according to the terms of this Tariff to other parties, is responsible for all charges due the Corporation. The Corporation may bill the renter or lessee for utility service, at Member Request, as a third party, but the Member is fully responsible for any and all unpaid bills left by the renter/lessee. The Member/Owner shall be required to sign an Alternate Billing Agreement if the Member/Owner wants the renter to be billed in the renters name. (See Miscellaneous Transaction Forms.) The Member shall take responsibility for any necessary deposits from the renter/lessee to ensure payment of a past due bill. The Corporation shall notify the Member of the renter's past due payment status and final notice subject to service charges (Ref. Miscellaneous Form: Notice to Owner of Rental Property).

9. ***Denial of Service.*** The Corporation may deny service for the following reasons:
  - a. Failure of the Applicant or Transferee to complete all required forms and pay all required fees and charges;
  - b. Failure of the Applicant or Transferee to comply with rules, regulations, policies, and Bylaws of the Corporation;
  - c. Existence of a hazardous condition at the Applicant's property which would jeopardize the welfare of the Members/Users of the Corporation upon connection;
  - d. Failure of Applicant or Transferee to provide representatives or employees of the Corporation reasonable access to property, for which service has been requested;
  - e. Failure of Applicant or Transferee to comply with all governmental rules and regulations of the Corporation's Tariff on file with the state regulatory agency governing the service applied for by the Applicant;
  - f. Failure of Applicant or Transferee to provide proof of ownership, to the satisfaction of the Corporation, of property for which the Installation has been requested, and/or
  - g. Applicant's service facilities are known to be inadequate or of such character that satisfactory service cannot be provided;
  - h. Failure to give Right-of-Way Easement.
  
10. ***Applicant's or Transferee's Recourse.*** In the event the Corporation refuses to serve an Applicant under the provisions of these rules, the Corporation must notify the Applicant, in writing, on the basis of its refusal. The Applicant may file for an appeal, in writing, with the Board of Directors of the Corporation.
  
11. ***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 Corporation'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 a bill of another customer as guarantor thereof unless the guarantee was made in writing to the Corporation as a condition precedent to service;
  - e. Failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill;
  - f. Failure to comply with regulations or rules for anything other than the type of utility service specifically requested including failure to comply with septic tank regulations.
  
12. ***Deferred Payment Agreement.*** The Corporation may offer a deferred payment plan to a Member who cannot pay an outstanding balance in full and is willing to pay the balance in reasonable installments as determined by the Corporation, including any Late Penalty Fees or interest on the monthly balance to be determined as per agreement. This agreement shall be agreed upon in writing and a copy shall be sent to the Member. (Ref. Miscellaneous Form: Installment Agreement)
  
13. ***Charge Distribution and Payment Application.***
  - a. **The Service Availability Charge** is for the billing period which is the twenty-fifth (25<sup>th</sup>) day of the month to the twenty-fifth (25<sup>th</sup>) day of the month. Charges shall be prorated for meter installations and service termination's falling during the billing period. Billings for this amount shall be mailed on or about the thirty-first (31<sup>st</sup>) of the month preceding the month for which this

charge is due. All services shall be subject to this charge whether or not the service is used by the Member.

- b. **Gallonge Charge** shall be billed at the rate specified in Section G.9.b. and billing shall be calculated in one 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 Corporation's employees or designated representative.
- c. **Posting of Payments** -- all payments shall be posted against previous balances prior to posting against current billings.

14. **Due Dates, Delinquent Bills, and Service Disconnection Date.** The Corporation shall mail all bills on or about the thirty-first (31<sup>st</sup>) of the month. The Corporation is not responsible for delays or non deliveries via the USPS or other carriers. 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.10. A bill is past due if not paid on or before the past due date. Payments made by mail will be considered late if postmarked after the past due date. A 3 day grace period may then be allowed for delayed payments prior to mailing of final notices. Final notices shall be mailed allowing ten (10) additional days for payment prior to disconnection. The ten (10) additional days shall begin on the day the final notice is deposited with the U.S. Postal Service with sufficient postage. If the past due date for the regular or final billing is on a weekend or holiday, the past due date for payment purposes shall be the next day the Corporation office is open for business after said weekend or holiday. For all disputed payment deadlines, the date postmarked on each bill will determine the beginning of each billing cycle or final notice mailings.

