

## SECTION F: NON-STANDARD SERVICE EXTENSION POLICY

1. Public Convenience and Necessity. The MEN Water Supply Corporation (the Corporation) is certificated under Chapter 13, Subchapter G., of the Texas Water Code to provide potable water to communities in and of Navarro County, Texas. The Corporation's Certificate of Convenience and Necessity, numbered 10748, requires the Corporation to provide continuous and adequate service within this certificated service area.
2. Limits of Obligation. The Corporation shall provide continuous and adequate service within its service area according to the terms of its tariff, the rules and regulations of local, state, and federal jurisdictions, and the covenants of bond obligations, promissory notes, and/or other secured instruments. Specifically, Chapter 13.2502 provides for constructive notice, hereby given, and otherwise provided by the publication of the required "Notice of Requirement to Comply with the Subdivision Service Extension Policy of the MEN Water Supply Corporation" as evidenced by this document. The Corporation shall not be required to extend retail water or sewer utility service to a service applicant in a subdivision where the responsible party (Applicant/Developer) of the applicable property (subdivision) has failed to comply with the terms of this policy.
3. Purpose. The purpose of this Non-standard Service Extension Policy (also sometimes referred to as the Subdivision Service Extension Policy) is to govern agreements and service procedures for any person(s), partnership, cooperative, corporation, agency, public or private organization of any character or any other legal entity who subdivides land by dividing any lot, tract, or parcel of land, within the service area of the Corporation, into two or more lots or sites for the purpose of sale or development, whether immediate or future, including re-subdivision of land for which a plat has been filed and recorded, or requests two or more water connections, or the metering equivalents thereof, on a single contiguous tract of land. Additionally, this policy shall govern any property where additional piping, service facilities, etc. are required to accommodate individual, multiple, commercial, or industrial Applicants. For the purposes of this Tariff, Applications subject to this Section shall be defined as Non-Standard.
4. Application of Rules. The Board of Directors of the Corporation shall interpret on an individual basis whether or not the Applicant's service request complies with the terms of this Policy and whether the service request shall be subject to all or part of the conditions of this Section or rules of implementation as specified in MEN WSC Service Extension Policy Statements.
5. Non-Standard Service Application. The Applicant shall meet the following requirements prior to the initiation of a Service Contract by the Corporation:
  - a. The Applicant shall submit a completed Non-Standard Service Application to the Corporation. (See Non-Standard Service Application Packet)

Date Approved: SEP 28 1998

MENWSC

- b. A preliminary plat approved by the appropriate governmental entity, and acceptable to the Corporation, shall accompany the Application showing the Applicant's requested service area. The plat must be approved by all regulatory authorities having jurisdiction over lot sizes, sewage control, drainage, right-of-way, and other service facilities. Plans, specifications, and special requirements of such regulatory authorities shall be submitted with the plat. If no local governmental authorities have requirements, the Applicant shall supply a plat drawn by a registered public surveyor or professional engineer. The plat shall include all previous subdivisions of property and owners of record of all tracts since 1983 (date MENWSC adopted policy requiring such inclusions). The plat must show the subdivided tracts for which service is currently being requested, show any previous subdivisions from the original tract, and any presently planned future subdivision of tracts. The acceptable plat must be recorded with the Navarro County Clerks Office. A copy of deed restrictions, if any, shall be submitted with the application for review and approval by the Corporation, of any restrictions related to water/sewer facilities. Restrictions which differ from or add to the Corporation's tariff or other policies must be separately approved by the Corporation's Board of Directors and noted in the Non-Standard Service Agreement/Subdivision Contract. Applicants for single taps involving extension or up-sizing of facilities shall be required to submit maps or plans detailing the location of the requested extension and details of demand requirements.
- c. After the Applicant submits the Application and Plat, the Corporation shall estimate the Non-Standard Service Investigation Fee, and such estimate shall be paid by the Applicant to the Corporation to cover initial project management, administrative, legal, and preliminary engineering fees. This fee shall be determined on a project by project basis and is non-refundable. Any additional expenses incurred as a result of efforts by the Corporation to determine service requirements of the Applicant shall be paid by the Applicant.
- d. Immediately following the Applicant's satisfactory completion of application requirements, the Corporation may engage the services of a Project Manager to initiate, facilitate, and complete the project under the terms of this policy. The Project Manager shall assist the General Manager of the Corporation by coordinating all project activities in behalf of the Corporation, or as directed by the General Manager. Project Management costs shall be included in the total project costs to be paid by the Applicant.
- e. If after the service investigation has been completed, the Corporation determines that the
- (1) The service location is contiguous to or within one-fourth (1/4) mile of the Corporation's Certificated Service Area of Public Convenience and Necessity;
  - (2) The service location is not in an area receiving similar service from another utility; and
  - (3) The service location is not within the Area of Public Convenience and Necessity of another similar utility.
6. **Design.** The Corporation shall study the design requirements of the Applicant's required facilities prior to initiation of a Service Agreement by adopting the following schedule:

