

OAK HILLS WATER SUPPLY CORPORATION
6646 US Hwy 181 N
Floresville, Texas 78114
830-393-7739

Dear Developer:

Attached you will find the Tariff provisions, Sections F & G, that describe the developer's obligations for payment of fees for the Corporation's engineering, legal, and surveying, *et cetera*. These professionals will be working only for the Corporation to review your proposed project.

The deposit for the services required is \$_____.

If the amount expended is less than the deposit made with the Corporation, a refund will be made. If the amount is greater than the deposit, the balance will be required for payment and your Agreement for that purpose is reflected below when you return this form with your deposit.

Thank you for your inquiry for water service per our Non-Standard Water Service Agreement process.

Sincerely,
OAK HILLS WATER SUPPLY CORPORATION

Signature/Title

Attachment: Oak Hills WSC's Tariff Sections F & G

APPROVED & ACCEPTED

By: _____
Authorized Officer/ Agent

Date _____

OAK HILLS WATER SUPPLY CORP.

6646 U.S. HWY. 181 NORTH
FLORESVILLES, TEXAS 78114
(830) 393-7739

CONTRACTORS

Clarence Littlefield/Southwest Engineers
307 St. Lawrence St.
Gonzales, Texas
Phone: 830-672-7546/Fax: 830-672-2034

BEFCO Engineering, Inc.
Consulting Engineering/Land Surveying
P.O. Box 615
LaGrange, Texas 78945
(979) 968-6474/ Fax (979) 968-3056

F&W Electrical Contractors, Inc.
James L. Freasier, Jr., President
6880 S. Hwy 181 North
Floresville, Texas 78114
Phone: (830) 393-0083
Fax: (830) 393-4730

Herschap Backhoe & Ditching, Inc.
Billy Herschap
263 Hwy 304
Bastrop, Texas 78602
Phone: (512) 303-3834
Fax: (512) 581-0417

Wiatrek's Services
Rodney Wiatrek
P.O. Box 516
Stockdale, Texas 78160
Phone: (830) 996-4700
Fax: (830) 996-4702

Wauters Engineering, LLC
Randy Wauters, P.E.
13750 San Pedro, Suite 600
San Antonio, Texas 78232
Phone: (210) 416-6395
Fax: (210) 247-9486

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

1. ***Corporation's Limitations.*** All Applicants shall recognize that the Corporation must comply with local, state, and federal rules and regulations as promulgated from time to time, and with covenants of current indebtedness. The Corporation is not required to extend retail utility service to an Applicant in a subdivision where the responsible party (Applicant/Developer) of the applicable property (subdivision) has failed to comply with the terms of this policy. Section 13.2502 of the Texas Water Code requires that notice be given herein or by publication (see Miscellaneous Transaction Forms) or by alternative means to the Developers/Applicants. (Also see Section F. 11.)

2. ***Purpose.*** It is the purpose of this Section to define the process by which the specific terms and conditions for service to subdivisions and other kinds of Non-Standard Service are determined, including the Non-Standard Service Applicant's and the Corporation's respective costs. For purposes of the Section, the term "Applicant" shall refer to the individual or entity that desires to secure Non-Standard Service from the Corporation. The Applicant must be the same person or entity that is authorized to enter into a contract with the Corporation setting for the terms and conditions pursuant to which Non-Standard Service will be furnished to the property. In most cases, the Applicant shall be the owner of real property for which Non-Standard Service is sought. In the event that the Applicant is other than the owner of real property, the Applicant must furnish evidence to the Corporation that it is authorized to request Non-Standard Service on behalf of such owner, or that it otherwise has authority to request Non-Standard Service for the real property.

3. ***Application of Rules.*** This Section is applicable to subdivisions, additions to subdivisions, developments, or whenever additional service facilities are required for a single tract of property. Examples of non-standard services for a single tract of land can include, but are not limited to, road bores, extensions to the distribution system, and service lines. Non-residential service applications typically will be considered non-standard. For the purposes of this Tariff, Applications subject to this Section shall be defined as Non-Standard. This Section may be altered or suspended for planned facility expansions when the Corporation extends its indebtedness. The Board of Directors of the Corporation shall interpret on an individual basis whether or not the Applicant's service request shall be subject to all or part of the conditions of this Section.

