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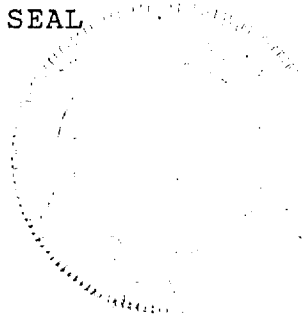
TARIFF UPDATE

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UTILITY RATES AND SERVICES

APPROVED

12-07-99

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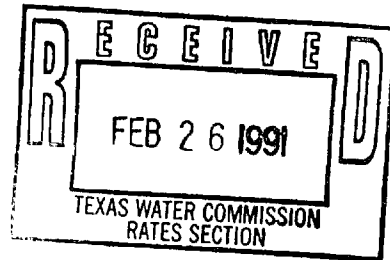


COPEVILLE W.S.C.

Carl D. Hummel

HH

TARIFF



COPEVILLE WATER SUPPLY
BUSINESS 78 & RD 549
P. O. BOX 135
COPEVILLE, TEXAS 75018
(214) 853-4630

1991

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Copeville Water Supply Corporation
COPEVILLE, TEXAS

Dear Sir,

Enclosed you will find an amendment to our tariff
that we filed with you last month.



Sincerely,

Copeville W.S.C.
Box 135
Copeville, Tx. 75018
(214) 853-4630

Copeville Water Supply Corporation
COPEVILLE, TEXAS

Be it resolved that on February 12, 1991 the Copeville Water Supply Corporation met and approved this amendment to the Copeville W.S.C. Tariff and Bylaws.

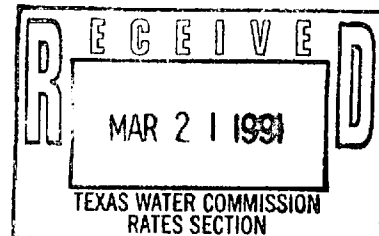
Amendment is as follows:

Copeville W.S.C. will no longer issue Stock Certificates effective as of February 12, 1991.

Board of Directors

SEAL

Margaret Baker President
Wayne Daddor Secretary



SECTION A: RESOLUTION OR ADOPTION AND REVISION

RESOLVED BY THE BOARD OF DIRECTORS OF THE COPEVILLE WATER SUPPLY CORPORATION THAT:

1. This Tariff of Copeville WSC, serving parts of Collin County, consisting of Sections A through H inclusive, is hereby adopted and enacted as the current regulations which shall supersede all policies based by the Board of Directors before, December 11, 1990 to the extent provided in paragraph 2 hereof.

2. No prior agreement executed by the Board of Directors is repealed by any provision contained herein, save and except as provided in the terms of that agreement.

3. The adoption of the provisions of this Tariff shall not affect any offense or act committed or done, or any penalty of forfeiture incurred, or any contract or vested right established or accruing before the effective date of this Tariff.

4. An official copy of this policy shall be available to the Membership of this Corporation during regular office hours of the Corporation. Requests for copies of this Tariff shall be subject to reproduction charges. The Secretary of the Corporation shall maintain the original copy as approved, and clearly exhibit all additions, deletions and amendments separately.

5. This Tariff shall take effect immediately upon its approval as provided by law, and according to its terms. Rules and regulations of state and federal agencies having applicable jurisdiction, promulgated under any applicable State or Federal Law, 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 thereby.

PASSED and APPROVED this 11th day of December 1990

Morgan Baker

President, Copeville Water Supply Corporation

SEAL

ATTEST:

Wayne Dodson

Secretary, Copeville Water Supply Corporation

SECTION B: STATEMENTS

1. Organization. The Copeville Water Supply Corporation is a member-owned, non-profit corporation incorporated pursuant to the provisions of Tex. Rev. Civ. Stat. Ann., art. 1434a as supplemented by the Texas Non-Profit Corporation Act, Tex. Rev. Civ. Stat. Ann., art. 1396, for the purpose of furnishing a portable water utility service. Corporation operating policies, rates, tariffs, and regulations are formulated and effected by a Board of Directors elected by the Members of the Corporation.

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

3. Rules Application. The rules and regulations specified herein apply to the water services furnished by Copeville Water Supply Corporation, also referred to as Corporation, Copeville, or Copeville WSC. Failure on the part of the Member, Consumer, or Applicant to observe these rules and regulations of the Corporation, after due notice of such failure, automatically gives the Corporation, authority to deny or to discontinue the furnishing of service as provided herein and as may be amended from time to time by the Board of Directors of the Corporation.

4. Corporation Bylaws. The Corporation has adopted bylaws which establish the make-up of the Board of Directors, establish the Membership voting rights, provide for annual and regular meetings, provide for reserve accounts, and establish the rights of the Members and other important regulations of the water system. These bylaws are included by reference herein, as amended from time to time, and are on file for inspection in the Corporation's office.

