

DROUGHT CONTINGENCY PLAN

**HOLLY SPRINGS WATER
SUPPLY CORPORATION**

December 11, 2007

Section I: Declaration of Policy, Purpose, and Intent

In order to conserve the available water supply and to protect the integrity of water supply facilities, with particular regard for domestic water use, sanitation, and fire protection, and to protect and preserve public health, welfare, and safety and minimize the adverse impacts of water supply shortage or other water emergency conditions, the Holly Springs Water Supply Corporation (HSWSC) adopt the following Drought Contingency Plan (the Plan) and as a Wholesale Customer of the City of Hughes Springs (City) and Northeast Texas Municipal Water District subordinates to their plans as a city customer.

Section II: Public Involvement

Opportunity for the public and wholesale water customers to provide input into the preparation of the Plan was provided by HSWSC by means of direct communication regarding the draft of the preliminary Plan to wholesale customers soliciting input and comment with members of the public and customers through regularly scheduled Board meetings.

Section III: Wholesale and Residential Water Customer Education

HSWSC will periodically provide its wholesale water customer with information about the Plan, including information about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage. This information will be provided the customer through a copy of the Plan and by direct communication.

Residential Customers will have access to the complete Plan at the HSWSC office in City Hall and will receive direct communication about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implement' in each stage.

Section IV: Authorization

The Manager or his designee, is hereby authorized and directed to implement the applicable provisions of this Plan upon notification by the City and/or Northeast Texas Municipal Water District that such implementation is necessary to protect public health, safety, and welfare.

The Manager or his designee, shall have the authority to initiate or terminate drought of other water supply emergency response measures as described in this Plan.

Section V: Application

The provisions of this Plan shall apply to all customers utilizing water provided by the HSWSC . The terms "person" and "customer" as used in the Plan include individuals, corporations, partnerships, associations, and all other legal entities.

Section VI: Triggering Criteria for Initiation and Termination of Drought Response Stages which are predicated by the City's supplier, the Northeast Texas Municipal Water District.

The Manager or his designee, shall receive customer notification of the initiation or termination of drought response stages from the Northeast Texas Municipal Water District either by, mail, telephone, or in person. The news media will also be informed.

The City and the Northeast Texas Municipal Water District has established the following triggering criteria which is based on pumping capacities and volume of surface supply.

(a) Stage 1-Mild Water Shortage Conditions

Requirements for initiation - The Northeast Texas Municipal Water District will recognize that a mild water shortage condition exists when 85% of pumping capacity is utilized in a 24 hour period or when the volume of surface supply is less than 50% of capacity.

Requirements for termination - Stage 1 of the Plan may be rescinded when all the conditions listed as triggering events have ceased to exist for a period of 15 consecutive days. The Northeast Texas Municipal Water District will notify its wholesale customers and the media of the termination of Stage 1 in the same manner as the notification of initiation of Stage 1 of the Plan.

(b) Stage 2 - Moderate Water Shortage Conditions

Requirements for initiation - The Northeast Texas Municipal Water District will recognize that a moderate water shortage condition exists when 90% of pumping capacity is utilized in a 24 hour period or when the volume of surface supply is less than 40% of capacity.

Requirements for termination - Stage 2 of the Plan may be rescinded when all of the conditions (listed as triggering events have ceased to exist for a period of 15 consecutive days. Upon termination of Stage 2, Stage 1 becomes operative. The Northeast Texas Municipal Water District will notify its wholesale customers and

the media of the termination of Stage 2 in the same manner as the notification of initiation of Stage 1 of the Plan.

(c) Stage 3 - Severe Water Shortage Conditions

Requirements for initiation - The Northeast Texas Municipal Water District will recognize that a severe water shortage condition exists when 95% of pumping capacity is utilized in a 24 hour period or when the volume of surface supply is less than 25% of capacity.

Requirements for termination - Stage 3 of the Plan may be rescinded when all of the condition listed as triggering events have ceased to exist for a period of 15 consecutive days. Upon termination of Stage 3, Stage 2 becomes operative. The Northeast Texas Municipal Water District will notify its wholesale customers and the media of the termination of Stage 3 in the same manner as the notification of initiation of Stage 2 of the Plan.