This Section sets forth the general terms and conditions pursuant to which the Corporation will process Non-Standard Service Requests. The specific terms and conditions pursuant to which the Corporation will provide non-standard service in response to any request will depend upon the nature of such request and may be set forth in a legally enforceable, contractual agreement to be entered into by the Corporation and the service Applicant. The agreement may not contain any terms or conditions that conflict with this Section.

4. ***Non-Standard Service Application.*** The Applicant shall meet the following requirements prior to the initiation of a Non-Standard Service Contract by the Corporation:

- a. The Applicant shall provide the Corporation a completed Service Application And Agreement giving special attention to the item(s) on SPECIAL SERVICE NEEDS OF THE APPLICANT.
 - b. A final plat approved by the Corporation must accompany the Application showing the Applicant's requested service area. The plat must be approved by all governmental authorities exercising jurisdiction over lot sizes, sewage control, drainage, right-of-way, and other service facilities. Plans, specifications, and special requirements of such governmental authorities shall be submitted with the plat. Applicants for single taps involving extension or upsizing of facilities shall be required to submit maps or plans detailing the location of the requested extension and details of demand requirements.
 - c. A Non-Standard Service Investigation Fee shall be paid to the Corporation in accordance with the requirements of Section G for purposes of paying initial administrative, legal, and engineering fees. The Corporation shall refund any balance that remains after it has completed its service investigation, and has completed all legal and engineering services associated with processing a request. In the event such a fee is not sufficient to pay all expenses incurred by the Corporation, the Applicant shall pay to the Corporation all remaining expenses that have been, or will be incurred by the Corporation and Corporation shall have no obligation to complete processing of the request until all remaining expenses have been paid.
 - d. If after the service investigation has been completed, the Corporation determines that the Applicant's service request is for property located, in whole or in part, outside the area described in the Corporation's Certificate of Convenience and Necessity, service may be extended provided that:
 - 1). The service location is not in an area receiving similar service from another retail Utility
 - 2) The service location is not within another retail utility's Certificate of Convenience and Necessity; and
 - 3). The Corporation's Certificate of Convenience and Necessity shall be amended to include the entirety of Applicant's property for which service is requested. Applicant shall pay all costs incurred by Corporation in amending its CCN, including but not limited to engineering and professional fees. If the service location is contiguous to
or
within one-fourth (1/4) mile of Corporation's Certificate of Convenience and Necessity, Corporation may extend service prior to completing the amendment to its CCN, but will do so only upon Applicant's legally enforceable agreement to fully support such amendment (including but not limited to payment of all professional fees, including legal, surveying and engineering fees incurred by Corporation in securing the amendment).
5. **Design.** The Corporation shall study the design requirements of the Applicant's required facilities prior to initiation of a Non-Standard Service Contract by adopting the following schedule:
- a. The Corporation's Consulting Engineer shall design, or review and approve plans for, all on-site and off-site service facilities for the Applicant's requested service within the

- Corporation's specifications, incorporating any applicable municipal or other governmental codes and specifications.
- b. The Consulting Engineer's fees shall be paid out of the Non-Standard Service Investigation Fee under Section 4.
 - c. The Consulting Engineer shall submit to the Corporation a set of detailed plans, specifications, and cost estimates for the project.
 - d. The Corporation's Engineer shall ensure all facilities for any Applicant to meet the demand for service as platted and/or requested in the plans or plat submitted in application for service. The Corporation reserves the right to upgrade design of service facilities to meet future demands provided however, that the Corporation shall pay the expense of such upgrading in excess of the Applicant's facility requirements.
6. ***Non-Standard Service Contract.*** Applicants requesting or requiring Non-Standard Service may be required to execute a written contract, drawn up by the Corporation's Attorney, in addition to submitting the Corporation's Service Application and Agreement. Said contract shall define the terms of service prior to construction of required service facilities. The service contract may include, but is not limited to:
- a. All costs associated with required administration, design, construction, and inspection of facilities for water service to the Applicant's service area and terms by which these costs are to be paid.
 - b. Procedures by which the Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.
 - c. Equity Buy-In Fee (Front-end Capital Contributions) required by the Corporation in addition to the other costs required under this Section.
 - d. Monthly Reserved Service Charges as applicable to the service request.
 - e. Terms by which service capacity shall be reserved for the Applicant and duration of reserved service with respect to the impact the Applicant's service demand will have upon the Corporation's system capability to meet other service requests.
 - 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 the Corporation shall administer the Applicant's project with respect to:
 - 1) Design of the Applicant's service facilities;
 - 2) Securing and qualifying bids;
 - 3) Execution of the Service Agreement;
 - 4) Selection of a qualified bidder for construction;
 - 5) Dispensing advanced funds for construction of facilities required for the Applicant's service;
 - 6) Inspecting construction of facilities; and
 - 7) Testing facilities and closing the project.
 - h. Terms by which the Applicant shall indemnify the Corporation from all third party claims or lawsuits in connection with the project.
 - i. 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.

