

PORT O'CONNOR IMPROVEMENT DISTRICT CODE
of
RULES AND REGULATIONS

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TABLE OF CONTENTS

PART ONE: ADOPTION AND EFFECT OF REGULATIONS	1
Section 1.1 – Adoption	2
Section 1.2 – Effect of these Regulations	2
Section 1.3 – Penalties for Violations	2
Section 1.4 – Re-imbursement of Non-Scheduled Costs	2
 PART TWO: DEFINITIONS	 3
Section 2.1 – Definitions	3
 PART THREE: RATE ORDER	 7
Section 3.1 – Schedule of rates, connection fees as prescribed	7
Section 3.2 – Each meter constitutes separate service	7
Section 3.3 – Number according to building category	7

Section 3.4 – All Services Charged	7
Section 3.5 – Security Deposits	7
Section 3.6 – Additional Charges	8
Section 3.7 – Applicable Average Water Usage (<i>Deleted</i>)	8
Section 3.8 – Sewer Averaging	8
Section 3.9 – Irrigation Water Meters For Residential Customers	8
Section 3.10 – Change in Use	8
Section 3.11 - Basic Service Fee	8
Section 3.12 – Water Service Rates	9
Section 3.13 – Wastewater Service Rates	10
Section 3.14 – Out-of-District Rates	11
Section 3.15 – Tap Fees for Water and Wastewater Service	12
Section 3.16 – Reconnection; Account Reopening; Charges	13
Section 3.17 - Adjusted Bills Due to Meter Tampering	14
Section 3.18 – Delinquency in Payment	14
Section 3.19 – Hardship Policy Authorized	15
Section 3.20 – Rates for Charitable Organization Users	15
Section 3.21 – Fire Hydrant Meter Deposit Rates	15
 PART FOUR: BILL DISPUTES, DISCONNECTIONS	 16
Section 4.1 – Disputed Bills	16
Section 4.2 - Meter Re-reads	16
Section 4.3 – Discontinuation of Service	16
 PART FIVE: SERVICE EXTENSION REGULATIONS	 19
Section 5.1 - Extensions to be Under Utility Manager's Supervision	19
Section 5.2 – Service Extension Policy	19
Section 5.3 – Water and Wastewater Facility Extensions	19
Section 5.4 – Construction Plans, Review and Approval	20
Section 5.5 – Construction and Installation of Improvements	22
Section 5.6 – Inspection and Acceptance of Improvements	22
Section 5.7 – Maintenance of Improvements; Acceptance of Maintenance	23
Section 5.8 – Small Extension Project Provisions	24
Section 5.9 - Connections Where Existing Lines Are Privately Owned	25
 PART SIX: GENERAL RULES AND REGULATIONS	 27
Section 6.1 – Utility Systems in General	27
6.1(a) Scope	27
6.1(b) Regulations Applicable Within and Outside	27
6.1(c) Regulations Constitute Agreement	27
6.1(d) Compliance Required for Service	27
6.1(e) Non-liability of District	27
6.1(f) Receipts Deposited in Treasury	28
6.1(g) Maps and Plats on File	28
6.1(h) Right of Entry; Right of Service Interruption	28
6.1(i) Compulsory Use of System	28
6.1(j) Application for and Manner of Connecting	29
6.1(k) Permit to Use Water; Collection of Charges	30
6.1(l) No Refund to Discontinued Use	30
6.1(m) Failure to Receive Bill No Excuse for Non-payment	30
6.1(n) Meter Required	30
6.1(o) Charges Estimated when Meter Access Impeded	30
6.1(p) Cross Connections with Other Sources	30

6.1(q) Service Calls	31
6.1(r) Taps Require District Consent	31
6.1(s) Persons Authorized to Make Taps	31
6.1(t) Separation of Water Taps	31
6.1(u) Unlawful Deposits	31
6.1(v) Chemical Discharges	33
6.1(w) Storage of Pollutants	33
6.1(x) Prevention of Unlawful Deposits	33
6.1(y) Correcting Unsanitary Conditions	34
Section 6.2 – Supervision of Discharges	34
Section 6.3 – County Subdivision Regulations	34
Section 6.4 – Easements Required as a Condition to Service	34
Section 6.5 – Grease Interceptors	35
Section 6.6 – Residential Swimming Pools	37
Section 6.7 – Water Well Permits	37
Section 6.8 – Professional Fee Reimbursements	37
Section 6.9 – Prohibition on Use of Lead	38
Section 6.10 – Underground Installations	38
Section 6.11 – Connections to be on side of mains; depth of service pipes	38
Section 6.12 – Distance of connections from joints	38
Section 6.13 – Permitting water to accumulate	38
Section 6.14 – Limitation on connection to tap lines	38
Section 6.15 – Outdoor Showers no connection to District	39
Section 6.16 – Outdoor Showers – Permit Required	39
Section 6.17 – Wash Racks Prohibited	39
Section 6.18 – Yard Drains Prohibited	39
Section 6.19 – Sprinkler/Irrigation Systems – Permit Required	39
Section 6.20 – Unlawful Tampering	40
 PART SEVEN: INSPECTIONS-BUILDER AND CUSTOMER SERVICE; CROSS CONNECTION AND BACKFLOW	
PREVENTION	41
Section 7.1 -- Builder Inspections	41
7.1(a) Pre-Construction Inspection Fees	41
7.1(b) Final Builder Inspection Fees	41
7.1(c) Builder Temporary Accounts	41
Section 7.2 -- Backflow Prevention Devices	41
7.2(a) Cross-Connection Control Policy	41
7.2(b) Actual or Potential Causes of Action	41
7.2(c) BFP Device Tested upon Installation; Proper Forms Filed with District	42
7.2(d) Backflow Assemblies Repaired/Replaced at Expense of Customer	42
7.2(e) No Removal of Backflow Prevention Assembly	42
7.2(f) Backflow Prevention for Lawn Sprinkling Systems	42
7.2(g) Cross-Connection Inspections \$50.00	43
7.2(h) Commercial Fees on Case-by-Case Basis	43
7.2(i) Backflow Prevention and RV Parks	43
7.2(j) Hose Bibb Vacuum Breakers	43
7.2(k) Backflow Prevention and Boat Docks	43
Section 7.3 -- Customer Service Inspections	43

INDEX

	Page
<u>Rates and Fees (General):</u>	
Section 3.11 – Basic Service Fee (\$23.50/month)	8
Section 3.12 – Water Service Rates	9-10
Section 3.13 – Wastewater Service Rates	10-11
Section 3.14 – Out-of-District Water and Sewer Rates	11-12
Section 3.15 – Tap Fees	12
Section 3.16 – Reconnection Fees and Account Reopening	13
Section 3.17 – Meter Tampering Fine	14
Section 3.18 – Delinquency in Payment (15% late charge)	14-15
Section 4.2 – Meter Re-Reads (\$25 if first read accurate)	16
 <u>Permits and Permit Fees:</u>	
Section 6.1(k) – Utility Systems in General—Permits issued by District Operator	30
Section 6.7 – Water Wells – Permit Required (no fee)	37
Section 6.16 – Outdoor Showers – Permit Required (\$50.00 fee)	39
Section 6.19 – Sprinkler/Irrigation Systems – Permit Required (no fee)	39
 <u>Developers:</u>	
Section 5.1 – Extensions to be Under Utility Manager's Supervision	19
Section 5.2 – Service Extension Policy	19
Section 5.3 – Water and Wastewater Facility Extensions	19-20
5.3(a) Generally	19
5.3(b) Extension of Mains	19
5.3(c) Satellite Systems	20
5.3(d) Minimum Standards	20
5.3(e) Fire Protection	20
Section 5.4 – Construction Plans, Review and Approval	20-22
5.4(a) Generally	20
5.4(b) Seal Required	20
5.4(c) Design and Construction Standards	20-21
5.4(d) Submission and Review	21
5.4(e) Required Plans	21-22
5.4(f) Approval	22
Section 5.5 – Construction and Installation of Improvements	22
Section 5.6 – Inspection and Acceptance of Improvements	22
5.6(a) Generally	22-23
5.6(b) Inspections and Acceptance of Completion	22
5.6(c) As-Built Plans and Certifications	23
5.6(d) Sewer Service Line Inspections	23
Section 5.7 – Maintenance of Improvements; Acceptance of Maintenance	23-24
Section 5.8 – Small Extension Project Provisions	24-25
Section 5.9 – Connections where existing lines are privately owned	25-26
Section 6.3 – County Subdivision Regulations	34
Section 6.4 – Easements Required as a Condition to Service	34-35
Section 6.8 – Professional Fee Reimbursements	37
Section 6.9 – Prohibition on Use of Lead	38
Section 6.10 – Underground Installations	38
Section 6.11 – Connections to be on Side of Mains; Depth of Service Pipes	38

Section 6.12 – Distance of Connections from Joints _____	398
Section 7.1 – Builder Inspections and Temporary Builder Accounts _____	42
Section 7.2 – Backflow Prevention Devices _____	41-43
Section 7.3 – Customer Service Inspections _____	43-45

Sprinklers / Irrigation Systems:

Section 3.3(d) – Number (of Meters) according to building category (Exception) _____	7
Section 3.9 – Irrigation Water Meters for Residential Customers _____	8
Section 3.12 – Water Service Rates _____	9
Section 6.1(i) – Utility Systems in General (Exception) _____	28
Section 6.14 – Limitation on connection to tap lines _____	38-39
Section 6.19 – Sprinkler/Irrigation Systems – Permit Required (no fee) _____	39
Section 7.2 – Backflow Prevention Devices (cross-connections) _____	41-43
Section 7.3 – Customer Service Inspections _____	43-45

Inspections and Inspection Fees:

Section 1.4 – Re-imbursement of Non-Scheduled Costs _____	2
Section 3.6 – Additional Charges _____	8
Section 5.6 – Inspections and Acceptance of Improvements _____	22-23
Section 6.1(j){3}{B} – Utility Systems in General—Connection of wastewater service lines _____	30
Section 6.5(a) – Grease Interceptors – Discharge into Grease Traps required _____	35
Section 6.5(d) – Grease Interceptors – Installation of Grease Traps, inspection parts _____	35-36
Section 6.5(e) – Grease Interceptors – Maintenance of Grease Traps, Fees (\$50.00) _____	36
Section 6.7 – Water Well, Right to Inspect _____	37
Section 6.16 – Outdoor Shower Permit, Inspection Required _____	39
Section 7.1 – Builder Inspections and Temporary Builder Accounts, Fees (\$100.00) _____	41
Section 7.2 – Backflow Prevention Devices (cross-connection inspections/fees) (\$50.00) _____	41-43
Section 7.3 – Customer Service Inspection Certification Fee (Residential/Commercial) (\$50.00) _____	43-45

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PART ONE:
ADOPTION AND EFFECT OF REGULATIONS;
VIOLATIONS AND PENALTIES

Section 1.1 – Adoption.

The District owns a water and sanitary sewer system designed to serve present and future residents of the District and is also providing garbage service to residents of the District. The District, pursuant to the authority granted it under Section 54.205 of the Water Code, adopts these Regulations to (i) secure and maintain safe, sanitary, and adequate plumbing installations, connections, and appurtenances as subsidiary parts of its water and wastewater utility systems; (ii) preserve the sanitary condition of all water controlled by the District; (iii) prevent waste or the unauthorized use of water controlled and District Utilities provided by the District; (iv) protect the facilities and installations of the District used in the provision of District Utilities; (v) regulate privileges on any land or any easement owned or controlled by the District; and (vi)

provide and regulate a safe and adequate potable water transmission and distribution system and wastewater collection and treatment system.

Section 1.2 – Effect of these Regulations.

Pursuant to Section 54.206 of the Water Code, these Regulations shall be recognized by the courts of the State of Texas as if they were penal ordinances of a city. The failure on the part of the District to enforce any section, clause, sentence or provision of these Rules and Regulations shall not constitute a waiver of the right of the District to later enforce any section, clause, sentence or provision contained herein.

Section 1.3 – Penalties for Violations.

Violation of any of these Regulations is punishable by the assessment of civil penalties, including a fine of up to \$10,000.00 (but in no event shall any such civil penalty exceed the jurisdiction of a justice court as provided in Section 37.031, TEX. GOV. CODE). Civil penalties imposed by these regulations may be enforced by complaints filed in the appropriate court of jurisdiction in Calhoun County, Texas. Unless the Board determines there are extenuating circumstances warranting a lesser penalty, the violator shall pay at least twice the costs the District sustained due to any violation. A penalty under this section is in addition to any other penalty provided by Texas law. If the District prevails in any suit to enforce its rules, it may—in the same action—recover reasonable fees for attorneys, expert witnesses and other costs incurred by the District. For purposes hereof, each day's violation shall be considered a separate violation.

A customer found in violation of these Rules and Regulations who causes or contributes to a violation by the District's Utility System's effluent parameters shall be liable to the District for all expenses borne by the District, including legal and engineering fees related to any lawsuit filed by or fines levied by federal, state or local authorities regarding violations by the District of effluent parameters.

Section 1.4 – Re-imbusement of Non-Scheduled Costs.

