

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

PURPOSE OF SECTION F.

The purpose of this section is to outline and establish mandatory rules for Yancey Water Supply Corporation (YWSC). Rules and regulations in this section are applicable to developments, subdivisions or additions to subdivisions. The rules and regulations also apply whenever additional facilities are necessary to provide service to individual residences or businesses that are not part of a subdivision. YWSC has two application categories, “*Standard Service*” and “*Non-Standard Service*” only. NOTE: Throughout Section F., when the terms “subdivision” or “Subdivider” are used, they refer to any and all circumstances whereby a tract of land is divided into two or more lots or plats and one or more lots or plats are offered for sale.

DEFINITIONS

A. **APPLICANT** – For the purposes of this Section, the term “applicant” shall refer to the individual or entity that desires to secure Non-Standard Service from YWSC.

B. **CONTRIBUTIONS IN AID OF CONSTRUCTION** – Refers to contributions of cash or properties from individuals, governmental agencies or others when such contributions are to be used for construction or “property addition” purposes. Such contributions are non-refundable.

C. **NON-STANDARD SERVICE** – Includes any and all applicants, who seek water from YWSC, but do not meet the specifics outlined in the “Standard Service” definition shown below. Generally, this Section applies to property that meets the definition of a subdivision or development and would require a plat pursuant to the provisions of Section 232.001 of the Texas Water Code. Also Section F. applies to other applicants when line extensions or construction efforts other than installation of a single meter are required.

D. **STANDARD SERVICE** – A “Standard Service” application is used to obtain service to a single residence or business. With regard to construction, when responding to a “Standard Service” application, YWSC has no task to perform and no obligation other than installing a single meter that was purchased by the new member. Again, Section F. is *not* applicable to “Standard Service” however the definition is included here to avoid any misunderstanding.

POLICY STATEMENTS

A. **MISSION AND NEUTRALITY OF YANCEY WATER SUPPLY CORPORATION.** The Mission of YWSC is to provide potable water and service of the absolute highest quality to its members at the most economical rates. In regard to the development of subdivisions in the YWSC area of responsibility the Membership, and consequently, the Board of Directors are absolutely neutral.

B. **DEVELOPERS MUST BE AWARE OF ALL RESTRICTIONS BEFORE SUBDIVIDING PROPERTY THAT IS EXPECTED TO BE SERVICED BY YWSC.** Increasing demands

placed on the Edwards Aquifer (the single YWSC source for water) by a growing population and also, the requirement to protect endangered species at the springs in Comal and Hays Counties have led to severe pumping restrictions. These restrictions are imposed on all users of Edwards Aquifer water by the Aquifer's governing authority, the Edwards Aquifer Authority (EAA).

NOTE: Because of these restrictions, subdividers who intend to subdivide property which lies in the YWSC area of responsibility must be fully aware of the rules outlined below. It is important that these rules be thoroughly familiar to subdividers **before** significant actions are taken **if** the intent is that YWSC will provide service to the proposed subdivision.

C. THE APPLICANT'S AUTHORITY – The applicant must be the same person, or entity, who has the legal authority to enter into a contract with YWSC. Said contract shall specify the terms and conditions under which YWSC will provide Non-Standard Service to the property. In most cases, the applicant shall be the owner of the property to be serviced by YWSC. NOTE: Should the applicant be other than the owner of the property to be serviced, the applicant must furnish evidence and a signed statement to YWSC that the applicant is authorized to request Non-Standard Service on behalf of such owner.

D. AGREEMENT REQUIREMENTS – The specific terms and conditions under which YWSC will provide Non-Standard Service shall depend upon the nature of such request. Once a Non-Standard application has been approved by YWSC, an all-inclusive and legally enforceable agreement between YWSC and the applicant shall be required. NOTE: Specifications in the agreement shall *not* contain any terms, or conditions, that conflict with this Section or any and all other applicable regulations and rules.

E. YWSC LIMITATIONS – All applicants shall understand that YWSC must comply with local, state, and federal rules and regulations in addition to meeting all financial obligations. YWSC is not required by law to extend utility service to an applicant in any subdivision when the responsible party, i.e. the applicant, has failed to comply with one or more of the policies as specified in Section 13.2502 of the Texas Water Code.