SEP 28 1998

Date Approved: \_\_\_\_\_

MENWSC

- a. The Corporation's Consulting Engineer shall design all service facilities for the Applicant's requested service area. The Applicant may retain an engineer for design of all on-site facilities, but the Corporation's engineer shall review and approve all submitted plans and specifications for adherence to the Corporation's requirements. All design standards shall comply with the Corporation's design specifications. If the Applicant's requested service area lies within an incorporated area or the Extraterritorial Jurisdiction of an incorporated city, the facilities shall be designed according to the design specifications of the municipality.
  - b. Engineering fees for completion of the project shall follow the Corporation's Consulting Engineer's fee schedule. Fee scheduling shall be based on the consultant's hourly rates, the work demands of the specific project, and, in general, the published fee curves of *The Consulting Engineers Council of Texas*. These fees shall be in addition to the preliminary engineering report completed as a part of the service investigation fee.
  - c. The Consulting Engineer shall submit to the Corporation a set of detailed plans, specifications, and cost estimates for the project.
  - d. If no local authority imposes other design criteria on the Applicant's service request, the Corporation's Engineer shall design all facilities for any Applicant to meet the service demands subject to the following terms and conditions:
    - (1) If the plat submitted is approved by the applicable county commissioner's court, then service will be designed according to the number of lots/service units as indicated by the approved plat.
    - (2) If the plat is not approved by the applicable county commissioner's court, the Corporation shall impose specific design criteria for service on the potential number of services, platted or not platted as lots or service units, for which service may ultimately be requested in the unapproved plat of the requested service area. The maximum number of lots/service units may be determined by the total acreage divided by the minimum lot size allowed by the county for installation of on-site sewage facilities. (Refer to Section F.5.b.)
7. Costs of Service. Unit cost of service to Non-Standard Service Applicants is often inconsistent with the per-unit costs assessed Standard Service Applicants. The cost-of-service calculations for Standard Service is based on a uniform system capacity analysis and other factors unique to individual service requirements, including amortized participation of meeting capacity costs through monthly rates. Non-Standard service costs are based more on site-specific capacity analysis due to the development's significant impact on capacity in its pressure plane and based on other factors unique to non-standard service requirements, including the requirement for up-front participation in meeting capacity requirements for their development. Costs to the Non-Standard Service Applicant shall be directly related to the fair and reasonable costs of providing service to meet the known and measurable demand of the proposed project for approved, platted developments in its pressure plane. Reasonable projections shall also be made by the Corporation to anticipate additional service demands in unapproved, unplatted developments that may result from further subdivision of property within the boundaries of the developed property. Costs of upgrading facilities to meet these costs shall be paid by the Applicant. The Corporation also reserves the right to upgrade design of off-site service facilities in a route to, or in the vicinity of the proposed project, to meet future demands,

Date Approved: SEP 28 1998

MENWSC

provided however, that the Corporation pays the expense of such upgrading above the Applicant's current or future facility requirements. However, the Corporation shall only pay the incremental increase in upgrade of material costs unless there are additional costs related to construction of facilities.

8. Non-Standard Service Contract. All Applicants requesting or requiring Non-Standard Service shall enter into a written contract prepared by the Corporation or its agent. Said contract shall define the terms of service prior to construction of required service facilities. Guidelines for the service contract may include, but are not limited to:
- a. Definition of all costs associated with required administration, design, construction, and inspection of facilities for water service to the Applicant's service area and terms by which these costs are to be paid.
  - b. Definition of procedures by which the Applicant shall accept or deny costs of service, thereby committing to continue or discontinue the project.
  - c. Definition of Impact Fees Required by the Corporation in addition to the other costs required under this Section.
  - d. Definition of Reserved Service Charges as applicable to the service request.
  - e. Definition of terms by which reserved service shall be provided to the Applicant and duration of reserved service with respect to the impact the Applicant's service request will have upon the Corporation's system capability to meet other service requests.
  - f. Definition of terms by which the Applicant may be reimbursed, if applicable.
  - g. Definition of terms by which the Corporation shall administer the Applicant's project with respect to:
    - (1) Design of the Applicant's service facilities;
    - (2) Determining costs of service;
    - (3) Execution of the Service Agreement;
    - (4) Providing for construction;
    - (5) Dispensing advanced funds for construction of facilities required for the Applicant's
    - (6) Inspecting construction of facilities; and
    - (7) Testing facilities and closing the project.
  - h. Definition of terms by which the Applicant shall indemnify the Corporation from all third party claims or lawsuit in connection with the project contemplated.
  - i. Definition of terms by which the Applicant shall deed all constructed facilities to the Corporation and by which the Corporation shall assume operation and maintenance responsibility, including any enforcement of warranties in connection with construction of the Applicant's project.