Whenever the District incurs any non-scheduled out-of-pocket costs (including any such cost billed to the District by its operator, attorneys, engineers or other professionals) arising out of (1) the failure of a customer to comply with the District's rules and regulations, as stated herein or as otherwise announced, or (2) the request of a customer for an inspection or other service call which is the result of the customer's improper maintenance, or (3) efforts to collect amounts due and owing to the District and not paid to the District on a timely basis, or (4) any other negligent or improper action on the part of the customer, the District may bill the customer and the customer shall promptly reimburse the District for such cost. Failure to reimburse the District can result in the suspension of the customer's water and wastewater services.

PART TWO: DEFINITIONS

Section 2.1 – Definitions.

Unless otherwise provided in these Regulations, the following terms have the meaning given them in this Part Two and these Regulations shall be interpreted and construed accordingly:

"Applicable Average Water Usage" means the amount determined by the Board from time to time in accordance with Section 3.8 of these Regulations.

"Backflow" means the undesirable reversal of flow of water or mixtures of water and other liquids, gases or other substances in the distribution pipes of the potable supply of water from any source or sources.

"Backflow Prevention Device" means an assembly or device that is designed to prevent backflow of water into the District's system and meets the testing standards accepted by the American Water Works Association of the University of Southern California Foundation for Cross Connection Control and Hydraulic Research

"B.O.D." means the five-day, 20 degrees Centigrade biochemical oxygen demand expressed in milligrams per liter as determined by the procedures specified in the latest edition of Standard Methods, or such other manual of operations as the District may adopt from time to time, or as determined in accordance with the latest rules of the Texas Commission on Environmental Quality ("TCEQ").

"Board" means the Board of Directors of the District.

"C.O.D." means the measure of the oxygen-consuming capacity of inorganic and organic matter present in water or waste, expressed in milligrams per liter as the amount of oxygen consumed from a chemical oxidant as determined by Standard Methods, or such other manual of operations as the District may adopt from time to time, or as determined in accordance with the latest rules of the TCEQ.

"Charitable Organization User" means an entity that has qualified as a charitable organization under the Internal Revenue Code of the United States.

"Connection Costs" means, with respect to a Service Connection, all of the actual costs incurred by the District in designing, locating, constructing, installing, inspecting and testing that Service Connection, (including, without limitation, any engineering, drafting, right-of-way acquisition, appraisal, permitting, legal, accounting, interest, amortization and depreciation, and reasonable allocations – determined by the District in its sole discretion – of general overhead, indirect costs and similar items). Connection costs include costs of buffer tanks and installation thereof.

"Commercial" means and includes any office building, hotel, retail store, clubhouse, warehouse, service station or other establishment offering products or services to the public or may include multiple residential units on a single meter.

"Commercial Grease Generator" means every food preparation and food service establishment or other high density use that includes food preparation and/or food including, but not limited to bakeries, bars, butcher shops, cafes, clubhouses, delicatessens, ice cream parlors, hospitals, hotels, motels, High Density Multi-Family Residences, restaurants, schools, or similar places where meat, poultry, seafood, dairy

products, or fried foods are prepared or served, but shall not apply to any residence not used for the commercial preparation and sale of food items.

"Commercial Waste" consists of waste resulting from any process of commerce or industry that is not ordinary liquid and water-carried waste from domestic activities that is amenable to biological treatment.

"Cross Connection" means any physical arrangement where the District's water system is connected, directly or indirectly (actual or potential), with any other water system or auxiliary system, wells, sewer, drain conduit, swimming pool, spa, storage reservoir, plumbing fixtures, yard drain or any other device which contains—or may contain—contaminated or polluted water, sewage, used water, water not approved as public drinking water, or other liquids of unknown or unsafe quality which may be capable of imparting contamination or pollution to the public water system as a result of backflow. Bypass arrangements, jumper connections, removable sections, swivel or changeover devices or other temporary or permanent devices through which backflow may occur are considered to be a cross connection.

"Customer Account" means the account of any Person who is served by the District's water or wastewater systems.

"Director" means the board of directors of the District, or his/her/its authorized representative.

"District" means the Port O'Connor Improvement District.

"District Business Day" is a day that the District office is open for business.

"District Engineer" means any engineer hired by the District.

"District Operator/District Utility Manager" means any person or entity contracted by the District to manage and operate the District Utility System.

"District Utilities" means water and/or wastewater service provided by the District.

"District Utility System" means, collectively, the water transmission and distribution systems and the wastewater collection and treatment systems owned and operated by the District.

"Early Applicants" are those persons or entities who, prior to the acquisition by the District of its water distribution system from the Guadalupe Blanco River Authority, (i) applied to the District for a Service Connection to District Utilities; (ii) paid to the District the deposit that was, at the time, required to be paid; and (iii) contracted with the District for connection and tapping of the District System at such time as Service is Available at the location of the Service Connection for no additional charge.

"Grease Trap" means a receptacle utilized by commercial or industrial generators of liquid waste to intercept, collect and restrict the passage of organic, inorganic, greasy or fatty liquid, semi-liquid, and/or solid wastes into both public and private wastewater systems to which the receptacle is directly or indirectly connected.

"High Density Multi-Family Residences" means greater than or equal to four residential units within a single building.

“Non-Standard Service Connection” means a Residential or Other Service Connection that is not a Standard Service Connection, including any Service Connection making use of a buffer tank or other non-standard connection facility.

“Non-Taxable Customer” means any user of District Utilities that is exempt from ad valorem taxation by the District under state law, including, but not limited to, schools and churches.

“Other Meters” means water meters that are not Residential Meters. Meters larger than ¾” are Other Meters, even if serving a single family residence.

“Other Service Connections” means Service Connections that are not Residential Service Connections.

“Person” means any individual, public or private corporation, district, authority, political subdivision or other agency or entity of the State of Texas or the United States of America; the State of Texas or the United States of America; any incorporated city, town or village, whether operating under general law or under home rule charter; and any partnership, association, firm, trust, estate or any other entity whatsoever.

“Regulations” means the Rate Order, Rules and Regulations.

“Rental Connection” means a Customer Account on a Residential Service Connection in a Person’s name other than the property owner.

“Residential Meters” means water meters not larger than ¾” serving a single family residence.

“Residential Service Connections” means Service Connections to a single family residence utilizing Residential Meters.

“Service Connection” means a connection to the Utility System that is the subject of a Customer Account. A Service Connection may include connections to both water and wastewater utility services provided by the District or only to water service where wastewater service is unavailable or, though available, has not been connected.

“Service is Available” means, with respect to a location that is the subject of an application for service, that the location does not require an extension or expansion of the capacity of mains or facilities in order to provide such service.

“Service is Unavailable” means (with respect to a location that is the subject of an application for service) that the location requires an extension or expansion of the capacity of mains or facilities before such service can be provided.

“Standard Wastewater Service Connection” means a Residential or Other Service Connection consisting of a single tap or connection into a standard wastewater collection pit.

“Unacceptable Plumbing Practices” means a plumbing practice that creates a potential source of contamination to the District water system.

“Water Code” means the Texas Water Code, as amended from time to time.

“Winter Averaging Period” means the period established by the District as the District’s three winter month-averaging period for determining sewer rates. The current period consists of the months of November, December and January.

PART THREE: RATE ORDER

Section 3.1 – Schedule of rates, connection fees as prescribed.

The rates for water connections and services provided by the District shall be as established by separate regulation adopted by the District's board of directors from time to time, copies of which shall be kept on file at the District's office. Such rates shall be uniform and equal as they apply to separate classes of services.

Section 3.2 – Each meter constitutes separate service.

Each meter installed at any premises shall constitute a separate service and must be paid for as such.

Section 3.3 – Number according to building category.

(a) Each dwelling requires a separate meter. A dwelling can be either fixed or mobile, including a travel trailer if it is affixed. The exception to this is a Guest Quarters which is a habitable structure consisting of not more than one (1) bedroom and bathroom. A dwelling that does not meet these criteria must have a separate meter for each dwelling or open a commercial account. Commercial accounts are available for multifamily units, trailer parks, RV parks, commercial property and retail business.

(b) One meter in tourist court or mobile home or trailer park: Any number of houses on one plot of ground owned by one person and constituting a bona fide tourist court or mobile home or trailer park shall be entitled to water service from one meter. In all such cases, however, where the owner's or manager's residence, store, filling station or other commercial enterprise is conducted in connection with such tourist court or mobile home or trailer park, such residence, store, filling station or other commercial enterprise shall each be equipped with a separate meter and a separate charge made therefor, unless the residence, store, filling station or other commercial enterprise be situated within a single building, in which case, a single meter shall suffice for such residence, store, filling station or other commercial enterprise and one charge shall be made therefor.

(c) One meter for residence and garage apartment: Where a residence and Guest Quarters are served by a single meter, no separate charge shall be made for water service to the Guest Quarters.

(d) Each water service, whether it exists because of a separate meter or is deemed to exist because of the provisions outlined above, shall constitute a separate wastewater service, and must be paid for as such, except for Irrigation Meters.

Section 3.4 – All Services Charged.

At no time shall the District render water and/or wastewater services without charge to any Person.

Section 3.5 – Security Deposits.

Security deposits are not transferable and will be held by the District to assure the prompt payment of all bills for water and wastewater services to the customer. At its option, the District may apply all or any part of a customer's security deposit to any delinquent bill of the customer. Upon discontinuation of the service, whether because of the customer's delinquency or upon the customer's request, the deposit will be applied

against amounts due, including any disconnection fees. Any portion of the deposit remaining after deduction of these amounts will be refunded to the customer. In no event will a security deposit bear interest for the benefit of the customer.

Section 3.6 – Additional Charges.

Any non-routine charges incurred by the District in connection of any water tap, sewer tap or inspection are the responsibility of the applicant or customer and payable to the District on demand.

Section 3.7—Applicable Average Water Usage. This section is hereby deleted in its entirety.

Section 3.8 – Sewer Averaging.

Bills for sewer service will be computed based on the lesser of (i) the average amount of water used by the customer during the winter season based upon the average of the monthly readings of the customer's water meter during the Winter Averaging Period, or (ii) the customer's actual water usage. If a separately metered single-family residential dwelling unit does not have an acceptable or any history of water usage during the Winter Averaging Period, the customer's monthly sewer bill will be based on the monthly minimum charge for up to 2,000 gallons of water usage. Sewer averaging is only available for Residential Service Connections.

Section 3.9 – Irrigation Water Meters for Residential Customers.

Any residential customer can apply to the District for the installation of an Irrigation Water Meter. An Irrigation Water Meter is a meter that is put on a water line used exclusively for the irrigation of landscaping. The residential customer must pay for the installation of the meter and pay the fees associated with having an additional meter. All water measured through the Irrigation Water Meter will not be assessed a sewer charge. Any irrigation meter greater than ¾ inch will be classified as a commercial meter and the rates will be the same as a commercial meter.

Section 3.10 – Change in Use.

The District shall, upon learning that the actual use of property served by District Utilities is inconsistent with the classification of the utility services on the District's records for billing or other purposes, make all necessary adjustments to remedy such inconsistency. This includes, specifically but without limitation that the District update its records, re-classify the Service Connection from a Residential Service Connection to a Commercial connection or another Service Connection (or vice versa), and/or install appropriately-sized meters and other facilities as necessary to accommodate such actual use. The customer shall pay all additional Connection Costs for any such installations or upgrades and is subject to any fines the District is authorized to impose and for the difference in payment between what was remitted to the District and what would have been owed to the District if such difference can be established.

Section 3.11 –Basic Service Fee.

With the exception of Commercial accounts as defined in Section 2.1 of these Rules and Regulations, all District accounts will be assessed a monthly Basic Service Fee in the amount of \$23.50 per month. This fee, along with all applicable monthly water and/or sewer charges, will commence upon placement of a meter and water and sewer taps and the creation of the customer account, whether or not the customer has

started utilizing the service or not connected to the meter. This fee will apply if the customer is a water only or sewer only customer or receives both services from the District.

Section 3.12--Water Service Rates.