- a. Upon written request, any residential customer sixty (60) years of age or older who occupies the entire premises of a dwelling receiving water utility service from the Corporation shall receive extension of the past due date, without penalty. The extension shall not exceed ten (10) days beyond the usual fifteen (15) day payment period for a total of no more than twenty-five (25) days from the date the bill is issued. The request may specify extension of the late payment periods for current and subsequent billings. (HB 670 Effective August 30, 1993)

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

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

- 1) Returned Checks -- The Corporation 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 Corporation 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. (Ref. Miscellaneous Form: Notice of Returned Check) 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 Corporation. The Member/Customer in violation shall be placed on a "cash-only" basis for a period of 12 months.

**NOTE:** "cash only" means certified check, money order, or cash.

- 2) Failure to pay a delinquent account for utility service or failure to comply with the terms of a deferred payment agreement. The Corporation shall mail, via the U.S. Postal Service, a liquidation notice requiring redemption within ten (10) days of the date of the notice to be made in the Corporation office. (Ref. Miscellaneous Form: Installment Agreement);
- 3) Violation of the Corporation's rules pertaining to the use of service in a manner which



- interferes with the service of others or the operation of non-standard equipment if a reasonable attempt has been made to notify the Member and the Member is provided with a reasonable opportunity to remedy the situation;
- 4) Failure of the Member to comply with the terms of the Corporation's Service Agreement, Tariff, Bylaws, Right-of-Way Easement, or Special Contract provided that the Corporation has given notice of said failure to comply, and Member has failed to comply within a specified amount of time after notification.
  - 5) Failure to provide access to the Corporation's equipment under the terms of this Tariff or to property at which water service is received when there is reason to believe that a hazardous condition or policy violation exists for which access is necessary to verify.
  - 6) Misrepresentation by any Applicant or Transferee of any fact on any form, document, or other agreement required to be executed by the Corporation.
  - 7) Failure of Member to re-apply for service upon notification by the Corporation that Member no longer meets the terms of the service classification originally applied for under the original service application.
- b. **Disconnection Without Notice** -- Water utility service may be disconnected without notice for any of the following conditions:
- 1) A known dangerous or hazardous condition exists for which service may remain disconnected for as long as the condition exists, including but not limited to a violation of the Texas Sanitation and Health Protection Law 4477-1, or there is reason to believe a dangerous or hazardous condition exists and the Member refuses to allow access for the purpose of confirming the existence of such condition and/or removing the dangerous or hazardous condition (Section E. 3. d., E. 23., 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 Corporation's meter or equipment, by-passing 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 Member to pay for merchandise or charges for non-utility service provided by the Corporation, unless an agreement exists between the Applicant and the Corporation whereby the Member guarantees payment of non-utility service as a condition of service;
  - 2) Failure of the Member to pay for a different type or class of utility service unless a fee for such service is included in the same bill;
  - 3) Failure of the Member to pay charges arising from an underbilling occurring due to any misapplication of rates more than six (6) months prior to the current billing;
  - 4) Failure of the Member to pay the account of another Member as guarantor thereof, unless the Corporation has in writing the guarantee as a condition precedent to service;
  - 5) Failure of the Member to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due under the Inoperative Meters Section E.20.
  - 6) Failure of the Member to pay estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the Corporation is unable to read the meter due to circumstances

beyond its control;

