

NORTH TEXAS MUNICIPAL WATER DISTRICT

JULY 1972

DISTRICT POLICY NO. 8
AMENDED JANUARY 25, 1990
AMENDED JUNE 23, 1994
AMENDED NOVEMBER 2007
2026

**ADDITIONAL DELIVERY POINTS FOR MEMBER CITIES AND
~~TRANSMISSION LINE EXTENSIONS~~ EXISTING CUSTOMERS**

SECTION I. POLICY STATEMENT AND DEFINITIONS

A. The purpose It is NTMWD's policy to consider Member City and Existing Customer requests for Additional Delivery Points where feasible, as determined in the discretion of the Board of Directors. Any funds received by NTMWD from a Member City or Existing Customer pursuant to this policy is to establish a method to extend transmission pipelines and provides shall be dedicated to the NTMWD Regional Water System capital program.

B. Definitions. The following definitions shall apply to this policy:

Additional Delivery Point(s): An additional delivery points, at the request of Member Cities point for wholesale treated water service not yet in existence where wholesale treated water passes from the Regional Water System to the Member City or Existing Customer's retail system.

Annual Minimum: The minimum amount of potable water for which a Member City or Existing Customer must compensate NTMWD on an annual basis pursuant to its Water Supply Contract.

Conveyance Lines: Treated water conveyance pipelines with associated facilities and Customers, on pipelines and connections appurtenances of twelve inches (12") or larger. Transmission pipelines, as used in the context of this policy, are defined as pipelines designed and constructed in conjunction with ground storage reservoirs and pump stations, which transfer which convey large volumes of water required for wholesale Member City or Existing Customer delivery points at ground storage reservoirs. Retail distribution feeder mains, which are connected directly to various sections of distribution systems and/or to elevated storage tanks to assure a more uniform pressure within municipal Member City or Existing Customer's retail distribution systems; are not considered to be transmission pipelines Conveyance Lines.

Existing Customer: A Customer currently receiving service from the Regional Water System at the time of its request for an Additional Delivery Point.

Project: NTMWD Regional Water System capital improvements and related planning, engineering, and right of way acquisition associated with an Additional Delivery Point requested under this policy.

Project Costs: All engineering, legal, planning, surveying, right of way, land acquisition, permitting, construction, financing, capacity replacement (if applicable), and related costs incurred by NTMWD associated with a Project, and subject to the provisions of the Member City or Existing Customer's Water Supply Contract governing delivery points. Project Costs may include, as applicable under this policy, NTMWD's estimated replacement costs of capacity reduced in an existing Conveyance Line as provided in Section V. below. Project Costs are determined by NTMWD in its sole discretion.

Water Supply Contract: For Member Cities, that certain *North Texas Municipal Water District Regional Water Supply Facilities Amendatory Contract*, as amended (Member City Contract); and for existing Customers, their current Potable Water Supply Contract, and all amendments.

Water Year: The period of August 1 of each calendar year through July 31 of the next following calendar year during which a Member City or Existing Customer's water delivery from the Regional Water System is measured.

SECTION II. GENERAL CONDITIONS

- ~~A. The intent of this policy is to provide an adequate method for the extension of transmission pipelines and the provision of additional delivery points to Member Cities and Customers within the guidelines of the policy but the Board of Directors expressly reserves the right to evaluate each project on its merits and modify the individual agreements based on the judgment of the Board of Directors in accordance with the prevalent factors involved and the planned system expansion of the District.~~
- ~~B. Financing capital improvements entails a definitive financing program and nothing in this policy contemplates requiring the District to issue additional bonds when in the judgment of the Board of Directors this would not be in the best interest of the District.~~
- ~~C. This policy would not be applicable on the District's responsibility to supply additional capacity to the original points of delivery of the Member Cities, nor would the policy be applicable to a new point of delivery, which was established for the convenience of the District or the creation of an additional point of delivery due to economic or engineering factors advantageous to the District (rather than supplying the water through the original delivery point).~~
- ~~D. When this policy is used for the extension of transmission lines or to establish an additional delivery point, it is not contemplated that this would increase the responsibility of the District to increase water volumes beyond capacity of the new facilities. In the future, if~~

A. additional volume is necessary and new or parallel lines must be constructed, the same policies would be utilized as though the facilities constructed under this policy were not in existence. This policy should not be interpreted as requiring NTMWD to issue bonds for any Project.

B. This policy does not apply to Member City or Existing Customer requests for additional capacity at existing delivery points or to Additional Delivery Points initiated by NTMWD to benefit NTMWD Regional Water System planning and operations.