The following rates and charges for the sale of water are in effect for District Utilities constituting water service to areas within the District:

MONTHLY WATER SERVICE RATES

(Effective June 1, 2016, Amended May 12 and May 31, 2016, and September 8, 2016)

<i>Meter Type</i>	<i>Monthly Charge</i>	<i>Monthly Charge per 1,000 Gallons of Usage</i>
(all meters less than or equal to ¾")	\$33.05	\$2.25 up to 6,000 gallons \$2.75 from 6,001-10,000 gallons \$3.50 from 10,001-15,000 gallons \$4.50 from 15,001-35,000 gallons \$5.50 from 35,001-50,000 gallons \$7.50 from 50,001-60,000 gallons \$9.50 from 60,001 +
Commercial	\$41.53	

ALL OTHER METERS

(1")	\$82.61	\$2.25 up to 6,000 gallons \$2.75 from 6,001-10,000 gallons \$3.50 from 10,001-15,000 gallons \$4.50 from 15,001-35,000 gallons \$5.50 from 35,001-50,000 gallons \$7.50 from 50,001-60,000 gallons \$9.50 from 60,001 +
(1.5")	\$122.50	\$2.25 up to 6,000 gallons \$2.75 from 6,001-10,000 gallons \$3.50 from 10,001-15,000 gallons \$4.50 from 15,001-35,000 gallons \$5.50 from 35,001-50,000 gallons \$7.50 from 50,001-60,000 gallons \$9.50 from 60,001 +
(2")	\$187.50	\$2.25 up to 6,000 gallons \$2.75 from 6,001-10,000 gallons \$3.50 from 10,001-15,000 gallons \$4.50 from 15,001-35,000 gallons \$5.50 from 35,001-50,000 gallons \$7.50 from 50,001-60,000 gallons \$9.50 from 60,001 +
(3")	\$389.50	\$2.25 up to 6,000 gallons \$2.75 from 6,001-10,000 gallons \$3.50 from 10,001-15,000 gallons \$4.50 from 15,001-35,000 gallons \$5.50 from 35,001-50,000 gallons \$7.50 from 50,001-60,000 gallons \$9.50 from 60,001 +
(4")	\$635.50	\$2.25 up to 6,000 gallons \$2.75 from 6,001-10,000 gallons \$3.50 from 10,001-15,000 gallons \$4.50 from 15,001-35,000 gallons

<i>Meter Type</i>	<i>Monthly Charge</i>	<i>Monthly Charge per 1,000 Gallons of Usage</i>
		\$5.50 from 35,001-50,000 gallons \$7.50 from 50,001-60,000 gallons \$9.50 from 60,001 +
(6")	\$1,093.50	\$2.25 up to 6,000 gallons \$2.75 from 6,001-10,000 gallons \$3.50 from 10,001-15,000 gallons \$4.50 from 15,001-35,000 gallons \$5.50 from 35,001-50,000 gallons \$7.50 from 50,001-60,000 gallons \$9.50 from 60,001 +

BULK WATER: The rate for water usage for bulk water purchased from the District will be \$7.15 per one thousand (1,000) gallon(s) of usage. The District Operator will insure that this transfer will be through an anti-contamination device. Delivery will be at a location, time and manner determined by the District Operator.

Section 3.13 – Wastewater Service Rates.

(a) The following rates and charges for District Utilities constituting wastewater collection and treatment services are in effect for service to areas within the District:

MONTHLY WASTEWATER SERVICE RATES

<i>Meter Type</i>	<i>Monthly Charge</i>	<i>Monthly Charge per 1,000 Gallons of Usage</i>
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RESIDENTIAL METERS

(meters less than or equal to ¾")	\$22.80	\$2.25 up to 6,000 gallons \$2.75 from 6,001-10,000 gallons \$3.50 from 10,001-15,000 gallons \$4.50 from 15,001-35,000 gallons \$5.50 from 35,001-50,000 gallons \$7.50 from 50,001-60,000 gallons \$9.50 from 60,001 +
Sewer Only Connection (no meter present)	\$40.90	N/A Flat Rate Charge

COMMERCIAL METERS WITH NO WATER SERVICE

Commercial sewer with no water service	\$83.06	N/A
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OTHER METERS & COMMERCIAL METERS

(1")	\$74.13	\$2.25 up to 6,000 gallons \$2.75 from 6,001-10,000 gallons \$3.50 from 10,001-15,000 gallons \$4.50 from 15,001-35,000 gallons \$5.50 from 35,001-50,000 gallons \$7.50 from 50,001-60,000 gallons \$9.50 from 60,001 +
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(1.5")	\$122.50	\$2.25 up to 6,000 gallons \$2.75 from 6,001-10,000 gallons \$3.50 from 10,001-15,000 gallons \$4.50 from 15,001-35,000 gallons \$5.50 from 35,001-50,000 gallons \$7.50 from 50,001-60,000 gallons \$9.50 from 60,001 +
(2")	\$187.50	\$2.25 up to 6,000 gallons \$2.75 from 6,001-10,000 gallons \$3.50 from 10,001-15,000 gallons \$4.50 from 15,001-35,000 gallons \$5.50 from 35,001-50,000 gallons \$7.50 from 50,001-60,000 gallons \$9.50 from 60,001 +
(3")	\$350.75	\$2.25 up to 6,000 gallons \$2.75 from 6,001-10,000 gallons \$3.50 from 10,001-15,000 gallons \$4.50 from 15,001-35,000 gallons \$5.50 from 35,001-50,000 gallons \$7.50 from 50,001-60,000 gallons \$9.50 from 60,001 +
(4")	\$589.25	\$2.25 up to 6,000 gallons \$2.75 from 6,001-10,000 gallons \$3.50 from 10,001-15,000 gallons \$4.50 from 15,001-35,000 gallons \$5.50 from 35,001-50,000 gallons \$7.50 from 50,001-60,000 gallons \$9.50 from 60,001 +
(6")	\$933.50	\$2.25 up to 6,000 gallons \$2.75 from 6,001-10,000 gallons \$3.50 from 10,001-15,000 gallons \$4.50 from 15,001-35,000 gallons \$5.50 from 35,001-50,000 gallons \$7.50 from 50,001-60,000 gallons \$9.50 from 60,001 +

Section 3.14– Out-of-District Rates.

The following monthly rates and charges for the sale of water and sewer service shall be in effect for service to areas outside the District from and after the District's adoption of this Regulation:

<i>Meter Type</i>	<i>Monthly Charge</i>	<i>Monthly Charge per 1,000 Gallons of Usage</i>
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RESIDENTIAL METERS (up to ¾")

Water	\$63.75	\$5.75
Sewer	\$63.75	\$5.75

COMMERCIAL METERS

(meters up to ¾")	\$63.75	\$5.75
(1")	\$125.63	\$6.75

(2")	\$270.00	\$6.75
(3")	\$481.38	\$6.75
(4")	\$816.13	\$6.75
(6")	\$1,291.00	\$6.75

The above rates do not apply to the extent that the rate is established by interlocal agreement.

Section 3.15 – Tap Fees for Water and Wastewater Service.

(a) Connection where Service is Available. Tap Fees and Connection Fees for applicants for Service Connections (other than Early Applicants) at properties where Service is Available are established as follows:

<i>Fee or Charge</i>	<i>Description</i>	<i>Amount</i>	
Water Tap Fee	Includes tap of main, setting meter, meter and connection to meter at property line for any 3/4" water meter	\$1,750.00	
	Includes tap of main, setting meter, meter and connection to meter at property line for any meter larger than 3/4"	Connection costs, plus 17.5%	
Water Connection Fee	Includes initializing service to existing meter	\$100.00	
Wastewater Tap Fee	For any Standard Wastewater Service Connection (whether Residential or Other)	\$2,500.00	
Meter Drop Fee	In all pre-installed systems, where meter boxes are already installed and meter drop is necessary for service	\$120 for ¾ inch meter	
		\$345 for one (1) inch meter	
		District cost on individual basis for all meters over one (1) inch	
Customer Deposits	Refundable upon termination of services or sale of property if no debts owed to the District	<i>Water Amount</i>	<i>Wastewater Amount</i>
<i>Residential</i>		\$100.00	\$100.00
<i>Commercial</i>		\$200.00	\$200.00
<i>Rental Connection</i>		\$200.00	\$200.00
Capital Recovery Fee	Charges imposed by the District to defray expansion costs to the Water and Wastewater Systems to accommodate and promote growth and development in the District	As applicable	

(b) Non-Standard Connection. Subject to the special provisions for buffer tanks set forth herein, the applicant shall pay to the District the Connection Costs for a Non-Standard Wastewater Service Connection, plus 17.5% of such Connection Costs. In addition to that amount, the applicant shall pay the tap fee described in Section 3.16(a) above, and, if a buffer tank is required by the District as a means of making the Non-Standard Wastewater Service Connection, the applicant shall also pay the District's actual cost (including freight) for each buffer tank, plus 17.5% of those actual costs and the installation costs thereof. The tap fee shall not be treated as Connection Costs for purposes of applying the 17.5% markup.

(c) Where Service is Unavailable. Applicants for Residential Service Connections or Other Service Connections (other than Early Applicants) at properties where Service is unavailable shall pay all of the costs of extending and/or expanding the capacity of such mains and facilities and all costs of tapping and connection as provided by the applicable provisions contained within these Regulations, governing extensions of service. If buffer tanks are required as a part of the extension and/or connection, the District shall supply the tanks, install the same, and make the charges as set forth in Section 3.16(b).

(d) Water-Only Service Connections. An applicant for a Residential Service Connection for a meter not larger than ¾" may apply for connection of water only, if the property for which service is sought does not require an extension or expansion of the capacity of mains or facilities to provide water service, but does require such extension or expansion to provide wastewater service. In that event, the applicant will pay the applicable Water Tap Fee, and the Customer Deposit.

Section 3.16 – Reconnection; Account Reopening; Charges.

Charges for Reconnection/Account Reopening. The following schedule of fees shall apply to the reconnection of disconnected service to a customer and to the restoration of service for that same customer following an account closure:

<i>Fee or Charge</i>	<i>Description</i>	<i>Amount</i>
Reconnect Fee WATER	After service disconnected due to non-payment or violation of Rules and Regulations of District	\$100
	Reconnection after customer requested disconnect	\$1,000
Reconnect Fee SEWER	If sewer service disconnected due to non-payment or violation of Rules and Regulations or per customer request	The District's cost to disconnect and reconnect to the system, plus 17.5%

* The District shall not in any event be required to restore service or perform any reconnection after 8 p.m. and before the following District Business Day.

To the extent allowed by law, payment of the fee or fees authorized by this Section shall be a condition to the restoration of service at the previously served location.

Section 3.17 - Adjusted Bills Due to Meter Tampering

If meter tampering occurs, a customer's bill may be determined based on any of the following methodologies:

- (i) based upon service consumed by that customer at that location under similar conditions during periods preceding the initiation of meter tampering. An estimated bill will be based on at least twelve (12) consecutive months of comparable usage history of that customer, when available, or a lesser history if the customer has not been served at that location for twelve (12) months. This subsection does not prohibit the District from using another method of calculating a bill for unmetered water when the District's representative determines that another method is more appropriate.
- (ii) Based upon that customer's usage at that location after the meter tampering has been corrected; or
- (iii) Where the amount of actual unmetered consumption can be calculated by industry-recognized testing procedures, the bill may be calculated for the consumption over the entire period of meter bypassing.

In addition to these charges, the person that participated in meter tampering is subject to all fines and penalties levied by the District.

The District will charge for all labor, material, equipment and other costs necessary to repair or replace equipment damaged due to meter tampering and will charge for all costs incurred to correct any instance of meter tampering, service diversion or unauthorized taps. An itemized bill of all charges will be provided to the customer.

Section 3.18 – Delinquency in Payment.

(a) Payment Delinquency. Payment of customer invoices for utility service is considered to be delinquent on the first District Business Day after the 20th day of the month after the month in which the end of the service period reflected in such invoice falls.

(b) Late Charge Authorized. The District is authorized to assess and collect a late charge equal to fifteen percent (15%) of invoiced amounts that become delinquent.

(c) No additional Taps. A customer which is delinquent in the payment of any sum due to the District will not be permitted to purchase any additional taps or make any additional connections to the District System. No new accounts will be established for any customer which is not in good standing due to non-payment, and the District reserves the right to require a security deposit sufficient to protect the District's interests based on a customer's history of non-payment on any District account.

(d) Waiver of Charges. The District Operator shall have the limited discretion to, in an appropriate case, waive the collection of such charge for customers who make full payment of the delinquent amount within ten (10) days of the same becoming delinquent, provided that the District Operator shall not authorize a waiver for a customer whose payment has been delinquent more than two times in the eleven (11) months preceding the month for which the request for waiver is made. In the

exercise of its limited discretion hereunder, the District Operator shall take into account the existence of circumstances as are not clearly the fault of the customer requesting the waiver, such as – for example, but not by way of limitation – misdelivery or mishandling of mailed invoices or requests for changes to billing address, illness or injury, or casualty loss resulting in the destruction of the invoice.

(e) Hardship Policy Referral. The District Operator shall provide customers wishing to make application for special arrangements involving the waiver of late charges under the District's hardship policy with any necessary application forms for such arrangements.

(f) Collection of Unpaid Amounts. In the event that, due to non-payment of any sums due under this Rate Order which are not paid when due, the District institutes suit for the collection of any unpaid amounts, the District will be entitled to recover interest thereon at the maximum legal rate and reasonable attorneys' fees and costs of court from the responsible party.

(g) If a residential customer is given notice of disconnection due to a failure to make timely payment of the District's utility bills and fails to pay all past-due amounts by the time and date specified on the notice of disconnection, then, regardless of whether or not service is physically disconnected, the District will require an additional security deposit of \$100 for each disconnection, up to a maximum of \$500 and this additional deposit will be added to the next utility bill mailed to the customer after the date of reconnection.

Section 3.19 – Hardship Policy Authorized.

The Board is authorized to adopt, and thereafter to amend and supplement as necessary, a "hardship" policy to mitigate the effects of service discontinuation on those customers of the District who, due to temporary, transient circumstances not reasonably within their control, are unable to make timely payment of amounts due the District for utility services. The Board will publish and make available in the office any policy adopted.

Section 3.20 – Rates for Charitable Organization Users.

(a) Any Charitable Organization User can apply to be classified and billed as a Residential Service Connection rather than another Service Connection under the District's rate order. A written request for reclassification must be submitted to the District Operator, who shall present it to the Board.

(b) The loss of an entity's exemption from ad valorem taxation by the District will result in the loss of the Residential Service Connection classification granted hereunder. The entity must inform the District Operator if such a loss of exemption occurs.

