



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: John Enloe, John Erwin, and Scott Estes
DATE: September 6, 2014
SUBJECT: **Introduction and First Reading of amendments to TMWA’s Rules (including the Table of Contents; Introduction; Rules 1, 5, 7, and 9); repeal current Rule 10; and amendments TMWA’s Rate Schedules LVS and FSPR**

RECOMMENDATION

Staff recommends the Board move to refer for a second reading the proposed amendments to the TMWA Rules and Rate Schedules to facilitate the implementation of the pending merger with Washoe County.

Possible Motion: “I move to refer the proposed amendments to the TMWA Table of Contents, Introduction, and TMWA Rules 1, 5, 7, and 9, the proposed repeal of Rule 10, and the proposed amendments to Rate Schedules FSPR & LVS for a second reading and possible adoption.”

INTRODUCTION

In preparation for the merger of Washoe County Community Services Department Water Utility (“WCWU”) and the South Truckee Meadows General Improvement District (“STMGID”), staff is recommending changes to TMWA’s existing rules and rates by:

Agenda Item 6.c.i. Amending:

1. Table of Contents
2. Introduction to the Rules
3. Rule 1 Definitions
4. Rule 5 Water System Facilities
5. Rule 7 Dedication of Water Resources and Will-Serve Commitments
6. Rule 9 Service Area Boundaries – Retail
7. Rate Schedule Large Volume Service (LVS)
8. Rate Schedule Firm Standby Partial Requirements (FSPR)

Agenda Item 6.c.i Repealing:

Rule 10 Service Area Boundaries - Wholesale

Agenda Item 6.c.ii Amending:

1. Rate Schedule Water System Facility Charges (WSF)

Agenda Item 6.c.iii Adopting:

1. Rule 10 Mt Rose-Galena Fan Domestic Well Mitigation Program

Agenda Item 6.c.iv Adopting:

1. Rate Schedule FRMSGID – Former South Truckee Meadows General Improvement District Rates and Charges

Agenda Item 6.c.v Adopting:

1. Rate Schedule FRMWC – Former Washoe County Water Utility Rates and Charges

This Agenda item involves only Agenda Item 6.c.i -- the proposed amendments to the TMWA Table of Contents, Introduction, and TMWA Rules 1, 5, 7, and 9, the proposed repeal of Rule 10, and the proposed amendments to Rate Schedules FSPR & LVS.

The proposed amendments and adoptions are subject to successful merger. Staff proposes that these changes be adopted now, but that they not become effective until the closing of the Merger, anticipated to occur December 31, 2014. Board review, pursuant to the tentative calendar presented below will lead to final approval of the revisions on October 15, 2014, with the revisions becoming effective with the actual close of merger, assumed to be January 1, 2015.

DISCUSSION

In preparation for the merger with Washoe County Community Services Department Water Utility (“Merger”), staff presents for Board consideration proposed revisions to the TMWA Rules and Rate Schedules. Specifically, staff is proposing amendments to the Rule Table of Contents, Introduction to the Rules, and Rules 1, 5, 7, and 9 as set forth in the attached redline-strikeout copies, and repealing TMWA’s current Rule 10 in its entirety. Additionally, staff is proposing amendments to TMWA Rate Schedules LVS and FSPR, as set forth in the attached redline-strikeout copies.

Public notices were filed on August 28, 2014. The proposed revisions were presented to the TMWA Standing Advisory Committee for review and comment on September 2, 2014. The SAC did not have comments at that time, but requested the proposed revisions be brought back to the SAC at its October meeting in the event the TMWA Board had revisions or direction for the SAC. Additional public workshops were held on September 10, 2014. Any comments,

written or otherwise, that have been submitted by interested parties as of this writing will be attached.

A summary of the revisions proposed under this agenda item follows. Separate reports that detail amendments to TMWA Rate Schedule Water System Facility Fees (WSF), adoption of a new Mt. Rose/Galena Fan Domestic Well Mitigation Program, and adoption of new customer rate tariffs for former Washoe County and STMGID customers will be provided in the Board packet.

Rule Revisions (Table of Contents, Introduction, 1, 5, 7, 9, 10)

Table of Contents:

Revising language to harmonize the table with the other proposed revisions to the rules.

Introduction: The Introduction is the preamble to Rules 1 through 10 with general description of the intention of each rule.

Revising language to harmonize with proposed revisions to the rules and to make other grammatical clean up edits.

Rule 1: Applicable for all users, this rule provides definitions of terms utilized throughout the body of TMWA's Rules and Rate Schedules.

Adding definitions for Annexation Agreement and Retail Service Area to clarify their use and applicability in Rule 5.

Rule 5: This Rule applies to development of land requiring new or modified water service, and specifies the application process and responsibilities of the applicant and of TMWA for facilities and related costs.

With the expansion of TMWA's service area adding contiguous and non-contiguous distribution systems of Washoe County, revisions are proposed to expand the references within the rule to include these new service areas; clarify the basis and how potential properties annex to the Service Area; simplify references for facility cost recovery in coordination with Rate Schedule WSF; clarify use of capacity credits within established Charge Areas; revise the terminology of "Feeder Main Fees" to "Charge Area Fees" to capture area specific facility development fees; and other textual revisions.

Rule 7: Rule applies to the acquisition of water resources by TMWA, the dedication of water resources to TMWA by applicant, the issuance of Will-Serve Commitment letters, and creation/management of water resource credits upon cancellation or termination of applicant's project.

With the expansion of TMWA's service area including contiguous and non-contiguous distribution systems of Washoe County utilizing non-Truckee River resources, revisions are proposed to add the definition of the "Truckee Meadows Resource Area" to clarify the rule with respect to where Truckee River water sources can be used and related textual edits germane to this addition.

Rule 9: Rule sets forth the description of the retail service boundary.

With the expansion of TMWA's service area including contiguous and non-contiguous distribution systems of Washoe County, revisions are proposed to add new areas to the map and delete obsolete metes and bounds descriptions.

Rule 10: Rule sets forth the description of the wholesale service boundaries.

After the merger, the County wholesale areas will no longer exist, leaving a single remaining wholesale area for the Sun Valley GID. Staff proposes deleting this Rule in its entirety, and moving the map of the Sun Valley GID boundary into Rate Schedule Large Volume Service (LVS) which sets forth the rate information for Sun Valley GID service. Note that staff is proposing a new rule under a subsequent agenda item (which assuming the repeal of this wholesale rule would then become the new Rule 10) in connection with the proposed Mt Rose-Galena Fan Domestic Well Mitigation Program. See report on Domestic Well Mitigation Program for more details.

Rate Schedule Revisions

LVS: This schedule sets forth the applicability and rates for wholesale customers qualifying for this service.

After the merger, the County wholesale areas will no longer exist and the remaining wholesale area will be Sun Valley GID. In connection with the repeal of current Rule 10, the Sun Valley GID boundary will be moved into this rate schedule and reference to the Washoe County Spanish Springs wholesale rates will be eliminated.

FSPR: This schedule sets forth the applicability and rates for wholesale customers qualifying for this service.

After the merger, the one County wholesale area in the Southeast Truckee Meadows (Double Diamond/Damonte areas) that qualified for this tariff will no longer exist. The schedule is being revised to broaden the applicability of the schedule for future use.

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Truckee Meadows Water Authority

RULES

INTRODUCTION

The following Rules have been approved by the Board of Directors of the Truckee Meadows Water Authority. Under ~~the applicable law of the State~~, the Authority is not permitted to supply service to any Customer who does not comply with all of these regulations and no officer, inspector, solicitor, agent, or employee of the Authority has any authority to waive, alter, or amend in any respect these Rules or any part thereof. By applying for and/or accepting water service from Authority, a Customer or Applicant agrees to comply with and be bound by the following Rules and agrees the following Rules shall govern the terms and conditions of water service from Authority. In case of disagreement or dispute regarding the application of any provision of these Rules, the provisions in Rule 8, "Dispute Resolution", shall apply.

The following provides a general description of the subject matter of the guide for users to select applicable Rules for their needs. In the event of any conflict between the following descriptions and the Rule itself, the terms of the Rule shall govern.

- Rule 1: ~~Applicable for all users.~~ This Rule contains the definitions of terms used throughout the body of Rules and Rate Schedules.
- Rule 2: ~~Applying to existing Customers.~~ This Rule describes the technical specifications under which water will be delivered by the Authority, including water quality, to existing Customers.
- Rule 3: General conditions for delivery of water, including Temporary Service, ~~and~~ damage to Facilities and theft of water ~~are also addressed in this Rule.~~ This Rule describes the application requirements for Person(s) desiring to receive water from the Authority at an existing service, including establishment of credit associated with application. ~~For Customers who already receive water from the Authority, this Rule also~~ describes the procedure for a Customer to discontinue receiving water, the rights of the Authority to terminate delivery of water to a Customer, and the circumstances and procedure under which water may be restored to a Customer.
- Rule 4: This Rule includes information to be furnished by the Authority regarding bills for payment for the delivery of water to a Customer, procedures for estimation of bills and proration of bills. Customer responsibilities for payment of bills, including when a bill is due, procedures for adjustments to bills, disputed bills, and testing of meters are also described.
- Rule 5: This Rule applies primarily to developers of land or builders of projects that require new or modified Water System Facilities. This Rule also specifies the application process and responsibilities of the Applicant and of the Authority for Facilities and associated costs.

Truckee Meadows Water Authority

RULES

INTRODUCTION

- Rule 6: This Rule describes the application process, cost and installation responsibilities, and requirements for installing Service and Meter Facilities ownership of and access to Authority Facilities that are required to convey water to the Customer's location where it will be used for a new or modified service. This Rule is primarily used by developers of land or builders of projects who must connect to the Authority's distribution Facilities in order to receive water service convey water to the project location.
- Rule 7: This Rule describes the process for applying for a will-serve commitment letter. Required by applicants for new or Modified Service in conjunction with a Rule 5 application, this Rule lists acceptable water resources required to be dedicated in order to obtain a will-serve commitment letter from the Authority and all associated fees with dedication of water resources. This Rule is primarily used by applicants seeking a new or Modified Service.
- Rule 8: This Rule describes the procedure for dispute resolution by any Person.
- Rule 9: Illustrates the retail Service boundaries Area of the Authority.
- Rule 10: This Rule sets forth special conditions and programs that apply to water service or circumstances arising out of water service. This Rule includes provisions for the Mt. Rose-Galena Fan domestic well mitigation program illustrates the Wholesale Service boundaries of the Authority.