F. WAIVERS – This section applies to any and all applicants for Non-Standard Service as defined above. NOTE: Under unusual and very exceptional circumstances, applicants may appeal to the YWSC Board of Directors for a waiver to various provisions outlined herein.

FINANCIAL OBLIGATIONS FOR NON-STANDARD SERVICE APPLICANTS

A. Any and all financial obligations (which pertain to water that will be supplied by YWSC) that are incurred during the entire process of developing a subdivision, or subdivisions, SHALL be the responsibility of the Subdivider. Such financial obligations shall include all charges, costs, or fees due for any and all services rendered that are relative to said subdivision(s). This includes all construction and equipment costs and professional fees such as attorney fees, engineering fees, surveys, etc. It also includes fees for any and all services rendered to and by YWSC that relate specifically and solely to the subdivision or subdivisions for which the application is being submitted.

B. In reference to financial obligations, subdividers should also be aware that water from the Edwards Aquifer is no longer a free commodity and, as indicated, the supply is limited. Additionally, funds necessary to support YWSC operations are generated solely by service charges to the membership. In compliance with the objective of providing water to the membership at reasonable rates, YWSC has no funds available to support line extensions and/or other construction etc. that would be necessary to service any and all new Members.

C. There is yet another very important factor that must be addressed by those intending to subdivide property and have that property serviced by YWSC. The Edwards Aquifer Authority (EAA) annually issues withdrawal permits to all entities and certain individuals using water from the Edwards Aquifer. Once the EAA was organized and given the authority, all entities and certain individuals using water from the Edwards Aquifer were assigned annual withdrawal permits by the EAA that were significantly less than their historic use. Additional reductions are projected in the future.

NOTE: Each entity issued a permit to withdraw water from the Edwards Aquifer are required to pay an annual fee to the EAA which is based on the permit issued. YWSC then must allocate the expense of this levy to the membership.

D. The YWSC has recently acquired additional groundwater rights at great expense. The purpose for acquiring this additional water is to basically assure that our existing membership has an adequate water supply even **after** additional withdrawal pumping restrictions are imposed by the EAA. Therefore even with these additional purchases, YWSC does not have a water supply that is surplus to the expected needs of the existing membership.

E. Accordingly, subdividers who expect YWSC to service a proposed subdivision shall acquire sufficient and permanent Edwards Aquifer groundwater rights for the proposed subdivision. The groundwater rights shall be adequate to support ALL existing and proposed, and/or potential lots, in the proposed subdivision. These newly acquired groundwater rights must also be in sufficient quantity to support the subdivision's water requirements **after** further projected withdrawal permits are imposed by the EAA. Once these permanent water rights are obtained, they must be deeded to YWSC through compliance with all the necessary legal proceedings. NOTE: When such groundwater rights have been deeded to YWSC, the subdivider will not be required to pay the "Water Acquisition Fee" for each meter. Additionally, under unusual circumstances where there are a minimum number of lots planned, at the discretion of the Board of Directors, the Developer may pay the Water Acquisition Fee for each meter in lieu of obtaining sufficient groundwater rights.

F. CONTRIBUTIONS IN AID OF CONSTRUCTION – Payments received by YWSC for line extensions or other improvement shall be in addition to other charges outlined in Section E., "Service Rules and Regulations". NOTE: Any Contributions in Aid of Construction required through this extension policy will not be required of individual residential customers of the proposed subdivision(s). Contributions in Aid of Construction are to be used for production and/or construction of storage, treatment, or transmission facilities. Individuals or entities intending to subdivide property into two or more serviceable lots may be required to provide Contributions in Aid of Construction. The amounts of such funding shall be sufficient to furnish the proposed subdivision with facilities compliant with the Texas Commission on Environmental

Quality. Said facilities must at least comply with the minimum design criteria for production, storage, treatment and/or transmission facilities.