- 7) In response to a request for disconnection by an Owner/Member of rental property where the renter is billed directly by the Corporation as authorized by the owner, and the renter's account is not scheduled for disconnection under the Rules for Disconnection of Service in this Tariff.
- d. **Disconnection on Holidays and Weekends** -- Unless a dangerous condition exists or the Member requests disconnection, service shall not be disconnected on a day, or on a day preceding a day, when personnel of the Corporation are not available to the public for the purpose of making collections and reconnecting service.
- e. **Disconnection Due to Utility Abandonment** -- The Corporation may not abandon a Member or a Certificated Service Area without written notice to its Members and all similar neighboring utilities and approval from the Texas Commission on Environmental Quality.
- f. **Disconnection for Ill and Disabled** -- The Corporation may not discontinue service to a delinquent residential Member permanently residing in an individually metered dwelling unit when that Member establishes that discontinuance of service will result in some person at that residence becoming seriously ill or more seriously ill if service is discontinued. Each time a Member seeks to avoid termination of service under this Sub-section, the Member must have the attending physician call or contact the Corporation within sixteen (16) days of issuance of the bill. A written statement must be received by the Corporation from the physician within twenty-six (26) days of the issuance of the utility bill. The prohibition against service termination shall last sixty-three (63) days from the issuance of the utility bill or such lesser period as may be agreed upon by the Corporation and Member's physician. The Member shall enter into a Installment Agreement (Ref. Miscellaneous Form).
- g. **Disconnection of Master-Metered Accounts and Non-Standard 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 Corporation shall send a notice to the Member as required. This notice shall also inform the Member that notice of possible disconnection will be provided to the tenants of the service complex in five (5) days if payment is not rendered before that time.
  - 2) At least five (5) days after providing notice to the Member and at least five (5) days prior to disconnection, the Corporation 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 Corporation for any delinquent bill in 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 Tariff service may be terminated with notice.

16. **Billing Cycle Changes.** The Corporation reserves the right to change its billing cycles if the work load 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 Corporation.

17. **Back-billing.** The Corporation may back-bill a Member for up to four (4) years (48 months) for meter error, misapplied meter multiplier, incorrect meter readings, or error in computing a Member's bill. Failure to pay the most recent six (6) months billing will result in disconnection of service. Back-billing shall not extend beyond current Membership except in cases involving the transfer of a Membership conditioned upon payment of delinquent obligations by the Transferee, as provided in Section E.

Sub-Section 6.h.

18. **Balance Defaults:** If a member defaults on an account and leaves an outstanding balance, the balance cannot be charged to the new customer. If the customer with an outstanding balance applies for service on the previous or new account the defaulted balance can be assessed as part of the customer's connection fee.
19. **Disputed Bills.** In the event of a dispute between the Member and the Corporation regarding any bill, the Corporation shall forthwith make and conduct an investigation as shall be required by the particular case, and report the results thereof to the Member. All disputes under this Subsection must be submitted to the Corporation, in writing, prior to the due date posted on said bill except in cases involving the transfer of a Membership conditioned on payment of delinquent obligations by the Transferee, as provided under Section E.6.h.
20. **Inoperative Meters.** Water meters found inoperative will be repaired or replaced within a reasonable time. If a meter is found not to register for any period, unless by-passed or tampered with, the Corporation shall make a charge for units used, but not metered, for a period not to exceed three (3) months, based on amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.
21. **Bill Adjustment Due To Meter Error.** The Corporation shall test any Member's meter upon written request of the Member. In the event the meter tests within the accuracy standards of The American Water Works Association, a test fee as prescribed in Section G. 21 of this Tariff shall be imposed. In the event the test results indicate that the meter is faulty or inaccurate, the test fee shall be waived, the meter shall be calibrated or replaced, and a billing adjustment may be made as far back as six (6) months but not extending beyond current Membership except in cases involving the transfer of a Membership conditioned on payment of delinquent obligations by the Transferee, as provided under Section E.6.h. The billing adjustment shall be made to the degree of the meter's inaccuracy as determined by the test. The Member shall complete a Meter Test Request Form prior to the test. (Ref. Miscellaneous Forms.)
22. **Meter Tampering and Diversion.** For purposes of these Sections, meter-tampering, by-passing, or diversion shall all be defined as tampering with the Corporation's service equipment, by-passing the same, or other instances of diversion, such as:
  - a. Removing a locking or shut-off device used by the Corporation to discontinue service,
  - b. Physically disorienting the meter,
  - c. Attaching objects to the meter to divert service or to by-pass,
  - d. Inserting objects into the meter, and/or
  - e. Other electrical and mechanical means of tampering with, by-passing, or diverting service.The burden of proof of meter-tampering, by-passing, or diversion is on the Corporation. Photographic evidence or any other reliable and credible evidence may be used; however, any evidence shall be accompanied by a sworn affidavit by the Corporation's staff when any action regarding meter-tampering as provided for in these Sections is initiated. A court finding of meter-tampering may be used instead of photographic or other evidence, if applicable. Unauthorized users of services of the Corporation shall be prosecuted to the extent allowed by law under the Texas Penal Code 28.03. (This is a Misdemeanor)
23. **Meter Relocation.** Relocation of services shall be allowed by the Corporation provided that:
  - a. No transfer of Membership is involved;