Section 3.21 – Fire Hydrant Meter Deposit Rates.

A deposit of \$600 is required for the use of any fire hydrant meter by any individual or entity. The deposit must be paid in full prior to the District issuing a fire hydrant meter to the requestor. If the meter is damaged or not returned to the District office, the deposit will not be refunded. Retaining the deposit is not the exclusive remedy. If the cost of repair or replacement exceeds the cost of the deposit, the District may take additional action and seek additional reimbursement available as permitted by statute, regulation, District rules and regulations, or common law.

PART FOUR: BILL DISPUTES, DISCONNECTIONS

Section 4.1 – Disputed Bills.

A customer may advise the District that a bill is in dispute by written notice to the District's representative. A dispute must be registered with the District prior to the date of proposed discontinuance for a customer to avoid discontinuance of services and all charges related thereto. A customer is not required to pay the disputed portion of his or her bill which exceeds the amount of that customer's average monthly usage at current rates pending the completion of the determination of the dispute. For purposes of this section only, the customer's average monthly usage is the average of the customer's gross District service for the preceding twelve (12) month period. If no previous usage history exists, consumption for purposes of calculating the average monthly usage will be estimated on the basis of usage levels of similar customers and under similar conditions.

Section 4.2 - Meter Re-reads.

The District's representative will, upon request of a customer, re-read the customer's meter. Upon receipt of a request, the District's representative will advise the customer that, if the meter reading proves accurate, the customer will be billed twenty-five dollars (\$25.00) for the cost of the meter re-read. If—upon re-reading the meter—the original reading is found to be incorrect, there will be no charge to the customer and the customer's bill will be adjusted accordingly.

If a customer requests that a meter be pulled and tested for accuracy, the customer will be responsible for all costs incurred by the District in removing and testing the meter unless the meter registers more than two percent above or below the test result under flow quantities, in which event the costs will be borne by the District. The customer may receive a copy of the test report upon request.

No meter will be placed in service unless its accuracy has been established. If any meter is removed from service, it must be properly tested and adjusted before being placed in service again. No meter will be placed in service if its accuracy falls outside the limits as specified by the American Water Works Association.

Section 4.3 – Discontinuation of Service.

Delinquent accounts will have service terminated thirty (30) days after the initial due date on their monthly bill, per the terms of the policy below.

Any expenses associated with enforcement of this provision will be billed to and must be paid by the customer.

(a) Disconnection Authorized. The District is authorized to discontinue service and to disconnect lines to any utility customer for any of the following reasons:

- (1) failure to pay a delinquent account for utility service or failure to comply with the terms of a deferred payment agreement;
- (2) violation of these regulations pertaining to the use of service or the use or to the installation or use of other facilities in connection with the use of service;

(3) 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; and

(4) failure to comply with deposit or guarantee arrangements made with the District;

(5) the existence of a known and dangerous or unsanitary condition related to the type of service provided;

(6) the existence of an unauthorized service connection (whether or not such connection remains in existence at the time of disconnection);

(7) the unauthorized reconnection of service following discontinuation of service or closure of account;

(8) tampering with the District's meter or equipment, bypassing the same, or otherwise diverting services or causing the measurement of service provided to be inaccurate; and

(9) Unacceptable Plumbing Practices.

(b) Prior Notice Required; When not Required. Prior to discontinuation of service for any of the reasons set forth in subdivisions (1) through (4) of subsection (a) above, the District shall give prior written notice to the customer. If the discontinuation of service is for any of the other reasons given in subsection (a), the District is not required to give prior notice. For purposes of this Section, prior written notice shall have been given if a separate written statement is placed into the mail, postage prepaid, addressed to the customer at the billing address or affixed to the doorway of the residence or building to which service is provided before service is disconnected, and the statement contains at least the following information:

(1) the words "termination notice," or other similar language approved by the District's Board, written in a way to stand out from other information on the notice;

(2) the action required to avoid discontinuation of service, such as paying past due service charges and any applicable late charges;

(3) the date by which the required action must be completed to avoid discontinuation of service;

(4) the intended date of discontinuation of service;

(5) the office hours, telephone number, and address of the District's office;

(6) the total past due charges, if discontinuation is for a failure to pay such charges;

(7) all reconnect fees that will be required to restore water or wastewater service if service is discontinued.

(c) The District's representative will remove a customer's water meter if the customer illegally restores his service without payment of a delinquent account.

(d) Payment. Payment at the District's office during the hours of 8:00 a.m. and 5:00 p.m. on weekdays, other than holidays, on which the District office is open is considered payment to the District. Payment by check which has been rejected for insufficient funds, closed account, or for which a stop payment order has been issued is not deemed to be payment to the District for any purpose. The District is not obligated to accept payment of a bill when its representative is at the customer's location to discontinue service.

(e) Insufficient Funds. If a check is returned for insufficient funds, the District can demand that future payments be made in cash, money order or a cashier's check. Moreover, the District or the District Operator can adopt a service charge to impose on all bad checks; said service charge will adequately compensate the District for all bank charges and handling expenses.

(f) Unacceptable Plumbing Practices. If unacceptable plumbing practices are discovered, they must be promptly repaired and eliminated by the customer or applicant for service to prevent contamination of the water supplied by the District. The existence of an unacceptable plumbing practice is sufficient grounds for immediate termination of service without notice in order to protect the health and safety of all District customers. Service will not be restored until the potential source of contamination has been eliminated or additional safeguards have been taken and the action taken is inspected and accepted by the District. Any expenses associated with the enforcement of this provision will be billed to and must be paid by the customer.

PART FIVE: SERVICE EXTENSION REGULATIONS

Section 5.1 - Extensions to be Under Utility Manager's Supervision.

In accordance with Section 5.6 of the District's Rules and Regulations, all pipes for connection of service or extension mains for the extension of the District water system and wastewater system shall be laid under the management and control of the District's Utility Manager. If the District's Utility Manager is the installing contractor on a private job, then the installation is subject to review by an engineer of the District's choice. Said engineer will determine acceptance of the construction and installation.

Section 5.2 – Service Extension Policy.

It is the policy of the District to attempt to anticipate and plan for extensions of service and increases in demand on its utility systems within the District, however, applicants for service in areas of the District to which service is not currently available (including developers and subdividers of land within the District desiring extension of service from the District Utility System and/or expansion of existing capacity) shall pay the costs of such extensions and/or capacity increases. For purposes of applying these regulations, the District is considered at "capacity" when the percentage utilization of the total capacity of its then-existing utility systems is such that the District would normally begin the planning process for adding further capacity.

Section 5.3 – Water and Wastewater Facility Extensions.

(a) Generally. The applicant for water and/or wastewater utility service to an area of the District that is not then served by all such utilities, including a subdivision, shall provide all mains and other facilities (including any necessary satellite distribution and collection facilities) capable of serving the location to be served, the same to be sized so as to accommodate planned and potential further expansion of the District Utility System and in all respects constructed and installed in compliance with these Regulations as well as all other applicable legal, regulatory or other requirements and all applicable engineering and construction standards and specifications as may be adopted by the District from time to time. The applicant wishing to undertake an extension project may proceed to design the extension using engineers and contractors of its choosing, subject to the requirements of Sections 5.3 through 5.7 of these Regulations, or – if the extension project meets the requirements of a "Small Extension" under Section 5.8 – may utilize the procedure set forth therein to have the District design and construct the extension project.

(b) Extension of Mains. Extension of utility mains beyond their existing point of termination within the District may be made in the following manner:

(1) All necessary easements, rights-of-way, mains, lines, valves, hydrants, vacuum stations, manholes and all other necessary equipment, machinery, fittings and facilities shall be furnished and, if applicable, installed at the cost of the applicant and in accordance with plans and specifications approved by the District Engineer and the District Operator. If the District Engineer or District Operator is employed in his or her private capacity to design, construct, or install the extension, the District shall hire an outside engineer to direct the project.

(2) All extensions of any main or service line shall be at lines and grades as established and dictated by the District Engineer and District Operator. All extensions shall be located in a

public right-of-way, dedicated alleyway or recorded easement, unless otherwise approved by the District Engineer or District Operator.

(3) Such mains, fittings, equipment and facilities shall become the property of the District upon the same being placed into service following testing and the District's acceptance thereof as complete, and the District shall thereafter have full control, management and jurisdiction of all such items, provided however, that the applicant shall be responsible for any and all maintenance and repairs to such improvements until the effective date of the District's acceptance thereof for maintenance, as provided in Section 5.6 and 5.7 of these Regulations.

(4) The District shall receive all revenues for Utility services provided through such mains, fittings, equipment and facilities.

(c) Satellite Systems. Any satellite distribution or collection system shall be capable of serving each lot in the subdivision. Satellite wastewater collection systems may be gravity flow systems, but in any event, must be constructed, installed and connected in such a manner as to assure the continued proper operation of the District's vacuum flow wastewater collection system. The District may require, among other things, the installation of buffer tanks or similar facilities meeting specifications adopted by the District or recommended by the District Engineer.

(d) Minimum standards. The pipe diameter of any main to be extended and the capacity and other specifications of all related equipment, fittings and facilities shall be determined by the District Engineer and District Operator based on the location of the extension, its expected use and demand potential, and its relation to planned and potential further expansion or interconnection of the District Utility System as determined by the Board from time to time. All utility mains and other facilities shall be of a size and capacity that is not less than the size called for at that location by any existing utilities plan then being utilized by the District, or any master utilities plan that may be adopted by the Board from time to time. These are minimum standards. Larger lines or additional facilities may be required, depending on the demand, the size of the service area, and the provisions of the District's general plans, as determined by the Board, the District Engineer and the District Operator. A backflow prevention device must be located between the vent pipe and the structure in all installations.

(e) Fire protection. Fire hydrants shall be required for all subdivisions that use a water distribution system. Design, location and installation shall be in accordance with the District's construction specifications and national fire prevention codes.

Section 5.4 – Construction Plans, Review and Approval.

(a) Generally. Construction plans shall be prepared for all improvements needed to make a requested extension. In no case shall construction of permanent public improvements commence until the District Engineer has approved the construction plans. If the construction plans are for a subdivision, then the plans must be submitted to the District in electronic (CAD/CAM) format.

(b) Seal required. All construction plans shall be signed and sealed by a professional engineer, licensed to practice in the State of Texas.

(c) Design and construction standards. All construction plans shall conform to the improvement standards and design principles set forth in these Regulations, any technical engineering,

design and construction specifications and special requirements that may be adopted by the Board from time to time (the "Technical Specifications"), and any other applicable laws, codes, standards, regulations, requirements and specifications of the District or any other governmental body. The District shall make available copies of its Technical Specifications to any person requesting the same.

(d) Submission and review. Two (2) sets of construction plans shall be submitted to the District Operator. The manager shall coordinate the review of construction plans by the District Engineer. Under no circumstances will an engineer review his or her own work. If the District Engineer is the submitting engineer on a project, then an outside engineer will review the plans with the District Operator. The review shall be conducted at the Applicant's expense. Upon completion of plan review, the plans shall be returned to the applicant with written analysis and commentary. After making necessary revisions or corrections, the applicant shall resubmit three (3) sets of corrected construction plans and the copies of the original submission with analysis and commentary to the District Operator, at least ten (10) days prior to the meeting of the Board at which such plans are to be considered.

(e) Required plans. Construction plans shall include the following:

(1) A contour map, which must show to an appropriate interval the existing contours of the site. Such contours shall not be more than one hundred (100) feet apart; however, contours of less than 0.5 feet (six (6) inches) shall not be required. The contour map shall also show the water surface elevation of the regulatory flood.

(2) A plan of the proposed water system improvements, drawn on sheets twenty-four (24) inches by thirty-six (36) inches, to a horizontal scale of one (1) inch to one hundred (100) feet, except that the scale may vary on special projects. Such plan shall comply with the District's Technical Specifications, and shall provide the following information:

- (i) The sizes and locations of all mains, fittings, valve boxes, pump stations, elevated tanks, and other related structures;
- (ii) The location of all fire hydrants, with an indicated elevation of the top of the proposed curb at its location;
- (iii) The location and elevation of benchmarks referring to known system datum;
- (iv) The sizes and locations of the existing mains to which the system will be connected; and,
- (v) The street address of each lot.

(3) A plan of the proposed wastewater system improvements, drawn on sheets twenty-four (24) inches by thirty-six (36) inches, to a horizontal scale of one (1) inch to one hundred (100) feet, except that the scale may vary on special projects. Such plan shall comply with the District's Technical Specifications, and shall provide the following information:

- (i) The locations, sizes, types, and flow line grades of all lines;

- (ii) The locations and flow line elevations of all manholes and cleanouts;
- (iii) The locations of any collection pits, vacuum, lift stations or other special structures;
- (iv) The locations and sizes of the mains to which the system will be connected; and,
- (v) The street address of each lot.

(4) Plan-profile sheets, which shall be drawn on sheets twenty-four (24) inches by thirty-six (36) inches, to a horizontal scale of one (1) inch to twenty (20) feet or one (1) inch to fifty (50) feet, and a vertical scale of one (1) inch to two (2) feet or one (1) inch to five (5) feet, except that scale may vary on special projects. Such sheets shall show the finished plan of the proposed utilities construction. They shall also indicate the existing profile of the natural ground, along with the proposed profiles on the center lines of all flow lines of all wastewater and water lines.