Date Approved: SEP 28 1998

MENWSC

- j. Definition of terms by which the Applicant shall grant title or easement for right-of-ways, constructed facilities, and facility sites and/or terms by which the Applicant shall provide for the securing of required right-of-ways and sites.
  - k. Definition of terms by which the MEN WSC shall review and approve the Service Contract pursuant to current rules, regulations, and bylaws.
9. Property and Right-of-Way Acquisition. With regard to construction of facilities, the Corporation shall require private right-of-way easements or private property as per the following conditions:
- a. If the Corporation determines that right-of-way easements or facility sites outside the Applicant's property are required, the Corporation shall require the Applicant to secure easements or title to facility sites in behalf of the Corporation. All right-of-way easements and property titles shall be researched, validated, and filed by the Corporation at the expense of the Applicant.
  - b. All facilities required to be installed in public right-of-ways in behalf of the Applicant, due to inability to secure private right-of-way easements, shall be subject to costs equal to the original cost of facility installation for those facilities in public right-of-ways, plus the estimated cost of future relocation to private right-of-ways or subject to the cost of installation under state condemnation procedures, whichever is most desired by the Applicant.
  - c. The Corporation shall require an exclusive dedicated right-of-way on the Applicant's property (as required by the size of the planned facilities and as determined by the Corporation) and title to property required for other on-site facilities.
  - d. Easements and facilities sites shall be prepared for the construction of the Corporation's pipeline and facility installations in accordance with the Corporation's requirements and at the expense of the Applicant. This includes preparation of dedicated utility easements by removal of trees, brush, buildings, fences, ponds, and other obstructions hindering construction of facilities as determined by the Corporation.
10. Costs of Construction. Construction will be done by MEN WSC personnel or pre-selected contractor unless MEN WSC determines that the scope of the project will require bids. If determined that project will be bid, the Corporation's Consulting Engineer or management will advertise for bids for the construction of the Applicant's proposed facilities in accordance with generally accepted practices. Plans and specifications shall be made available, with or without charge, to prospective bidders. Although the Corporation reserves the right to reject any bid or contractor, the Corporation shall generally award the contract to the lowest and best bidder in accordance with the following criteria:
- a. The Applicant shall sign the Service Contract noting willingness to proceed with the project and shall pay all costs in advance of construction associated with the project;
  - b. The Contractor shall provide an adequate bid bond under terms acceptable to the Corporation;
  - c. The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the Corporation;

Date Approved: SEP 28 1998

MENWSC

- d. The Contractor shall supply favorable references acceptable to the Corporation;
- e. The Contractor shall qualify with the Corporation as competent to complete the work, and
- f. The Contractor shall provide adequate certificates of insurance as required by the Corporation and shall name the Corporation and its Consulting Engineer as co-insured parties.

11. Pre-Payment For Construction And Service. After the Applicant has executed the Service Agreement, the Applicant shall pay to the Corporation all costs necessary for completion of the project prior to construction and in accordance with the terms of the Service Contract. Fees shall include a contingency amount for change-orders and unexpected construction costs. Any unused balance will be refunded upon request by the Applicant.

12. Construction.

- a. All roadwork pursuant to county and/or municipal standards (if applicable) shall be installed prior to road construction to avoid road damage during construction of Applicant's facilities.
- b. The Corporation shall, at the expense of the Applicant, inspect the facilities to ensure that Corporation standards are achieved.
- c. Construction plans and specifications shall be strictly adhered to, but the Corporation reserves the right to change-order any specifications, due to unforeseen circumstances during the design phase, to better facilitate operation of the Applicant's facility. All change-order amounts shall be charged to the Applicant.

13. Individual Services

Service to individual meters shall not be provided until approval of the final plat is received from all regulatory agencies. Terms and fees charged under the terms of the Corporation's tariff for a Standard Meter Installation must be met by individual applicants prior to the provision of service.

14. Time Limits

Failure to complete all requirements and accept terms of Non-Standard Service Contract or construction agreements within 30 days of submittal (unless otherwise specified in the agreement) will require a new application, cost estimates and agreement.

15. Service Within Subdivisions

The Corporation's objective to provide service to any customer located within subdivision governed by this section is strictly limited to the non-standard service specified by an Applicant/Developer. The purchaser of any lots who do not receive service because this service has not been specified or paid for by an Applicant/Developer shall have no recourse to the Corporation but may have recourse to the Applicant/Developer.

Date Approved: JUL 26 1999

MENWSC