- j. 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. Terms by which the Board of Directors shall review and approve the Service Contract pursuant to current rules, regulations, and bylaws.

The Corporation and the Applicant must execute a Non-Standard Service Contract prior to the initiation of construction of facilities by the Applicant. In the event that the Applicant commences construction of any such facilities prior to execution of a Contract with the Corporation, then the Corporation may refuse to provide service to the Applicant (or require full costs of replacing/repairing any facilities constructed without prior execution of a contract from any person buying a lot or home from Applicant), require that all facilities be uncovered by the Applicant for inspection by the Corporation, require that any facilities not approved by the Corporation be replaced, or take any other lawful action determined appropriate by the Board of Directors of the Corporation.

- 7. ***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 Applicant shall 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. (See Sample Application Packet RUS Form 442-8 or 442-9.)
 - b. All costs associated with facilities that must be installed in public right-of-ways on behalf of the Applicant, due to the inability of the Applicant to secure private right-of-way easements, shall be paid by the Applicant. Alternatively, Applicant shall pay all costs, including legal and other professional fees, and the condemnation award in the event Corporation secures such private easements or facility sites through eminent domain proceedings.
 - 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.
- 8. ***Bids For Construction.*** The Corporation's Consulting Engineer shall advertise for bids for the construction of the Applicant's proposed facilities in accordance with generally accepted practices. Plans and specifications shall be made available, with or without charge, to prospective bidders. Although the 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;
 - 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.
9. ***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 Non-Standard Service Contract.
10. ***Construction.***
- a. All roadwork pursuant to state, county and/or municipal standards (as applicable) shall be completed prior to facility construction to avoid future problems resulting from road right-of-way completion and excavation. Subject to approval of the requisite authority, road sleeves may be installed prior to road construction to avoid road damage during construction of Applicant's facilities.
 - b. The Corporation shall, at the expense of the Applicant, inspect the facilities to ensure compliance with Corporation standards.
 - 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 construction or operation of the Applicant's facility. All change-order amounts shall be charged to the Applicant.
11. ***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 nonstandard service specified by the Applicant. The Applicant is responsible for paying for all costs necessary for non-standard service to a subdivision as determined by the Corporation under the provisions of this tariff and specifically the provisions of this Section; if the Applicant fails to pay these costs, the Corporation has the right to require payment of these costs by any one or more of the persons purchasing lots within such subdivision before the Corporation is obligated to provide water service. In addition, Corporation may elect to pursue any remedies provided by the Non-Standard Service Contract. Applicant is advised that purchasers of lots also may have legal recourse to the Applicant under Texas law.

SECTION G.

RATES AND SERVICE FEES

Unless specifically defined in this Tariff, all fees, rates, and charges as stated shall be non-refundable.