Rule 1

Truckee Meadows Water Authority

RULE 1

DEFINITIONS

Unless otherwise specified, the following terms shall have the meanings defined below when used in the Rules and Rate Schedules:

Adult	A person 18 years of age or older.
<u>Annexation Agreement</u>	<u>Agreement between Authority and an Applicant setting forth the terms and conditions of annexing a Service Property into Authority's Service Area.</u>
Applicant	The Person applying for the delivery of water.
Application	A request to the Authority for Service, as distinguished from an inquiry as to the availability or charge for such Services.
Authority	The Truckee Meadows Water Authority acting through its duly authorized officers or employees within the scope of their respective duties. The Authority is established by the "Cooperative Agreement Among City of Reno, City of Sparks, and County of Washoe" executed December 4, 2000 pursuant to the provisions of Chapter 277 of NRS.
Billing Period	<ol style="list-style-type: none"> 1. <u>Metered Service</u> - the time interval of not less than 27 days nor more than 33 days between two consecutive Meter readings that are taken for billing purposes. 2. <u>Unmetered Service</u> - an average month except for special Service Classifications.
Board	The Board of Directors of the Authority.
Business Hours	<p>Monday to Friday 8am to 5pm with the exception of Authority observed holidays:</p> <ul style="list-style-type: none"> New Year's Day Martin Luther King Day President's Day Memorial Day Independence Day Labor Day Nevada Day Veteran's Day Thanksgiving Day

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DEFINITIONS

Rate Schedule(s)	Description of all effective rates, charges, and fees collectively of the Authority.
Reclaimed Water	Water which has undergone treatment at a sewer treatment plant to the satisfaction of Federal, State and local applicable regulatory bodies and can be used for Non-Potable applications.
Residual Water Pressure	The pressure coincident with the delivery of Demand, or pressure occurring simultaneously during water use as determined by the Authority.
Rule	Any one of the rules adopted by the Board as part of the Rule and Rate Schedules.
Satisfactory Credit	The payment of bills by a Customer to the Authority for the delivery of water for the most recent twelve (12) consecutive months without the Customer either being eligible for Termination of Delivery of Water for non-payment pursuant to Rule 4, or incurring more than three (3) late charges.
Section	Portion of a Rule.
Service	Includes the Facilities defined under Service Tap, Service Pipe, and/or Service Connection excluding those Facilities defined under Fire Facilities.
<u>Service Area</u>	<u>The geographically defined boundaries depicted in Rule 9 within which water service from Authority is available to Customers. Service Area shall include any service property which has been annexed into the Service Area through an Annexation Agreement.</u>
Service and Meter Facilities	Service, Meter, Meter Facilities, and Service Connection as defined in this Rule excluding those Facilities defined under Fire Facilities that collectively provides and measures the delivery of water.
Service Classification	1. <u>Commercial Service</u> : Delivery of water to Customers engaged in a business activity, or in a profession, or in some form of economic or social activity (offices, stores, clubs, hotels), or that creates or changes raw or unfinished materials into another form or product, and for purposes that do not come directly under another Service Classification.

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RULE 1

DEFINITIONS

(50%) of the measured or estimated total usage. Residential Service shall not include any assisted living facility or facility for the dependent licensed or regulated by the State Board of Health.

6. Wholesale Service: Delivery of water to Customers for resale within wholesale service areas as established [by the Board in Rule 10](#).

Service Connection	The point of connection of the Customer's piping with Authority's Facilities, as determined by the Authority, usually located within a public utility easement or other public easement or right-of-way.
Service Pipe (or Line) (or Service Lateral)	The connection between the Authority's pipe or main and the Service Connection, including all of the pipe, fittings, and valves owned by the Authority necessary to make the connection.
Service Property	All of the real property utilized in a single integrated activity which may include one or more buildings and/or parcels of land where: (a) such buildings are situated on a single parcel of property; or (b) such buildings are situated on two or more parcels which are immediately adjoining or adjacent; except for intervening public highways, streets, alleys, railways or waterways.
Service Size	For billing purposes, the smallest of the Service Pipe, Meter or, if installed, the orifice plate equivalent diameter.
Service Tap	Any point of connection to an Authority pipe or main including the tapping saddle and valve owned by the Authority necessary to make the connection.
Standards	The Authority's <u>Construction and Design Standards Manual</u> .
Static Water Pressure	The pressure coincident with no water use or during periods of zero Demand as determined by the Authority.
Temporary Service	Delivery of water to Service Property, enterprises, or activities which are temporary in character, or where it is known in advance that the delivery of water will be of limited duration.

Rule 5

Truckee Meadows Water Authority

RULE 5

WATER SYSTEM FACILITIES

A. Applicability

1. This Rule defines the responsibilities of the Authority and of the Applicant for the cost and requirements for construction, extension and/or modification of Water System Facilities required to provide new Service or Modified Service to the Applicant's project(s) within the Authority's approved ~~retail service boundary~~ Service Area. No Service Property shall be eligible for water service, nor shall Authority have any obligation to provide water service to any Service Property, if the Service Property is located outside Authority's ~~retail service area. Where an Applicant seeks~~ Service Area.
2. Annexation of Service Property. Authority shall have no obligation to annex or provide water service to any Service Property located outside Authority's Service Area. An Applicant seeking new Service to a Service Property located outside the Authority's ~~retail service area, the~~ Service Area shall submit an application for annexation to the Authority. The Authority may, in its sole discretion, ~~deny the application or agree to annex the Service Property into the Authority's retail service area on the terms and conditions stipulated~~ Service Area on such terms and conditions determined by Authority and set forth in an Annexation Agreement ~~between Authority and Applicant.~~ An Applicant approved for new Service to a Service Property located outside the Authority's Service Area must satisfy both the terms and conditions of the Annexation Agreement and terms and conditions applicable to new Service set forth in Authority's Rules, including this Rule.
3. ~~2.~~ Definitions. Terms not defined in this section shall have the meaning set forth in Rule 1. As used in this Rule:
 - a. "Applicant" shall mean the legal owner of the Service Property to receive New or Modified Water Service which results in the need for addition to or modification of Water System Facilities.
 - b. "Applicant Installed Facilities" shall mean those Water System Facilities or portions of Water System Facilities required or approved by the Authority for installation by Applicants, and include Project Mains and associated Facilities, Meters or Services.
 - c. "Authority Installed Facilities" shall mean those Water System Facilities or portions of Water System Facilities installed and constructed by the Authority or its agent, and including, but not limited to, supply/treatment improvements, feeder mains, pressure regulating stations, system interties, new pump stations or rebuilds of pump stations, new standby power generators, storage facilities, and retrofit additions.
 - d. "Business Services" shall mean the cost of services provided by the Authority for the benefit of the Applicant associated with providing new Service or Modified Service and may include, but are not limited to, system planning; engineering design; permitting; property, right-of-way, or easement acquisition; design review; material acquisition; bidding and contracting; construction; construction management; inspection; and administrative overheads and financing costs.

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WATER SYSTEM FACILITIES

e. ~~“Charge Area” shall mean the geographically defined boundaries where Area Facility Unit Costs have been established by the Authority.~~

f. ~~e.~~ “Deficit Demand” shall have the meaning ascribed to such term in Rule 7.

~~f.~~ “Effective Date of the Water Service Agreement” shall mean the earlier of (i) the date stated in a Water Service Agreement that it is to become effective or (ii) the date the Water Service Agreement is executed by both the Applicant and the Authority.

g. ~~g.~~ “Facilities Application” shall mean the Applicant’s request for Water System Facilities submitted on such form prepared by or revised by the Authority from time to time.

h. ~~h.~~ “Feeder Mains” shall mean on-site or off-site mains and associated Facilities required to provide the requested service, which will also provide excess capacity to serve additional future Customers or redundant mains necessary to comply with local, State or Federal regulations.

i. ~~i.~~ “Oversizing Costs” shall mean the difference between the cost of the Oversized Facilities and the cost of Water System Facilities necessary to serve Applicant’s project, as estimated by the Authority. Authority’s responsibility for Oversized Facilities costs shall not be allocated based on Applicant’s percentage utilization of the water system facility’s capacity.

j. “Oversized Facilities” shall mean those portions of Water System Facilities required by Authority of greater capacity, ~~or~~ size ~~or length~~ than would be necessary to provide the service requested by the Applicant.

k. “Project Mains” shall mean on-site or off-site mains and associated Facilities required to provide the requested service that do not provide excess capacity to also serve additional future Customers. The capacity of a main and whether excess capacity is available is solely determined by the Authority.

l. “Water Service Agreement” shall mean the agreement entered into between the Applicant and the Authority that defines the terms and conditions under which the Authority shall provide the requested water service.

m. “Water System Facilities” shall mean all on-site and off-site improvements required to provide new Service or Modified Service to a Service Property or Applicant’s project and as necessary to develop, treat, store, transport and distribute water to the Applicant’s project, and any additional facilities specified or required by local, State, or Federal regulations, or stipulated in an Annexation Agreement, whether Applicant Installed Facilities or Authority Installed Facilities, and shall include, but not be limited to, supply/treatment facilities, water mains and associated facilities, storage tanks, pressure regulating stations, pump stations, standby power generators and any other ancillary equipment or controls necessary to integrate new water Facilities or to connect to, expand, relocate or alter existing water Facilities.

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B. Responsibilities and Requirements for Installation of Water System Facilities

1. Application and Processing.

- a. Applicant shall apply for new Service or Modified Service by submitting a complete Application with the Authority. An Application shall be deemed complete if the Authority determines it includes sufficient information to allow Authority to perform system planning and develop preliminary facility plans, prepare sketches, and estimates of Applicant's costs to be advanced to Authority for Authority's business services.
- b. The Application must be accompanied by appropriate fees for business services as provided in Rate Schedule BSF. All Rate Schedule BSF fees paid at the time of Application are non-refundable, except as otherwise provided in Section B.6.c of this Rule 5.
- c. The Authority shall determine, in its sole discretion, whether any changes to a project or Application after submission of a completed Application (changes may include but are not limited to type of development, number of units or parcels, change in size of units or parcels, change in grading, change in street layout, fire flow required, or estimated demand(s)) changes the estimated demands of the project or requires submission of a New Application.
- d. An Application shall automatically be deemed canceled and rejected, and shall be null and void without further notice from the Authority:
 - i. on the date the Applicant notifies the Authority the project is canceled;
 - ii. on the date approval for the project by the applicable governing body expires or is terminated; or
 - iii. if a Water Service Agreement has not been executed by Applicant and Authority within twelve (12) months of the date the completed Application was first received by Authority.
- e. The Authority, in its sole discretion, may approve an extension of time for a pending application beyond its scheduled cancellation date under the following conditions:
 - i. the Applicant requests the extension of time in writing no later than 30 days prior to the pending cancellation date;
 - ii. there are no changes planned, proposed, or subsequently made to the project; and
 - iii. the Water Service Agreement for the project is subject to different terms, conditions, fees, and/or facility charges than those offered in a prior Water Service Agreement for the project.
- f. An Applicant may resubmit a rejected or canceled Application to the Authority for reconsideration at any time; provided, however, the resubmission of a canceled

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Application will be treated as a new Application and must comply with all conditions in these Rules applicable to a new Application, including payment of appropriate fees.

