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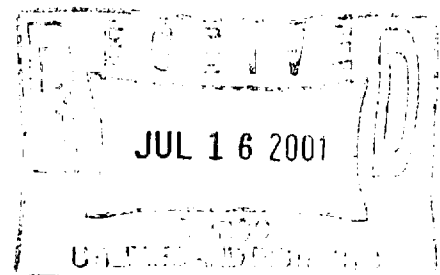
Bi-County Water Supply Corporation

Water Utility Tariff

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**Bi-County Water Supply Corporation
P.O. Box 848
Pittsburg, Texas 75686-0848
903-856-5840**

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SECTION A.
GEOGRAPHIC AREA SERVED

CERTIFICATE OF CONVENIENCE AND NECESSITY

To Provide Water Service under V.T.C.A., Water Code
and Texas Natural Resource Conservation Commission Substantive Rules

Certificate No. 10490

I. Certificate Holder:

Bi-County Water Supply Corporation
P.O.Box 848
Pittsburg TX 75686-0848

II. General Description and Location of Service Areas:

Camp, Morris, Titus, Upshur Counties

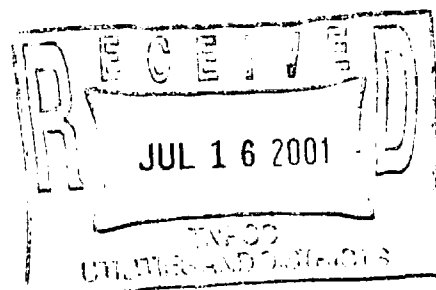
III. Certificate Maps:

The certificate holder is authorized to provide water service to the area identified on the Commission's official service area map, maintained in the offices of the Texas Natural Resource Conservation Commission, 12015 Park 35 Circle, Austin, Texas with all-attendant privileges and obligations.

Issue Dated: _____

ATTEST: _____

For the Commission



**SECTION B.
RESOLUTIONS**

THE BOARD OF DIRECTORS OF BI-COUNTY WATER SUPPLY CORPORATION ESTABLISHES THAT:

1. This Tariff of the Bi-County Water Supply Corporation, serving in Camp, Morris, Titus, and Upshur Counties consisting of Section A. through H. and forms inclusive, is adopted and enacted as the current regulations and policies effective as of 6-1-2001.
2. Only those preexisting written contracts or agreements executed by the present or previous Board of Directors shall remain in effect, unless the contract or agreement requires compliance with changes of the Tariff from time to time.
3. The adoption of this Tariff does not prohibit or limit the Corporation from enforcing previous penalties or assessments from before the current effective date.
4. An official copy of this and all policies or records shall be available during regular office hours of the Corporation. The Secretary/Treasurer of the Corporation shall maintain the original copy as approved and all previous copies for exhibit.
5. Rules and regulations of state and federal agencies having jurisdiction shall supersede any terms of this policy. If any section, paragraph, sentence, clause, phrase, word, or words of this policy are declared unconstitutional or invalid for any purpose, the remainder of this policy shall not be affected.

PASSED and APPROVED this 5-8 2001.

Pat Pool

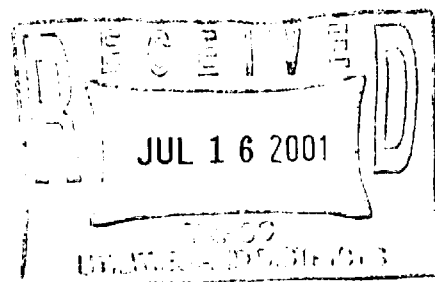
President, Bi-County Water Supply Corporation

SEAL

ATTESTED:

Charlotte Warte

Secretary/Treasurer, Bi-County Water Supply Corporation



SECTION C: **STATEMENTS**

1. *Organization.* The Bi-County Water Supply Corporation is a member-owned, non-profit corporation incorporated pursuant to the Water Supply Corporation Act, Article 1434a, Tex. Rev. Civ. Stat. (West 1980, Vernon Supp. 1996 as amended) and as supplemented by the Texas Non-Profit Corporation Act, Tex. Rev. Civ. Stat. Ann., Article 1396-1.01, et seq. (West 1980, Vernon Supp. 1996 as amended) for the purpose of furnishing potable water utility service. Corporation operating policies, rates, tariffs, and regulations are adopted by a Board of Directors elected by the Members of the Corporation.

2. *Non-Discrimination Policy.* Membership in the Corporation and service is provided to all Applicants who comply with the provisions of this Tariff regardless of race, creed, color, national origin, sex, disability, or marital status.

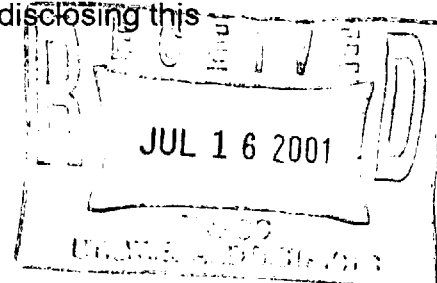
3. *Policy and Rules Application.* These policies, rules and regulations apply to the water services provided by the Bi-County Water Supply Corporation, also referred to as Corporation, BCWSC. Failure on the part of the Member, Consumer, or Applicant to observe these policies, rules and regulations gives the Corporation the authority to deny or discontinue service according to the terms of this Tariff as amended from time to time by the Board of Directors of the Corporation.

4. *Corporation Bylaws.* The Corporation Members have adopted bylaws (see Article 1396-2.09) which establish the make-up of the Board of Directors, and other important regulations of the Corporation. The bylaws are on file at the Corporation's office.

5. *Fire Protection Responsibility.* The Corporation does not provide nor imply any responsibility that fire protection is available on any of the distribution system. All hydrants or flush valves are for the operation and maintenance of the system and may be used for 'refill only' by authorized fire departments. The Corporation reserves the right to remove any hydrant, due to improper use or detriment to the system as determined by the Corporation, at any time without notice, refund, or compensation to the contributors, unless such hydrants are installed pursuant to the terms of a Non-Standard Service Contract as provided for in Section F, in which event the terms and conditions of the Contract shall apply.

6. *Damage Liability.* The Bi-County Water Supply Corporation is not liable for damages caused by service interruptions, events beyond its control, and for normal system failures. The limit of liability of the Bi-County Water Supply Corporation is the extent of the cost of service provided. By acceptance of Membership, Member consents to waiver of such liability.

7. *Information Disclosure.* The records of the Corporation shall be kept in the Corporation office in Pittsburg, Texas. All information collected, assembled, or maintained by or for the Corporation shall be disclosed to the public in accordance with the Texas Open Records Act: Chapter 552, Texas Government Code (West Supp. 1996). An individual customer may request in writing that their name, address, telephone number, or social security number be kept confidential. Such confidentiality does not prohibit the utility from disclosing this



information to an official or employee of the state or a political subdivision of the state acting in an official capacity or an employee of the Corporation acting in connection with the employee's duties. Further, such confidentiality does not prohibit the Corporation from disclosing the name and address of each member on a list to be made available to the Corporation's voting members, or their agents or attorneys, in connection with any meeting of the Corporation's members. The Corporation shall give its applicants and customers notice of rights to confidentiality under this policy and all prevailing associated fees for such request.

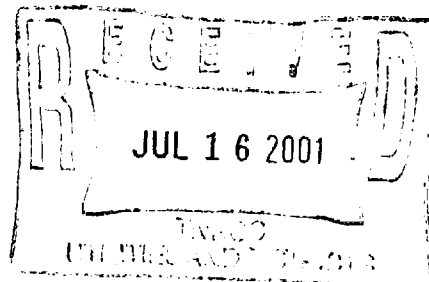
8. Customer Notice Provisions. The Corporation shall give written notice of monthly rate changes by mail or hand delivery to all customers at least 30 days prior to the effective date of the new rate. The notice shall contain the old rates, new rates, and effective date of the new rate, date of Board authorization, and the name and phone number of the Corporation's contact person designated to address inquiries about the rate change.

9. Grievance Procedures. Any Member of the Corporation or individual demonstrating an interest under the policies of this Tariff in becoming a Member of the Corporation shall have an opportunity to voice concerns or grievances to the Corporation by the following means and procedures:

- a. By presentation of concerns to the Corporation's manager or authorized staff member. If not resolved to the satisfaction of the aggrieved party, then,
- b. By presenting a letter to the Board of Directors stating the individual's grievance or concern and the desired result.
- c. The Board of Directors shall respond to the complaint by communicating the Board's decision in writing.
- d. Any charges or fees contested as a part of the complaint in review by the Corporation under this policy shall be suspended until a satisfactory review and the Board of Directors has made final decision.