(5) A north arrow, scale(s), and date.

(f) Approval. When all construction plans have met the requirements of this section and have been reviewed by the District Engineer and District Operator, the plans may be presented to the Board for approval. The District Engineer and the District Operator shall each give to the Board their respective recommendation as to whether or not to approve such plans and the reasons therefor.

Section 5.5 – Construction and Installation of Improvements.

(a) Improvements are to be installed in accordance with the construction plans approved by the Board following review by the District Engineer and the District Operator. The applicant may submit a construction phasing plan.

(b) All required improvements shall be made by the applicant, at his/her expense, without reimbursement by the District, unless otherwise specifically provided for in these Regulations.

(c) The District is authorized to enter into Development Reimbursement Agreements in order to reimburse a developer for expenses in extending the District's system to accommodate growth and development in the District. If future developers or customers benefit from a developer's expansion or improvement of the system, they can be assessed a Capital Recovery Fee and the District may use these funds to either reimburse itself for expansion costs or the developer that financed the improvements and/or expansion.

Section 5.6 – Inspection and Acceptance of Improvements.

(a) Generally. The applicant shall provide for the inspection, testing and certification of required improvements by the District Operator during and following completion of construction by the District Operator to insure conformity with the approved plans and specifications. The District Operator may use the services of the District Engineer as necessary to accomplish such inspections. If the District Operator finds, upon inspection, that any of the improvements have not been constructed in accordance with applicable construction standards and the approved plans and specifications, then the applicant shall

be responsible for making the necessary changes to insure compliance. Applicant shall be responsible for all costs incurred for the inspection plus 17.5% of all incurred inspection costs.

(b) Inspections and Acceptance of Completion. Upon completion of the utilities construction (or upon completion of each phase, if the work is being done pursuant to an approved phased construction plan), the applicant and its contractor shall notify the District Operator in writing that the work is ready for a final inspection and testing. Within ten (10) working days of receipt of the written notice, the District Operator shall arrange for a joint inspection with the applicant and the contractor (and the District Engineer, if the District Operator so elects) to determine that each aspect of the extension project has been installed as per applicable standards, and in conformity with the approved construction plans and the Technical Specifications. It shall be the duty of the applicant and its contractor to demonstrate by whatever means reasonably necessary that all such requirements have been met, and to provide proper documentation and certification of testing and other materials necessary to support the same. Documentation that this inspection has been successfully performed, signed by the parties, shall be placed in permanent files of the District before acceptance of completion.

(c) As-Built Plans and Certifications. The applicant shall submit to the District Operator a certified set of "as built" plans for the utility improvements as approved by the District along with certifications required by the Technical Specifications. Receipt of such "as-built" plans is a prerequisite to put the new improvements into use, and no improvements shall be considered to have been accepted as completed unless and until such plans are delivered to the District. The "as-built" plans shall illustrate that the layout and line and grade of all Utility System improvements are in accordance with the construction plans, as approved and the Technical Specifications and the certifications accompanying them shall, in addition to any other matter required by the Technical Specifications, certify that said improvements are complete, have been successfully tested and are otherwise ready for dedication to the District, and are free and clear of any and all liens and encumbrances. As-built engineering drawings must be submitted to the District in electronic (CAD/CAM) format.

(d) Sewer Service Line Inspections.

(1) When a sewer service line is complete and prior to backfilling such sewer service line trench, the applicant for sewer service shall request (a) a Sewer Tap and (b) an inspection of the installation of the sewer service line. Requests for sewer taps and inspections shall be made to the District's Operator at least 24 hours in advance of the connections and inspections. Inspections will only take place during normal business hours.

(2) Backfilling of a sewer service line trench must be accomplished within 24 hours of inspection and approval by the District. No debris shall be permitted in a sewer service line trench.

Section 5.7 – Maintenance of Improvements; Acceptance of Maintenance.

(a) Notwithstanding any acceptance by the District of Utility System improvements as complete, the applicant shall be responsible for all maintenance, repairs and replacements (whether arising from defects in workmanship and/or materials) of all newly constructed and installed utility improvements that are a part of the extension project which are identified prior to the date that the District accepts the improvements for maintenance, which date shall not in any event be sooner than the first anniversary of the acceptance by District as complete.

(b) The applicant shall, not sooner than 90 days prior to the first anniversary of the date of the first service tap of an extension project, deliver written notice to the District Operator of termination of applicant's responsibility for maintenance. The District Operator may thereafter conduct such inspections of the improvements as it deems necessary to identify any needed repairs or maintenance items prior to its acceptance of maintenance. If the applicant shall timely give such written notice, the effective date of the District's acceptance of maintenance of the improvements shall be the later of (i) the first anniversary of the date of acceptance as complete or (ii) the date 60 days after the District Operator's receipt of the notice.

(c) Prior to acceptance by the District, a one-year maintenance guarantee in favor of the District shall be provided by the applicant and/or its contractor, in the amount of twenty-five (25) per cent of the total construction costs. The applicant shall be responsible for the provision of total construction cost information to the District's Utility Manager; the manager is authorized to reject the cost information if deemed unreasonable or incomplete. Such security for the maintenance of the subdivision shall be made payable to the District in one of the following forms:

(1) Cash deposit to the District.

(2) An irrevocable letter of credit, acceptable to and approved by the District's attorney, and issued by any bank duly chartered under the laws of the state.

(3) A bond, acceptable to and approved by the District's attorney, that shall guarantee such funds to the District.

Section 5.8 – Small Extension Project Provisions.

(a) Alternative Procedure. An applicant for extension of water and/or wastewater service by extending mains to an area not then being served by the utility services of the District may, in lieu of proceeding in accordance with the planning, approval, construction, inspection and maintenance requirements of Sections 5.2 through 5.7 of these Regulations, choose instead to proceed under this Section 5.8, if the extension applied for is a Small Extension Project as herein defined. The cost of the extension must be less than \$50,000 to qualify as a Small Extension.

(b) Small Extension Defined. A project to extend mains to provide for the extension of District Utilities to an area not then served will be considered a Small Extension Project if either of the following is true:

(1) the extension is planned to initially provide for service to four (4) or fewer residential or commercial connections and the project involves no more than one thousand (1,000) linear feet of new water or wastewater mains; or

(2) the extension project, even though not meeting the requirements set forth in subparagraph (1) of this Section 5.8(b), is approved by the Board for construction as a Small Extension Project in accordance with the procedure set forth in Section 5.8(c) through (f) after consideration of the proposed project's cost, scale, difficulty, time required and other circumstances the Board deems relevant.

(c) Small Extensions on Cost-Plus Basis. An applicant for a Small Extension may request that the District design, locate, construct, inspect and test (or cause to be designed, located, constructed,

inspected and tested) the Small Extension, and the applicant shall pay the Extension Costs, plus an additional sum equal to 17½% of such actual costs. Payment shall be made in the manner provided below in this Section 5.8. As used in this Section 5.8, the term "Extension Costs" shall mean and include all of the actual costs incurred by the District in designing, locating, constructing, installing, inspecting and testing the extension, (including, without limitation, all engineering, drafting, right-of-way acquisition, appraisal, permitting, specific legal, accounting and other direct expenses, save only for amortization, depreciation, general overhead, and indirect costs).

(d) District to Design and Construct. Upon receiving a request for an extension of service and after determining that the application qualifies as a Small Extension, the District Operator shall estimate the District's expected Extension Costs, and communicate that cost projection to the applicant. The applicant may then choose to proceed, if at all, under either the Small Extension procedure of this Section 5.8, or utilize the procedures set forth in Sections 5.2 through 5.7 of these Regulations. The communication of the projected Extension Costs and applicant's election to proceed shall be made on such forms as the District Operator shall prescribe from time to time.

(e) Prepayment of Cost Projection. If an applicant chooses to proceed under the Small Extension procedure, it shall:

- (i) pay to the District the entire amount of the projected Extension Costs, plus the required markup, as determined by the District's utilities manager, and
- (ii) undertake in writing (on a form approved by the Board) to pay any and all Extension Costs that are in excess of said projected costs, plus the required percentage markup, as and when such excess Extension Costs may be incurred.

Upon receipt of such payment and undertaking, the District shall commence and prosecute to completion the design, construction, installation, testing and inspection of the requested extension.

(f) Overestimates and Underestimates. If the actual Extension Costs, plus the required percentage markup should be less than the amount of the projected Extension Costs and markup already paid to the District, the District shall refund the difference to the applicant within sixty (60) days of putting the extension in service. If following demand for payment by the District made to the applicant for Extension Costs in excess of the projected amount previously paid, the applicant shall fail to tender payment of the same within twenty (20) days, the District may at its option either terminate or continue work on such extension, but in no event shall the District be or become liable to provide services to a defaulting applicant through the use of such extension unless and until it shall fully satisfy its obligations under its undertaking with the District. The District may charge interest at the annual rate of 18% upon all sums becoming due and payable under an applicant's undertaking to pay excess Extension Costs but not timely paid to the District, such interest to accrue from and after the due date as provided in such contract, and may bring suit in any court of competent jurisdiction to collect any amount not paid when due.

Section 5.9 - Connections where existing lines are privately owned.

In areas which are developed or semi-developed, and where water patrons are now being served by privately owned systems or lines, the following procedure will be followed:

(1) Upon an offer and tender by the owners of any existing mains or lines of a three-fourths (3/4) of an inch or larger capacity, which have been laid entirely in the streets or alleys within the District, in which the District has easement rights, and which the District finds to be in good condition and repair and otherwise capable of safely serving as a part of the District water system, the District may accept full ownership, jurisdiction and control of such mains and lines, to and including the meter, and in consideration therefor the District will assume all costs of operation and maintenance of such mains and lines so accepted.

(2) If and when such mains shall, in the judgment of the District, fail to give adequate service because of loss of volume or pressure; or have deteriorated beyond profitable repair; or have become a health hazard, the District shall install or cause to be installed, such lines or mains as are necessary to make service adequate.

(3) During the process of such construction of such new mains or lines, each of the patrons then being served by the old main shall be notified and requested by mail by the District's Utility Manager, to make application to have their water service changed from the old to the new main. Any such water patron making such application during the time of construction of such main shall receive a credit on the regular service charge as may be provided by separate regulation enacted from time to time, copies of which shall be maintained on file in the District's office.

(4) Water patrons so notified, but failing to make such application for connection to the new main, shall continue to be served by the old main at their own risk. The District will cease to maintain or allow the maintenance of such mains or lines which have been paralleled or replaced by new mains or lines. When leaks are discovered in such old mains, it shall be the duty of the District's Utility Manager to close off or cause to be closed off such old main and no further service shall ever be provided through such mains or lines that have been so closed off. Water patrons who may be affected by such discontinuance of service may make regular application for connection to the new main, and upon the payment of the regular service charge, such connection shall be made by the District's Utility Manager from such new main to the water patron's meter, the location of which meter shall be designated by the District's Utility Manager.

PART SIX: GENERAL RULES AND REGULATIONS

Section 6.1 – Utility Systems in General.

(a) Scope of District's undertaking in providing utilities. In the sale of water (including the supply of water for use for the protection of property against fires) and in the provision of wastewater collection and treatment services by the District to any person within and without the District, the District undertakes only to (i) furnish such water and the amount of water that may be supplied from the sources as the District may select from time to time, and in an amount within the capacity of the source and the District's facilities; and (ii) utilize reasonable efforts to keep and maintain open and operable wastewater collection facilities at points between collection pits to treatment location or locations, and to provide treatment of wastewater delivered from such collection facilities in reasonable accord with the capacity and capabilities of the treatment facilities that may from time to time be installed or connected to the collection system.

The District does not agree, nor is the District bound, to furnish water of any special or specific analysis, or in any special or specified amount, or to provide or assure free and unrestricted flow of wastewater within any collection lines between collection pits and service locations. The utility facilities of the District have finite capacities and it is therefore possible that their capacity may be exceeded.

(b) Regulations Applicable within and outside the District. All the rules and regulations contained in this article applicable to patrons within the District shall likewise be applicable to patrons outside the District except as otherwise specifically provided herein.

(c) Regulations Constitute Agreement. All patrons of the utility systems of the District—before being furnished water by the District or being allowed to connect to its wastewater system — must agree and do agree, by the request for service from the District Utility System, to comply with the Regulations of the District.

(d) Compliance. The District shall not be obliged to furnish utility services to any person unless such person has complied with all the rules and regulations of the District relative to its utility systems; and if any patron of the District Utility System violates any of such rules and regulations, the District shall be entitled to shut off the water from the premises of such violator, and the violator shall forfeit any unexpired term for which such violator has paid. Such action, if taken, shall be cumulative of (and the District's taking of such action shall not impair its right to also bring) any other enforcement action authorized by these rules and regulations or other applicable law on account of any such violation.