2. Applicant Installed Facilities.

- a. Applicant will be responsible for all engineering design, permitting, property acquisition, right-of-way, material acquisition, bidding and contracting, and construction of Applicant Installed Facilities. Authority will, at Applicant's expense, perform planning, administer the Water Service Agreement described in Section B.6 of this Rule, review and approve designs of Applicant Installed Facilities, inspect and approve Applicant Installed Facilities during construction, and, to the extent necessary to acquire access rights for Applicant Installed Facilities, review and process right-of-way and property documents.
- b. The Authority will, at its sole discretion, determine the feasibility of proposed or alternate routes for Facilities and for establishing capacity requirements.
- c. Feeder Mains, Project Mains, storage facilities, and pressure regulating stations may be designated as Applicant Installed Facilities at the sole discretion of the Authority.
- d. Applicant Installed Facilities work must be conducted in coordination with the Authority to permit the Authority to perform its related work efficiently with minimum delay.
- e. Applicant must comply with the following conditions to install Applicant Installed Facilities.
 - (1) All design, plans, and specifications shall be prepared by the Applicant at the Applicant's expense and must be approved by the Authority before construction can commence. If the Authority, in its sole discretion, determines that engineering design is required for the water facilities, Applicant's designs shall be prepared by or under the direction of and wet-stamped by a Professional Engineer registered in the State of Nevada in accordance with Nevada Law, including NAC 625.611.
 - (2) All phases of the installation of Applicant Installed Facilities are subject to inspection and approval by the Authority, at Applicant's expense. Applicant shall require Applicant's contractor to conduct a pre-construction meeting to be attended, at a minimum, by the Applicant's design engineer, contractor's superintendent and Authority's inspector.
 - (3) The Applicant's contractor must hold a valid Contractor's License of a proper classification ("A" General Engineering, or subclassification "A-19" specialty contractor's license) issued by the State of Nevada Contractor's Board in accordance with NRS 624. The contractor must furnish sufficient experienced and qualified personnel and must demonstrate availability of adequate reliable equipment to handle and install Applicant Installed Facilities in a workmanlike

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manner in accordance with industry standards, TMWA standards and manufacturer's recommendations.

- (4) The Applicant and/or Applicant's contractor must comply with the Authority's Standards, and any additional specified construction standards and/or governmental requirements (i.e., OSHA, City, County, State, etc.) that may apply in all phases of the Applicant Installed Facilities installation.
- (5) The Applicant must provide all material in accordance with the Authority's Standards or specifications. All material provided will be subject to acceptance by the Authority, based on inspections by the Authority at Applicant's expense.
- (6) The Applicant and/or Applicant's contractor must guarantee all material and workmanship against defects for one (1) year following final acceptance of Applicant Installed Facilities by the Authority. This guarantee shall be made a part of the Water Service Agreement.
- (7) If Applicant's contractor, for any reason, ceases work on Applicant Installed Facilities prior to acceptance by Authority, the Applicant or Applicant's contractor must immediately notify the Authority of the work cessation and the reasons therefore, and must notify the Authority at least two (2) working Days prior to recommencing work, unless otherwise agreed to by the Authority. The Authority may require a pre-construction meeting per Section B.2.e.(2) of this Rule prior to the commencement of work.
- (8) Applicant must enter into a Water Service Agreement with the Authority as described in Section B.6 of this Rule.
- (9) The Applicant shall install all Oversized Facilities specified by the Authority subject to the reimbursement provisions of this Rule.
- (10) The Applicant shall commence installation of Applicant Installed Facilities within the earlier of (i) 12 months after the effective date of an executed Water Service Agreement; or (ii) the time schedule set forth in a Water Service Agreement. Applicant shall apply best commercial efforts to complete construction of the water facilities no later than 12 months from the commencement date, or in accordance with specific required completion dates as established by the Authority.
- (11) The delivery of water will not be provided to a Service Property or Applicant's project by the Authority until the necessary Water System Facilities are complete, tested, accepted and placed into service, and applicable Schedule WSF Charges shall be paid as determined by the Authority in Section B.4.

3. Authority Installed Facilities.

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- a. Unless otherwise expressly noted in this Rule or specifically provided for in the Water Service Agreement, all Water System Facilities shall be deemed Authority Installed Facilities.
- b. Applicants shall prepay to Authority the Authority's estimated cost of preparing final design documents for Authority Installed Facilities, including detailed plans, specifications and cost estimates as a condition of Authority beginning such services. In addition, Applicant shall comply with the following requirements for Authority Installed Facilities.
 - (1) Applicant shall provide the Authority with maps and drawings, in an electronic format and to suitable scale satisfactory to the Authority, showing final street and lot layouts and final grading plans indicating existing and final elevation contours of the area to be developed.
 - (2) Applicant shall provide Authority with a proposed construction schedule and service date. The Authority will develop a tentative project schedule in consultation with Applicant, accounting for anticipated permitting, land and/or right-of-way acquisition, material acquisition, design and construction time frames.
 - (3) Applicant shall furnish any required property ownership, property description, plot plan or record of survey information concerning the area to be served under the provisions of this Rule. Such information shall be furnished in a format acceptable to the Authority.
 - (4) Applicant shall furnish any other relevant information that the Authority may require to complete Authority's design or construction of Authority Installed Facilities.

If changes are made subsequent to the presentation of the information described in Section B.3.b and these changes require additional expense to the Authority in revising plans, specifications and cost estimates, this additional expense shall be advanced by the Applicant.

- c. Applicant shall submit an advance payment, equal to the Authority's estimated cost to provide the requested service, including permitting, land and right-of-way acquisition, material and equipment acquisition(s), bidding and contracting, construction, inspection and administration, thirty (30) Days prior to the start of construction of any Authority Installed Facilities. Scheduling of the construction start date is contingent upon Authority's receipt of Applicant advance payments and all project approvals, required easements and project permits.
- d. The Authority may require an acceptable bond, letter of credit or guarantee related to the required cash advance whenever installation of Authority Installed Facilities requires firm scheduling by the Authority more than thirty (30) Days prior to construction. Bonds, letters of credit or guarantees provided for this purpose will be replaced with cash thirty (30) Days prior to construction, except that Applicant will

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advance the cost, in cash for special materials not normally stocked by the Authority in the quantities needed, as a condition of Authority ordering such materials.

- e. In those instances where more than one Applicant is to be served jointly from the same extension or alteration, the total advance required from such Applicants shall be apportioned among the Applicants as provided in the Water Service Agreement. The total advance shall equal the Authority's total cost for providing service to all such Applicants.

4. Facilities and Cost Responsibilities.

- a. All Applicant Installed Facilities and Authority Installed Facilities shall be and remain the sole property of the Authority. Size, type, quality of material and location of Water System Facilities installed or constructed shall be selected by the Authority in accordance with the Authority's standards of service, engineering and construction practices and in compliance with local, State and Federal regulations. At its option, the Authority will retain ownership of existing Facilities that are removed in connection with new Facilities installation; otherwise, such removed facilities will become the property of the Applicant. No salvage value will be assigned or granted to the Applicant for existing facilities that are removed.
- b. The Authority is not responsible for damages, including consequential damages, delay or other inconveniences resulting from delays in design, planning, review, approval or construction of Water System Facilities caused by circumstances beyond the control of the Authority.
- c. Applicant cost responsibilities for Water System Facilities installed pursuant to this Rule shall include, but are not limited to, all regulatory, environmental and other permit fees, engineering, permitting, land acquisition(s), right-of-way, inspection, material, labor, transportation, cost for removal of existing Facilities, associated Authority overheads, financing charges and other charges which are related to the Facilities, including any modification or improvement of existing Facilities, or installation of temporary Facilities required to provide the requested service.
- d. Applicant shall be responsible for the actual cost of all Water System Facilities identified by the Authority, and/or required by local, State or Federal regulations, as required to provide the requested new Service or Modified Service, including, without limitation, costs for:
 - (1) Project Mains. The Applicant is solely responsible for the cost of Project Mains as required by the Authority to provide the necessary capacity for the requested New or Modified Service. Applicant will be responsible for the cost of a Project Main of such capacity and along such a route as would be adequate to provide the required service, provide for the logical and orderly expansion of the water system to serve future customers, or meet requirements of applicable regulations, as determined by Authority.

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- (2) New Pump Station Facilities
- (3) Service and Meter Facilities (per Rule 6).
- (4) Supply and Treatment Facility Charge. Applicants shall be responsible for a Supply and Treatment Facility Charge, the amount of which will be based on the following calculation:

Supply and Treatment Facility Charge = Demand multiplied by Supply and Treatment Facility Unit Cost

Where:

Supply and Treatment Facility Charge = Applicant's share of costs to add new or modify existing supply and treatment facilities.

Demand = Excluding fire flow, Applicant's Maximum Day Demand plus any Deficit Demand at the Service Property in GPM as determined by the Authority.

Supply and Treatment Facility Unit Cost = unit cost in dollars per GPM of Maximum Day Demand, representing the cost to construct and finance supply/treatment improvements identified by the Authority as set forth in Rate Schedule WSF.

- (5) Storage Facilities. Where, as solely determined by the Authority, storage is required that benefits or serves primarily the Applicant's Project, the Applicant will be solely responsible for financing, constructing and dedicating to the Authority the storage facilities required to serve the Applicant's Project. The Authority, at its option, may require Applicant to oversize said storage facilities; in such case, Authority shall be responsible for Oversizing Costs as provided in Section B.5 of this Rule 5.
 - (i) If not required to construct and dedicate storage facilities, the Applicant shall pay the Authority a Storage Facility Charge, the amount of which will be based on the following calculation:

Storage Facility Charge = Demand multiplied by Storage Facility Unit Cost

Where:

Storage Facility Charge = Applicant's share of storage costs including operating, fire and emergency storage components.

Demand = Excluding fire flow, Applicant's Maximum Day Demand plus any Deficit Demand at the Service Property in GPM as determined by Authority.

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Storage Facility Unit Cost = unit cost in dollars per GPM of Maximum Day Demand, representing the cost to construct and finance storage improvements identified by Authority as set forth in Rate Schedule WSF.

- (6) ~~Feeder Main Facilities~~Area Facility Charge. The Applicant is solely responsible for the cost of Feeder Mains and other area specific facilities required by the Authority to provide the necessary capacity for the requested New or Modified Service. The Authority, at its option, may require Applicant to oversize said Feeder Main or area specific facilities; in such case, Authority shall be responsible for Oversizing Costs as provided in Section B.5 of this Rule 5. Where a Service Property is not located within an established Charge Area or where the Area Facility Unit Cost for that Charge Area has not been established, applicable Area Facility Unit Costs shall be determined by Authority on a case by case basis and may include charges for on-site and off-site improvements, including Oversizing Costs, to integrate new Water System Facilities or to connect to, expand, relocate or alter existing water Facilities, determined by the Authority as necessary to facilitate annexation of the Service Property into the Authority's Service Area and/or development of the Charge Area or Charge Area Unit Cost to be established, as set forth in the Annexation Agreement or Water Service Agreement between Applicant and Authority.