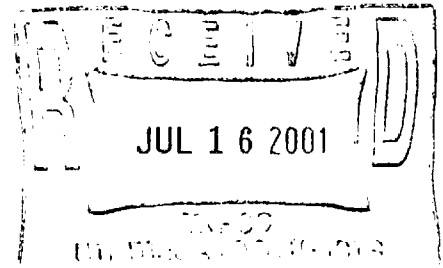
10. Plumbing Standards. The Corporation adopts sections of the Southern Standard Plumbing Code as guidance in the design, installation, and maintenance of plumbing systems and service facilities connecting or connected to the utility's water facilities, to the extent appropriate under the applicable statutes and regulations governing public water and wastewater utility systems. Any Member may be required to retrofit plumbing systems and service facilities as determined to be necessary by the Corporation for purposes of compliance with the Southern Standard Plumbing Code. (30 TAC 290.46(i))

11. Submetering Responsibility. Submetering and Non-Submetering by Master Metered Accounts may be allowed in the Corporation's water distribution system provided the Master Metered Account customer complies with the Texas Natural Resource Conservation Commission's Chapter 291 Subchapter H rules pertaining to Submetering. The Corporation has no jurisdiction or responsibility to the tenants; tenants receiving water under a Master Metered Account are not considered customers of the Corporation. Any interruption or impairment of water service to the tenants is the responsibility of the Master Metered Account Customer. Any complaints regarding submetering should be directed to the Texas Natural Resource Conservation Commission.



NOTE: The General Manager should check with the Master Metered Account Customer to:

- 1 See if they have registered with the TNRCC, (Chapter 13 Texas Water Code Subchapter M.)
2. See that they do not charge their tenants more than the total amount of charges that have been billed. If the aggregate bill is greater than the Corporation's charge, the Master metered account customer is considered by the TNRCC to be a separate Public Water System and will be required to comply with all TNRCC regulations.
3. Protect the System's CCN. Should the Master Metered Account Customer continue to violate these or other STATE regulations, the Corporation will need to request a Cease and Desist Order from the TNRCC. (Texas Water Code chap. 13.252 and 30 TAC Chapter 291.118.)



SECTION D. **DEFINITIONS**

Active Service - Service status of any Member authorized service under the provisions of this Tariff.

Applicant - Person, partnership, cooperative corporation, corporation, agency, public or private organization of any type applying with the Bi-County Water Supply Corporation.

Board of Directors - The governing body elected by the Members of the Bi-County Water Supply Corporation. (Art. 1396-1.02 (7))

Bylaws - The rules pertaining to the governing of the Bi-County Water Supply Corporation adopted by the Corporation Members. (Art. 1396-1.02 (5))

Certificate of Convenience and Necessity (CCN) - The authorization granted under Chapter 13 Subchapter G of the Texas Water Code for Bi-County Water Supply Corporation to provide water utility service within a defined territory. Bi-County Water Supply Corporation has been issued Certificate Number 10490. Territory defined in the CCN shall be the Certificated Service Area. (See Section D. Certificated Service Area Map.)

Corporation - The Bi-County Water Supply Corporation. (Section C.1 of this Tariff)

Deposit Fee - The deposit fee shall be refundable after a period of time pursuant to the member demonstrating prompt payment of any and all monthly charges to their account. The deposit fee may be waived upon presenting an acceptable letter of credit.

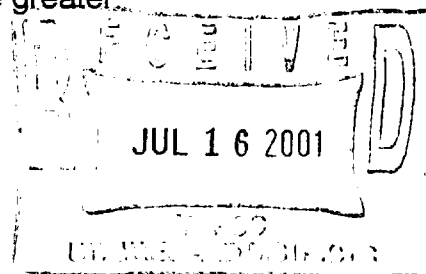
Disconnection of Service - The discontinuance of water service by the Corporation to prevent the use of water by a Member.

Easement - A private perpetual dedicated right-of-way for the installation of water pipelines and necessary facilities which allows access to property for future operation, maintenance, facility replacement, facility upgrades, and/or installation of additional pipelines.

Final Plat - A complete plan for the subdivision of a tract of land. The Bi-County Water Supply Corporation shall determine if a plat submitted for the purposes of this Tariff shall qualify as a final plat. (30 TAC 291.85) (13.3202 Water Code)

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

High Risk Accounts - Those accounts disconnected for non-payment more than three (3) times in a twelve- (12) month period. In which case the deposit amount would be doubled, or charged at three times the average monthly bill, whichever is the greater.



Indication of Interest Fee - A fee paid by a potential Member of the Corporation for the purpose of determining the feasibility of a construction and/or expansion project. The Indication of Interest Fee may be converted to a Membership Fee upon determination that service to the Applicant is feasible and available.

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

Member - Any person, partnership, cooperative corporation, corporation, agency, or public or private organization that has qualified for service and received a Membership in accordance with the Corporation's Tariff.

Membership Fee - A non-refundable fee qualified as such under the terms of the tariff and the bylaws of the Corporation assigned to the person designated to receive service.

Re-Service - (Also known as "Change of Tenant") provides service to an Applicant at a location for which service previously existed. Costs of such re-servicing shall be based on justifiable and reasonable costs to the Corporation for restoration of service. (See Section E. 3. b., Section E.4.b)

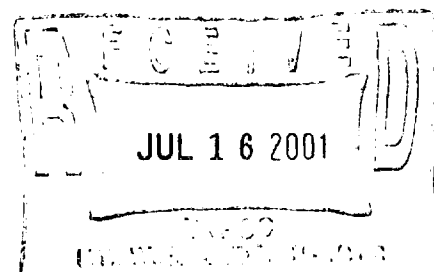
Service Availability Charge - (Also known as "minimum monthly charge", "minimum", or the "base rate") The monthly charge assessed each Member for the opportunity of receiving service. The Service Availability Charge is a fixed rate based upon the meter, service size.

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

Standard Service Unit - The base unit of service used in facilities design and rate making. For the purposes of this Tariff, a standard service unit is a 5/8" X 3/4" water meter. (See Section G.5.a.)

Tariff - The operating policies, service rules, service extension policy, and service rates, rationing policies, sample application packet adopted by the Board of Directors. A copy of this, Board approved, tariff is on file at the Corporation office and as required since September 1, 1989 at the State office of the TNRCC.

Texas Natural Resource Conservation Commission (TNRCC) - State regulatory agency having jurisdiction of water service utilities and appellate jurisdiction over rates and fees charged by Non-Profit Water Service Corporations. (30 TAC - Texas Administrative Code)



SECTION E. SERVICE RULES AND REGULATIONS

1. Service Entitlement. An Applicant shall be considered qualified and entitled to water service when proper application has been made, terms and conditions of Service and Membership have been met and continue to be met, and all fees have been paid as prescribed.

2. Application Procedures and Requirements. For the purposes of this Tariff, service requested by an Applicant shall be for real estate designed to receive the service provided by the Corporation and shall be divided into the following two classes:

a. Standard Service is defined as service on an existing pipeline where pipeline or service facility extensions are not required and special design and/or engineering considerations are not necessary. Typically, this would include 5/8" X 3/4" sized water meter services set on existing pipelines.

b. Non-Standard Service is defined as any service request which requires a larger meter service, service to a Master Metered Account (see E. 2. c. (4) of this section), or an addition to the supply, storage, and/or distribution system. The service requirements as prescribed by Section F of this Tariff shall be required of the Non-Standard Service Applicant prior to providing service.

c. Requirements for Standard and Non-Standard Service.

1) The Corporation's Service Application and Agreement Form shall be completed in full and signed by the Applicant.

2) The Applicant for the purpose of allowing future facility additions must complete a Right-of-Way Easement Form, Sanitary Control Easement, or other such easement forms, required by the Corporation. **NOTE:** This requirement may be delayed for Non-Standard Service requests.