1. ***Service Investigation Fee.*** The Corporation shall conduct a service investigation for each service application submitted at the Corporation office. An initial determination shall be made by the Corporation, without charge, as to whether the service request is Standard or Non-Standard. An investigation shall then be conducted and the results reported under the following terms:
 - a. All Standard Service requests shall be investigated without charge and all applicable costs for providing service shall be quoted in writing to the Applicant within ten (10) working days of application.
 - b. All Non-Standard Service requests shall be subject to a fee, appropriate to each project, of sufficient amount to cover all administrative, legal, and engineering fees associated with investigation of the Corporation's ability to deliver service to the Applicant to:
 - (1) provide cost estimates of the project,
 - (2) to present detailed plans and specifications as per final plat,
 - (3) to advertise and accept bids for the project,
 - (4) to present a Non-Standard Service Contract to the Applicant, and
 - (5) to provide other services as required by the Corporation for such investigation. A Non-Standard Service Contract shall be presented to the Applicant within a suitable amount of time as determined by the complexity of the project. (See Section F.)
2. ***Membership Fee.*** At the time the application for service is approved, a refundable Membership Fee must be paid for each service requested before service shall be provided or reserved for the Applicant by the Corporation.
 - a. The Membership Fee for water service is \$100.00 for each service unit.
 - b. Membership fee for oversized or Master Metered Accounts shall be based on multiples of meter size equivalence or actual connections served.
3. ***Easement Fee.*** When the Corporation determines that private right-of-way easements and/or facilities sites are necessary to provide service to the Applicant, the Applicant shall be required to make good faith efforts to secure easements in behalf of the Corporation and/or pay all costs incurred by the Corporation in validating, clearing, and retaining such right-of-way in addition to tap fees otherwise required pursuant to the provisions of this Tariff. The costs may include all legal fees and expenses necessary to attempt to secure such right-of-way and/or facilities sites in behalf of the Applicant. (See Section E. 2. c. (2), Section F. 7. a.)
4. ***Installation Fee.*** The Corporation shall charge an installation fee for service as follows:
 - a. **Standard Service** shall include all current labor, materials, engineering, legal, customer service inspection, and administrative costs necessary to provide individual metered water or wastewater service and shall be charged on a per tap basis as computed immediately prior to such time as metered service is requested and installed.
 - b. **Non-Standard Service** shall include any and all construction labor and materials, inspection, administration, legal, and engineering fees, as determined by the Corporation under the rules of Section F of this Tariff.
 - c. Standard and Non-Standard Service Installations shall include all costs of any pipeline relocations

as per Section E.2. (d) (6) of this Tariff or other system improvements.

5. **Equity Buy-In Fee.** In addition to the Membership Fee, each Applicant shall be required to achieve parity with existing Members and to defray the cost of up-grading system facilities to meet growth demands created by adding customers by contributing capital in an amount projected. This fee shall be assessed immediately prior to providing or reserving service and shall be in an amount as determined by the Board of Directors from time to time.

6. **Monthly Charges.**

a. **Service Availability Charge**

(1) Water Service - The monthly charge for metered water service, which may or may not include allowable gallonage, is based on demand by meter size. Each charge is assessed based on the number of 5/8" X 3/4" meters (as per American Water Works Association maximum continuous flow specifications (see Miscellaneous) equivalent to the size indicated and is used as a base multiplier for the Service Availability Charge and allowable gallonage. Rates and equivalents are as follows:

METER SIZE	5/8" X 3/4" METER EQUIVALENTS	MONTHLY RATE
5/8" X 3/4"	1.0	\$ _____ .00
3/4"	1.5	\$ _____ .00
1"	2.5	\$ _____ .00
1 1/2"	5.0	\$ _____ .00
2"	8.0	\$ _____ .00
3" DISP.	9.0	\$ _____ .00
3" CMPD.	16.0	\$ _____ .00
3" TURB.	17.5	\$ _____ .00
4" CMPD.	25.0	\$ _____ .00
4" TURB.	30.0	\$ _____ .00
6" CMPD.	50.0	\$ _____ .00
6" TURB.	62.5	\$ _____ .00
8" CMPD.	80.0	\$ _____ .00

(2) 5/8" X 3/4" is current monthly minimum charge

b. **Reserved Water Fee** -- A reserve water fee shall be charged in the amount of \$15.00 per month for as many months as service has been canceled until set amount reaches the Equity Buy-In Fee.

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

(1) Water 0 to 1,000	\$24.00 Minimum
1,001 to 8,000	1.60 per thousand gal. over 1,000
8,001 to 10,000	1.80 per thousand gal. Over 8,000
10,001 to 20,000	2.00 per thousand gal Over 10,000
20,001 and over	2.50 per thousand gal Over 20,000

(2) The Corporation shall, as required by Section 5.235, Water Code of the State of Texas, collect

from each of its retail customers a regulatory assessment equal to one-half of one percent of the charge for retail water or wastewater service. This charge shall be collected in addition to other charges for utility service. This fee is collected on all charges pertaining to Section G.6. Monthly Charges of this tariff. (30 TAC 291.76 d.(3) (i))