(e) Non-liability of District. In the event of accident or other cause by reason of which the District may become unable, either within or outside of the District, to (i) supply water to its water patrons, or to any agency or organization for the prevention or suppression of fire; and/or (ii) collect, remove, contain, transport, drain, and/or treat wastewater through its wastewater collection and/or treatment facilities; the District will in no manner be liable or responsible for any damage, loss, injury (including bodily injury, illness or death), repair or remediation caused or necessitated by, arising from or in consequence of any failure of the water system to supply water to any patron of the water system, or to any person whose property may have been damaged or destroyed by fire or by any blockage, backup, restricted flow, leakage, collapse, loss of suction or other failure or malfunction, from any cause whatever, of any pits, lines, vacuum or lifting equipment, valves, connections, plants or other facilities or equipment used to furnish water or wastewater services.

(f) Deposit and disbursement of receipts. All receipts from the District Utility System shall be paid into the treasury of the District, such receipts to be disbursed by the Board in such manner as the said Board may direct.

(g) Maps and plats of system, on file. The District shall, to the extent the same were received by the District upon its purchase of the water system and/or created in the course of performing improvements and additions to its water and wastewater utility systems, keep or direct its agents and managers to keep maps and plats of the District showing all pits, mains, pipes, stations, equipment and plants laid or installed and belonging to the District, giving the size of same, and showing the locations of all valves and fire hydrants.

(h) Right of entry to officers; right to interrupt service. Every user of the District Utility System shall afford the District Operator or persons acting under the direction of the Board, at reasonable times, entry upon any premises or building in which any of the District's utility services are being used. The District shall have the unrestricted right at any time to shut off, block or restrict flow to utility system mains, pump stations, collection pits or other facilities of the District or connections to the systems for the purpose of repairs, maintenance, making connection to or extension of, or cleaning any District utility facilities, and in so doing the District shall not be liable in any manner for damages.

(i) Compulsory use of District water system.

(1) All persons who construct any new building or develop property within the District are required to make application, tap and extend the District Utility System in accordance with the other applicable rules and regulations of the District, and to thereafter use District utility facilities for such building and development. In all cases where service of the District sewer system is utilized, such users shall be required to tap and make use of the District water system.

(2) All persons within the District making use of private systems to provide potable water and to treat and dispose of wastewater, including wells, septic tanks, sewer treatment plants and the like (all of which are referred to herein as "private systems") shall make application, tap and connect to the District's water system and the District's sewer system (herein, the "District's services") in accordance with the other applicable rules and regulations of the District and shall thereafter make use of the District's services instead of the private systems within two (2) years of the date that District services are available to the property being served by private systems. The determination of whether District Services are, and upon what date they became, available to a particular property shall be made by the District in the exercise of its sole discretion. An extension of a main in accordance with the provisions of Sections Five herein will make those District Services so extended available to all property along the extended main.

(3) If wastewater services are available, wastewater connection must be made prior to any delivery of water. In order to receive water and be connected to the water system, connection to the wastewater system is mandatory if it is available. If it is not available, connection to the wastewater system must be made within one year of its availability.

However, this requirement does not apply to meters purchased solely for the purpose of irrigation.

(j) Application for connection; manner of connecting; cost. It is the policy of the District to supply water and to provide wastewater collection and treatment services to its patrons through mains, lines and other facilities owned and controlled by the District and which shall be located in streets, alleys and ways adjacent to property being served. Therefore, all connections within the District or to individual patrons outside the District, except connections to mains extended as herein otherwise provided, shall be made in the following manner:

(1) An application for utility service shall be made to the District on the form or forms promulgated by the District for that purpose. Early Applicants may be required to submit updated or amended applications for service, but shall still be considered to be Early Applicants for purposes of these regulations.

(A) If the property to be served is that described in an application submitted by an Early Applicant, the District will, following payment by the applicant of the regular service charge, at its own cost and expense, construct such lines up to and including (but not beyond) the meter and/or valve pit that shall be necessary to serve such patron. However, if such property would require an extension of mains, additional pits, vacuum stations or an expansion of the capacity of the systems in order to provide service, the District will not be required to provide such extension or expansion until such time as those extensions, additions or expansions are made in the regular course of expansion or improvement of the District's system. If an early applicant whose property is located such that it requires an extension of mains or an expansion of their capacity wishes to obtain service earlier, then the applicant may proceed in the manner prescribed by the applicable provisions of Part IV of these Regulations.

(B) If the property to be served is not property that is the subject of an application submitted as an early applicant, such applicant shall be required to construct and pay for any extension of mains, additional pits, vacuum stations or other expansion of the capacity of the systems in order to provide that service, and to furnish all easements or rights-of-way necessary to accomplish that. The owner of such property to be served shall be required to prepare plans and specifications for any such extension project and submit said plans and specifications to the District for approval in accordance with the provisions of Part Four of these Regulations. The installation and construction of such extensions, additions and expansions shall conform to and be accomplished in accordance with all applicable provisions of the District's Rules and Regulations.

(2) Upon connection to the District's wastewater system, all applicants shall immediately cause any and all existing private septic tank or other wastewater treatment apparatus on the property being served to be pumped out or emptied, and the material properly disposed of. Applicants shall then cause any such tanks or apparatus to be rendered wholly and permanently inoperable, and no person shall thereafter make use of any such tank or apparatus in connection with the handling of wastewater.

(3) Installation of wastewater service lines running from improvements on property to be served to the District valve pit (herein referred to as "wastewater service lines") are the responsibility of the applicant for service, but all such installations are subject to the following requirements:

(A) Wastewater service lines may not be connected to the District's wastewater system until the uncovered lines have been inspected for obstructions, proper grade, proper venting, cross-connection or other potential adverse impacts by the District. If installed wastewater service lines have been covered before being inspected, the District may require that they be uncovered at the applicant's expense.

(B) Connection of wastewater service lines to the District's wastewater system shall be made only by the District, following inspection. Connection by any other person is prohibited.

(C) Wastewater service lines may not cross any property line without a valid easement.

(D) The District may require that applicants install, and thereafter maintain in place, screening devices to prevent the introduction of obstructions into the wastewater system by way of vents on wastewater service lines.

(k) Permit to use water; collection of charges. All permits for the use of water and for the discharge of wastewater into the District's wastewater collection system shall be issued by the District Operator, which shall collect the proper amounts as per the rates and charges established, such permits to be granted only upon written request to the District Operator through its service office. Such applicant by such request for utility services, must agree and obligate such applicant and does agree and obligate such applicant to comply with all rules, regulations and ordinances of the District pertaining to its utility systems.

(l) No refund where use discontinued. No patron of the District Utility System shall be entitled to any refund for the unexpired portion of any month for which the minimum charge has been made by reason of discontinued use during such month.

(m) Failure to receive bill no excuse for nonpayment. Failure of any patron to receive a bill for utility systems use and services shall be no excuse for nonpayment.

(n) Meter Required. Water from the District water system shall be sold and delivered by the District through its mains only to patrons at whose premises water meters are installed, from water meter readings and water meter computations only.

(o) Charges estimated when Meter Access Impeded. If a meter reader is, in the opinion of the District Operator, unable to procure a reading of the meter owing to the building being locked or vacant or the occupant not permitting entrance, or entrance to the premises is made precarious by a vicious dog or otherwise, or easy access to meter is obstructed in any manner whatsoever, the charges may be estimated for the amount not to exceed double the normal charge, and it is further provided that in case the consumer does not remedy the condition and should the consumer further refuse to pay the estimated bill, the District shall have the right to discontinue the service without further notice and service shall not be resumed until the conditions complained of have been remedied and all charges for water service and reconnection paid.

(p) Cross connections with other sources.

(1) Cross connection between piping receiving water from District water mains and piping receiving water from any other source or storage is positively forbidden, and the District shall have the right when it discovers the existence of any such cross connections to immediately and without further notice disconnect the service connecting such piping with the District mains.

(2) If inflow from the District water main to a swimming pool or other storage of water is below overflow level a cross connection prohibited by these regulations exists.

(q) Service calls. Whenever it becomes necessary, at the request of a water service customer for any reason and for any period of time, that such customer's water service be interrupted, a charge as prescribed by separate regulation shall be made against such customer for the service call of a District Utility System employee made necessary in order to discontinue such water service and a charge as prescribed by separate regulation, copies of which shall be kept on file in the District's office, shall be made to restore such service, and such charge shall be included in the patron's monthly statement for water service.

(r) Taps – Consent of District required. No patron of the District Utility System shall permit any person to tap any water pipe, any pit or wastewater line leading into such person's premises without the consent of the District Operator or otherwise with the consent of the Board.

(s) Persons authorized to make Taps.

(1) No plumber or other person, except the District Operator, or other person acting under the direction of the District Operator or the Board, shall be allowed to tap any District water main, wastewater main, utility service pipes or lines or collection pit.

(2) All utility service connections greater than one (1) inch in diameter shall be subject to the review and approval of the District Operator.

(t) Separation of Water Taps. In no case shall taps in the District water mains be closer than twelve (12) inches apart.

(u) Unlawful deposits – Enumeration. All waste discharged into the District's wastewater collection facilities shall conform to the requirements herein and shall consist only of waste amenable to biological treatment or other processes employed by the District from time to time. No Person may discharge any waste into the District's system that will injure or interfere with the processes or physical properties or facilities of the District's wastewater facilities and/or constitute a hazard to humans or animals. Discharges prohibited by the foregoing parameters include but are not limited to the following:

It shall be unlawful for any person to discharge or allow to be discharged, into any drain, sump or other vessel or receptacle opening to or draining into the District's wastewater collection facilities, any of the following pollutants, substances, or wastewater:

(1) Pollutants which create a fire or explosive hazard in the wastewater treatment facility, or material and chemicals capable of causing corrosive or structural damage to the District's wastewater facilities or the District's equipment or toxic or hazardous substances and wastes.

(2) Any substances which may cause obstruction to the flow in a public sanitary sewer or which may cause other interference with the wastewater treatment process such as, but not

limited to: grease, animal guts or tissue, paunch manure, bones, hair, hides or fleshings, entrails, whole blood, feathers, ashes, cinders, sand, spent lime, stone or marble dust, metal, glass, straw, shavings, grass clippings, rags, spent grains, spent hops, waste paper, wood, plastics, gas, tar, asphalt residues, mud, glass grinding or polishing wastes, garbage, storm drainage, hair, ashes, fruit or vegetable peelings or refuse, rags, cotton, oils, or any other matter whatsoever, except water used for domestic purposes, feces, urine, the necessary closet paper and liquid slops.

(3) Noxious or malodorous liquids, gases, solids, or other wastewater which, either singly or by interaction with other wastes, are sufficient to create a public nuisance or a hazard to life, or to prevent entry into the sewers for maintenance or repair.

(4) Slugs and materials which cause excessive discoloration or concentrations of suspended solids, B.O.D., or C.O.D. or chlorine demands in excess of the ability of the wastewater facilities to adequately treat and dispose of such wastes.

(5) Storm water, surface water, ground water, artesian well water, roof runoff, subsurface drainage, and swimming pool drainage unless specifically authorized by the Board or the District Operator.

(6) Hazardous, toxic or dangerous materials or wastes or regulated substances (including petroleum products) classified as such under any local, state or federal law relating to the protection of the environment or materials the disposal and/or handling of which is required by any applicable law or regulation to be carried out in a manner inconsistent with disposal through a public wastewater system.

(7) Any wastewater of such character or quantity that unusual attention or expense is required to handle such material at the wastewater treatment plant or in the collection system.

(8) Radioactive materials or isotopes with a transient concentration higher than 100 micro curies per liter.

(9) Antimony, beryllium, bismuth, cobalt, molybdenum, tin, uranyl ion, rhenium, strontium, tellurium, and such other heavy metals as may be prohibited from time to time by the District.

(10) The following heavy metals or the salts thereof in solution or suspension which upon analysis by standard methods exceed the concentrations listed below:

<i>Element</i>	<i>Mg/l</i>
Arsenic	0.05
Barium	5.0
Boron	1.0
Cadmium	0.02
Chromium	5.0
Copper	1.0

<i>Element</i>	<i>Mg/l</i>
Zinc	5.0
Lead	0.1
Manganese	1.0
Mercury	0.005
Nickel	1.0
Selenium	0.02
Silver	0.1

(11) Any other heavy metals or toxic material except upon the conditions of pretreatment, concentration, volumes and other applicable standards prescribed by the District or by applicable statutes, laws, rules or regulations.

(v) Chemical Discharges. The following chemicals shall not be admissible into the District's Wastewater System:

(1) Cyanides or cyanogen compounds capable of liberating hydrocyanic gas upon acidification when present in concentrations in excess of 2 mg/l by weight as a cyanide (CN);

(2) Fluorides other than those contained in the public water supply for the area which is the source of the discharge;

(3) Gasoline, cleaning solvents, benzene, naphtha, fuel oil or other flammable or explosive liquids, solids or gases;

(4) Substance causing C.O.D. overload

(5) Acids of alkalis having pH values lower than 6.0 or higher than 10.0, iron pickling wastes or concentrated plating solutions whether neutralized or not;

(6) Grease, whether emulsified or not, containing substances which may solidify or become viscous at temperatures between 32 degrees and 150 degrees Fahrenheit (0 and 65 degrees Centigrade) or which exceeds on analysis an average of 100 mg/l of soluble matter;

(7) Dissolved sulfides whose concentrations exceed 0.1 mg/l; or

(8) Any other corrosive, explosive, malodorous or objectionable chemicals in liquid, solid or gaseous form.