~~E. The Board of Directors may, from time to time designate pipelines that serve multi-cities and a general area as a "major pipeline system". A major pipeline system would not require payments under transmission line extension policy for new delivery points. Delivery points beyond the major pipeline system would conform to transmission line extension policy.~~

SECTION III. TRANSMISSION PIPELINE EXTENSIONS- ADDITIONAL DELIVERY POINT REVIEW AND CONTRACT PROCESS

A. CITY RESPONSIBILITIES:

The city would make a formal request to the District for a new delivery point requiring a transmission pipeline extension by preparing

1.A. The Member City or Existing Customer shall prepare a preliminary plan showing a proposed location for the new delivery point Additional Delivery Point with estimates of usage annually for the first six (6) years and total future annual requirements, as requested by NTMWD. This information would shall also include the estimated population projections for the service area and information on reasons for the anticipated growth the basis for such projections.

B. NTMWD shall prepare a cost estimate of the Project Costs. NTMWD estimates of Project Costs shall be valid for one year.

C. The Member City or Existing Customer agrees to reimburse NTMWD the Project Costs in a lump sum or through an annual payment plan of equal annual payments extending for a term of no greater than ten (10) years. The annual payment plan shall include interest based on the current U.S. 10-Year Treasury Rate as of and commencing on the effective date of the written agreement between NTMWD and the Member City or Existing Customer for the payment of the Project Costs. The 10-Year Treasury Rate shall be the 10 Year Treasury Par Yield Curve Rate as published by the United States Department of the Treasury.

D. NTMWD shall prepare the written agreement with the Member City or Existing Customer regarding the Project.

~~B. E. The city would agree to construct storage for receiving water at the new delivery point and providing adequate land area for the District to construct a metering station on the new delivery site.~~

~~C. The city would agree to assist the District in acquisition of all right-of-way necessary within the city limits. The cost of the right-of-way would be included in the project, with the District providing legal and engineering service, and the District would maintain final approval of any purchase.~~

~~D. The city would agree to accept a new minimum on the new delivery point established as follows:~~

~~a. The sixth year minimum requirement would be calculated based on the capital component of the Member City rate for the current year being divided into the calculated annual debt service for the total cost of the project including engineering, right-of-way, legal, and construction.~~

~~b. For that fractional part of the fiscal year in which the first tender of water at the new delivery point shall be made available to the city, the amount of the minimum shall be determined as the fractional part of the fiscal year remaining is to the first year's annual minimum.~~

~~c. The following shall be the actual percentage of the sixth year minimum applicable to each year:~~

| | |
|-------------------------|-------------------------|
| First - 25% | Fourth - 70% |
| Second - 40% | Fifth - 85% |
| Third - 55% | Sixth - 100% |

- d. ~~After the sixth year minimum has been reached, the minimum shall be increased in accordance with the then policy of the Board of Directors for all minimums.~~
5. ~~The city shall agree to pay the full water rate applicable each year for all water purchased through the new delivery point until the sixth year annual minimum is achieved without the benefit of excess water sales through the new delivery point until the consumption at the new delivery point is in excess of the sixth year minimum.~~

~~B. DISTRICT RESPONSIBILITIES~~

~~Upon approval of the Board of Directors, the District shall:~~

1. ~~Prepare plans and specifications for the construction of the project from the existing District transmission facilities to and including the metering station on the site furnished by the city.~~
2. ~~Finance the total construction of the pipeline extension including any pumps necessary for transporting the water from existing District facilities through the metering station.~~
3. ~~Acquire all necessary right of way for the pipeline extension, with the assistance of the city, except for the site at the new delivery point.~~
4. ~~The District would attempt to meet the time requirements of the city for service within the ability of the District to adequately finance and construct the facilities.~~

~~The Member City or Existing Customer executes a written agreement with NTMWD setting forth the terms and conditions for payment of the Project Costs to NTMWD.~~

~~F. If it is projected that the addition of the Additional Delivery Point will result in the Member City or Existing Customer exceeding its current contractual Annual Minimum, the Member City or Existing Customer will execute an amendment to its service agreement with NTMWD reflecting the new annual minimum. The new Annual Minimum will not take effect until the subsequent Water Year.~~

~~SECTION IV. DELIVERY POINTS ON EXISTING TRANSMISSION PIPELINES~~

~~A. BETWEEN CITY'S ORIGINAL POINT OF DELIVERY AND THE NTMWD CONVEYANCE LINES HYDRAULICALLY CLOSER TO NTMWD'S TREATMENT PLANT PLANTS THAN ORIGINAL DELIVERY POINT~~

