

SECTION C. **DEFINITIONS**

Active Service – The status of any Member receiving authorized service under the provisions of this Tariff.

Applicant – A person, partnership, cooperative corporation, corporation, agency, public or private organization of any type applying for service with the Springs Hill Water Supply Corporation.

Board of Directors -- The governing body elected by the Members of the Springs Hill Water Supply Corporation vested with the management of the affairs of the Corporation. (Section 22.001(1), Business Organizations Code)

Bylaws -- The rules pertaining to the governing of the Springs Hill Water Supply Corporation adopted by the Corporation Members. (Section 22.001(2), Business Organizations Code)

Certificate of Convenience and Necessity (CCN) -- The authorization granted under Chapter 13 Subchapter G of the Texas Water Code for Springs Hill Water Supply Corporation to provide water and/or sewer utility service within a defined territory. Springs Hill Water Supply Corporation has been issued Certificate Number 10666. Territory defined in the CCN shall be the Certificated Service Area. (See Tariff Section D. Certificated Service Area Map)

Corporation -- The Springs Hill Water Supply Corporation. (Section B. 3 of this Tariff)

Developer – Any person, partnership, cooperative corporation, corporation, agency, or public or private organization who subdivides land or requests two (2) or more water or sewer service connections on a single contiguous tract of land [as defined in Section 13.2502 (e)(1) of the Water Code].

Disconnection of Service -- The discontinuance of water or sewer service by the Corporation to a Member/Customer.

Easement -- A private perpetual dedicated right-of-way for the installation of water and or sewer pipelines and necessary facilities which allows access to property for future operation, maintenance, facility replacement, facility upgrades, and/or installation of additional pipelines (if applicable). This may also include restrictions on the adjacent area to limit the installation of sewer lines or other facilities that would restrict the use of any area of the easement. (See Sample Application Packet, Form-RUS-TX 442-8 (Rev. 9-02) or Form RUS-TX 442-9 (Rev. 9-02)) The easement will be filed in the real property records of the appropriate county or counties.

Equity Buy-In Fee -- Each Applicant shall be required to achieve parity with the contributions to the construction of the Corporations facilities capacity that have been made previously by existing Members. This fee shall be assessed prior to providing or reserving service on a per service unit basis for each property and shall be assigned and restricted to that property for which the service was originally requested. (Tariff Section G. 5., also see Miscellaneous)

Final Plat -- A complete plan for the subdivision of a tract of land showing or referencing Local Tax

Appraisal Maps, access to public road(s), number and size of lots, location of dedicated water/sewer easements, and location(s) of lakes, streams, or rivers through the property. The Springs Hill Water Supply Corporation shall determine if a plat submitted for the purpose of this Tariff shall qualify as a final plat. For purposes of evaluating Sub-Division service requests under Section F. the Corporation may accept preliminary plats or plats awaiting final approval pending execution of agreement for service by the Corporation.

Hazardous Condition -- A condition that jeopardizes the health and welfare of the Members/Consumers of the Corporation as determined by the Corporation or regulatory authority.

Impact Fee-- A charge or assessment against the property for which service is requested to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to new development within the Corporation's service area. The term includes amortized charges, lump-sum charges, capital recovery fees, contributions in aid of construction, and any other fee that functions in this manner. (Tariff Section G. 5., Also see Chapter 395 Local Government Code)

Indication of Interest Fee -- A fee paid by a potential Member of the Corporation for the purpose of determining the feasibility of a construction and /or expansion project. The Indication of Interest Fee may be converted to a Membership Fee upon determination that service to the Applicant is feasible and available. This also applies to applicants applying for, or receiving, Temporary Service. (Tariff Section E. 8. b., and Sample Application Packet - USDA RUS-TX Bulletin 1780-9 (Rev. 09/02))

Liquidated Membership -- A Membership that has been canceled due to delinquent charges exceeding the Membership Fee or for other reasons as specified in this Tariff.

Member -- Any person, partnership, cooperative corporation, corporation, agency, or public or private organization who holds a membership in the Corporation and who is a record owner of a fee simple title to the property served, that has qualified for service and been certified as a member in accordance with the Corporation's Tariff. (TX Water Code Section 13.002(11), TX Water Code Section 67.016 d)

Membership -- A non-interest bearing stock or right of participation purchased from the Corporation evidencing a Member's interest in the Corporation. (See Tariff Section E. 8 b and Sections 22.053, 22.151(c), Business Organizations Code)

Membership Fee -- A fee qualified as such under the terms of the tariff and the bylaws of the Corporation assigned to the real estate designated to receive service. The membership fee shall be refundable upon termination of service and surrendering the Membership. (30 TAC 291.3 Definitions, Texas Water Code Section 13.043(g))

Proof of Ownership -- For the purpose of this tariff, applicants for service and membership shall provide proof of ownership by deed of trust, warranty deed, or other recordable documentation of fee simple title to real estate to be served. (Texas Water Code Section 67.016 (d))

Rural Utilities Service (RUS) -- An Agency of the United States Department of Agriculture Rural Development Mission Area that provides loan and grant funds for development of rural water and sewer systems serving communities with a population of less than ten thousand (10,000) people.