(d) Stage 4 - Emergency Water Shortage Conditions

Requirements for initiation - The Northeast Texas Municipal Water District will recognize that an emergency water shortage condition exists when major water line breaks, or pump or system failures occur, which cause unprecedented loss of capability to provide water service; or when there is natural or man-made contamination of the water supply source(s).

Requirements for termination - Stage 4 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of 15 consecutive days. The Northeast Texas Municipal Water District will notify its wholesale customers and the media of the termination of Stage 4.

Section VII: Drought Response Stages

The Manager or his designee, shall receive customer notification of the initiation or termination of drought response stages from the Northeast Texas Municipal Water District and/or the City either by mail, telephone, or in person.

The General Manager of the Northeast Texas Municipal Water District, or his designee, shall monitor water supply and/or demand conditions and, in accordance with the triggering criteria set forth in Section VI, shall determine that mild, moderate, or severe shortage conditions exist or that an emergency condition exists and shall implement the following actions:

Stage 1 - Mild Water Shortage Conditions

I . Goal: achieve a voluntary 10 percent reduction in daily demand.

2. Supply Management Measures: Communication with customers to reduce daily demand.
3. Demand Management Measures
 - (a) The General Manager of the Northeast Texas Municipal Water District, or his designee(s) will contact the wholesale water customers to discuss water supply/and or demand conditions and will request that wholesale water customers initiate voluntary measures to reduce water usage (e.g., implement Stage 1 of the customer's drought contingency plan).
 - (b) Upon notification, Holly Springs Water Supply Company shall in turn notify its wholesale customer and the major water users of the water supply or demand conditions and request that they and the general public voluntarily implement water reduction measures.
 - (c) The General Manager of the Northeast Texas Municipal Water District, or his designee(s), will provide a weekly report to the news media with information regarding current water supply and/or demand conditions, projected water supply and demand conditions if drought conditions persist, and consumer information on water conservation measures and practices.

Stage 2 - Moderate Water Shortage Conditions

1. Goal: achieve a 15 percent reduction in daily water demand.
2. Supply Management Measures: Communicate with customers to reduce daily demand. Utilize news media to inform and persuade public to reduce demand.
3. Demand Management Measures:
 - (a) The General Manager of the Northeast Texas Municipal Water District, or his designee(s), will initiate weekly contact with wholesale water customers to discuss water supply and/or demand conditions and the possibility of pro rata curtailment of water diversions and/or deliveries.
 - (b) The General Manager of the Northeast Texas Municipal Water District, or his designee(s), will request wholesale water customers to initiate mandatory measures to reduce non-essential water use (e.g., implement Stage 2 of the customer's drought contingency plan).
 - (c) The General Manager of the Northeast Texas Municipal Water District, or his designee(s), will initiate preparations for the implementation of pro rata curtailment of water diversions and /or deliveries by preparing a monthly water usage allocation baseline for each wholesale customer according to the procedures specified in Section VIII of the plan.

- (d) The General Manager of the Northeast Texas Municipal Water District, or his designee(s), will provide a weekly report to news media with information regarding current water supply and/or demand conditions, projected water supply and demand conditions if drought conditions persist, and consumer information of water conservation measures and practices.

(e) Stage 3 - Severe Water Shortage Conditions

1. Goal: achieve a 20 per cent reduction in daily water demand.
2. Supply Management Measures: Communicate with customers to reduce daily demand. Utilize news media to inform and persuade public to reduce demand. Pro-rata curtailment will be utilized.
3. Demand Management Measures:
 - (a) The General Manager of the Northeast Texas Municipal Water District, or his designee(s), will contact wholesale water customers to discuss water supply and/or demand conditions and will request that wholesale water customers initiate additional mandatory measures to reduce non-essential water use (e.g., implement Stage 2 of the customer's drought contingency plan).
 - (b) The General Manager of the Northeast Texas Municipal Water District, or his designee(s), will initiate pro rata curtailment of water diversions and/or deliveries for each wholesale customer according to the procedures specified in Section VI of the Plan.
 - (c) The General Manager of the Northeast Texas Municipal Water District, or his designee(s), will provide a weekly report to the news media with information regarding current water supply and/or demand conditions, projected water supply and demand conditions if drought conditions persist, and consumer information on water conservation measures and practices.