- (i) If Applicant's Project is determined to be located in a ~~Feeder Main~~-Charge Area as set forth in Rate Schedule WSF, the Applicant shall pay the Authority ~~a Feeder Main~~an Area Facility Charge, the amount of which will be based on the following calculation:

~~Feeder Main~~Area Facility Charge = Demand multiplied by the ~~Feeder Main~~Area Facility Unit Cost

Where:

~~Feeder Main~~Area Facility Charge = Applicant's share of Feeder Main and area specific facility costs.

Demand = Excluding fire flow, Applicant's Maximum Day Demand plus any Deficit Demand at the Service Property in GPM as determined by Authority.

~~Feeder Main~~Area Facility Unit Cost = unit cost in dollars per GPM of Maximum Day Demand, representing the cost to construct and finance Feeder Main and area specific facility improvements for the appropriate Charge Area as identified by Authority as set forth in Rate Schedule WSF.

- (7) Pressure Regulator Stations and System Intertie Facilities. If applicable, these facilities may include Meter Facilities. Applicant is solely responsible for the actual cost of these Facilities as required to serve the Applicant's project. Capacity requirements are solely determined by the Authority.

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- (8) Standby Power Generator Additions or Retrofits. Applicant is solely responsible for the actual cost of standby power generation additions or retrofits required to provide additional reliable, normal, or fire flow capacity, or provide alternative pumping capacity in compliance with local, State and Federal regulations.
- (9) Pump Station Additions or Rebuilds. Applicant is solely responsible for the actual cost of pump station additions or rebuilds required to provide additional reliable, normal, or fire flow capacity, or provide alternative pumping capacity or power sources in compliance with local, State and Federal regulations. Pump station additions or rebuilds and/or standby power installations are not eligible for reimbursement or participation payments from subsequent development.
- e. For projects with total costs as estimated by the Authority of twenty-five thousand dollars (\$25,000.00) or greater, the Applicant shall advance the estimated project costs and, following acceptance and completion of such projects by the Authority, Applicant payments will be adjusted to reflect the actual cost of the project and the Applicant will be billed or reimbursed as applicable. On projects with total estimated costs as estimated by the Authority less than twenty-five thousand dollars (\$25,000.00) the Applicant's cost responsibilities shall be the estimated cost of the project.
- f. Participation Payments. An Applicant whose Project(s) require or will utilize a portion of previously constructed Oversized Facilities shall pay Authority a participation payment based on a proration of the Applicant's project(s)' demand relative to the total capacity of previously installed Oversized Facilities or other appropriate proration as determined by the Authority.
- g. Payment of Schedule WSF Charges. Applicant shall be required to pay Schedule WSF charges for all Project Demand and Deficit Demand as determined by the Authority required to provide new Service or Modified Service to the Applicant's project(s) within the Authority's approved ~~retail-service-boundary~~Service Area. Schedule WSF Charges shall be paid at the time the Water Service Agreement is executed, except as provided in subsection (1) below:
- (1) Deferral of Payment of Schedule WSF Charges. An Applicant for a single family residential subdivision Project or a New or Modified Service for a single family residence may, at Applicant's election, defer payment of Schedule WSF Charges otherwise due pursuant to this Rule until a date no later than ten (10) days prior to the date a meter is to be installed for the corresponding service. Notwithstanding the foregoing, all Schedule WSF Charges applicable to the Project shall be due and paid as provided in the Water Service Agreement, but no later than two (2) years after the first Certificate of Occupancy is issued in the Project. If Applicant elects to defer Schedule WSF Charges under this subsection (1), Applicant will pay the Schedule WSF Charges in effect at the time of payment, together with all finance carrying and administration costs imposed by Authority in connection with such deferral. Applicant's Project shall not be eligible for water service, and Authority shall have no obligation to set water meters or provide water service to any portion of Applicant's Project until

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Schedule WSF Charges have been paid in accordance with this Rule. Schedule WSF Charges may not be deferred for any Project which includes commercial, condominium or multi-family/multi-unit dwelling uses.

- h. Demand and Deficit Demand Appurtenance. Upon payment of WSF charges paid by an Applicant, the corresponding Demand and Deficit Demand shall be appurtenant to the Service Property for which they were paid and are held for the benefit of the Service Property owner, except: (i) where forfeited as a result of retirement of Service(s); (ii) with respect to refunds issued pursuant to Section B.6.c.(1); or (iii) with respect to credits issued pursuant to Section B.6.c.(2).

5. Oversizing Facilities and Oversizing Reimbursements

- a. The Authority may, at its option, require installation of Oversized Facilities, the cost of which Applicant shall be required to advance.
- b. The cost of pump station additions or rebuilds (to existing pump station facilities), standby power installations, pressure regulating stations, system interties, Project Mains and Feeder Mains sized to meet the requirements of the Applicant's project are not eligible for reimbursement or participation payments.
- c. Oversizing Reimbursements. Except as otherwise provided in an Annexation Agreement, an applicant is eligible for future reimbursement of Oversizing Costs subject to the following:
 - (1) For all Oversized Facilities other than new pump stations, the Authority shall reimburse the Applicant an amount equal to the Authority's estimate of Applicant's Oversizing Costs for Oversized Facilities upon completion of installation, and final inspection and acceptance by the Authority.
 - (2) Where Oversized Facilities are new pump stations, Applicant may receive participation payments from future Applicants for the future Applicant's respective utilization of the oversized pump station(s) subject to the following conditions:
 - i. The Authority shall collect from future Applicants participation payments as set forth in Section B.5.c and remit such payments to Applicant who constructed the oversized pump station(s) within ninety (90) Days of Authority's receipt.

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- ii. The Applicant who constructed the oversized pump station(s) shall be entitled to any reimbursement only if participation payments are received by the Authority within five (5) years from the date of execution of the Water Service Agreement by the Applicant who constructed the oversized pump station(s).
 - iii. The Applicant who constructed the pump station(s) shall become ineligible for reimbursement in the event a subsequent capacity improvement project requires a modification of or addition to such oversized pump station(s).
- (3) Applicants shall not be entitled to any interest on reimbursement payments.
- (4) In those cases where two or more Applicants make a joint advance or contribution on the same Oversized Facilities, the Authority shall distribute reimbursements to such Applicants in the same proportion as their advances or contributions bear to the joint total, unless otherwise directed by all parties.
- (5) Reimbursable amounts hereunder may be accumulated by the Authority to a minimum of one thousand dollars (\$1,000.00) before payment.

6. Water Service Agreement

- a. All Applicants requesting service for a project under the provisions of this Rule shall be required to enter into a Water Service Agreement with the Authority. A proposed Water Service Agreement must be executed by Applicant within sixty (60) days after issuance by Authority, or such other time as set forth in the proposed Water Service Agreement. A proposed Water Service Agreement shall only be binding when executed by both Authority and Applicant, and all terms and conditions in a proposed Water Service Agreement are subject to change until executed by Applicant and Authority.
- b. At the time the Water Service Agreement is executed, Applicant shall pay all applicable Schedule BSF charges not otherwise paid at the time of Application and shall pay all Schedule WSF charges, unless payment of Schedule WSF Charges is deferred pursuant to Section B.4.g(1).
- c. A Water Service Agreement shall automatically terminate and be null and void without further notice from the Authority (i) on the date and terms stated within the Water Service Agreement; (ii) on the date Applicant provides written notice to the Authority that Applicant's project is canceled; (iii) if Applicant does not commence construction on water facilities required by this Rule and/or the Water Service Agreement within 12 months of the effective date of the Water Service Agreement or within such other deadline contained in the Water Service Agreement; or (iv) on the date approval for the project by the applicable governing body expires or is

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terminated. Upon the termination of a Water Service Agreement, the Application for the project for new Service or Modified Service shall automatically be deemed rejected or canceled.

- (1) If a rejected or canceled Application for the project is re-submitted, a new Water Service Agreement must be entered into by the Authority and Applicant for the project, which agreement may include different terms and conditions, including different fees and facility charges, than those set forth in the prior terminated Water Service Agreement.
- d. If a Water Service Agreement has been executed by Applicant and Authority, and Applicant has paid all required charges in accordance with Schedule WSF and the Water Service Agreement is subsequently terminated, the Applicant shall be entitled to a cash refund or a "capacity credit", as set forth below:
- (1) If the total Schedule WSF charges paid by the Applicant pursuant to the terminated Water Service Agreement are \$50,000 or less and Applicant submits a written request for a refund to the Authority within 90 days after the execution of the Water Service Agreement, Authority will refund the Applicant or Applicant's designated successor or assign such Schedule WSF charges paid by the Applicant, without interest.
 - (2) If the total Schedule WSF charges paid by the Applicant pursuant to the terminated Water Service Agreement are more than \$50,000 or the written request for a refund to the Authority is made more than 90 days after the execution of the Water Service Agreement, Authority shall issue a "capacity credit" expressed in GPM to the owner of the Service Property or its designated successor or assign, equal to the Demand and Deficit Demand purchased by Applicant. Capacity credits may be assigned or transferred to other parties only upon notification to and written approval from the Authority. Capacity credits ~~related to Feeder Main and Storage Facility Charges~~ issued pursuant to this subsection can only be applied to other Water Service Agreement(s) for Application(s) for new Service and Modified Service within the same ~~Feeder Main~~ Charge Area as the Service Property for which the capacity credit was issued. ~~Capacity; provided, however, that capacity~~ credits related to Supply and Treatment Charges issued pursuant to this subsection for service properties in Charge Areas 0 through 12 can be applied to other Water Service Agreement(s) for Application(s) for new Service and Modified Service ~~within the Authority's retail service area anywhere within Charge Areas 0 through 12~~. Written direction to the Authority by the Service Property owner, or its designated successor or assign, is required to apply capacity credits to subsequent Water Service Agreement(s). In no event can any capacity credit issued by Authority be converted to a cash refund.
 - (3) If construction has not commenced on water facilities under the terminated Water Service Agreement, Authority will refund to an Applicant or Applicant's designated successor or assign, all Schedule BSF charges paid by the Applicant pursuant to the terminated Water Service Agreement provided in no event shall

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Schedule BSF charges be refunded if the Authority has otherwise performed any services in connection with such fees.

- (4) Except as provided in this subsection B.6.c, all Schedule BSF and Schedule WSF charges paid by an Applicant are non-refundable.
- e. Water Service Agreements, or any rights arising in connection therewith as provided in this Rule, may only be assigned by written notice of assignment provided to the Authority by the Applicant(s) executing the Water Service Agreement. For purposes of Applicant reimbursements for oversizing under this Rule, assignments shall not be effective until thirty (30) days after receipt by the Authority of the written notice of assignment. The Authority is not responsible for errors associated with making, or the inability to make, Applicant reimbursements under this Rule due to any dissolution of any joint venture, partnership, corporation or other entity, or where rights have not been properly assigned in accordance with this Rule.
- f. The Authority shall maintain detailed records of actual costs and provide all Applicants with an opportunity for review of such records, for a period of time in accordance with Authority's records retention schedules.