3) The Corporation shall consider master metering to apartments, condos, trailer/RV parks, or business centers and other similar type enterprises at an Applicant's request provided the total number of units to be served are all:

(a) Owned by the same person, partnership, cooperative, corporation, agency, public or private organization of any type, but not including a family unit,

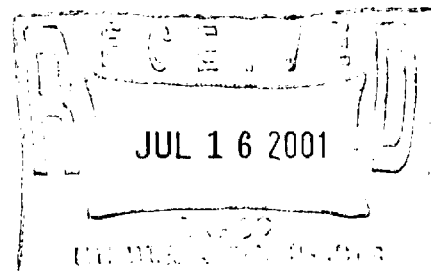
(b) Directly inaccessible to public right-of-way, and

(c) Considered a commercial enterprise, i.e. for business, rental, or lease purposes.

4) Notice of application approved and cost of service quoted by the Corporation shall be presented to the Applicant in writing and shall remain in effect for a period not to exceed thirty (30) days. After that time the Applicant shall re-apply for service. (30 TAC 291.81 (a) (1))

3. Activation of Standard Service.

a. New Tap - - The Corporation shall charge a non-refundable service installation fee as required under Section G of this tariff. The service installation fee shall be quoted in writing to the Applicant. All fees shall be paid or a deferred payment contract is signed in advance of installation. (30 TAC 291.86 (a)(1)(A))



b. Re-Service -- On property where service previously existed, the Corporation shall charge the Membership Fee and the costs necessary to restore service

c. Performance of Work -- After approval is granted by proper authorities, all tap and equipment installations specified by the Corporation shall be completed by the Corporation staff or designated representative. The tap shall be completed within fifteen (15) working days after approval and receipt of payment of quoted fees. This time may be extended for installation of equipment for Non-Standard Service Request. (See Section F., 30 TAC 291.85)

d. Inspection of Customer Service Facilities -- The property of the Member shall be inspected to ensure compliance with state required Minimum Acceptable Operating Practices For Public Drinking Water Systems as promulgated by the Texas Natural Resource Conservation Commission or successor agency. (30 TAC 290.46(j))

4. Activation of Non-Standard Service.

a. Activation of Non-Standard Service shall be conducted as prescribed by terms of Section F of this Tariff.

b. Re-Service - The same terms that apply under the Activation of Standard Service Sub-Section on Re-Servicing shall be applied to Non-Standard Re-Service requests. (Section E. 3. b)

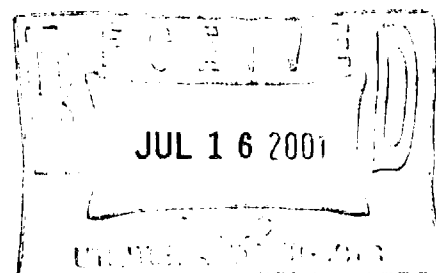
5. Changes in Service Classification. If at any time the Corporation determines that the customer service needs change from those originally applied for to a different service classification and the Corporation determines that additional or different facilities are necessary to provide adequate service, the Corporation shall require the Member to re-apply for service under the terms and conditions of this Tariff. Applicant failing to comply with this provision shall be subject to the Disconnection with Notice Provisions of this Tariff, Section E. 13.a.

6. Membership.

a. Eligibility - Eligibility for Membership shall not guarantee service to the Applicant; however, qualification for service is a prerequisite to Membership eligibility for new Applicants.

b. Membership - Upon qualification for service, qualification for Membership, and payment of the required fees, the Corporation shall issue a Membership to the Applicant. The Membership shall entitle the Member to one (1) connection to the Corporation's water utility service. The Membership also entitles the Member to one (1) vote in the conducting of the affairs of any Annual or Special Membership Meeting of the Corporation as prescribed by the Corporation Bylaws. Ownership of more than one (1) Membership shall not authorize the Member to cast more than one (1) vote at any annual or special meeting. (Art.1434a Vernon's Tex. Civ.Stat.)

Each Membership will be assigned to the specified parcel of land originally designated to receive service at the time of application. (See Sec. D., Sec.E. Sub-Section 1).

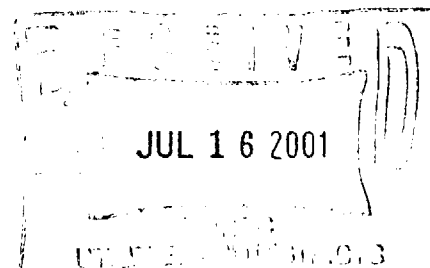


- c. **Cancellation of Membership** - To keep a Membership good standing, a Service Availability Charge must be paid monthly to the Corporation, whether or not water is used. Failure to pay this monthly charge to the Corporation shall jeopardize the Member's Membership standing and give rise to liquidation of the Membership Deposit and forfeiture of the Membership. The Member shall also complete a Service Discontinuance Request Form prior to termination of service. (See Misc. Transaction Forms.) However, a Member is not relieved of any obligations incurred prior to the date of request for discontinuance of service. Rights to future service at this tap shall be extended on an as-available basis and subject to the terms of the Activation of Service Sub-Section E.3.a. of this Tariff. (Art. 1434a., Vernon's Tex. Rev. Civ. Stat. Sec. 9 A.(d))
- d. **Liquidation Due To Delinquency** - When the amount of the delinquent charges owed by the Member equals the deposit fee, the deposit fee shall be liquidated and the Membership canceled. In the event the Member leaves a balance due on an account guaranteed under the terms of a Service Application and Agreement, and the delinquent Member owns more than one Membership, the Corporation may liquidate as many of the Member's deposits as necessary to satisfy the balance due the Corporation, provided proper notice has been given (see section E, Subsection 13.a.4). The Corporation shall collect any remaining account balances by initiation of legal action. Reinstatement of service shall be subject to the terms of the Activation of Service Sub-section E.3. of this Tariff.
- e. **Cancellation Due To Policy Non-Compliance** - The Corporation may cancel a Membership anytime a Member fails to comply with policies of the Corporation. (Art. 1434a., Vernon's Tex. Rev. Civ. Stat./ Sec. 9A.(e))

7. Denial of Service - The Corporation may deny service for the following reasons:

- a. Failure of the Applicant to complete all required forms and pays all required fees and charges;
- b. Failure of the Applicant to comply with rules, regulations, policies, and bylaws of the Corporation;
- c. Existence of a hazardous condition at the Applicant's property which would jeopardize the welfare of the Members of the Corporation upon connection;
- d. Failure of Applicant to provide representatives or employees of the Corporation reasonable access to property, for which service has been requested;
- e. Failure of Applicant to comply with all governmental rules and regulations of the Corporation's tariff on file with the state regulatory agency governing the service applied for by the Applicant;
- f. Applicant's service facilities are known to be inadequate or of such character that satisfactory service could not be provided.

8. Applicant's Recourse. In the Event the Corporation refuses to serve an Applicant under the provisions of these rules, the Corporation must notify the Applicant, in writing, on the basis of its refusal. The Applicant may file for an appeal, in writing, with the Board of Directors of the Corporation.



9. Insufficient Grounds for Refusal of Service. The following shall not constitute sufficient cause for the refusal of service to an Applicant:

- a. Delinquency in payment for service by a previous occupant of the premises to be served;
- b. Failure to pay a bill to correct previous underbilling due to misapplication of rates more than six (6) months prior to the date of application;
- c. Violation of the Corporation's rules pertaining to operation of non-standard equipment or unauthorized attachments which interferes with the service of others, unless the customer has first been notified and been afforded reasonable opportunity to comply with said requirements;
- d. Failure to pay a bill of another customer as guarantor thereof unless the guarantee was made in writing to the Corporation as a condition precedent to service;
- e. Failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill;
- f. Failure to comply with regulations or rules for anything other than the type of utility service specifically requested.

10. Deferred Payment Agreement. The Corporation may offer a deferred payment plan to a Member who cannot pay an outstanding balance in full and is willing to pay the balance in reasonable installments as determined by the Corporation, including any Late Penalty Fees or interest on the monthly balance to be determined as per agreement.

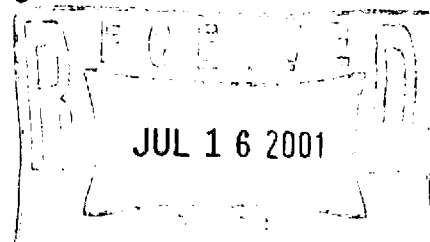
11. Charge Distribution and Payment Application.

a. **The Service Availability Charge** is for the billing period from the 1st day of the month to the last day of the month. Charges shall be prorated for meter installations and service termination's falling during the billing period. Billings for this amount shall be mailed on or about the 1st of the month following the month for which this charge is due. All services shall be subject to this charge whether or not the service is in use by the Member.

b. **Gallonge Charge** shall be billed at the rate specified in Section G and billing shall be calculated in one hundred (100) gallon increments. Water charges are based on monthly meter readings and are calculated from reading date to reading date. Readings used in all billing calculations shall be taken by the Corporation's employees or designated representative.

c. **Posting of Payments** - All payments shall be posted against previous balances prior to posting against current billings.