Renter -- A consumer who rents or leases property from a Member or who may otherwise be termed a

tenant. (See Tariff Section E. 9.)

Re-Service -- Providing service to an Applicant at a location for which service previously existed. Costs of such re-servicing shall be based on justifiable expenses. (See Tariff Section E. 5. b., E. 6. b., and Miscellaneous)

Reserved Service Charge -- A monthly charge for each active account at a specific location for which a meter has not been installed but for which the Corporation and the Applicant have entered into agreement and/or contract for reserving service. This monthly charge shall be based on the Corporation's fixed costs to service the Applicant's dedicated facilities on a per Service Unit basis. This charge reserves service to the Applicant's property designated to receive service. This fee is determined on a case by case basis but shall never exceed the Service Availability Charge for Metered Service on a per Service Unit basis. (See Tariff Section F. 6. d., e)

Seasonal Reconnect Fee – The fee charged for resumption of service at a location where the member has voluntarily suspended service, in a written request, for a period of time not exceeding nine months within a twelve month period. The fee based on the total months for which service is suspended multiplied by the amount of the monthly minimum fee the Corporation charges active customers.

Service Availability Charge -- (Also known as "minimum monthly charge", "minimum", or the "base rate") The monthly charge assessed each Member/Customer for the opportunity of receiving service. The Service Availability Charge is a fixed rate based upon the meter, service size, or equivalent dwelling unit(s). (See definition of Reserved Service Charge)

Service Application and Agreement -- A written agreement between the Member/Applicant and the Corporation defining the specific type of service requirements requested on the current service application and agreement form, and the responsibilities of each party required before service is furnished. (See Sample Application Packet RUS-TX Bulletin 1780-9 (Rev. 09/02) or Non-Standard Service Contract)

Service Investigation Fee – A fee for costs associated with determining if service is available and determining cost of service. (See Tariff Section G. 1.)

Service Unit -- The base unit of service used in facilities design and rate making. For the purpose of this Tariff, a service unit is a 5/8" X 3/4" water meter. Sewer facilities are designed and rates are based on the basis of population served or demand. (See Tariff Section G. 6. a., Miscellaneous)

Subdivide -- To divide the surface area of land into lots or tracts. (Local Government Code Chapter 232, Section 232.021 Definitions, Texas Water Code Section 13.2502 (e)(1))

Subdivider – An individual, firm, corporation, or other legal entity that owns any interest in land and that directly or indirectly subdivides land into lots as a part of a common promotional plan in the ordinary course of business. (Local Government Code Chapter 232, Section 232.021 Definitions)

Subdivision – An area of land that has been subdivided into lots or tracts. (Local Government Code Chapter 232, Section 232.021 Definitions)

Tariff -- The operating policies, service rules, service extension policy, service rates, rationing policies, sample application packet, and miscellaneous transaction forms adopted by the Board of Directors. A

copy of this Board approved tariff is on file at the Corporation office and as required since September 1, 1989 at the State office of the TCEQ.

Temporary Service -- The classification assigned an applicant that is in the process of construction. This could also apply to service for uses other than permanent (agricultural, road construction, drilling, livestock, etc.). The Board will set the length of time associated with this classification. This classification will change to permanent service after requirements in Tariff Section E. 1, E. 2, E. 3, and E. 5 are met. Applicant must have paid an Indication of Interest Fee.

Texas Commission on Environmental Quality (TCEQ) -- State regulatory agency having jurisdiction of water and sewer service utilities and appellate jurisdiction over the rates and fees charged by Non-Profit Water and Sewer Service Corporations.

Transferee -- An Applicant receiving a Springs Hill WSC Membership by legal means from a person or entity desiring to forfeit and transfer current rights of Membership to another person or entity. (See Tariff Section E. 8 c., Miscellaneous Transaction Forms, Section 67.016 Texas Water Code)

Transferor -- A Member who transfers Membership by legal means to another person or entity desiring to qualify for service at a property for which the Membership is currently issued or to the Corporation. (Texas Water Code, Section 67.016)

Water Conservation Penalty -- A penalty that may be assessed under Section H of this Tariff to enforce customer / member water conservation practices during drought contingency or emergency water demand circumstances. (See Texas Water Code Section 67.011 (b)).