Stage 4 -- Emergency Water Shortage Conditions

Whenever emergency water shortage conditions exist as defined in Section VI of the Plan, the General Manager of the Northeast Texas Municipal Water District shall:

1. Assess the severity of the problem and identify the actions needed and time required to solve the problem.
2. Inform the utility director or other responsible official of each wholesale water

customer by telephone or in person and suggest actions, as appropriate, to alleviate problems (e.g., notification of the public to reduce water use until service is restored).

3. If appropriate, notify city, county, and/or state emergency response officials for assistance.
4. Undertake necessary actions, including repairs and/or clean-up as needed.
5. Prepare a post-event assessment report on the incident and critique of emergency response procedures and actions.

Section VIII: Pro Rata Water Allocation

In the event that the triggering criteria specified in Section VI of the Plan for Stage 3 – Severe Water Shortage Conditions have been met, the General Manager of the Northeast Texas Municipal Water District is hereby authorized to initiate allocation of water supplies on a pro rata basis in accordance with Texas Water Code Section 11.039 and according to the following water allocation policies and procedures:

- (a) A wholesale customer's monthly allocation shall be a percentage of the customer's water usage baseline. The percentage will be set by resolution of the Northeast Texas Municipal Water District Board of Directors based on the General Manager's assessment of the severity of the water shortage condition and the need to curtail water diversions and/or deliveries and may be adjusted periodically by resolution of the Northeast Texas Municipal Water District Board of Directors as conditions warrant. Once pro rata allocation is in effect, water diversions by or deliveries to each wholesale customer shall be limited to the allocation established for each month.
- (b) A monthly water usage allocation shall be established by the General Manager, or his designee, for each wholesale customer. The wholesale customer's water usage baseline will be computed on the average water usage by month for the last 5 year period as shown in the example given below. If the wholesale customer's billing history is less than 5 years, the monthly average for the period for which there is a record shall be used for any monthly period for which no billing history exists.

Example Calculation of Monthly Allocation for Hypothetical Wholesale Water Customer:

	1994	1995	1996	1997	1998	SUM	AVE	ALLOCATION PERCENTAGE	MONTHLY ALLOCATION
Jan	133	137	146	148	156	719	144	75%	108
Feb	115	122	133	133	147	650	130	75%	98
Mar	130	150	146	149	159	734	147	75%	110
April	130	167	168	157	187	808	162	75%	122
May	160	152	179	183	171	845	169	75%	127
June	226	184	172	205	249	1035	207	75%	155
July	235	274	232	314	246	1301	260	75%	195
August	222	203	206	337	309	1277	255	75%	191
September	199	160	196	229	198	982	196	75%	147
October	165	172	197	165	185	884	177	75%	133
November	139	142	149	153	162	745	149	75%	112
December	142	143	150	156	165	755	151	75%	113
Total	1996	2006	2074	2329	2334		2147		

- (c) The General Manager of the Northeast Texas Municipal Water District shall provide notice, by certified mail, to each wholesale customer informing them of their monthly water usage allocations and shall notify the news media and the executive director of the Texas Natural Resource Conservation Commission upon initiation of pro rata water allocation.
- (d) Upon request of the customer or at the initiative of the General Manager of the Northeast Texas Municipal Water District, the allocation may be reduced or increased if,
 - (1) the designated period does not accurately reflect the wholesale customer's normal water usage;
 - (2) the customer agrees to transfer part of its allocation to another wholesale customer; or
 - (3) other objective evidence demonstrates that the designated allocation is inaccurate under present conditions. A customer may appeal an allocation established hereunder to the Northeast Texas Municipal Water District Board of Directors of the Northeast Texas Municipal Water District.

Upon notification of the Pro Rata Allocation by the Northeast Texas Municipal Water District, the City of Hughes Springs will notify their Wholesale Customer, Holly Springs Rural Water Supply Corporation, contact the major industrial water users regarding this status and inform the general public.