12. Due Dates, Delinquent Bills, and Service Disconnection Date. The Corporation shall mail all bills on or about the 1st of the month. All bills shall be due and payable upon receipt and are past due beyond the date indicated on the bill (allowing approximately fifteen (15) days to pay), after which time a penalty shall be applied as described in Section G. A bill is delinquent if not paid on or before the past due date. Payments made by mail will be considered late if postmarked after the past due date. A one- (1) day grace period may then be allowed for delayed payments prior to mailing of final notices. Final notices shall be mailed allowing ten (10) additional days for payment prior to disconnection. The ten- (10) additional days shall begin on the day the final notice is deposited with the U.S. Postal Service with sufficient postage. If the past due date for the regular or final billing is on a weekend or



holiday, the past due date for payment purposes shall be the next day the Corporation office is open for business after said weekend or holiday.

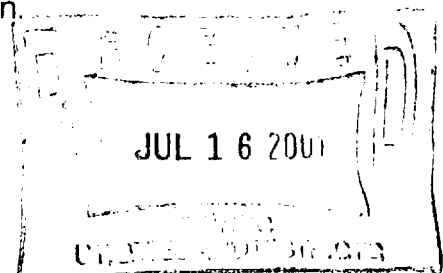
For all disputed payment deadlines, the date postmarked on each bill will determine the beginning of each billing cycle or final notice mailings.

Upon written request, any residential customer 60 years of age or older who occupies the entire premises of a dwelling receiving water utility service from the Corporation shall receive extension of the past due date, without penalty. The extension shall not exceed 10 days beyond the usual 15-day payment period for a total of no more than 25 days from the date the bill is issued. The request may specify extension of the late payment periods for current and subsequent billings. (HB 670 Effective August 30, 1993.)

13. Rules for Disconnection of Service. The following describes the rules and conditions for disconnection of service.

a. Disconnection with Notice - Water utility service may be disconnected for any of the following reasons after proper notification has been given.

- 1) Returned Checks - The corporation shall mail, via the U.S. Postal Service, a Notice requiring redemption of the returned instrument within ten (10) days of the date of the notice to be made in the Corporation office. Redemption of the returned instrument shall be made by cash, money order, or certified check. Failure to meet these terms shall initiate disconnection of service. The Corporation shall consider any such instruments returned as insufficient or non-negotiable for any reason for any two billing periods within a 12-month period evidence of bad credit risk. The Member in violation shall be placed on a "cash-only" basis for a period of 12 months. **NOTE:** "Cash-only" means certified check, money order, or cash.
- 2) Failures to pay a delinquent account for utility service or failure to comply with the terms of a deferred payment agreement
- 3) Violation of the Corporation's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of non-standard equipment if a reasonable attempt has been made to notify the Member and the Member is provided with a reasonable opportunity to remedy the situation;
- 4) Failure of the Member to comply with the terms of the Corporation's Service Agreement, Tariff, Bylaws, or Special Contract provided that the Corporation has given notice of said failure to comply, and Member has failed to comply within a specified amount of time after notification.
- 5) Failure to provide access to the meter under the terms of this Tariff or to property at which water service is received when there is reason to believe that a hazardous condition or policy violation exists for which access is necessary to verify.
- 6) Misrepresentation by an Applicant or Transferee of any fact on any form, document, or other agreement required to be executed by the Corporation.
- 7) Failure of Member to re-apply for service upon notification by the Corporation that Member no longer meets the terms of the service classification originally applied for under the original service application.



b. Disconnection without Notice - Water utility service may be disconnected without notice for any of the following conditions:

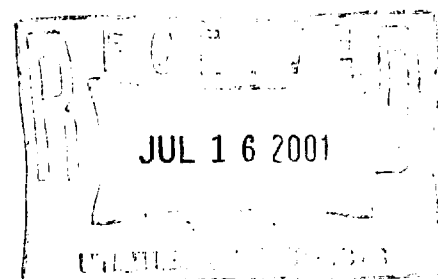
- 1) A known dangerous or hazardous condition exists for which service may remain disconnected for as long as the condition exists, including but not limited to a violation of the Texas Sanitation and Health Protection Law 4477-1, or there is reason to believe a dangerous or hazardous condition exists and the member refuses to allow access for the purpose of confirming the existence of such condition and/or removing the dangerous or hazardous condition (Section E. 3. d., E. 22., 30 TAC 290.46 (j));
- 2) Service is connected without authority by a person who has not made application for service non-payment; and
- 3) In instances of tampering with the Corporation's meter or equipment, bypassing the meter or equipment, or other diversion of service. **NOTE:** Where reasonable, given the nature of the reason for disconnection, a written statement providing notice of disconnection and the reason therefore shall be posted at the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected.

c. Disconnection Prohibited - Utility service may not be disconnected for any of the following reasons:

- 1) Failure of the Member to pay for merchandise or charges for non-utility service provided by the Corporation, unless an agreement exists between the Applicant and the Corporation whereby the Member guarantees payment of non-utility service as a condition of service;
- 2) Failure of the Member to pay for a different type or class of utility service unless a fee for such service is included in the same bill;
- 3) Failure of the member to pay charges arising from an underbilling occurring due to any misapplication of rates more than six (6) months prior to the current billing;
- 4) Failure of the Member to pay the account of another Member as guarantor thereof, unless the Corporation has in writing the guarantee as a condition precedent to service;
- 5) Failure of the Member to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due under the Inoperative Meters subsection E. 17 of this tariff.
- 6) Failure of the Member to pay estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the Corporation is unable to read the meter due to circumstances beyond its control;

d. Disconnection on Holidays and Weekends - Unless a dangerous condition exists or the Member requests disconnection, service shall not be disconnected on a day, or on a day preceding a day, when personnel of the Corporation are not available to the public for the purpose of making collections and reconnecting service.

e. Disconnection Due to Utility Abandonment - The Corporation may not abandon a Member or a Certificated Service Area without written notice to its Members and all similar neighboring utilities and approval from the Texas Natural Resource Conservation Commission.



f. Disconnection for Ill and Disabled - The Corporation may not discontinue service to a delinquent residential Member permanently residing in an individually metered dwelling unit when that Member establishes that discontinuance of service will result in some person at that residence becoming seriously ill or more seriously ill if service is discontinued. Each time a Member seeks to avoid termination of service under this Subsection, the Member must have the attending physician call or contact the Corporation within sixteen (16) days of issuance of the bill. A written statement must be received by the Corporation from the physician within twenty-six (26) days of the issuance of the utility bill. The prohibition against service termination shall last sixty-three (63) days from the issuance of the utility bill or such lesser period as may be agreed upon by the Corporation and Member's physician. The Member shall enter into a Deferred Payment Agreement.

g. Disconnection of Master-Metered Accounts - When a bill for water utility services is delinquent for a master-metered service complex (defined as a complex in which a single meter serves two (2) or more residential or commercial units), the following shall apply: (30 TAC SUBCHAPTER H. 291.126)

1) The Corporation shall send a notice to the Member as required. This notice shall also inform the Member that notice of possible disconnection will be provided to the tenants of the service complex in five (5) days if payment is not rendered before that time.

2) At least five (5) days after providing notice to the Member and at least five (5) days prior to disconnection, the Corporation shall post notices, stating "Termination Notice" in public areas of the Service complex notifying the tenants of the scheduled date for disconnection of service.

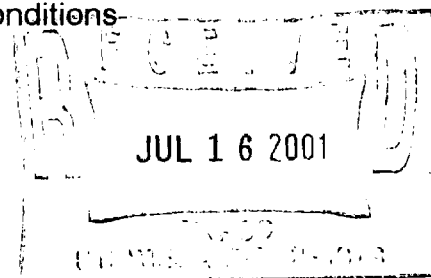
3) The tenants may pay the Corporation for any delinquent bill in behalf of the owner to avert disconnection or to reconnect service to the complex.

14. Billing Cycle Changes. The Corporation reserves the right to change its billing cycles if the workload requires such practice. After a billing period has been changed, the billings shall be sent on the new change date unless otherwise determined by the Corporation.