C. General Provisions

1. Construction Prior to Establishing Final Grade or Alignment. Where either final grade or the alignment of roads, streets and alleys, in the proximity of proposed facilities, have not been established, the Authority will require that the Applicant deposit cash or post an acceptable surety bond, in the amount of the Authority's estimated cost of relocation or reconstruction of the facilities thirty (30) Days prior to construction. Upon completion of any such relocation or reconstruction, the Applicant shall replace said surety bond with cash in the amount of the Authority's actual cost incurred in making the relocation or reconstruction.

Where the Applicant has deposited cash to cover such relocation or reconstruction, that deposit shall be adjusted by the Applicant or the Authority to reflect the Authority's actual cost incurred for the relocation or reconstruction. Applicant's responsibility for relocation expires at such time that final grade is established and it is demonstrated, to the satisfaction of the Authority, that the Authority's ~~water~~[Water](#) Facilities are installed in accordance with the Authority's Standards.

2. Easements and Right-of-Way. The Authority shall only construct or accept construction of Water System Facilities under this Rule that will be located in a public street, road or highway, which the Authority has the legal right to occupy. At its sole discretion, Authority may allow location of Water System Facilities on public lands and private property across which rights-of-way, easements and permits are satisfactory to the Authority have been provided by the Applicant. Easements on private lands less than 10 feet in width either side of the centerline of the Facilities, or easements located under

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A. Applicability

This Rule applies to and sets forth the responsibilities and requirements of a Person applying to the Authority for a Will-Serve Commitment letter from the Authority for the delivery of water to a new Service or Modified Service.

B. Definitions

1. Terms not defined in this Section shall have the meaning set forth in Rule 1.
2. As used in this Rule:
 - a. "Applicant" shall mean the Person applying for a Will-Serve Commitment letter.
 - b. "Authority Water Resources" shall mean water resources owned by the Authority and previously held within the Will-Serve Commitment Inventory.
 - c. "Current Usage" shall mean the annual quantity of water actually delivered to a Service Property based on most recent usage data as determined by Authority pursuant to Section 1.2, generally expressed in acre-feet per annum or acre-feet per year.
 - d. "Dedicated Water Resource" shall mean water resource credits, water rights, or water rights and necessary facilities accepted for dedication by an Applicant prior to the issuance of a Will-Serve Commitment letter, in order to meet the actual Demand of a new Service or Modified Service and/or Deficit Demand.
 - e. "Deficit Demand" shall mean the difference, as determined by the Authority pursuant to Section 1.2, between the Current Usage at the Service Property and the Demand recognized in the Will Serve Commitment letter or Historic Demand, if any, to a Service Property.
 - f. "Demand" shall mean the estimated annual quantity of water to be delivered to a Service Property, generally expressed in acre-feet per annum or acre-feet per year.
 - g. "Historic Demand" shall mean the estimated annual quantity of water, as determined by Authority, historically delivered by Authority or Authority's predecessor to a Service Property.
 - h. "Permitted Water Right" shall mean a water right for which the Authority has been issued a permit by the Nevada Division of Water Resources to use for municipal purposes in the Authority's place of use and to be diverted at the Authority's points of diversion.
 - i. "Will-Serve Inventory" shall mean the inventory of uncommitted water resources owned by the Authority which may be made available to Applicants to support an Applicant's Will-Serve Commitment pursuant to this Rule.

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j. "Truckee Meadows Resource Area ("TMRA")" shall mean the portion of the Service Area within which the Authority will accept for dedication, subject to Section F.3, any Truckee River water source/right for the delivery of water to the Service Property.

C. Will-Serve Commitment Letter Required

1. When Required. All Applicants for new Service or Modified Service must file an Application with the Authority for, and if the Authority determines that water resources are required to service the Demand of the new Service or Modified Service, a Will-Serve Commitment letter must be obtained for such service.
2. Methods to Obtain. A Will-Serve Commitment letter may be obtained from the Authority by the dedication to the Authority of Dedicated Water Resources as provided in Section F or by purchase from the Authority as provided in Section G.

D. Responsibilities and Requirements of Applicant

1. The Applicant shall submit, at the time of application for a Will-Serve Commitment letter, plans and specifications sufficient for the Authority to estimate Demand of the new Service or Modified Service as follows:
 - a. Subdivision plat or parcel map with square footages of lots, including landscaping plans for common irrigation areas showing turf areas with square footage and drip areas with water use calculations; and/or
 - b. Site plan(s) with layout of project, including plumbing and mechanical plans, and landscaping plans showing turf areas with square footage and drip areas with water use calculations; and/or
 - c. Any other information that the Authority may reasonably require to estimate annual Demand.
2. An Applicant with project(s) requiring Irrigation Service(s) must furnish with the application a written determination by the Local Government with jurisdiction over the sale of Reclaimed Water as to the extent to which the Local Government will commit to provide Reclaimed Water to the Applicant for some or all of the Irrigation Service Demand.

Use of Reclaimed Water is subject to the requirements of the Authority and NAC 445A to protect and separate the Authority's Potable supplies from Non-Potable water sources. If Applicant project(s) cannot be served by Reclaimed water or backflow protection devices do not meet Authority's Standards, the Applicant must supply water resources pursuant to Section F or G of this Rule sufficient to meet the Irrigation Service(s) Demand for the project(s).

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E. Methodology for Calculating Demand and Water Resources Requirement

1. The Applicant's Demand for new Service or Modified Service within the TMRA shall be computed as follows:

<u>Type of Unit</u>	<u>Demand</u> (Acre Feet Per year)
Single family residential lot based on square foot lot size, with a minimum Demand of .12 acre feet per lot	$\frac{1}{1.1 + (10,000 / \text{Lot size})}$
Mobile home parks with separate irrigation (per space)	0.25
Demand per unit for apartments, duplexes, condominiums, or townhouse units (excluding outside, utility room, laundry room and/or recreation uses)	0.12
Commercial or Industrial Services (including residential utility room/ recreation areas)	The best available data and estimating procedures as determined by the Authority shall be used or estimated average annual Demand as furnished by the Applicant or Customer and accepted by the Authority shall be used.
Irrigation	3.41 acre feet per acre, or, for drip systems, the Demand as calculated by a landscape architect or other qualified professional and verified by the Authority.

The Applicant's Demand for new Service or Modified Service outside the TMRA shall be estimated using best available data and estimating procedures as determined by the Authority.

2. The acre feet required for a new Service or Modified Service will be computed as follows:

Total Acre Feet Required (AFA) = Total Project Demand x Multiplier

Multiplier = (a) for mainstream Truckee River Rights the multiplier shall be 1.11.

(b) for groundwater rights, the multiplier shall be 1.00.

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(c) for all other water resources listed in Section F, the multiplier shall be such other number and/or other water sources/rights sufficient to provide an acceptable water supply, including but not limited to return-flow requirements, as determined by the Authority on a case by case basis.

F. Obtaining a Will-Serve Commitment Letter by Dedication of Water Rights

1. Requirement. When an Applicant seeks issuance of a Will-Serve Commitment letter from Dedicated Water Resources, the Applicant must dedicate to the Authority water rights sufficient to meet the Demand of the new Service or Modified Service as calculated pursuant to this Rule. Dedication of water rights will typically occur through conveyance to the Authority of title to the water rights. Under limited circumstances consistent with the Authority's discretion set forth in Section F.3, the Authority may consider acquisition of water rights for dedication through exchanges, leases, future purchases, or other acquisition agreements. Except in case where the Authority has expressly agreed to accept a temporary dedication or except as provided in Section I, dedication of water rights is irrevocable.
2. Types of Water Rights Eligible for Dedication. Water rights acceptable for dedication to the Authority may be comprised of one or a combination of the following. For purposes of calculating the quantity of water rights required for dedication, different multipliers may apply as set forth in this Rule to different types of water rights and/or water sources.
 - a. Mainstream Truckee River rights with a multiplier as set forth in Section E.2 of this Rule.
 - b. Other water rights of acceptable quantity and quality to the Authority with a multiplier as set forth in Section E.2 of this Rule.
 - c. Credits associated with the conversion of a domestic well to the Authority's water system as allowed by the Nevada Division of Water Resources.
 - d. Groundwater rights permitted for the Authority's use by the Nevada Division of Water Resources with a multiplier as set forth in Section E.2 of this Rule.
 - e. Imported or other water sources/rights and additional facilities/treatment necessary to implement or utilize these water sources which the Authority determines provide a sufficient water supply to meet the Demands of the new Service or Modified Service with a multiplier as set forth in Section E.2 of this Rule.

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- f. Credits established pursuant to this Section I of this Rule.

The Authority may require analysis of drought-year supply or yield of the water right(s), Nevada Division of Water Resources approval of transfer, and/or special conveyance to the Authority's facilities as conditions of accepting dedication of the aforementioned water rights.

3. Acceptance or Rejection of Water Rights. The Authority shall have the right, in its sole discretion, to accept or reject any water right(s) offered for dedication based upon its application of Section 7.F.2 and its consideration of the following:

- a. Whether the priority, quantity, ability to put the water right(s) to beneficial use, drought-year supply, yield, and quality of the water right(s) is sufficient to meet the Demand of the project for new Service or Modified Service;
- b. Whether the water right(s) can be successfully changed under applicable law to allow their use by the Authority for municipal and industrial purposes, at the Authority's place of use, and for diversion at the Authority's points of diversion; and
- c. Whether the Applicant can show unencumbered and clear title to ownership of the water right(s).