- b. A Right-of-Way Easement for the proposed location has been granted to the Corporation;
- c. The Member pays the actual cost of relocation which shall include all current labor, materials, customer shut-off valve, engineering, legal, easement fee,(when necessary) and administrative fees;
- d. Service capacity is available at proposed location; and
- e. The relocation is on the assigned Members same property. (Ref. Section E.3.b.)

**24. Requirements for Reconnection of Service for previous Member.** If a previous Member applies for reconnection of service, which has been previously disconnected for any reason, the Corporation cannot refuse reconnection as long as the following requirements are met:

- a. A new Service Application and Agreement form shall be completed in full and signed by the Applicant. (Ref. Section E.2.c)
- b. Proof that ownership of the property has not changed hands. Proof of ownership shall consist of a copy of the warranty deed, deed of trust, or other recordable documentation of fee simple title to the real estate designated to receive service. (Ref. Section E.3.c)
- c. Applicant shall pay all of the Corporation's normal costs and fees for reconnection of service,
- d. Further, if a Right-of-Way Easement is not on file for the property, the Corporation may request that an easement be given, but the Corporation cannot require that a previous member grant an easement as a condition of reconnection. However, if the property has changed hands during the time of reconnection, the Corporation 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 Corporation office. can and will require that an easement be given as a condition of reconnection,
- e. A Service Inspection shall be conducted for each Service Application submitted to the Corporation's office.

**25. Prohibition of Multiple Connections to a Single Tap.** No more than one (1) residential, commercial, or industrial service connection is allowed per meter. The Corporation may consider allowing an apartment building or mobile home/RV park to apply as a "Master Metered Account" and have a single meter (Ref. 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 Corporation has sufficient reason to believe a Multiple Connection exists, the Corporation shall discontinue service under the Disconnection with Notice provisions /section E.15.a. (Ref. Application Packet: Service Application and Agreement - RUS Form 1942-11 (Rev. 8/96))

**26. Bill Adjustment Due to Member Flushing.** The Corporation shall discount a customer's billing account if the customer requests a flushing discount within seventy-two (72) hours of a catastrophe or act of God. This discount is limited to 1000 gallons of water at the price on the 1<sup>st</sup> tier of the billing gallonage charge. This discount will be applied to the next billing period.

**27. Hiring of Contract Labor and buying of equipment.** The Corporation must secure three (3) bids for any contract labor and equipment. The contractor must provide the Corporation a certificate of Insurance and/or Bonding. The Board may allow a contractor to work for the Corporation uninsured, by a vote at any regular or called meeting.

- 1. In the cases of emergency or exceptional circumstances with a maximum cost of \$1000.00 or less the three bid rule is waved. The Manager must report all circumstances to the Board of Directors at the next regular meeting surrounding the emergency.

28. **Returned Check Policy.** All returned check for payments to the Corporation will be charged the returned check fee (G. 13) and the Member will be notified in writing that the account must be made current within ten (10) days of the letters date or service will be terminated and a Disconnection Fee will be applied, and must be paid before service will be reestablished. (E. 15. a 1.)

29. **Deceased Member.** The Corporation shall make every attempt to locate the inheritors of a Member who has a Membership with the Corporation, where a property has been sold and the Member of the Membership is deceased to refund the Membership or transfer said Membership to the new property owner. In the event that the inheritor cannot be located, the Corporation shall surrender the Membership fee to the State of Texas in the unclaimed money division.