15. Back-billing. The Corporation may back-bill a Member for up to four (4) years (48 months) for meter error, misapplied meter multiplier, incorrect meter readings, or error in computing a Member's bill. Failure to pay the most recent six- (6) months billing will result in disconnection of service. Back billing shall not extend beyond current Membership.

16. Disputed Bills. In the event of a dispute between the Member and the Corporation regarding any bill, the Corporation shall forthwith make and conduct an investigation as shall be required by the particular case, and report the results in writing thereof to the Member. All disputes under this Subsection must be submitted to the Corporation, in writing, prior to the due date posted on said bill.

17. Inoperative Meters. Water meters found inoperative will be repaired or replaced within a reasonable time. If a meter is found not to register for any period, unless by-passed or tampered with, the Corporation shall make a charge for units used, but not metered, for a period not to exceed three (3) months, based on amounts used under similar conditions.



during the period preceding or subsequent thereto, or during corresponding periods in previous years.

18. Bill Adjustment Due To Meter Error. The Corporation shall test any Member's meter upon written request of the Member. In the event the meter tests within the accuracy standards of The American Water Works Association, a test fee as prescribed in Section G of this Tariff shall be imposed. In the event the test results indicate that the meter is faulty or inaccurate, the test fee shall be waived, the meter shall be calibrated or replaced, and a billing adjustment may be made as far back as six (6) months but not extending beyond current Membership. The billing adjustment shall be made to the degree of the meter's inaccuracy as determined by the test. The Member shall complete a Meter Test Request Form prior to the test.

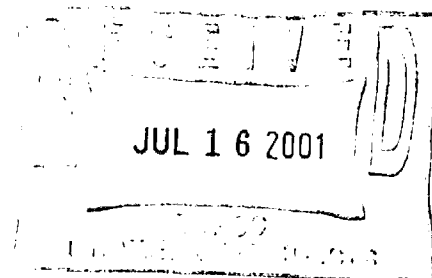
19. Meter Tampering and Diversion. For purposes of these Sections, meter-tampering, bypassing, or diversion shall all be defined as tampering with the Corporation's service equipment, by-passing the same, or other instances of diversion, such as:

- a. Removing a locking or shut-off device used by the Corporation to discontinue service,
- b. Physically disorienting the meter,
- c. attaching objects to the meter to divert service or to by-pass,
- d. Inserting objects into the meter,
- e. And other electrical and mechanical means of tampering with, bypassing, or diverting service. Photographic evidence or any other reliable and credible evidence may be used; however, any evidence shall be accompanied by a sworn affidavit by the Corporation's staff when any action regarding meter-tampering as provided for in these Sections is initiated. A court finding of meter tampering may be used instead of photographic or other evidence, if applicable. Unauthorized users of service of the Corporation shall be prosecuted to the extent allowed by law under the Texas Penal Code 28.03. (as a Misdemeanor).

20. Meter Relocation. Relocation of services shall be allowed by the Corporation provided that:

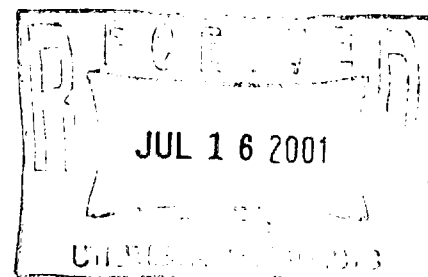
- a. An easement for the proposed location has been granted to the Corporation;
- b. The Member pays the actual cost of relocation plus administrative fees, and
- c. Service capacity is available at proposed location.

21. Prohibition of Multiple Connections to A Single Tap. No more than one (1) residential, commercial or industrial service connection is allowed per meter. The Corporation may consider allowing an apartment building or mobile home/RV park to apply as a "Master Metered Account" and have a single meter (This refers to Section E. 2. c. (3)). Any unauthorized submetering or diversion of service shall be considered a Multiple Connection and subject to disconnection of service. If the Corporation has sufficient reason to believe a Multiple Connection exists, the Corporation shall discontinue service under the Disconnection with Notice provisions of this Tariff.



22. Member's Responsibility.

- a. The Membership shall provide access to the meter as per service agreement. If access to the meter is hindered or denied by preventing the reading of the meter, an estimated bill shall be rendered to the Member for the month; and a notice shall be sent to the effect that access could not be gained. If access is denied for three (3) consecutive months after proper notification to the Member, then service shall be discontinued and the meter removed with no further notice. (Section E. 13. d.)
- b. The Member shall be responsible for compliance with all utility, local, and state codes, requirements, and regulations concerning on-site service and plumbing facilities.
- 1) All connections shall be designed to ensure against back-flow or siphonage into the Corporation's water supply. In particular, livestock water troughs shall be plumbed above the top of the trough with air space between the discharge and the water level in the trough. (30 TAC 290.46)
- 2) The use of pipe fittings that contain more than 8.0% lead or solder and flux that contain more than 0.2% lead is prohibited for any plumbing installation or repair of any residential or non-residential facility providing water for human consumption and connected to the Corporation's facilities. Customer service pipelines shall be installed by the applicant and shall be a minimum of SDR-26 PVC pipe. (30 TAC 290.46)
- c. A Member owning more than one (1) Membership shall keep all payments current on all accounts. Failure to maintain current status on all accounts shall be enforceable as per Service Application and Agreement executed by the Member.
- d. The Corporation's ownership and maintenance responsibility of water supply and metering equipment shall end at the meter or other service equipment. Therefore, all water usage registering upon and/or damages occurring to the metering equipment owned and maintained by the Corporation shall be subject to charges as determined by the Corporation's Tariff as amended from time to time by the Board of Directors.
- e. The Corporation shall require each Member to have a cut-off valve on the Member's side of the meter for purposes of isolating the Member's service pipeline and plumbing facilities from the Corporation's water pressure. The valve shall meet AWWA standards (a ball valve is preferred). The Member's use of the Corporation's curb stop or other similar valve for such purposes is prohibited. Any damage to the Corporation's equipment shall be subject to service charges. (This additional cut-off valve will be installed as part of the original meter installation by the Corporation.)



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

1. Corporation's Limitations. All Applicants shall recognize that the Corporation must comply with local, state, and federal rules and regulations as promulgated from time to time, and by covenants of current indebtedness. The Corporation is not required to extend retail utility service to an applicant in a subdivision where the responsible party (Developer) of the applicable property (subdivision) has failed to comply with the terms of this policy. 12.2502 of the Texas Water Code requires that notice be given herein or by publication or by alternative means to the Developers. (See Section F.11.)

2. Purpose. This Section is applicable to subdivisions, additions to subdivisions, or developments, or whenever additional service facilities are required. For the purposes of this Tariff, Applications subject to this Section shall be defined as Non-Standard.

3. Application of Rules. This Section may be altered or suspended for planned facility expansions when the Corporation extends its indebtedness. The Board of Directors of the Corporation shall interpret on an individual basis whether or not the Applicant's service request shall be subject to all or part of the conditions of this Section.

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

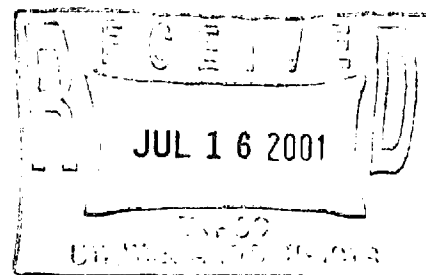
a. The Applicant shall provide the Corporation a completed Service Application And Agreement giving special attention to the item on SPECIAL SERVICE NEEDS OF THE APPLICANT.

b. A final plat approved by the Corporation must accompany the Application showing the Applicant's requested service area. The plat must be approved by all regulatory authorities having jurisdiction over lot sizes, sewage control, drainage, right-of-way, and other service facilities. Plans, specifications, and special requirements of such regulatory authorities shall be submitted with the plat. Applicants for single taps involving extension or upsizing of facilities shall be required to submit maps or plans detailing the location of the requested extension and details of demand requirements.

c. At the time the Applicant submits the Application a Non-Standard Service Investigation Fee (See SECTION G) to cover initial administrative, legal, and engineering fees shall be paid to the Corporation. The balance of actual expenses shall be refundable to the Applicant and any additional expenses incurred, as a result of efforts by the Corporation to study service requirements of the Applicant shall be paid by the Applicant.

d. If after the service investigation has been completed, the Corporation determines that the Applicant's service request is for property outside the Corporation's Certificate of Convenience and Necessity, service may be extended provided that:

- 1) The service location is contiguous to or within one-fourth (1/4) mile of the Corporation's Certificated Service Area;



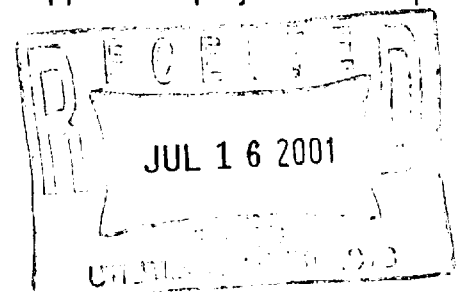
- 2) The service location is not in an area receiving similar service from another utility; and
- 3) The service location is not within another utility's Certificate of Convenience and Necessity.