G. SUMMARY OF FINANCIAL OBLIGATIONS – The YWSC’s sole source of revenue to support its operations is from sales of water to its Membership. Therefore, in compliance with its Mission, YWSC has no funds available for payment of any and all fees, construction of line extensions, road bores and other costs associated with providing service to subdivisions or to individual residences or businesses. Consequently, **ANY AND ALL COSTS** associated with the establishment of a water supply to service Non-Standard applicants shall be funded by the applicant. Additionally, the subdivider, must obtain **permanent groundwater rights** from permitted Edwards Aquifer users and deed those rights to YWSC. The amount of groundwater rights obtained and deeded to YWSC must be in sufficient quantity to meet the projected subdivision requirements and also include a sufficient amount to support the subdivision’s projected membership in YWSC **after** further restrictions are imposed by the EAA.

NON-STANDARD SERVICE APPLICATIONS

The applicant shall meet the following requirements prior to the initiation of a “The Service Application and Agreement” form (USDA Form RUS-TX 1942-11 (8/96) available in the YWSC office).

A. The applicant shall provide YWSC with a completed “Service Application and Agreement” form in addition to a completed “Non-Standard Service Agreement” form (available also in the YWSC office). NOTE: The applicant shall give special attention to the “Special Service Needs of Applicant” section of the Service Application and Agreement form.

B. Accompanying the application must be: (1) A final plat of the subdivision which has been approved by YWSC and all regulatory authorities having jurisdiction over lot sizes, sewage control, drainage, right-of-way and other service facilities and, (2) Plan specifications and special requirements of such regulatory authorities. NOTE: Applicants requiring a single meter on an existing YWSC water supply line which will involve an extension or up-sizing of facilities, shall be required to submit maps and/or plans detailing the location of the requested extension and demand requirements.

C. When a Non-Standard Service Application is submitted, a “Non-Standard Service Investigation Fee” as defined and required in Section G shall be paid “up front” to YWSC. This fee is necessary so that YWSC may pay fees which are relative to the proposed subdivision and are incurred for administration, legal and engineering efforts. NOTE: Should there be an excess of fees paid to YWSC, said fees, which are excess, shall be refunded to the applicant by YWSC.

D. Should a YWSC “service investigation” (as outlined in Section G.) reveal that an applicant’s property lies outside the YWSC Certificate of Convenience and Necessity (CCN), service may be extended provided: (1) The service location is not in an area receiving similar service from another retail entity. (2) The service location is not in another retail utility’s CCN and, (3) The YWSC CCN is amended to include in its entirety, the applicant’s property for which the application is made. NOTE: If the service location is contiguous to, or within one-fourth (1/4) mile of YWSC’s CCN, YWSC may extend service prior to completing the amendment to its

CCN. But the applicant must first obtain a legally enforceable agreement with the neighboring entity(s). Again, expenses incurred in obtaining such an agreement shall be borne by the applicant.

DESIGN

YWSC shall study the applicant's design of all facilities prior to initiation of a "Non-Standard Service Agreement" as outlined above. The following schedule shall be followed:

- A. The YWSC engineer shall design, or review and approve, plans for construction of all on and off-site service facilities that are essential to providing service to the applicant. This procedure is necessary to assure that the design complies with specifications required by YWSC and also those of neighboring municipalities and/or other public utilities, or entities.
- B. The YWSC and any and all other engineer's fees shall be paid out of the Service Investigation Fee (see paragraph 1 of Section G.).
- C. The applicant's consulting engineer shall submit to the YWSC a set of detailed plans, specifications and cost estimates necessary to provide service to the applicant.
- D. To assure construction plans provide facilities that are adequate to service the proposed subdivision, the YWSC engineer shall design and/or review and approve plans for constructing all facilities. NOTE: To meet future demands, YWSC reserves the right to upgrade service facilities; however, such upgrading shall be at the expense of YWSC.

NON-STANDARD SERVICE AGREEMENT

All applicants requesting or requiring Non-Standard Service shall enter into a written agreement with YWSC. The YWSC attorney shall draw up said agreement. The agreement shall define the terms of service (see below) and be signed by the appropriate YWSC representative(s) and the applicant prior to beginning construction. Provisions of the agreement shall include, but are not limited to:

- A. All costs associated with the required administration, design, construction and inspection of any and all facilities required for YWSC to provide service to the applicant's service area: NOTE: Terms by which these costs are to be paid will be specified in the Agreement.
- B. Should the applicant issue invitations for bids, YWSC may require that procedures be included by which the applicant shall accept or deny bids.
- C. Payment to YWSC of an "Equity Buy-In Fee" as outlined in Section G.
- D. Payment to YWSC the "Monthly Reserved Service Charges " applicable to the service requested. (See Section G., paragraph 6b)
- E. Terms by which the projected service capacity shall be reserved for the Applicant. Additionally, the duration of this reservation of service shall be specified. Also, the impact this

reserved service will have on the YWSC system capability to service other requests will be included therein.