(w) Pollutants, substances or wastewater prohibited by these Rules and Regulations shall not be processed or stored in such a manner that they could be discharged to the wastewater system.

(x) Prevention of Unlawful Deposits. The District's Board of Directors or the District Operator shall have the power to stop and prevent a customer from discharging into any sewer line of the District or into any private drain or house connection through which substances are discharged, any substance liable to injure any sewer of the District or to obstruct the flow of the sewage therein, or to interfere with the operation of the sewage disposal plant of the District.

(y) Correcting unsanitary conditions. When any building or premises has been inspected by the District Operator, the District Engineer or anyone acting under the direction of the Board, and the plumbing is defective or unsanitary to such an extent that it constitutes a menace to public health, notice to that effect shall be served upon the owner and such notice shall specify the character of repairs, alterations or improvements necessary to remove or correct such defective or unsanitary condition. If such repairs or alterations as specified in such notice are not commenced in good faith within five (5) days from the date of serving of such notice, the District Operator, the District Engineer or the Board, may condemn such property as being unsanitary and unfit for human habitation, and its occupancy shall be prohibited.

Section 6.2 – Supervision of Discharges.

(a) If the District or its designated representative determines that a discharge or a proposed discharge in the Wastewater System may deleteriously affect the Wastewater System or create a hazard to life or health, or create a public nuisance, it may require:

- (1) Pretreatment to an acceptable condition for discharge into the Wastewater System;
- (2) Control over the quantities and rates of discharge; and
- (3) Waste surcharge payments sufficient to compensate the District for the cost of handling, monitoring and treating the waste.

(b) If pretreatment control is required by the District, it shall review and approve the design and installation of the equipment and the processes employed to insure conformity with all applicable laws and regulatory requirements. Any person responsible for discharges requiring such pretreatment or control facilities shall provide and maintain such facilities in effective operating condition.

Section 6.3 – County Subdivision Regulations.

(a) The District may, as a condition to commencing any review of the application for service of any Person (including any application for extension of the System) or as a condition to its issuance of any approval thereof, require the receipt by the District Operator and/or engineer of proof that the applicant has fulfilled all requirements relating to platting of subdivided lands imposed by Calhoun County, Texas, under the authority granted it under Chapter 232 of the Texas Local Government Code.

(b) The District will prepare and submit to the Commissioners Court of Calhoun County, Texas a form upon which it will certify to Calhoun County the full compliance by an applicant with these regulations. The District will request that the County require such certification on plats presented to it for approval under the authority it exercises under Chapter 232 of the Texas Local Government Code.

Section 6.4 – Easements Required as a Condition to Service.

(a) As a condition of service, the District shall require an applicant to grant in favor of the district a permanent recorded easement that will provide the District with a reasonable right of access and use to allow the District to construct, install, maintain, replace, upgrade, inspect and test any facilities necessary to serve the applicant as well as the District's purposes in providing systemwide service. The

District may not require an applicant to provide an easement for a service line for the sole benefit of another applicant. The District requires acceptable title to the land on which the easement is located. The District will not reimburse, repair or compensate for any damages to any structure located on an easement, including—but not limited to—concrete driveways, if such structure is damaged or destroyed by any District activity.

(b) As a condition of service to a new subdivision, the District shall require the developer of the subdivision to provide permanent recorded easements to and throughout the subdivision sufficient to construct, install, maintain, replace, upgrade, inspect and test any facilities necessary to serve the subdivision's anticipated service demands on full occupancy. The District requires acceptable title to the land on which the easement is located.

Section 6.5 – Grease Interceptors.

(a) Discharge into Grease Traps Required. All Commercial Grease Generators shall discharge all waste from sinks, dishwashers, drains, and any other fixtures through which oils, grit or grease are or may be discharged, into an adequately sized, properly maintained and functioning Grease Trap before the discharge enters the District's wastewater system. Each Grease Trap installation shall include an inlet flow control device, a readily accessible inspection port allowing access to the trap itself, and a readily accessible effluent monitoring port on the outflow side of the trap. It is a violation of these Regulations for a Commercial Grease Generator to discharge such waste into the District's wastewater system other than through an adequately sized, properly maintained and functioning Grease Trap installed as provided above, with readily accessible inspection and access and monitoring ports.

(b) Certain Wastes to Bypass Grease Trap. Toilets, urinals, and other similar fixtures shall not discharge through a Grease Trap.

(c) Exemptions; Additional Regulated Users. Grease Traps shall not be required for single-family residences, apartment houses or other establishments that are not Commercial Grease Generators unless the District Operator first determines there are discharges of oils, grit or grease from the property that will create problems in the District's wastewater treatment system. Such a determination will be made based upon an investigation of the property, and a comparison of the content and amount of discharge from the property with the discharges of other properties similar in size and use. Upon a determination that the discharges will create problems in the District's wastewater treatment system, the District Operator shall advise the Board, and the Board may require the installation of a sufficiently sized Grease Trap to treat the discharges.

(d) Installation and Upgrade

(1) The installation of Grease Traps on new construction shall be in accordance with the District Operator's specifications. It is the responsibility of each user of the District Utilities to determine whether such user is a Commercial Grease Generator and thereby subject to the provisions of this Section 6.5. If the District Operator finds there is a need for installation or upgrade of a Grease Trap (including the installation of inspection ports and/or discharge monitoring ports, or requiring the same to be made accessible) at an existing establishment of a Commercial Grease Generator, the Board may order the installation or upgrade (including the addition of inspection ports and/or effluent monitoring ports, or the making of the same accessible). If such an order is issued, the District Operator will give written notice to the Commercial Grease Generator,

who shall have thirty (30) days in which to comply with or object in writing to the order. If an objection is timely made, the District Operator shall schedule a hearing on the matter before the Board and give the objecting party at least ten (10) days notice of the hearing setting. At the hearing, evidence may be presented by both parties. Following the hearing, the Board shall deliberate and announce its decision.

(2) Unless timely notice of objection has been given, it shall be unlawful for a Commercial Grease Generator to allow or cause any discharge of waste from sinks, dishwashers, drains, and any other fixtures through which oils, grit or grease are or may be discharged into the District's wastewater system not in compliance with an order issued by the Board to install or upgrade a Grease Trap (including one requiring the installation of inspection ports and/or discharge monitoring ports, or making such ports accessible) on and after the 31st day after the Commercial Grease Generator's receipt of notice of the Board's order.

(e) Maintenance and Inspection; Inspection Fees.

(1) A Grease Trap shall be serviced as frequently as necessary to prevent by-pass or overflow, and to insure it is properly functioning and operating to prevent the discharge of oils, grit and/or grease from entering into the District's wastewater treatment system.

(2) All existing Commercial Grease Generators as of the effective date of this Section and all new Commercial Grease Generators will be subject to monthly inspection for six (6) consecutive months. If no violations of this Section 6.5 are identified in those six consecutive regular inspections (or in any random inspections described in Section 6.5(e)(3) below), then regular inspections shall be at quarterly intervals.

(3) In addition to regular inspections, the District Operator may randomly sample and analyze the effluent from a Commercial Grease Generator and conduct surveillance activities to determine compliance with this Section. The District Operator will be allowed access to all parts of the premises of any Commercial Grease Generator for purposes of inspection, sampling, records examination of servicing personnel and copying along with any other additional duties that may be necessary to establish and ensure compliance with this Section.

(4) If at any regular inspection or any random inspection provided for in Section 6.5(e)(3) a violation of the provisions of this Section 6.5 is identified, then the Commercial Grease Generator shall be given ten (10) days in which to correct the violation. If the violation is not remedied within that time, the District is authorized to discontinue District Utilities. In any event, following identification of a violation, inspection of a Commercial Grease Generator shall resume on a monthly basis following the identification of any violation until such time as the Commercial Grease Generator shall have passed six consecutive monthly inspections (and any random inspections described in Section 6.5(e)(3)) without any violations being identified. At such time, quarterly inspections shall resume.

(5) Commercial Grease Generators shall pay an inspection fee of \$50.00 for each regular monthly or quarterly inspection performed by the District Operator; this charge will be added to the bill for District Utilities. The District will not charge for random inspections under Section 6.5(e)(3), unless a violation is identified; in that event the District shall be authorized to charge a \$50.00 inspection fee.

- (f) This policy imposes strict liability; a culpable mental state is not required to impose liability.

Section 6.6 – Residential Swimming Pools.

A residential swimming pool owner can receive a credit for the sewer charge on water used to fill the pool once a year. In order to receive the credit, the owner must notify the District in writing of its intent to fill the pool and provide acceptable evidence to the District on the existence of the pool and the size of the pool.

Section 6.7 – Water Wells – Permit Required.

Prior to drilling, constructing, abandoning or plugging a water well, a Person residing within the boundaries of the District, must apply for a permit at the District's offices. Such permit shall be granted by the Director, with the approval of the Board of Directors.

The application must contain the following: (1) the name and address of the owner of the property upon which the well will be located; (2) the location of the well upon the property with enough certainty so that its location can be easily ascertained; (3) the contemplated use of the water from the well; and (4) a signature acknowledging the responsibilities of the applicant and the rights of the District.

The applicant shall be responsible for any damage that occurs to the District's system during the drilling, constructing, abandoning or plugging of the well. The applicant is responsible for insuring that the well water is not cross connected to, deposited in, or commingled with water in the District Utility System. No well may service a building if District water service is available to serve that building.

The District has the right to inspect the well and the applicant's premises to make sure the applicant is abiding by the restrictions set forth herein and in the other Rules and Regulations of the District.

Section 6.8 – Professional Fee Reimbursements.

(a) Reimbursement for Professional Service Fees. On projects performed or undertaken at the request of another Person or performed to further the goals of another Person at their request, the District shall have the right to require, as a condition to entertaining such a request, that the other party deposit, agree to pay and/or reimburse the District for professional fees incurred by the District as a result of said request. Examples of such projects include—but are not limited to—the following: leases, cooperative agreements, movement of easements or rights-of-way, the abandonment of rights-of-way or the approval of variances and plats and the like. A plat application fee, as adopted by the District's board of directors, must be paid prior to any plat reviews or approvals.

(b) Development Agreements. Applicants who desire to enter into development agreements with the District must pay all legal, engineering and/or management fees incurred by the District in the negotiation and preparation of the agreement. The District will establish a deposit amount equivalent to the estimated consultant fees the District expects to incur and the applicant must deposit this amount with the District prior to any work being initiated. All fees associated with the agreement will be charged against the deposit. Upon completion of the work, any funds remaining will be refunded to the Applicant. Any fees or charges in excess of the deposit must be paid by Applicant. No agreement will be executed or become effective until these fees are paid.

Section 6.9 – Prohibition on Use of Lead.

The use of pipes and pipe fittings that contain more than 8.0 percent lead or solders and flux that contain more than 0.2 percent lead is prohibited for installation or repair of the District's water system and for installation or repair of any plumbing in a residential or commercial facility providing water for human consumption and connected to the District's water system.

Section 6.10 – Underground Installations.

Prior to installing underground cables, facilities and/or excavating in the area of District water supply and sanitary sewer collection lines, representatives of utility companies shall contact the District to file such companies' construction plans and schedule and to review the engineering plans illustrating the location of District lines. Any contractor, developer, or other Person who damages the District's facilities will be responsible for all costs and expenses incurred by the District as a result of such damage.

Section 6.11 – Connections to be on side of mains; depth of service pipes.

Nobody shall tap into District water mains unless under the direction and authority of the District. All connections to the District water mains shall be made on the side of the mains and not on the top of the mains, and the service pipe shall be laid not less than twenty-four (24) inches below the surface of the street and gutter.

Section 6.12 – Distance of connections from joints.

All connections hereafter made to the water mains of the District shall be at least two (2) feet from any joint in such water mains.

Section 6.13 – Permitting water to accumulate.

It shall be unlawful for any consumer of the water from the District water system to cause or permit any of such water used by such Person to stand on or remain on any place or street in this District, or to become a nuisance to any Person therein, and it shall be the duty of each consumer of water to drain the same off of such Person's premises at such Person's own expense, so as not to cause or permit the same to stand on any place or street.

Section 6.14 – Limitation on connection to tap lines.

(a) Within this section, the following words and phrases shall have the following meanings:

(1) "Use" shall mean one (1) dwelling, one (1) commercial business, or one (1) underground lawn sprinkler system.

(2) "Three-fourths-inch line capacity" shall mean the capacity for water flow through a three-fourths-inch inside diameter pipe. A one-inch water service line is the equivalent of two (2) three-fourths-inch line capacities, and a one and one-fourth-inch water service line is the equivalent of four (4) three-fourths-inch line capacities.

(3) "Multiple lot tap line" shall mean a water tap line that serves two (2) or more lots, or that is designed to serve two (2) or more lots.

(4) Lot shall mean a parcel of land legally defined as a lot on a duly approved subdivision plat of record, or a parcel of land defined by a legal record or survey map.

(b) It shall be unlawful for any Person to connect a use to a multiple lot tap line unless the line is of sufficient size to provide at least three-fourths-inch capacity for each use connected to the line, including the use proposed to be connected.

(c) Exception. The restriction in subdivision (b) shall not affect connections to a service line that serves, and is designed to serve, only one (1) lot.

Section 6.15 – Outdoor Showers no connection to District collection system allowed.