5. Design. The Corporation shall study the design requirements of the Applicant's required facilities prior to initiation of a Service Agreement by adopting the following schedule:

- a. The Corporation's Consulting Engineer shall design all service facilities for the Applicant's requested service within the Corporation's specifications or within certain codes and specifications of neighboring municipalities for all Non-Standard Service Applications which lie within a five (5) mile margin around the boundaries of municipalities having jurisdiction over such design criteria municipalities with a population greater than five thousand [5,000]).
- b. The Engineer's fees shall be paid out of the Non-Standard Service Investigation Fee, provided the actual costs of the Engineer's services do not exceed the amount of the Non-Standard Service Investigation Fee allotted for engineering services. If the Applicant's services exceed the allotted fee, the Applicant shall pay the balance of engineering fees prior to commencing with the service investigation.
- c. The Consulting Engineer shall submit to the Corporation a set of detailed plans, specifications, and cost estimates for the project.
- d. If no local authority imposes other design criteria on the Applicant's service request, the Corporation's Engineer shall design all facilities for any Applicant to meet the demand for service as platted and/or requested in the plans or plat submitted in application for service. The Corporation reserves the right to upgrade design of service facilities to meet future demands provided however, that the Corporation pays the expense of such upgrading above the Applicant's facility requirements.

6. Non-Standard Service Contract. All Applicants requesting or requiring Non-Standard Service shall enter into a written contract, drawn up by the Corporation's Attorney, in addition to submitting the Corporation's Service Application and Agreement. Said contract shall define the terms of service prior to construction of required service facilities. Guidelines for the service contract may include, but are not limited to:

- a. All costs associated with required administration, design, construction, and inspection of facilities for water service to the Applicant's service area and terms by which these costs are to be paid.
- b. A procedure by which the Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.
- c. Terms by which reserved service shall be provided to the Applicant and duration of reserved service with respect to the impact the Applicant's service request will have upon the Corporation's system capability to meet other service requests.
- d. Terms by which the Applicant shall be reimbursed or compensated for fees duplicated in assessments for monthly rates.
- d. Terms by which the Corporation shall administer the Applicant's project with respect to:
 - 1) Design of the Applicant's service facilities;



- 2) Securing and qualifying bids;
- 3) Execution of the Service Agreement;
- 4) Selection of a qualified bidder for construction;
- 5) Dispensing advanced funds for construction of facilities required for the Applicant's service;
- 6) Inspecting construction of facilities; and
- 7) Testing facilities and closing the project.

f. Terms by which the Applicant shall indemnify the Corporation from all third party claims or lawsuit in connection with the project contemplated.

g. Terms by which the Applicant shall deed all constructed facilities to the Corporation and by which the Corporation shall assume operation and maintenance responsibility, including any enforcement of warranties in connection with construction of the Applicant's project.

h. Terms by which the Applicant shall grant title or easement for right-of ways, constructed facilities, and facility sites and/or terms by which the Applicant shall provide for the securing of required right-of-ways and sites.

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

7. Property and Right-of-Way Acquisition. With regard to construction of facilities, the Corporation may require private right-of-way easements or private property as per the following conditions:

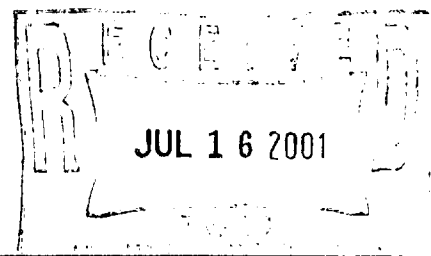
a. If the Corporation determines that right-of-way easements or facility sites outside the Applicant's property are required, the Corporation shall require the Applicant make good faith efforts to secure easements or title to facility sites in behalf of the Corporation. All right-of-way easements and property titles shall be researched, validated, and filed by the Corporation at the expense of the Applicant.

b. All facilities required to be installed in public right-of-ways in behalf of the Applicant, due to inability to secure private right-of-way easements, shall be subject to costs equal to the original cost of facility installation for those facilities in public right-of-ways, plus the estimated cost of future relocation to private right-of-ways or subject to the cost of installation under state condemnation procedures, whichever is most desired by the Applicant.

c. The Corporation shall require an exclusive dedicated right-of-way on the Applicant's property (as required by the size of the planned facilities and as determined by the Corporation) and title to property required for other on-site facilities.

d. Easements and facilities sites shall be prepared for the construction of the Corporation's pipeline and facility installations in accordance with the Corporation's requirements and at the expense of the Applicant.

8. Bids For Construction. The Corporation's Consulting Engineer shall advertise for bids for the construction of the Applicant's proposed facilities in accordance with generally accepted practices. Plans and specifications shall be made available, with or without charge, to prospective bidders. Although the Corporation reserves the right to reject any bid or contractor, the Corporation shall generally award the contract to the lowest and best bidder in accordance with the following criteria:



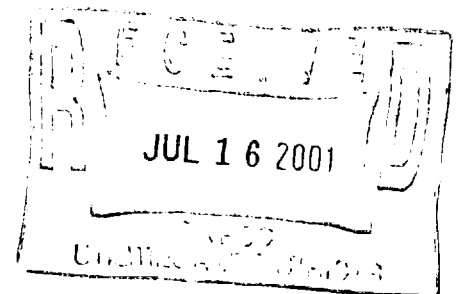
- a. The Applicant shall sign the Service Contract noting willingness to proceed with the project and shall pay all costs in advance of construction associated with the project;
- b. The Contractor shall provide an adequate bid bond under terms acceptable to the Corporation,
- c. The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the Corporation,
- d. The Contractor shall supply favorable references acceptable to the Corporation,
- e. The Contractor shall qualify with the Corporation as competent to complete the work, and
- f. The Contractor shall provide adequate certificates of insurance as required by the Corporation.

9. Pre-Payment For Construction and Service. After the Applicant has executed the Service Agreement, the Applicant shall pay to the Corporation all costs necessary for completion of the project prior to construction and in accordance with the terms of the Service Contract.

10. Construction.

- a. All Road work pursuant to county and/or municipal standards (if applicable) shall be completed prior to facility construction to avoid future problems resulting from road right-of-way completion and excavation. Subject to approval of the requisite authority, road sleeves may be installed prior to road construction to avoid road damage during construction of Applicant's facilities.
- b. The Corporation shall, at the expense of the Applicant, inspect the facilities to ensure that Corporation standards are achieved.
- c. Construction plans and specifications shall be strictly adhered to, but the Corporation reserves the right to change-order any specifications, due to unforeseen circumstances during the design phase, to better facilitate operation of the Applicant's facility. All change-order amounts shall be charged to the Applicant.

11. Service within Subdivisions - The Corporation's objective to provide service to any customer located within a subdivision governed by this section is strictly limited to the non-standard service specified by the Applicant. The purchaser of any lots who do not receive service because this service has not been specified or paid for by the Applicant shall have no recourse to the Corporation but may have recourse to the Applicant/Developer.

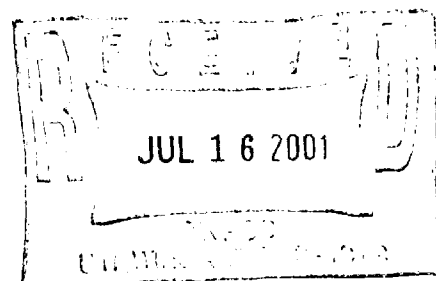


SECTION G.