F. Terms by which the applicant shall be reimbursed, or compensated, for fees duplicated in assessments for monthly rates and Equity Buy-In Fees.

G. Terms by which YWSC shall administer the applicant's project with respect to:

- 1) Design of applicant's service facilities;
- 2) Securing and qualifying bids;
- 3) Execution of the "Non-Standard Service Agreement"
- 4) Selection of a qualified contractor for construction;
- 5) Disbursement of funds in advance for construction of facilities required for the applicant's service;
- 6) Inspecting construction of facilities; and
- 7) Testing facilities and closing the project.

H. Terms by which the applicant shall indemnify YWSC from all third party claims or lawsuits, in connection with the project contemplated.

I. Terms by which the applicant shall deed all constructed facilities to YWSC. The applicant shall, in addition, submit terms by which YWSC shall assume operational and maintenance responsibilities for such facilities to include any enforcement of warranties relative to construction of the applicant's project.

J. Terms by which applicant shall grant title or easements for right-of-ways, constructed facilities and facility sites. In addition, terms shall be defined by which applicant shall provide for the securing of required right-of-ways and sites.

K. Terms by which the YWSC Board of Directors shall review and approve the Non-Standard Service Agreement pursuant to current rules, regulations and bylaws.

I. Terms by which the applicant shall pay the water acquisition to YWSC should this course of action be chosen.

NOTE: YWSC and the applicant shall execute a Non-Standard Service Agreement (form available in the YWSC office) prior to beginning any construction. Should the applicant commence construction prior to execution of said agreement with YWSC then YWSC may refuse to provide service to the applicant or YWSC may: (1) Require payment of any and all costs, by any person buying a home or lot from the applicant. Said payment is for replacing or repairing any and all facilities that were constructed prior to both parties signing the agreement, (2) Require that any and all facilities be uncovered by the applicant for inspection by YWSC, (3) Require that any and all facilities not approved by YWSC be replaced and/or, (4) Take any other lawful action as determined to be appropriate by the YWSC Board of Directors.

PROPERTY AND RIGHT-OF-WAY ACQUISITION

With regard to construction of facilities, YWSC shall require private right-of-way easements, on private property, which shall be dedicated to utility use as outlined in the following conditions:

- A. If right-of-way easements, or facility sites are to lie outside the boundaries of the proposed subdivision, YWSC shall require that the applicant secure easements, or title to right-of-ways which lead to facility sites. All right-of-way easements shall be researched, validated, recorded, and dedicated to YWSC at the expense of the applicant. (See Application packet RUS Form 442 or 442-9 available in the YWSC office.)
- B. When facilities must be installed in public right-of ways, any and all expenses incurred in regard to construction, professional fees, and condemnation proceedings shall be at the expense of the applicant.
- C. YWSC shall require an exclusive dedicated right-of-way on the applicant's property (as required by the size of the planned facilities and as determined by YWSC). Additionally, the applicant must provide title to the property that is required for other on-site facilities.
- D. Easement and facility(s) sites shall be prepared for the construction of YWSC pipeline(s) and other facility installations as required by existing YWSC rules and regulations. Any and all preparations shall be at the expense of the applicant.