5. Fire Protection Responsibility. Fire hydrants installed within the Corporation's distribution system are provided at the convenience of the Corporation and do not imply any responsibility on the part of the Corporation to meet fire flow requirements of local, county, state or federal governmental agencies. [(Optional) Fire hydrants paid for by individuals or groups of individuals and donated to the Corporation for county volunteer fire department use shall remain in place for such use as "refill only" of fire trucks.] The Corporation reserves the right to remove any fire 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 contributions.

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

DATE APPROVED 11th December 1990

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7. Information Disclosure. The records of the Corporation shall be kept in the Corporation office in Copeville, Texas. These records may, upon request, be examined by any Member of the Corporation. The records may not be removed from the Corporation's office and the Corporation staff reserves the right to require reasonable notice of requests for information and the opportunity to consult its governing body and/or legal counsel prior to disclosure. A reasonable charge may be assessed anyone requesting copies of records.

8. Customer Notice Provisions. The Corporation shall give written notice of monthly water rate changes by mail or hand delivery to all affected Members and/or consumers at least 30 days prior to the effective date of the new rate. The notice shall contain the old rates, new rates, 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 interest under the policies of this Tariff in becoming a Member of the Corporation shall have any 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 for discussion and resolution. If not resolved to the satisfaction of the aggrieved party then,

b. By presenting a letter of request for a hearing before the Board of Directors. The letter shall state the individual's desired business before the Board and the desired result.

c. The President of the Board of Directors shall review the request and determine the best means by which the complaint shall be resolved.

d. The President shall further determine a reasonable time and place for all hearings, but not beyond 45 days of the date of receipt of the letter of complaint.

e. The Board of Directors, committee thereof, and/or legal counsel shall hear the complaint as directed by the Board.

f. Any hearings by committees or staff delegated to hear complaints shall report its recommendation to the full Board for a decision by the Board.

g. The Board of Directors shall act upon the information available and direct the President or other representative to respond to the complaint by communicating the Board's decision in writing.

h. 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 final decision has been made by the Board of Directors. The Board's decision shall be final.

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SECTION B. STATEMENTS

10. **Customer Service Inspections** – The Corporation requires that a customer service inspection certification be completed prior to providing continuous water service to new construction and for all new members as part of the activation of standard and some non-standard service. Customer service inspections are also required on any existing service when the corporation has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction or addition to the members' water distribution facilities. This inspection is limited to the identification and prevention of cross connections, potential contaminant hazards and illegal lead materials. (30 TAC 290.46(i-j))

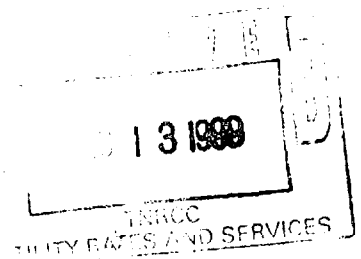
SECTION C. DEFINITIONS

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

Subdivide – Means to divide the surface area of land into lots intended primarily for residential use. (Local Government Code Chapter 232, Section 232.021 Definitions)

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

Subdivision – Means an area of land that has been subdivided into lots for sale or lease. (Local Government Code Chapter 232, Section 232.021 Definitions)



Approved 12-07-99

CPH WSC

SECTION C: DEFINITIONS

ACTIVE SERVICE - Service status of any Member receiving authorized water service under the provisions of this Tariff.

APPLICANT - Person, partnership, cooperative corporation, corporation, agency, public or private organization of any character applying for service with the Copeville Water Supply Corporation.

BOARD OF DIRECTORS - The Board of Directors elected by the Members of the Copeville Water Supply Corp.

BYLAWS - The rules pertaining to the governing of the Copeville Water Supply Corporation adopted by the Corporation Members.

CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) - The authorization granted under Chapter 13 of the Texas Water Code for Copeville Water Supply Corporation to provide water utility service within a defined territory. Copeville Water Supply Corporation has Certificate Number 11376. Territory defined in the CCN shall be the Certificated Service Area.

CORPORATION - The Copeville Water Supply Corporation.

DISCONNECTION OF SERVICE - The locking or removal of a water meter to prevent the use of water by a Member/Consumer.

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

FmHA - Abbreviation for Farmers Home Administration, an agency of the U. S. Department of Agriculture, providing loan and grant funds for development of rural water systems serving communities with a population of less than ten thousand (10,000) people.

FINAL PLAT - A complete and exact plan for the subdivision of a tract of land into lots of marketing which has been approved by all regulatory agencies having jurisdiction over approval of the design, planning, and specifications of the facilities of such subdivision. The Copeville Water Supply Corporation shall determine if a plat submitted for the purposes of this Tariff shall qualify as a final plat.