1. ~~A city~~A Member City or Existing Customer is eligible for a new delivery point an Additional Delivery Point on existing transmission pipelines without additional minimum Conveyance Lines when the new delivery point Additional Delivery Point is located on an existing transmission line between an original delivery point of the city and the NTMWD Treatment Plant Conveyance Line and would not reduce NTMWD's water conveyance capacity to other Member Cities and Existing Customers, if adequate capacity is available, and the city will pay the total cost of taps, pipeline connection, and metering station subject to the provisions of the Member City or Existing Customer's Water Supply Contract governing delivery points.

2. ~~The District will finance the cost of taps, pipeline connection, and metering station for a city to a new delivery point on existing transmission pipelines if the city will accept the same six (6) year minimum provisions and other conditions in accordance with Section III of this policy.~~

~~B. SECTION V. DELIVERY POINTS ON EXISTING TRANSMISSION LINE BEYOND ANCONVEYANCE LINES HYDRAULICALLY FURTHER FROM NTMWD'S TREATMENT PLANTS THAN ORIGINAL DELIVERY POINT~~

1. ~~A city. A Member City or Existing Customer may obtain a new delivery point an Additional Delivery Point on an existing ~~District transmission~~NTMWD conveyance line ~~beyond hydraulically further from~~ the original delivery point of the ~~city~~Member City or Existing Customer, when adequate capacity is available if~~

~~the city will accept the same six (6) year minimum provisions and other conditions in accordance with Section III of this policy. The minimum calculation will be based on, the inclusion of the Member City or Existing Customer agrees to pay the replacement cost of the ~~reduced~~ capacity ~~of to be used in~~ the existing pipeline Conveyance Line between the original delivery point and the ~~new~~ delivery point.~~

~~SECTION V. REGIONAL PIPELINES CONSTRUCTED FOR TWO OR MORE CITIES~~

~~A. REGIONAL PIPELINES CONSTRUCTED BY THE NTMWD~~

- ~~1. A city may request the Additional Delivery Point as a part of the Project Costs. To determine the replacement cost, NTMWD shall estimate the costs to construct a water transmission pipeline from an NTMWD delivery point to an additional point of water delivery when two or more cities are involved in using new conveyance line with sufficient capacity to restore the pipeline for water transmission purposes. The NTMWD would be responsible for engineering design, construction, and maintenance of the pipeline during the life of any outstanding debt due to the NTMWD on the pipeline.~~
- ~~2. The cities agree to be responsible for the total cost of the project including engineering, bond amortization, and maintenance. The selection of the consulting engineer to design the project, ownership of the pipeline, and the method of financing would be approved and included in a contractual agreement between the NTMWD and the cities during the original negotiations.~~

~~B. FINANCING REGIONAL TRANSMISSION PIPELINES~~

- ~~1. A regional water transmission pipeline including two or more cities may be financed capacity reduction caused by the NTMWD as a special project with bonds issued based on contracts with the individual cities involved or the pipeline may be built from the Additional Delivery Point. The purpose of the replacement cost calculation to be included in the Project Costs as provided in this paragraph is to compensate the Regional Water System Construction Fund as determined by for the NTMWD Board reduction of Directors.~~
- ~~2. Each year the cities involved available capacity in the water transmission pipeline would be furnished a budgeted cost for the administration and maintenance of the pipeline plus all required debt service payments' for existing Conveyance Line. NTMWD's calculation of the replacement costs shall ensure that year. These costs would be divided by twelve and paid by the cities on a monthly basis. At the end of each fiscal year the cost would be adjusted based~~

on actual cost to the NTMWD and credited the Member City or debited to the account of the cities for the next year Existing Customer does not double-pay for capacity.

3. ~~Nothing in the agreement for a regional water transmission pipeline shall require the NTMWD to expend funds beyond those collectible under the agreement with the cities that benefit from the pipeline. The agreement would be prepared by legal counsel to meet current requirements based on the selection of financing method, project involved, and cities that are participating.~~

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~~This policy passed and approved by the Board of Directors of the North Texas Municipal Water District in November 2007.~~

~~District in a regular meeting on the 23rd day of June 1994 and was last amended on the 15th day~~

~~This policy passed and approved by the Board of Directors of the North Texas Municipal Water District in a regular meeting on the day of 2026.~~

~~KEITH STEPHENS, Secretary~~

~~DAVID HOLLIFIELD, President~~