Section IX: Enforcement

During any period when pro rata allocation of available water supplies is in effect, wholesale customers shall pay the following surcharges on excess water diversions and/or deliveries:

- (a) 1.1 times the normal water charge per acre-foot for water diversions and/or deliveries in excess of the monthly allocation up through 5 percent above the monthly allocation, to the extent legally permitted.
- (b) 1.2 times the normal water charge per acre-foot for water diversions and/or deliveries in excess of the monthly allocation from 5 per cent through 10 percent above the monthly allocation, to the extent legally permitted.
- (c) 1.5 times the normal water charge per acre-foot for water diversions and/or deliveries in excess of the monthly allocation from 10 percent through 15 percent above the monthly allocation, to the extent legally permitted.
- (d) 2.0 times the normal water charge per acre-foot for water diversions and/or deliveries more than 15 percent above the monthly allocation, to the extent legally permitted.
- (e) The above surcharges shall be cumulative.

During any period when pro rata allocation of available water supplies is in effect, residential and retail customers shall restrict water usage activities and/ or pay the following surcharges/fines on excess water diversions and/or deliveries:

- (a) all non-essential water usages shall be curtailed, such as lawn and garden watering, washing of vehicles, etc.
- (b) violators will be subject of a fine not to exceed \$200.00 per convicted occurrence and repeat violators will be subject to having their service discontinued.

Section XI: Variances

The General Manager of the Northeast Texas Municipal Water District, or his designee, may, in writing, grant a temporary variance to the pro rata water allocation policies provided by this Plan if it is determined that failure to grant such variance would cause an emergency condition adversely affecting the public health, welfare, or safety and if one or more of the following conditions are met:

- (a) Compliance with this Plan cannot be technically accomplished during the duration of the water supply shortage or other condition for which the Plan is in effect: or
- (b) Alternative methods can be implemented which will achieve the same level of reduction in water use.

Persons requesting an exemption from the provisions of this Plan shall file a petition for a variance with the General Manager within 5 days after pro rata allocation has been invoked. All petitions for variances shall be reviewed by the Northeast Texas Municipal Water District Board of Directors, and shall include the following:

- (a) Name and address of the petitioner(s).
- (b) Detailed statement with supporting data and information as to how the pro rata allocation of water under the policies and procedures established in the Plan adversely affects the petitioner or what damage or harm will occur to the petitioner or others if petitioner complies with this Ordinance.
- (c) Description of the relief requested.
- (d) Period of time for which the variance is sought.
- (e) Alternative measures the petitioner is taking or proposes to take to meet the intent of this Plan and the compliance date.
- (f) Other pertinent information.

Variances granted by the Northeast Texas Municipal Water District Board of Directors shall be subject to the following conditions, unless waived or modified by the Northeast Texas Municipal Water District Board of Directors or its designee:

- (a) Variances granted shall include a timetable for compliance.
- (b) Variances granted shall expire when the Plan is no longer in effect, unless the petitioner has failed to meet specified requirements.


No variance shall be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of the variance.

Section XII: Severability

It is hereby declared to be the intention of the Board of Directors of HSWSC, a wholesale customer of the City and its City Council and Northeast Texas Municipal Water District and its Board of Directors that the sections, paragraphs, sentences, clauses, and phrases of this Plan are severable and, if any phrase, clause, sentence, paragraph, or section of this Plan shall be declared unconstitutional or unenforceable by the valid judgment or decree of any court of competent jurisdiction, such

unconstitutionality or unenforceability shall not affect any of the remaining phrases, clauses, sentences, paragraphs, and sections of this Plan, since the same would not have been enacted by the Board of Directors of Holly Springs Water Supply Corporation, a wholesale customer of the City of Hughes Springs, and its City Council, a wholesale customer of Northeast Texas Municipal Water District and its Board of Directors without the incorporation into this Plan of any such unconstitutional, or unenforceable phrase, clause, sentence, paragraph, or section.

Approved this the 11th day of December, 2007.



Kim Hall, President of HSWSC

Attest:



Rick Nelson, Board Member