G. Obtaining a Will-Serve Commitment Letter by Purchase from the Authority

1. The Authority may maintain and make available from its Will-Serve Inventory of water resources available for commitment to support a Will-Serve Commitment letter to an Applicant's Project within the TMRA as provided in this Section. The Authority shall determine the price of purchasing a Will-Serve Commitment based on a weighted averaged of all direct and indirect costs associated with the acquisition of water rights held in the Will-Serve Inventory, which shall include, but not be limited to:

- a. The actual purchase or lease price of the water rights;
- b. The cost or value of water rights determined through exchanges or trades of different various types of water rights or water resources identified in Section F.2 of this Rule;
- c. The Authority's cost to research, verify and acquire title to the water rights;

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- d. The Authority's cost to change the point of diversion, place and manner of use of the water rights through the Nevada Division of Water Resources;
 - e. An annual carrying charge pursuant to the weighted average interest on the Authority's debt calculated and applied on a daily basis; and
 - f. Miscellaneous fees and office expenses associated with acquiring the water rights.
2. Will-Serve Commitment letters utilizing Will-Serve Inventory can only be purchased to the extent of the demand of Applicant's project and to the extent sufficient inventory exists in the Will-Serve Inventory. Only Applicants eligible under Section G.4 may purchase Will-Serve Commitment letters. Priority among eligible Applicants to purchase Will-Serve Commitment letters shall be on a first come, first served basis determined by the date Authority has received a complete application for the New or Modified Service. The Authority will notify an Applicant with priority in writing of the availability of sufficient inventory to serve the demand of Applicant's project certified mail, hand delivery, fax, or email, and will reserve such inventory until 5:00 PM PST of the tenth full business day following delivery of such notice. In the event the Applicant does not purchase the Will-Serve Commitment letter by 5:00 PM PST of the tenth full business day following such notice, the Authority will release the inventory to the next eligible Applicant, and the Applicant electing not to purchase the Will-Serve Commitment letter shall forfeit its priority and move to the end of the line of all then eligible Applicants.
 3. The price of purchasing a Will-Serve Commitment letter utilizing the Will-Serve Inventory will be established by the Authority in the following manner:
 - a. Within fifteen (15) days of the end of each month, the Authority will calculate the general price associated with the acquisition of water rights in the Will-Serve Inventory by dividing the costs associated with the acquisition of water rights by the remaining balance of water rights in inventory. The resulting price shall be effective on the first business day of the following week; or
 - b. In the event additional water rights are acquired, the Authority shall determine a new price by dividing the costs associated with the acquisition of water rights by the remaining balance of water rights in inventory. The resulting price shall become effective on the first business day of the following week,

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4. The Applicant may purchase a Will-Serve Commitment letter sufficient to meet the Demand for the Applicant's Project -within the TMRA from the Authority only if the following conditions are met:
 - a. No water rights are appurtenant to the location at which new Service or Modified Service is being sought; or
 - b. The Applicant does not have any water rights banked with or previously conveyed to the Authority or other Local Government which remain uncommitted to a Project but could be available for Applicant's Project; or
 - c. The Applicant does not own any water rights that could be dedicated to the Authority pursuant to Section F of this Rule; and
 - d. The Authority has a sufficient inventory of water rights in the Will-Serve Inventory to meet the Demand for the Applicant's Project.

Where the Applicant is a Local Government or State agency seeking New or Modified Service, the Applicant may be granted an exemption to Section G.4(c) if Applicant's Water Resource(s) are committed to current or future water quality purposes, return flow requirements, effluent reuse, recharge, drought reserve, protection against demand fluctuations or such other appropriate water resource management or public use purposes approved by the Board.

Where the Applicant is a Wholesale Service applying for New or Modified Service on behalf of the owner of a retail project within the Wholesale Service's retail service area, Section G.4 shall apply to the owner of the of retail project as if the owner of the retail project were the Applicant.

H. Fees and Issuance of Will-Serve Commitment Letter

1. Fees Related to Dedication of Water Rights. Prior to the acceptance of Dedicated Water Resources to the Authority, Applicants will pay fees provided in Rate Schedule BSF to research and verify title, and the Applicant shall provide the Authority all documents and maps evidencing the water rights, including but not limited to (i) Nevada Division of Water Resources Application to Change and supporting Map and/or Report of Conveyance, and Abstract of Title; and (ii) copies of permits and/or certificates issued by the Nevada Division of Water Resources evidencing water rights, and Applicant is responsible for the costs as determined by the Nevada Division of Water Resources for the submission of a Report of Conveyance, Abstract of Title and all related documents as part of the application process with the Nevada Division of Water Resources.

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2. Fees for Issuance of Will-Serve Commitment letter. In addition to any other fees in this Rule, Applicants shall pay fees provided in Rate Schedule BSF to prepare the documents necessary to issue each Will-Serve Commitment letter.
3. Water Meter Retrofit Fund Fees. Applicants for New or Modified Service within the TMRA relying on any water right other than the conversion of domestic well, imported water sources or groundwater rights for a Will-Serve Commitment letter will pay to the Authority's water meter retrofit fund the sum of \$1,830.00 per AF of Demand related to the new Service or Modified Service and to Deficit Demand prior to the issuance of the Will-Serve Commitment letter.
4. The Applicant is responsible for delivery of the Authority-issued Will-Serve Commitment letter and accompanying documentation to appropriate government entities.
5. Banking Water Rights. The Authority may, in its sole discretion, allow any Person to bank water rights with the Authority for future use by any Person. In the event an individual, any joint venture, partnership, corporation or other entity desires to dedicate water rights to the Authority for the Authority to hold or bank for the future use by the Applicant, or Applicant's designated successor, for a Will-Serve Commitment letter, the Applicant, or Applicant's designated successor, will pay applicable fees set forth in this Section and execute a banking agreement with the Authority. The Applicant, or Applicant's designated successor, shall be billed by the Authority for any fees such as Extension of Time associated with maintaining banked water rights in good standing with the Nevada Division of Water Resources.
6. Issuance of Will-Serve Commitment Letter After Dedication of Water Rights. After the Applicant has satisfied the requirements of Section F and paid the fees under Section H, and the Authority has accepted the Dedicated Water Resource, the Authority shall:
 - a. Prepare the necessary documentation to deed the Dedicated Water Resource to the Authority or Local Government;
 - b. Record such deed at the County Recorder; and
 - c. Upon execution of such deed and acceptance of the Dedicated Water Resource by the Authority, issue a Will-Serve Commitment letter to the Applicant for new Service or Modified Service at the location requested by Applicant.

Truckee Meadows Water Authority

RULE 7

REQUIREMENTS FOR WILL-SERVE COMMITMENT LETTERS

7. Issuance of Will-Serve Commitment Letter After Purchase. After an Applicant has satisfied the requirements of Section G, paid the price determined in Section G, and paid the fees under Section H, the Authority will issue a Will-Serve Commitment letter to the Applicant for new Service or Modified Service at the location requested by the Applicant.
8. Obligation to Serve. Until such time as the Authority has issued a Will-Serve Commitment letter to an Applicant and facilities are installed pursuant to the Authority's rules to delivery water to the Project, the Authority is not obligated to provide the new Service or Modified Service.
9. Will-Serve Commitments Appurtenance. Will-Serve Commitment letters issued by the Authority and Historic Demand are appurtenant to the Service Property.

I. Project Cancellation, Expiration or Termination and Adjustments

1. A Will-Serve Commitment letter is automatically revoked and shall be null and void without further notice from the Authority on the date (i) Applicant provides written notice to the Authority that Applicant's project is canceled; or (ii) approval for Applicant's project expires or is terminated by the applicable governing body. In such event and upon written request of the Applicant:
 - a. The Authority shall reconvey to the Applicant any water rights dedicated by the Applicant pursuant to Section F of this Rule for the revoked Will-Serve Commitment Letter; or
 - b. In the Authority's sole discretion, the Authority may hold or bank Dedicated Water Resources or Authority Water Resources in connection with the revoked Will-Serve Commitment letter for the use by the Applicant, or Applicant's designated successor or assign, for a new Will-Serve Commitment letter for another project(s); or
 - c. The Authority shall refund to the Applicant, without interest, the full amount paid to the Authority by the Applicant under Sections H.3 and G as applicable provided (i) the Applicant submits a written request for such a refund to the Authority within ninety (90) days of the issuance of the Will-Serve Commitment letter, or (ii) the total amount eligible for refund is \$100,000 or less. In the event the Authority grants a refund under this subsection, the Authority will return the Authority Water Resources supporting the revoked Will-Serve Commitment Letter to the Will-Serve Inventory; or

Truckee Meadows Water Authority

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- d. The Authority shall credit (credit in acre feet) the Applicant, or Applicant's designated successor or assign, the amount of Water Resources purchased by Applicant under Section G, which credit can be applied to Application(s) for new Service and Modified Service within the Authority's ~~retail service area~~ TMRA as directed in writing by the Applicant, or Applicant's designated successor or assign.
2. Will-Serve Commitment Adjustments and Issuance of Water Resource Credits. Adjustments to the quantity of water resources committed to a Service Property may be made pursuant to this Section where:
- a. An existing building(s) or facility(ies) has been demolished or removed and service to the Service Property is disconnected. A water resource credit (credited in acre-feet) will be issued to the owner of the Service Property under this Section 1.2.a equal to the Demand in the Will-Serve Commitment letter or Historic Demand, if:
 - (1) The owner of the Service Property on which service is to be disconnected records a deed restriction with the County Recorder in form acceptable to Authority declaring that there is no entitlement to water resources and/or water service from the Authority benefiting such parcel(s) at the Service Property; and
 - (2) Service at the Service Property is retired in accordance with Rule 6.

After completion of the requirements of Section 1.2.a(1) and 1.2.a(2) the Authority's commitment to deliver water to the Service Property shall be deemed revoked and any Applicant for the delivery of water to the Service Property must submit an Application for new Service and satisfy all requirements in this Rule, including supplying water resources pursuant to Section F or G prior to issuance of a Will-Serve Commitment letter for the new Service at the Service Property.
 - b. The projected Demand of a new Service or Modified Service at the Service Property is less than the Demand in the Will-Serve Commitment letter or the Historic Demand at the Service Property, in which event a water resource credit (credited in acre-feet) will be issued to the owner of the Service Property under this Section 1.2.b equal to the difference. If the projected Demand of the new Service or Modified Service is greater than the Demand in the Will-Serve Commitment letter or the Historic Demand at the Service Property, no adjustment will be made or water resource credit issued, and the Applicant must dedicate sufficient water resources to the Authority in accordance with this Rule equal to the projected increase in Demand plus any Deficit Demand at the Service Property prior to the issuance of a new or revised Will-Serve Commitment letter for any new Service or Modified Service at the Service Property.

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REQUIREMENTS FOR WILL-SERVE COMMITMENT LETTERS

- c. The owner(s) of a Service Property requests an adjustment of Demand based on Current Usage at the Service Property and:
- (1) The Service Property is not located on a parcel created by subdivision plat (or map) pursuant to NRS Chapter 278;
 - (2) The Demand being adjusted is not a Residential Service;
 - (3) The person(s) requesting the adjustment owns all real property at the Service Property benefitted by the quantity of water committed to the Service Property; and
 - (4) There is at least three (3) or more years of continuous metered water use data or other historic Demand data as determined by the Authority to establish the Current Usage for the Service Property being adjusted.

If the Service Property satisfies the requirements of Section I.2.c and Demand in the Will-Serve Commitment letter or Historic Demand is greater than the Current Usage, Authority shall issue a water resource credit (credited in acre-feet) to the owner of the Service Property equal to the difference and issue a revised Will-Serve Commitment letter to the Service Property. If a Deficit Demand exists at the Service Property no adjustment will be made or water resource credit issued.