- d. **Customer Notice Provisions.** The Corporation shall give written notice of monthly rate changes by mail or hand delivery to all consumers at least 30 days prior to the effective date of the new rate. The notice shall contain the old rates, new rates, effective date of the new rate, date of Board authorization, and the name and phone number of the Corporation's contact person designated to address inquiries about the rate change.
7. **Assessments** – If at the end of the fiscal year, or in the event of emergency repairs, the Board of Directors determines the total amount derived from the collection of water or wastewater charges to be insufficient for the payment of all costs incident to the operation of the Corporation's system during the year in which such charges are collected, the Board shall make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by Rural Development, so that the sum of such assessments and the amount collected from water and other charges is sufficient to fully pay all costs of the operation, maintenance, replacement and repayment on indebtedness for the year's operations. (Article XVIII of Bylaws, Section 1.)
8. **Late Payment Fee.** A fee of \$10.00 per billing period shall be made on bills paid after the 10th of the month following the Billing Month. This late payment fee shall be applied to any unpaid balance exceeding one-half (1/2) a Minimum Monthly or Reserved Water Fee during any one billing period.
9. **Mortgagee/Guarantor Notification Fee.** The Corporation shall assess a fee of \$25.00 for each notification to a Membership lien-holder under agreement prior to Membership cancellation. (See Miscellaneous Transaction Forms.)
10. **Processing Fee.** Monthly bills that become past due must be paid by 8:00 a.m. on or before the last Tuesday of the month or a \$50.00 processing fee will be assessed at that time. The total amount of the delinquent bill plus the late payment fee and processing fee must be paid in the office by 1:00 p.m. before the meter will be guaranteed to be unlocked that day.
11. **Returned Check Fee.** In the event a check, draft, or any other similar instrument is given by a person, firm, corporation, or partnership to the Corporation for payment of services provided for in this Tariff, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason, the account for which the instrument was issued shall be assessed a return check charge of \$35.00. (see Miscellaneous Transaction Forms)
12. **Service Trip Fee.** The Corporation shall charge a trip fee of \$25.00 for any service call or trip to the Member's tap as a result of a request by the Member or resident (unless the service call is in response to damage of the Corporation's or another Member's facilities) or for the purpose of disconnecting or collecting payment for services.
13. **Equipment Damage Fee.** If the Corporation's facilities or equipment have been damaged by tampering, by-passing, installing unauthorized taps, reconnecting service without authority, or other service diversion, a fee shall be charged equal to the actual costs for all labor, material, and equipment necessary for repair, replacement, and other Corporation actions. This fee shall be charged and paid before service is re-established. If the Corporation's equipment has not been damaged, a fee equal to the actual costs for

all labor, material, equipment, and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authority shall be charged. All components of this fee will be itemized, and a statement shall be provided to the Member. If the Corporation's facilities or equipment have been damaged due to negligence or unauthorized use of the Corporation's equipment, right-of-way, or meter shut-off valve, or due to other acts for which the Corporation incurs losses or damages, the Member shall be liable for all labor and material charges incurred as a result of said acts or negligence. All fees in this paragraph shall be a minimum of \$50.00.

14. **Customer History Report Fee.** A fee of \$10.00 shall be charged to provide a copy of the Members record of past water purchases in response to a Member's request for such a record.
15. **Meter Test Fee.** The Corporation shall test a Member's meter upon written request of the Member. Under the terms of Section E of this Tariff, a charge of \$25.00 shall be imposed on the affected account.
16. **Transfer Fee.** An Applicant for service who is a Transferee shall complete all required application forms, etc., (same as new Application) and pays a Transfer Fee of \$50.00.
17. **Information Disclosure Fee.** All public information except that which has been individually requested as confidential shall be available to the public for a fee to be determined by the Corporation based on the level of service and costs to provide such information, but not to be inconsistent with the terms of the Texas Publication Information Act: Chapter 552, Texas Government Code.
18. **Customer Service Inspection Fee.** A fee of \$10.00 may be assessed each Applicant before permanent continuous service is provided to new construction.
19. **Regulatory Assessment.** A fee of 0.5% of the amount billed for water/sewer service will be assessed each customer; this assessment is required under Texas law and TCEQ regulations.
20. **Additional Assessments.** In the event any federal, state or local government imposes on the Corporation a "per meter" fee or an assessment based on a percent of water/sewer charges, this fee or assessment will be billed and collected as a "pass through" charge to the customer.
21. **Groundwater District Production Fee.** Oak Hills WSC's CCN is within the Evergreen Underground Water Conservation District. Any fee and/or assessment by the District shall be passed on to each member in proportion to gallons billed to such member.
22. **Other Fees.** All services outside the normal scope of utility operations that the Corporation may be compelled to provide at the request of a customer or Member shall be charged to the recipient based on the cost of providing such service.