BIDS FOR CONSTRUCTION

The applicant, with supervision and approval of the YWSC engineer, may advertise for bids on construction of the applicant's proposed facilities. Such bid invitations shall be in accordance with generally accepted practices. Plans and specifications shall be made available, with or without charge, to prospective bidders. YWSC reserves the right to reject any and all bids and/or the contractor(s) who submit such bids. Generally YWSC approves the awarding of contracts to the lowest and most qualified bidder in accordance with the following criteria:

- A. Applicants shall sign the Non-Standard Service Agreement which shall emphasize the applicant's intent to proceed with the project. NOTE: Applicant shall pay any and all costs associated with construction of the project. Payment *shall be made in advance* for any and all construction that is associated with the project.
- B. Contractors shall provide an adequate bid bond under terms acceptable to YWSC.
- C. The contractor shall secure adequate performance and payment bonding for the Project under terms acceptable to YWSC.
- D. Contractors shall supply favorable references that are acceptable to YWSC.
- E. YWSC retains the right to assure that potential contractors are competent to satisfactorily complete the work and,
- F. Contractors shall provide certificates of insurance as required by YWSC.

PREPAYMENT FOR CONSTRUCTION AND SERVICE

After the applicant has executed the Non-Standard Service Agreement, the applicant shall pay to YWSC all costs necessary for completion of the project **PRIOR** to beginning construction. Said payment shall be in accord with terms outlined in the Non-Standard Service Agreement.

CONSTRUCTION

A. All road work shall be in compliance with state, county, and municipal standards (if applicable) and shall be completed prior to facility construction. Subject to approval of the appropriate authority(s) (county, municipalities etc.) road sleeves may be installed prior to road construction to avoid damage to the roads during construction of the applicant's facilities.

B. YWSC shall, at the expense of the applicant, inspect the facilities during and after construction to assure construction standards are met.

C. Construction plans and specifications which have been approved by YWSC shall be strictly adhered to during the construction phase. YWSC reserves the right to change-order any and all specifications should unforeseen circumstances arise during the design phase. This procedure is necessary to facilitate construction or operation of the applicant's facility. NOTE: The costs of all change-orders shall be at the expense of the applicant.

SERVICE WITHIN SUBDIVISIONS

YWSC's obligation to provide service to any customer located within a subdivision governed by this section is strictly limited to the Non-Standard Service specified by the applicant. Any person who purchases a lot within said subdivision(s) who does not receive service because such service was not specified, or paid for by the applicant, shall have no recourse against YWSC. However, such persons may have recourse with the applicant. Should the applicant fail to pay these costs, YWSC has the right to require payment of these costs by any one, or more, of the persons purchasing lots within such subdivision(s). Payment shall be made before water service is provided. NOTE: YWSC may elect to pursue any remedies provided by the Non-Standard Service Agreement. All applicants are advised that purchasers of a lot, or lots, may have under Texas law, legal recourse to the applicant.

**TRWA RECOMMENDED 5/8" x 3/4" METER EQUIVALENTS
BASED ON AWWA SPECIFICATIONS AND DESIGN CRITERIA**

METER SIZE METER	RECOMMENDED CONTINUOUS RATE OF FLOW	RESIDENTIAL EQUIVALENTS
5/8" X 3/4"	10.0 GPM	1.00
3/4"	15.0 GPM	1.50
1	25.0 GPM	2.50
1 1/2	50.0 GPM	5.00
2"	80.0 GPM	8.00
3" DISP.	90.0 GPM	9.00
3" CMPD	160.0 GPM	16.00
3" TURB.	175.0 GPM	17.50
4" CMPD	250.0 GPM	25.00
4" TURB.	300.00 GPM	30.00
6" CMPD	500.00 GPM	50.00
6" TURB.	625.0 GPM	62.50
8" CMPD	800.0 GPM	80.00
10" CMPD	1,150.0 GPM	115.00

NOTE: ALTHOUGH AWWA DOES NOT RECOMMEND A CONTINUOUS FLOW OF GREATER THAN 50 PERCENT FOR DISPLACEMENT AND MULTIJET METERS, METER EQUIVALENTS ARE CALCULATED ON A PROPORTIONAL BASIS AND REMAIN THE SAME REGARDLESS OF ALLOWABLE RATES.

Attest: I certify at the Board of Directors Meeting the 10th day of August, 2004, in Yancey, Texas that the revised sections to the Yancey Water Supply Corporation Tariff, Section F. Developer, Subdivision, and Non-Standard Service Requirements were adopted by a majority vote of the Board.

Wilbur E. Bohmfalk, President

Hugo C. Wurzbach, Secretary

Dated this 10th day of August, 2004