3. Water resources supporting any water resource credits issued by the Authority to the owner of a Service Property are owned by the Authority and shall be held for the benefit of the owner(s) of the Service Property, or his designated successor or assign subject to the terms and conditions set forth in Authority's water resource banking agreement. Water resource credits:
- a. Shall be issued in acre feet and shall state quantity in terms of Demand;
 - b. May be used in connection with any application for new Service or Modified Service and is acceptable to meet the Demand under this Rule;
 - ~~c. Must be used in the Authority's retail service areas;~~
 - d. ~~Must be used in~~ areas where sewer flows are returned to the Truckee River, unless additional resources are must be supplied pursuant to Sections F or G for sufficient for return flows;
 - e. Shall be issued to the owner of the Service Property;
 - f. May be sold, assigned or transferred to other parties upon notification to and written approval from the Authority and only to the extent the water resource credits exceed one acre foot. The Authority may assist with such sales on request.

J. General Provisions

1. Nothing in this Rule shall be construed to usurp the planning functions of the Local Governments. Applicants shall be deemed in compliance with the provisions of this Rule if the

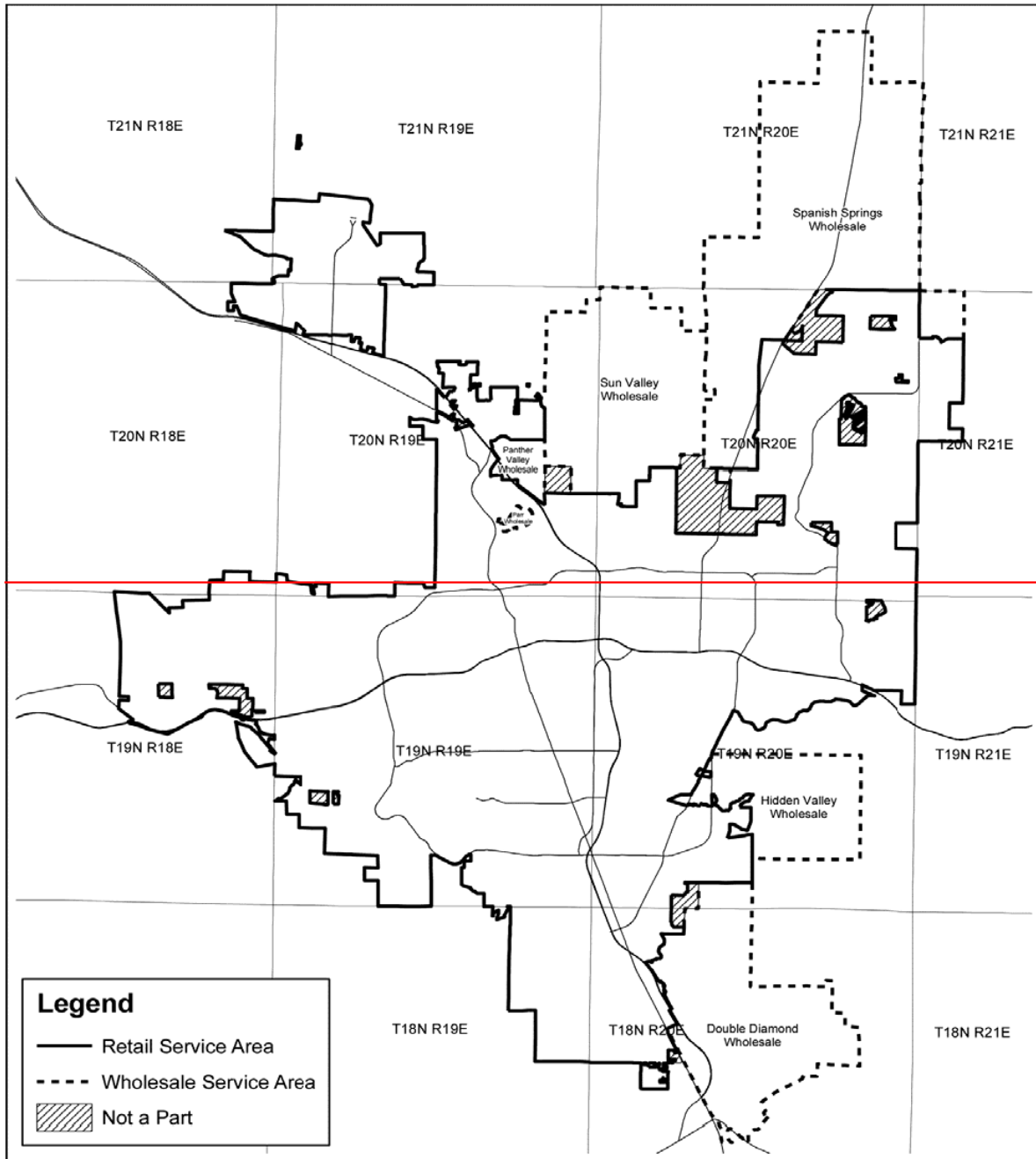
Added: 03/01/08 Amended: 01/19/12

RULE 9

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RULE 9

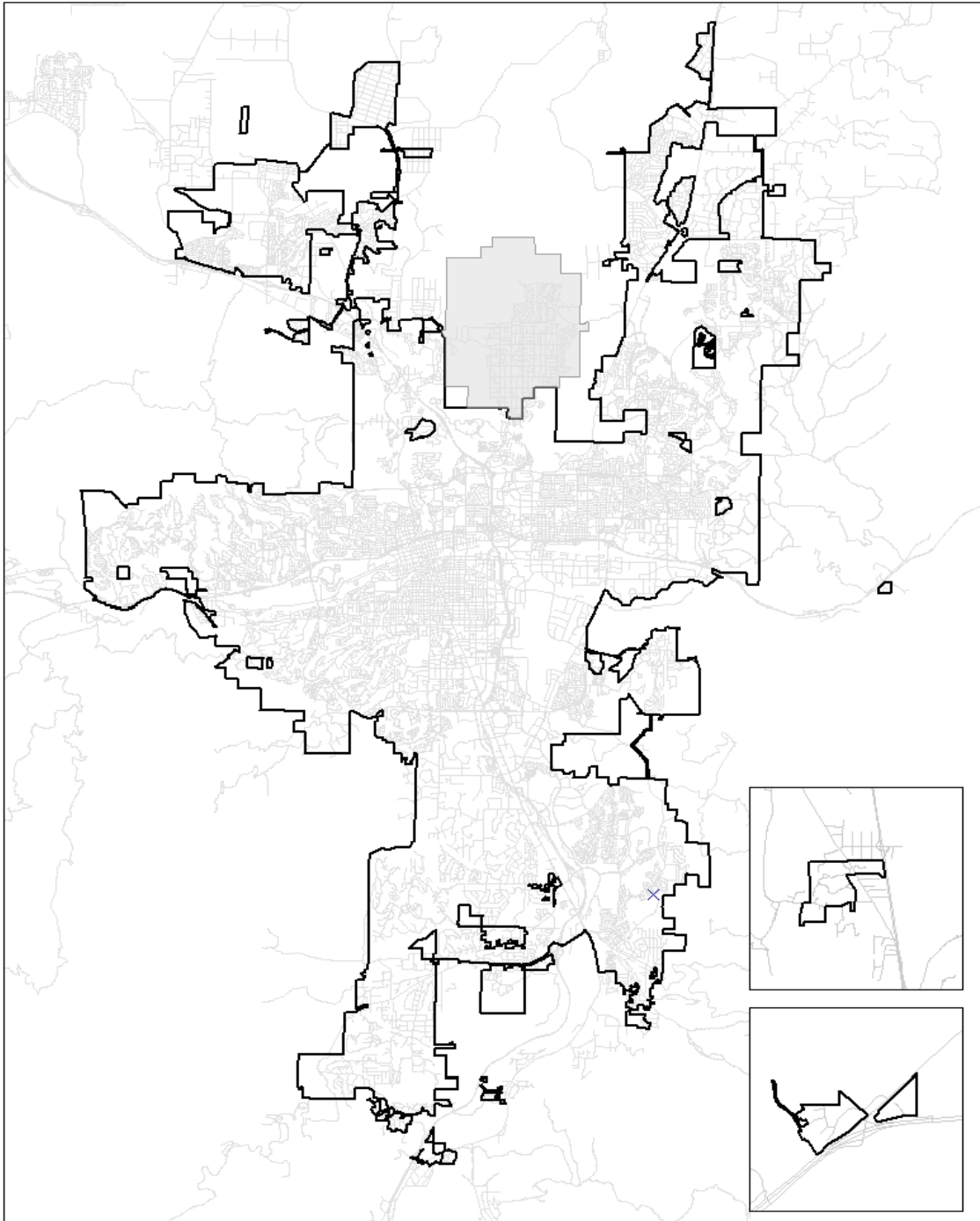
SERVICE AREA BOUNDARIES - RETAIL



Truckee Meadows Water Authority

RULE 9

SERVICE AREA BOUNDARIES - RETAIL



RULE 10

(Repeal Current Rule in its Entirety)

SCHEDULE LVS

Truckee Meadows Water Authority

RATE SCHEDULES

LVS – LARGE VOLUME RESALE SERVICE

APPLICABILITY

Large Volume Resale Service is applicable to water companies for resale within a Customer's Wholesale Service areas as established in Rule No. 10 included in this rate schedule.

AVAILABILITY

Large Volume Resale Service is available from existing facilities of Authority located within its Wholesale Service territories.

RATES

Commodity Rates per 1,000 Gallons

Sun Valley General Improvement District

First 29,000,000 Gallons per Billing Period	\$1.48
Greater than 29,000,000 Gallons per Billing Period	\$2.45

~~**Washoe County – Spanish Springs Valley**~~

First 21,000,000 Gallons per Billing Period	\$1.41
Greater than 21,000,000 Gallons per Billing Period	\$2.33

Additional Charges

Customer Charge per Meter per Billing Period	\$126.50
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Late Charge:

5% of any amount in arrears from previous billings.

Truckee Meadows Water Authority

RATE SCHEDULES

LVS – LARGE VOLUME RESALE SERVICE

Other Charges:

As specified in Rate Schedule OC excluding Regional Water Management Fee and applied to total bill.

MINIMUM CHARGE

The Minimum Charge for delivery of water for this service shall consist of the Customer Charge, commodity charge, late charge, and right-of-way toll per Billing Period.