No outdoor showers shall be permitted to drain into the District's wastewater collection system to prevent any washings and trash from such ground, floor or yard from entering into the sump or drain of the outdoor shower and thereby into the wastewater system of the District.

Section 6.16 – Outdoor Showers – Permit Required.

Any Person desiring to construct an outdoor shower or desiring to alter any such facility now in use, shall before constructing same, or before performing any such alteration, make known such desire to the District's Utility Manager by filing a written application for a permit. The application shall state where the shower facility is or will be located, name and address of property owner and a signature of applicant acknowledging the requirements stated herein. A \$50.00 fee will be assessed for this permit. An inspection will be required to insure compliance with Section 6.16.

Section 6.17 – Wash Racks Prohibited.

No wash racks are permitted to drain into the District's wastewater system unless approved by the District's Board.

Section 6.18 – Yard Drains Prohibited.

No yard drains shall be connected to the District's wastewater system. Any such connection is an illegal connection and applicable fines and penalties will be assessed, including disconnection from the District's systems if necessary.

Section 6.19 – Sprinkler/Irrigation Systems – Permit Required.

Any Person installing or modifying a lawn sprinkler/irrigation system, shall before constructing or performing any alteration, obtain a permit from the District. The permit shall contain the property owner's name and address, the location where the lawn sprinkler system or irrigation system is connected to the District's water system in sufficient detail for a District representative to locate the connection and a signature of the applicant evincing his acknowledgment of all applicable Rules and Regulations. No permit fee will be assessed for this permit.

Section 6.20 – Unlawful Tampering.

(a) Except as allowed by these regulations of the District or under the explicit written authorization of the District, it shall be unlawful for any Person to:

(1) Tamper or interfere with, obstruct access to or to damage, destroy or deface any facilities that are a part of the District's water and wastewater systems including—but not limited to—utility meter, hydrant, stopcock, standpipe, pump station, vacuum station, manhole, line or any other District utility system fixture or facility (whether a part of the District water system or District wastewater system), nor shall a Person use or take from the District Utility System, any product or service without lawful permission of the District.

(2) Tap onto or connect or cause to be tapped onto or connected any pipe with any utility distribution, transmission or collection main or line owned by the District without lawful permission of the District, without a meter, or to have a straight line connection to another building without being metered, including the unauthorized use of a flushing valve or unmetered water taps.

(3) Disconnect, adjust or remove or cause to be disconnected, adjusted or removed, any meter from a distribution, transportation or collection main or line owned by the District without lawful permission of the District. If a meter has been tampered with, damaged, defaced, disconnected or adjusted without the lawful permission of the District, the customer in whose name the service was applied for, shall be presumed to be the person who took such unlawful action.

(4) Deposit, throw, drain, discharge or otherwise cause to be injected into any sewer, manhole, catch basin, flush tank, pit, vacuum station or other facility that is a part of the District's water and wastewater system any debris or foreign substance that interferes with the property and routine functioning of the system.

(b) It shall be a defense to the prosecution of an offense pursuant to this section that, the alleged unlawful action was taken in an emergency to prevent loss of human life, serious personal injury or substantial damage to property.

**PART SEVEN: INSPECTIONS—BUILDER AND CUSTOMER SERVICE;
CROSS CONNECTION AND BACKFLOW PREVENTION**

Section 7.1—Builder Inspections and Temporary Builder Accounts.

(a) Pre-Construction Inspection and Fees: Prior to starting any work on a lot, the builder must contact the District's Operator to do an inspection verifying District facilities. If any District facility is either damaged or cannot be located, the District's Operator will make necessary repairs or locate and make visible the equipment at the expense of the District. A copy of the inspection will be given to the Builder's representative. After the inspection and any necessary work is completed, the builder and/or lot owner will then be responsible for paying the costs of all damages, adjustments, relocations, and repairs found during the final builder inspection.

(b) Final Builder Inspection and Fees: Upon receipt of instruction from the builder to transfer an account to an initial customer or upon application for a change in account or upon notice of project completion, the District's Operator shall make a final inspection of the property and make note of District facilities. The District's Operator will repair any damaged District facilities, and the builder and/or landowner will be held responsible for all costs incurred. A fee of \$100.00 to cover the cost of inspection will be assessed and collected at the time the tap fee is paid.

(c) Builder Temporary Accounts: During the construction of a new residence or structure the builder is required to hold the account associated with that Service Connection in the builder's name. The account will not be transferred out of the builder's name until a CSI Certificate as required in Section 7.3 herein is on file with the District.

Section 7.2— Backflow Prevention Devices:

(a) Backflow Prevention, General—Cross-Connection Control Policy "CCCP."

(1) No water service connection shall be made to any premises where a potential or actual contamination hazard exists unless the District water supply is protected in accordance with TCEQ Rules and Regulations for Public Water Systems and the District's Rules and Regulations. Service of water to any premises shall be discontinued by the District if a backflow preventer assembly required and approved by the District is not installed, tested and maintained or if it found that a backflow preventer device has been removed or by-passed, or if an unprotected cross-connection exists on the premises. Fines will be imposed and services will be disconnected until such conditions and defects are corrected.

(2) The customer's system shall be open for inspection at all reasonable times to the authorized District representative to determine whether unprotected Cross-Connections or other structural or sanitary hazards, including violations of these Regulations, exist. When such a condition becomes known, the District shall immediately discontinue service to the premises by providing for a physical break in the service line until the customer has corrected the condition(s) in conformance with the CCCP.

(b) Actual or Potential Cause of Contamination. If there is an actual or potential source of contamination, pollution or hazard to the District's water system, no connection may be made to the District's water system unless:

(1) there is an approved air gap between the potential source of contamination, pollution or hazard and the drinking water supply; or

(2) an approved Backflow Prevention Device is installed between the potential source of contamination, pollution or hazard and the drinking water supply.

(c) A Backflow Prevention Device must be tested upon installation and proper forms filed with the District.

(1) The test must be conducted by an individual who has completed a Commission-approved course on cross-connection control and backflow prevention and passed an exam administered by the Commission or the Commission's agent ("Recognized Tester"). The Recognized Tester must certify the Backflow Prevention Device is operating within specifications and present evidence.

(2) The gauges used in the test have been calibrated and tested for accuracy in accordance with the American Water Works Association's Recommended Practice for Backflow Prevention and Cross-Connection Control Manual (Manual M14) current edition or the University of Southern California Manual of Cross-Connection Control, current edition. The original calibration form must be submitted to the District within five (5) working days after calibration.

(3) The Backflow Prevention Device must be inspected at least annually by a Recognized Inspector. All tests and maintenance reports must be completed using a Commission form or the District's form and must be filed with the District within thirty (30) days regardless of whether the tests indicates a passed or failed test.

(d) Backflow assemblies repaired and replaced at expense of customer. All backflow prevention assemblies shall be repaired, overhauled or replaced at the expense of the customer whenever said assemblies are found to be defective. Original forms of such tests, repairs and overhaul shall be kept and submitted to the District within five (5) working days of the test, repair or overhaul of each backflow prevention assembly.

(e) No removal of backflow prevention assembly. No backflow prevention assembly or device shall be removed from use, relocated, or other assembly or device substituted without the approval of the District. Whenever the existing assembly or device is moved from the present location or cannot be repaired, the backflow assembly or device shall be replaced with a backflow prevention assembly or device that complies with this section, The American Water Works Association's Recommended Practice for Backflow Prevention and Cross-Connection Control (Manual M14), current edition, University of Southern California Manual of Cross-Connection Control, current addition, or the current Rules and Regulations of the District, whichever is more stringent.

(f) Backflow Prevention for Lawn Sprinkling Systems. A TCEQ approved backflow prevention device will be required on all newly installed lawn sprinkling systems and on existing lawn sprinkling systems upon change of ownership, unless mandated at an earlier date by the TCEQ, that are connected to the District's potable water distribution system. Lawn sprinkling systems shall be equipped with an approved backflow prevention device installed on the discharge side of the point of delivery on the service line.

(g) Cross-Connection Inspections \$50.00. Cross-Connection Inspections will be performed on all new irrigation system plumbing installations at a cost of \$50 per inspection. If an inspection is failed, a re-inspection required. If the property is not available for inspection at the time an inspection is scheduled, the inspection will be deemed to have been failed. The District will also conduct cross-connection inspections of any modifications to existing construction that affects the customer's plumbing—including remodeling, installation of irrigation systems and construction of swimming pools or installations of hot tubs. The same fees and rules as specified above apply to cross-connection inspections and to backflow preventer inspections which will also be performed by the District.

(h) Commercial fees on case by case basis. The District's fees for cross-connection inspection for changes to existing commercial construction, including a multi-unit residential complex, will be determined by the District's representative based upon the size and scope of the project. There will be no inspection fee for inspections to existing commercial account premises where no modifications to the building or premises are in the process of being made. Any modifications to existing construction of commercial customers that affect the customer's plumbing will require a cross-connection inspection and will be determined by the District's representative based upon the size and the scope of the project.

(i) Backflow Prevention and RV Parks. The District requires premises isolation at the master meter or point of service by the installation of a reduced-pressure-principle backflow prevention assembly at all RV parks.

(j) Hose Bibb Vacuum Breakers. The most common source of cross-connection is the garden hose. Therefore the District requires Hose Bibb Vacuum Breakers ("HBVB") on all threaded outlets—both interior and exterior on every residence, dwelling or commercial establishment. The District urges customers to inspect the HBVB's annually to ensure they are working properly.

(k) Backflow Prevention and Boat Docks. Due to the risk of contamination to the District's water system posed by submerged hoses, all commercial boat docks and subdivision or public marinas (collectively "commercial docks") must have a Reduced Pressure ("RP") backflow preventer installed at the meter and all residential boat docks must have a Hose Bibb Vacuum Breaker ("HBVB") installed on all boat dock faucets. No hoses with spray attachments may be left on when not in actual use. A District inspection is required of all RP installations and a seventy-five (\$75) dollar inspection fee will apply for the inspection of RPs at all commercial docks.

Section 7.3 – Customer Service Inspections

(a) A Customer Service Inspection Certification, as attached hereto as Exhibit 1, shall be completed prior to the District providing water or sewer service to any new construction, any existing service where the District has reason to believe that cross-connections or other unacceptable plumbing practices or contamination hazards exist, and after any material improvement, correction or addition to customer plumbing facilities is made. The District will not provide service until this form is on file in the District's office. All Customer Service Inspection Certifications will be performed by a qualified inspector. An inspector may be supplied by the District upon request. The customer must pay the customer service inspection fee prior to the District inspector performing the inspection and issuing the certificate. Copies of properly completed Customer Service Inspection Certificates shall remain on file for ten years and are subject to TCEQ review. Failure to provide a Customer Service Inspection Certificate will be considered a

violation of these Rules and Regulations and subject to all enforcement provisions and penalties associated therewith.

(b) Individuals with the following credentials shall be recognized as capable of conducting a Customer Service Inspection Certification:

(1) Plumbing Inspectors and Water Supply Protection Specialists licensed by the Texas State Board of Plumbing Examiners; and

(2) Certified Waterworks Operators and members of other water related professional groups who have completed a training course, passed an examination administered by TCEQ or its designated agent and hold an endorsement granted by TCEQ or its designated agent.

(c) The Customer Service Inspection Certification shall certify:

(1) No direct connection exists between the District's water supply system and a potential source of contamination.

(2) Potential sources of contamination are isolated from the District's water supply system by a properly installed air gap or an appropriate backflow prevention assembly in accordance with state plumbing regulations.

(3) All pressure relief valves and thermal expansion devices are in compliance with applicable state plumbing and TCEQ regulations and the District's Rules and Regulations.

(d) No cross-connection between the District's water supply and a private water source exists. Where an actual air gap is not maintained between the District's system and private water supply, an approved reduced pressure-zone backflow prevention assembly is properly installed and a service agreement exists for annual inspection and testing by a recognized backflow prevention assembly tester.

(1) No connection exists which would allow the return of water back to the District's water supply system.

(2) No pipe or pipe fitting which contains more than 8.0% lead exists in private plumbing facilities that provide water for human use installed or repaired on or after July 1, 1988.

(3) No solder or flux which contains more than 0.2% lead exists in private plumbing facilities that provide water for human use installed or repaired on or after July 1, 1988.

(e) No new or replacement plumbing fixture is installed which is not in compliance with a state approved plumbing code.

(f) A minimum of one lead test shall be performed for each CSI.

(g) The fee for the Customer Service Inspection Certification for residential customers is \$50.00 for inspections on new construction, remodel construction or repairs. For one time inspections on irrigation systems, swimming pools, wells or other facilities, the fee shall be \$50.00. For commercial customer connection inspections and certification, the District's Operator shall perform the inspection and

provide the necessary certification. The inspection fee will be determined on a case by case basis once District approved plans are provided to the District's Operator and inspection costs are determined.

(h) If a customer fails to provide the District a properly completed Customer Service Inspection Certification, water service to the customer will not be commenced and if already commenced will be terminated. Service will not be restored until the required Customer Service Inspection form is provided. If an Unacceptable Plumbing Practice or a contamination hazard is discovered, the Customer shall eliminate the unacceptable practice within the time period provided by District to correct the practice. A Customer Service Inspection Certification confirming the correction of the Unacceptable Plumbing Practice must be filed with the District.