30. **Real Estate Inspection.** The Corporation shall provide reconnect and disconnect service to a property for the purpose of water inspection at said property. (Section G.22)

30. **Member's Responsibility.**

- a. The Member shall provide access to the meter as per 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 Member 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 Member, then service shall be discontinued and the meter removed with no further notice. (Ref. Section E.3.d.)
- b. The Member shall be responsible for compliance with all utility, local, and state codes, requirements, and regulations concerning on-site service and plumbing facilities. (Ref. Miscellaneous Form: Notice to Homeowners and Plumbers)
  - 1) All connections shall be designed to ensure against back-flow or siphonage into the Corporation's water supply. In particular, livestock water troughs shall be plumbed above the top of the trough with air space between the discharge and the water level in the trough. (Ref. 30 TAC 290.46 and Miscellaneous Form: Backflow Prevention Devices)
  - 2) The use of pipe and pipe fittings that contain more than 8.0% lead or solder and flux that contain more than 0.2% lead is prohibited for any plumbing installation or repair of any residential or non-residential facility providing water for human consumption and connected to the Corporation's facilities. Customer service pipelines shall be installed by the applicant and shall be a minimum of SDR-26 PVC pipe. (30 TAC 290.46 )
  - 3) Other site-specific requirements may be imposed by the Corporation. All sewer and portable water service pipeline installations must be a minimum of nine feet apart and meet all applicable plumbing standards for crossing, etc. 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 regulation until such time as the violation is corrected.
- c. A Member owning more than one (1) Membership Certificate shall keep all payments current on all accounts. Failure to maintain current status on all accounts shall be enforceable as per Service Application and Agreement executed by the Member. If the Membership is on a rental property the Member is responsible for the balance on the account.
- d. The Corporation'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 or estimated and/or damages occurring to the metering equipment owned and maintained by the Corporation shall be subject to charges as determined by the Corporation's Tariff.

- e. The Corporation shall require each Member to have a cut-off valve on the Member's side of the Corporation's equipment for purposes of isolating the Member's service pipeline and plumbing facilities from the Corporation's water pressure. The valve shall meet AWWA standards (a ball valve is preferred). **The Member's use of the Corporation's curb stop or other similar valve for such purposes is prohibited. Any damage to the Corporation's equipment shall be subject to service charges.**
- f. This Membership entitles the Member to one connection of water service, to serve only one residence or business.
- g. At least the minimum monthly Service Availability Charge is due and payable each month whether or not water is used.
- h. The Member must notify the office of the Corporation in writing of any address or telephone number changes.
- i. The Member understands that if the meter is locked for non-payment of a bill, the meter will remain locked for ten business days. If payment is not made within these 10 days, the meter will be removed and the Membership in the Corporation liquidated. If service is requested in the future all delinquent fees plus current charges for service must be paid. This includes past due balance, disconnect fee, new Membership Fee and all service fees.
- j. It is the Members responsibility to contact the office if a bill has not been received for the month. Not receiving a bill does not void the late charge, other fee or requirements, etc.
- k. The Member will provide SAFE UNOBSTRUCTED access to the water system representatives or employees during meter reading and any other time the Member has been informed that the Corporation needs access to the property. If access to the meter is hindered or denied preventing the reading of the meter, an estimated bill shall be rendered to the Member for the month, and a notice shall be sent to the effect that access could not be gained. If access is denied for three (3) consecutive months after proper notification to the Member, then service shall be discontinued and the meter removed with no further notice.
- l. The Member will allow the water system operator or representative to check the property for illegal or unsafe conditions.
- m. The Member is responsible for all water usage registered on the meter (unless meter is in error). The member will pay for this usage whether it is from known or unknown leaks, or line breaks.
- n. Regardless of the meter's location the Member will keep a four-foot radius around the meter clean and clear of debris.
- o. If the Corporation's equipment is located behind a secured area, the Member will provide a key or gate code to the Corporation, for access for meter reading, maintenance, etc. If for any reason, the Corporation is unable to gain access to the equipment for two months, the Member agrees to pay all costs incurred in relocating the equipment to an accessible area.
- p. The Member is responsible for all charges on account, until the proper paperwork is completed in the office of the Corporation to liquidate or transfer the account.