SPECIAL CONDITIONS

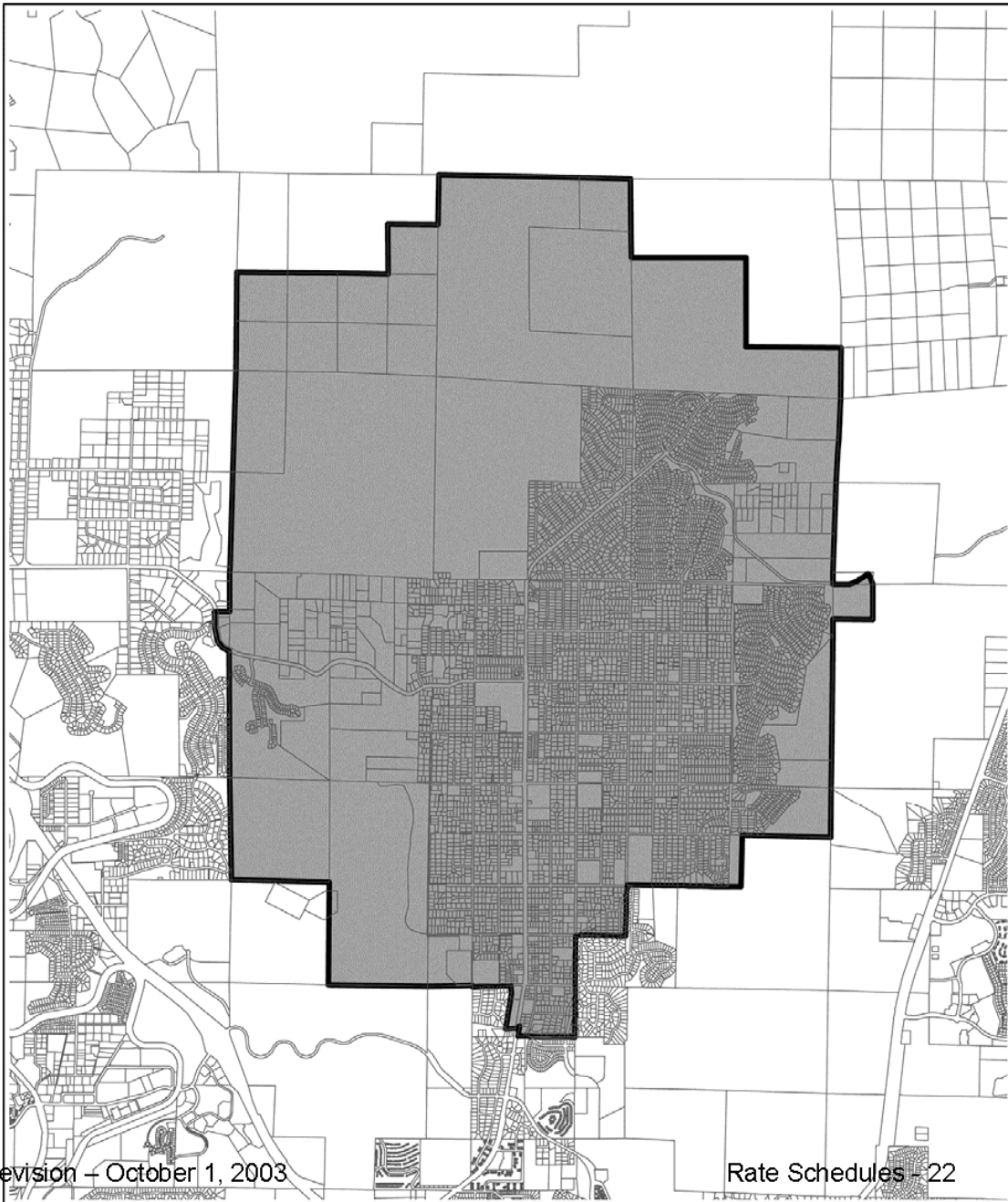
1. A written contract for delivery of water between the Authority and Customer will be required. The contract shall require the Customer to distribute water within a mutually agreeable specified geographic area, or use water for a mutually agreeable specified purpose.
2. The Customer shall pay all interconnection costs necessary to provide delivery of water per this Rate Schedule, consistent with the Authority's Rules. Any exceptions to this provision will be clearly delineated in the contract.
3. This Rate Schedule is closed to new applications for the delivery of water through a 3" Service Connection.
4. The Authority, in agreement with Customers billed under this Schedule, may annually adjust the tier usage level in this schedule which adjustment would be effective the first billing cycle in June. The adjustment made to each Customer's tier would be based on the average usage of the preceding Winter Usage.

Truckee Meadows Water Authority

RATE SCHEDULES

LVS – LARGE VOLUME RESALE SERVICE

PARCEL A - Sun Valley General Improvement District Wholesale Service Area



First Revision – October 1, 2003

Rate Schedules – 22

Truckee Meadows Water Authority

RATE SCHEDULES

LVS – LARGE VOLUME RESALE SERVICE

NOTE: The wholesale service areas within this schedule are the approximate boundaries of the wholesale Customer and are subject to occasional adjustment by the wholesale Customer and Authority. The Authority attempts to keep a current map posted on its website, at www.tmwa.com; however, this map may not show sufficient detail to depict location of a Service Property precisely which the Authority will determine at the time of application.

SCHEDULE FSPR

Truckee Meadows Water Authority

RATE SCHEDULES

FSPR – FIRM STANDBY AND PARTIAL REQUIREMENTS

APPLICABILITY

Firm Standby/Partial Requirements Service is available, at the sole discretion of the Authority, to ~~water companies for resale within Wholesale Service areas as established in Rule No. 10, and where another Rate Schedule is not specifically applicable. This Rate Schedule is limited to~~ Customers where: (1) none of their water requirements are supplied by the Authority and the Authority must agree to provide standby water for this service or, (2) only a portion of their normal daily water requirements are supplied by the Authority and the Authority agrees to supply supplies partial water requirements.

AVAILABILITY

Firm Standby/Partial Requirements Service is available from existing Facilities of the Authority located within its water service territories.

RATES

<u>Customer Charge per Meter per Billing Period</u>	\$126.50
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Commodity Charge per 1,000 Gallons, All Meter Sizes

Per Billing Period	\$0.98
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Demand Charge

Per Billing Period in the On-Peak Period:

Per 1,000 Gallons of Contract Demand	\$14.15
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plus

Per 1,000 Gallons of Actual Demand above the Contract Demand up to the Allowable Variance	\$84.90
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plus

Per 1,000 Gallons for which the Actual Demand exceeds the Contract Demand including the Allowable Variance	\$169.80
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Per Billing Period in the Off-Peak Period:

Per 1,000 Gallons of Contract Demand	\$14.15
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Late Charge

5% of any amount in arrears from previous billings.

Truckee Meadows Water Authority

RATE SCHEDULES

FSPR – FIRM STANDBY AND PARTIAL REQUIREMENTS

Other Charges

As specified in Rate Schedule OC excluding Regional Water Management Fee and applied to total bill.

MINIMUM CHARGE

The Minimum Charge for delivery of water for this service shall be the sum of the Customer Charge, commodity charge, demand charge, late charge, and right-of-way toll per Billing Period.

SPECIAL DEFINITIONS

1. **Contract Demand:** Contract Demand is defined as the Customer's maximum firm daily capacity (in thousands of gallons) for which Authority will standby for or provide as partial requirements during the On-Peak Period. The Contract Demand designation shall also set the Customer's maximum daily usage to be served by Authority during the Off-Peak Period. Usage may be subject to curtailment/interruption by Authority per Special Condition No. 1 of this Rate Schedule. The Contract Demand shall be designated in the contract for service and is subject to adjustment by Authority pursuant to the terms of Special Condition No. 5 of this Rate Schedule.
2. **Actual Demand:** The Actual Demand is defined as the maximum metered daily usage occurring in the Billing Period.
3. **Allowable Variance:** The allowable variance amount is 5% above the Contract Demand during the On-Peak Period, unless another variance amount is specified in the contract for service.

SPECIAL CONDITIONS

1. A contract for service between the Authority and the Customer will be required for delivery of water under this Rate Schedule. The service contract shall require the Customer to distribute water within a mutually agreeable specified geographic area and/or use water for a mutually agreeable specified purpose. The service contract shall include but is not limited to the level of firm service required by the Customer over the term of the agreement (i.e., the Contract Demand), conditions for the termination and extension of delivery of water, requirements as to water resources sufficient to supply water, the specific delivery requirements of the Customer, conditions of delivery, provisions outlining possible service interruptions or

Truckee Meadows Water Authority

RATE SCHEDULES

FSPR – FIRM STANDBY AND PARTIAL REQUIREMENTS

curtailments, and, where appropriate, assurances of financial security sufficient to ensure payment of all charges for delivery of water.

2. Delivery of water hereunder is available ~~intended for, and limited to, wholesale water~~ Customers with firm standby or partial water requirements who own and operate their distribution system; and are capable of supplying a-all or a portion of their water supply, who provide their own daily storage, fire protection, maintenance, billing, etc. ~~which is necessary to provide their retail service.~~
3. Customer shall take delivery of water at a point within or adjacent to the Authority's existing distribution Facilities of adequate capacity to provide required delivery of water, or shall pay Authority's entire cost for providing such facilities.
4. The Customer shall provide and install the necessary Meter Facilities, inclusive of the Meter and, if required by the Authority, telemetry equipment necessary for daily meter readings as well as any other equipment required for delivery of water hereunder including flow control devices, piping, and other related equipment. All required equipment and facilities shall be installed in accordance with Authority specifications and in a location that is mutually acceptable. Meter and Meter Facilities shall remain under the sole ownership and operation control of the Authority, unless otherwise specified by the Authority.
5. Contract Demand Adjustment: The established Contract Demand may be adjusted by the Authority to a higher, permanent level if:
 - (i) the Customer's Actual Demand exceeds the existing Contract Demand by ten (10) percent or more two (2) times in the On-Peak Period over any consecutive 24 month period, or
 - (ii) if the Customer's Actual Demand exceeds the existing Contract Demand by twenty (20) percent or more in any month of the On-Peak Period.

If either of these two conditions is met, the Customer's Contract Demand may be reset to the highest Actual Demand imposed by the Customer during the On-Peak Period in the last 24 months.

6. Special Condition No. 5 above shall not apply during periods of legitimate emergency, beyond the control and foresight of the Customer, which require the Authority to deliver water in excess of the Contract Demand. The Customer must notify the Authority of any emergency situation requiring the Authority to deliver water in excess of the Contract Demand. If an emergency arises, the Customer shall notify the Authority with reasonable speed, verbally or by phone, specifying the nature of the emergency, the estimated quantity of water to be delivered, the time at which the emergency began, and the time at which the emergency ended.

Truckee Meadows Water Authority

RATE SCHEDULES

FSPR – FIRM STANDBY AND PARTIAL REQUIREMENTS

7. The Authority is not obligated to provide service to a Customer at levels of capacity that exceed the Contract Demand in the Off-Peak or On-Peak Period. Service in excess of the Contract Demand may be subject to curtailment or total interruption by Authority at its sole discretion. If usage above the established Contract Demand occurs in the On-Peak Period the Authority may adjust the Customer's Contract Demand upward pursuant to Special Condition No. 5 above. In accordance with Special Condition No. 6 above, the Authority shall try to accommodate a Customer's requirements for water deliveries in excess of the Contract Demand when an emergency situation exists.

8. The Authority is not obligated to deliver water at total annual volumes or quantities of water in excess of the level specified in the contract for service. Delivery of water in excess of the annual quantities designated may be subject to curtailment or total interruption by the Authority at its sole discretion.