RATES AND SERVICE FEES

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

1. **Service Investigation Fee.** The Corporation shall conduct a service investigation for each service application submitted at the corporate office. An initial determination shall be made by the Corporation, without charge, as to whether the service request is Standard or Non-Standard. An investigation shall then be conducted and the results reported under the following terms:
 - a. All Standard Service Unit requests shall be investigated without charge and all applicable costs for providing service shall be quoted in writing to the Applicant within ten (10) working days of application.
 - b. All Non-Standard Service requests shall be subject to a fee, appropriate to each project, of sufficient amount to cover all administrative, legal, and engineering fees associated with investigation of the Corporation's ability to deliver service to the Applicant to;
 - 1) provide cost estimates of the project,
 - 2) to present detailed plans and specification as per final plat,
 - 3) to advertise and accept bids for the project,
 - 4) to present a Non-Standard Service Contract to the Applicant, and
 - 5) to provide other services as required by the Corporation for such investigation.A Non-Standard Service Contract shall be presented to the Applicant within a suitable amount of time as determined by the complexity of the project. (See Section F.)
2. **Membership Fee.** At the time the application for service is approved, a non-refundable Membership Fee must be paid before service shall be provided or reserved for the Applicant by the Corporation. The Membership Fee for water service is \$100.00 for each service unit.
3. **Deposit Fee.** At the time the application for service is approved, a refundable deposit fee of \$50.00 will be required. This deposit will be refunded upon the Applicant's request after eighteen (18) months of service with no late charges or penalties charged to the Applicant's account. Without the Applicant's request, the deposit will be refunded at the time the Applicant's account is closed less any outstanding amounts due the Corporation. The deposit will be waived with a Letter of Credit from the Applicant's last utility showing the most recent twelve (12) month period of service without penalties or late charges assessed to their account.
4. **Easement Fee.** When the Corporation determines that private right-of-way easements and/or facilities sites are necessary to provide service to the Applicant, the Applicant shall be required to make good faith efforts to secure easements in behalf of the Corporation or pay all costs incurred by the Corporation in validating, clearing, and retaining such right-of-way in addition to tap fees otherwise required pursuant to the provisions of this Tariff.



The costs may include all legal fees and expenses necessary to secure such right-of way and/or facilities sites in behalf of the Applicant. (See Section E.2.c. (2), Section F.7.)

5. **Installation Fee.** The Corporation shall charge an installation fee for service as follows: (prices based on a standard residential 3/4" meter, larger meters will require individual quotation)
- Standard Service Unit shall include all current labor, materials, engineering, legal, and administrative costs necessary to provide individual metered water service and shall be charged \$400 for a Tap. (Refer to Section G Page 24.)
 - Non-Standard Service shall include any and all construction labor and materials, inspection, administration, legal, and engineering fees, as determined by the Corporation under the rules of Section F of this Tariff.
 - Standard and Non-Standard Service Installations shall include all costs of any pipeline relocation as per Section E.2.c. (5) of this Tariff.
6. **Capital Recovery Fee.** In addition to the Membership Fee, each Applicant shall be required to achieve parity with existing Members by contributing capital in an amount projected to defray the cost of upgrading system facilities to meet growth demands created by adding customers. This fee shall be assessed immediately prior to providing or reserving service on a per service unit basis for each tap/lot and shall be assigned and restricted to the tap/lot for which the service was originally requested.

| METER SIZE | EQUIVALENT | EQUITY BUY-IN FEE |
|-------------------|------------|-------------------|
| 5/8" x 3/4" Meter | 1.0 | \$900 |
| 1" Meter | 2.0 | \$1,800 |
| 1 1/2" Meter | 4.0 | \$3,600 |
| 2" Meter | 7.6 | \$6,840 |
| 3" Meter | 13.5 | \$12,150 |
| 4" Meter | 27.0 | \$24,300 |
| 6" Meter | 45.0 | \$40,500 |

7. Monthly Charges.

a. Service Availability Charge

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

| METER SIZE | 5/8"x3/4" MULTIPLIER | MONTHLY RATE | SERVICE UNITS |
|-------------|----------------------|--------------|---------------|
| 5/8" x 3/4" | 1.0 | \$21.00 | 1 |
| 1" | 2.0 | \$42.00 | 2 OR 3 |
| 1-1/2" | 4.0 | \$84.00 | 4 THRU 7 |
| 2" | 7.6 | \$159.60 | 8 THRU 14 |
| 3" | 13.5 | \$283.50 | 15 THRU 25 |
| 4" | 27.0 | \$567.00 | 26 THRU 45 |
| 6" | 45.0 | \$966.00 | 26 THRU 80 |

- Gallonage Charge** – In addition to the above Service Availability Charge, all of which includes 2000 gallons, a gallonage charge shall be added at the following rate for usage during any one (1) month billing period.

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- c. **Water:** 2001 Gallons up to 8,000 Gallons = \$4.00 per 1,000 gallons.
8,001 Gallons through 25,000 Gal = \$4.50 per 1,000 gallons.
25,001 Gal. through 50,000 Gal. = \$4.75 per 1,000 gallons.
In excess of 50,001 Gallons = \$5.00 per 1,000 gallons

1) The Corporation shall, as required by Section 5.325, Water Code of the State of Texas, collect from each of its retail customers a regulatory assessment equal to $\frac{1}{2}\%$ of the charge for retail water service. The charge shall be collected in addition to other charges for utility service. This fee is collected on all charges pertaining to Section G.6 Monthly Charges of this Tariff (30 TAC 291.76d. (3)(I)).

8. **Late Payment Fee.** Once per billing period, a penalty of \$2.00 or 5%, which ever is larger, shall be applied to delinquent bills. This late payment penalty shall not be applied to any balance to which the penalty was applied in a previous billing, but shall be applied to any unpaid balance during the current billing period.

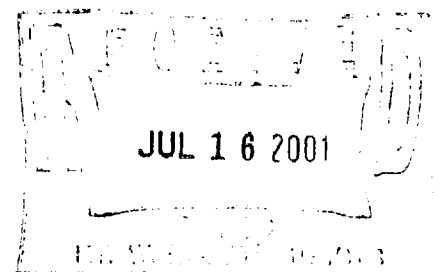
9. **Returned Check Fee.** In the event a check, draft, or any other similar instrument is given by a person, firm, corporation, or partnership to the Corporation for payment of service provided for in this Tariff, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason, the account for which the instrument was issued shall be assessed a return check charge of \$25.00.

10. **Reconnect Fee.** The Corporation shall charge a fee of \$30.00 for reconnecting service after the Corporation has previously disconnected the service for any reason provided for in this Tariff except for activation of service under Section E.3.b. Re-Service.

11. **Service Trip Fee.** The Corporation shall charge a trip fee of \$35.00 for any service call or trip to the Member's tap as a result of a request by the Member or resident (unless the service call is in response to damage of the Corporation's or another Member's facilities).

12. **Equipment Damage Fee.** If the Corporation's facilities or equipment have been damaged by tampering, by-passing, installing unauthorized taps, reconnecting service without authority, or other service diversion, a fee shall be charged equal to the actual costs for all labor, material, and equipment necessary for repair, replacement, and other Corporation actions. This fee shall be charged and paid before service is re-established. If the Corporation's equipment has not been damaged, a fee equal to the actual costs for all labor, material, equipment, and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authority shall be charged. All components of this fee will be itemized, and a statement shall be provided to the Member. If the Corporation's facilities or equipment have been damaged due to negligence or unauthorized use of the Corporation's equipment, right-of-way, or meter shut-off valve, or due to other acts for which the Corporation incurs losses or damages, the Member shall be liable for all labor and material charges incurred as a result of said acts or negligence.

13. **Customer History Report Fee.** A fee of \$25.00 shall be charged to provide a copy of the Members record of past water purchases in response to a Member's request for such a record.

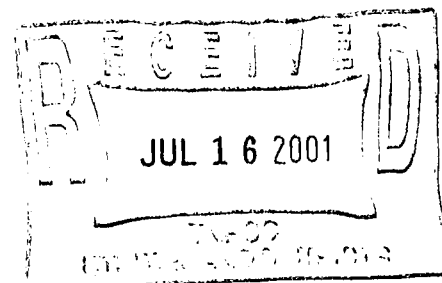


- 14. Meter Test Fee.** The Corporation shall test a member's meter upon written request of the Member. Under the terms of Section E.18 of this Tariff, a charge of \$100.00 shall be imposed on the affected account.
- 15. Indication of Interest Fee.** A fee of \$100.00 shall be charged a potential Member of the Corporation for the purpose of determining the feasibility of a construction and/or expansion project. The Indication of Interest Fee may be converted to a Membership Fee upon determination that service to the Applicant is feasible and available.
- 16. Non-Disclosure Fee.** A fee of \$5.00 shall be assessed any customer requesting in writing that personal information under the terms of this Tariff not be disclosed to the public.
- 17. Information Disclosure Fee.** All public information shall be available for a fee of \$10.00 (administrative fee), plus \$0.75 per page computer based print charge, and/or \$0.25 per page copy expense, except that which has been individually requested as confidential but not to be inconsistent with the terms of the Texas Open Records Act, Chapter 552, Texas Government Code.
- 18. Customer Service Inspection Fee.** A fee of \$35.00 will be assessed Applicant before permanent continuous service is provided to new construction.
- 19. Meter Reading Fee.** Any account with estimated usage for two consecutive months will be read by the Company, and a \$12.50 charge will be added to the account.
- 20. Estimated Fee.** A minimum usage will be estimated and a \$2.00 estimated fee would be charged to any account without a meter reading turned in by billing date of each month.
- 21. Other Fees.** All services outside the normal scope of utility operations which the Corporation may be compelled to provide at the request of a customer of Member shall be charged to the recipient based on the cost of providing such service.

**INSTALLATION FEE CALCULATIONS
FOR STANDARD SERVICE UNIT (5/8"X3/4" METER)**

(Refer to Section G.5.a. page 22)

| | |
|-----------------|-------------------------------|
| \$60.00 | Meter |
| \$25.00 | Saddle |
| \$25.00 | Curb Stop |
| \$20.00 | Back Flow Valve |
| \$16.00 | Meter Box |
| \$12.00 | Customer Shut-off Valve |
| \$14.00 | Customer Valve Box |
| \$78.00 | Labor |
| \$150.00 | Equipment Cost |
| \$400.00 | Total Installation Fee |



SECTION H.
EMERGENCY WATER DEMAND MANAGEMENT PLAN
AND EMERGENCY RATIONING PROGRAM

A. INTRODUCTION

The goal of this plan is to cause a reduction in water use in response to emergency conditions to that the water availability can be preserved. Since emergency conditions can occur rapidly, responses must also be enacted quickly. This plan has been prepared in advance considering conditions that will initiate and terminate the rationing program.

A Conservation Committee consisting of two Board Members and the President will monitor usage patterns, public education efforts and make recommendations to the Board on future conservation efforts. The Committee will develop public awareness notices, and other methods that will begin and continue as a constant type of reminder that water should be conserved at all times, not just during an emergency. This Committee will review and evaluate any needed amendments or major changes due to changes in the Bi-County Water Supply Corporation service area population, distribution system or supply. This review and evaluation will be done on a regular basis of five years unless conditions necessitate more frequent amendments.

The plan will be implemented according to the three stages of rationing as imposed by the Board. The next section describes the conditions, which will trigger these stages.

B. TRIGGER CONDITIONS

1. Stage I - Mild Condition: Stage I may be implemented when one or more of the following conditions exist:

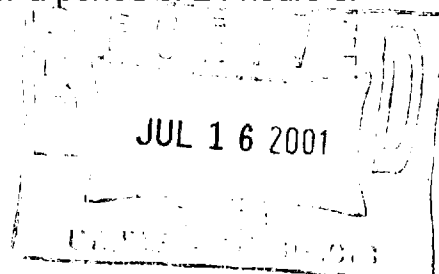
- a. Water consumption has reached 80 percent of daily maximum supply for three consecutive days.
- b. Water supply is reduced to a level that is only 20 percent greater than the average consumption for the previous month.
- c. There is an extended period (at least eight (8) weeks) of low rainfall and daily use has risen 20 percent above the use for the same period during the previous year.

2. Stage II - Moderate Conditions: Stage II rationing condition may be implemented when one of the following conditions exists:

- a. Water consumption has reached 90 percent of the amount available for three consecutive days.
- b. The water level in any of the water storage tanks cannot be replenished for three (3) consecutive days.

3. Stage III - Severe Conditions: Stage III rationing conditions may be implemented when one of the following four conditions exist:

- a. Failure of a major component of the system or an event which reduces the minimum residual pressure in the system below 20 psi for a period of 24 hours or longer.



- b. Water consumption of 95 percent or more of the maximum available for three (3) consecutive days.
- c. Water consumption of 100 percent of the maximum available and the water storage levels in the system drop during one 24-hour period.
- d. Other unforeseen event, which could cause imminent health or safety, risks to the public.

C. STAGE LEVELS OF RATIONING

The stage levels of rationing are to be placed in effect by the triggers in Section B. The System shall institute monitoring and enforce penalties for violations of the Rationing Program for each of the Stages listed below. The rationing measures are summarized below.

1. Stage I - Mild Conditions

- a. Alternative day, time of day, or limiting of time restrictions for outside water usage allowed. (System will notify Customers which restriction is in effect.)
- b. The system should reduce flushing operations.
- c. Encourage reduction of water use through the notice on bills or other methods.

2. Stage II - Moderate Conditions

- a. All outside water use is prohibited (except for livestock).
- b. Make public service announcements as conditions change via local media (TV, radio, newspapers, etc.)

3. Stage III - Severe Conditions

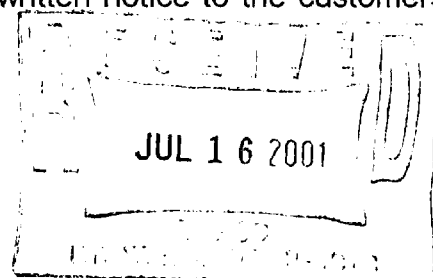
- a. All outside watering prohibited and the system may also prohibit livestock watering by notice.
- b. Water use will be restricted to a percentage of each member's prior month's usage. This percentage may be adjusted as needed according to demand on the system. Notice of this amount will be sent to each customer.
- c. Corporation shall continue enforcement and educational efforts.

NOTES:

- 1) Refer to your water purchase contract for additional restrictions/requirements that may be imposed by stipulations from the wholesale supplier.
- 2) There may be additional restrictions imposed by Government Entities.
- 3) Meters will be read as often as necessary to insure compliance with this program for the benefit of all the customers.

D. INITIATION AND TERMINATION PROCEDURES

Once a trigger condition occurs, the Corporation, or its designated responsible representative, shall, based on recommendation from the Chairperson of the Conservation Committee, decide if the appropriate stage of rationing shall be initiated. The initiation may be delayed if there is a reasonable possibility the water system performance will not be compromised by the condition. If rationing is to be instituted, written notice to the customers shall be given.



Written notice of the proposed rationing shall be mailed or delivered to each affected customer, and placed in a local newspaper or announced on a local radio or television station.

The customer notice shall contain the following information:

1. The date rationing shall begin,
2. The expected duration,
3. The stage (level) of rationing to be employed,
4. Penalty for violations of the rationing program, and
5. Affected area to be rationed.

If the rationing period extends 30 days then the Chairperson of the Conservation Committee or President shall present the reasons for the rationing at the next scheduled Board Meeting and shall request the concurrence of the Board to extend the rationing period.

When the trigger condition no longer exists then the responsible official may terminate the rationing provided that such an action is based on sound judgment. Written notice of the end of rationing shall be given to customers. A rationing period may not exceed 60 days without extension by action of the Board.

E. PENALTIES FOR VIOLATIONS

For the first violation of a rationing provision a written warning shall be issued. The Corporation may install a flow restrictor in the customer's service line for the second violation. The cost of this shall be the actual cost to do the work and not exceed \$85.00.

For subsequent violations, the Corporation may terminate service for up to 7 days and charge for the service call to restore service. These provisions apply to all customers of the Corporation.

SERVICE CALL FOR RATIONING VIOLATION

\$20 Flow Restrictor

\$65 Labor

\$85 Total Charge - Rationing Violation

F. EXEMPTIONS OR WAIVERS

The System may grant exemptions or waivers for individuals that can demonstrate just cause for outside or other use of water other than permitted by this Rationing Program. Some examples may include no other source for livestock, for business purposes, for other planned construction or improvement already in progress, etc.

G. IMPLEMENTATION

The Board shall establish a Conservation Committee by Resolution, the chairperson, or which, will be the responsible representative to make Emergency Water Management actions. This committee should also review the procedures in this plan annually so that modifications can be made to accommodate system growth.

The Board adopted the provisions, which affect customers in this Plan. The Board or its designated representative will put these procedures into effect.