FRONT-END CAPITAL CONTRIBUTION - A fee assessed of new Applicants for water service for the purpose of acquiring capital to defray the costs of expanding the system facilities in order to meet the customer growth needs of the Corporation. This fee is charged for each meter equivalent or lot/tap for which service has been requested.

DATE APPROVED 11th December 1990

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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.

LIQUIDATED MEMBERSHIP - A Membership which has been cancelled due to delinquent charges exceeding the Membership Fee or for other reasons as specified in this Tariff. Service shall not be provided to any person whose Membership Fee has been liquidated until a new Membership Fee has been paid and all other applicable requirements for service as provided in this Tariff have been satisfied.

MEMBER - An Applicant who has received a Membership Certificate and who is receiving water utility service from Copeville Water Supply Corporation by the payment of the minimum monthly charge.

MEMBERSHIP CERTIFICATE - A Stock certificate purchased from the Corporation evidencing a Member's interest in the Corporation.

MINIMUM MONTHLY CHARGE - The term Minimum Monthly Charge (proper name) is used to define the monthly charge assessed each Member of the Corporation utilizing service or each Member who has the opportunity to utilize service via a metering device installed by the Corporation. In the text of this Tariff, minimum monthly charge (common name may be used generically to describe Minimum Monthly Charge or reserved Service Charge, the two monthly charges assessed each Member entitled to service. See definition of Reserved Service Charge.

INDICATION OF INTEREST FEE - A fee paid by a potential Member of the Corporation for the purpose of aiding the FMHA and Corporation officials in 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. Upon such conversion, the Applicant may then further qualify as a Member and shall become a Member of the Corporation upon receipt of a Membership Certificate.

PERSON - Any natural person, partnership, cooperative corporation, association, private corporation, agency, or public or private organization of any character.

RENTER - A consumer who rents property from a Member and may otherwise be termed a lessee or tenant.

RE-SERVICE - Providing service to an Applicant at a location for which service previously existed, but where Membership has been liquidated and now requires the fitting of a metering device into an existing setting and possibly requiring modifications to the setting in order to restore service. Costs of such re-servicing shall be based on justifiable and reasonable costs to the Corporation for restoration of service.

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RESERVED SERVICE CHARGE - a minimum monthly charge assessed each Member who has applied for service with the Corporation but has delayed the installation of meter(s) on the lot or property for which service has been requested. The purpose of this fee is to reserve service capacity at a desired location pending a decision on the part of the Member of where to locate the meter. This fee is paid monthly in lieu of the Minimum Monthly Charge until such time as a lot may be sold and a metered connection provided as requested. The reserved Service Charge shall be cost-based to defray actual costs of service to the property for which service has been requested.

SERVICE CLASSIFICATION - A type of service which warrants a specific charge for service based on specific criteria such as usage, meter size, demand, type application, etc. as determined by the Corporation upon evaluation of the service requirements of the Applicant or Member.

SERVICE APPLICATION AND AGREEMENT - A written agreement between the Member/Applicant and the Corporation outlining the responsibilities of each party regarding the service of water.

SURRENDERED MEMBERSHIP - A Membership in which service has been discontinued upon request of the Member and all indebtedness due the Corporation has been paid in full.

TARIFF - The Corporation's published rates, fees, and conditions of service.

TRANSFeree - An Applicant receiving a Copeville Water Supply Corporation Membership by legal means from a person or entity desiring to forfeit and transfer current rights to Membership to another person or entity.

TRANSFEROR - A Member who transfers Membership by legal means to another person or entity desiring to qualify for service to a property for which the Membership is currently issued or to the Corporation.

DATE APPROVED 11th December 1990

COPEVILLE WSC

SECTION E: SERVICE RULES AND REGULATIONS

1. Service Entitlement. An Applicant shall be considered fully 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 by this Tariff.

2. Application Procedures and Requirements. For the purposes of this Tariff, service requested by an Applicant and provided by the Corporation shall be divided into the following two (2) 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 only 5/8" X 3/4" to 3/4" sized meter services set on existing pipelines.

b. Non-Standard Service is defined as any service applied for which is not Standard Service. In addition to the following requirements for service, service requirements as prescribed by Section F of this Tariff shall be required of the Non-Standard Service Applicant prior to extension of such pipelines, and/or service facilities.

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) A Right-of-Way Easement Form, approved by the Corporation, must be completed by the Applicant for the purpose of allowing future extensions or facility additions to improve or provide service to future Applicants. NOTE: This requirement may be delayed for Non-Standard Service requests.

(3) The Applicant shall provide proof of ownership or title to property for which service has been requested in a manner acceptable to the Corporation.

(4) The Applicant shall provide proof that application has been made to the proper regulatory authority for approval and installation of on-site sewage disposal facilities as authorized under the Texas Sanitation and Health Protection Law, Texas Civil Statutes, Article 4477-1, for all services requiring such installations.

DATE APPROVED 11th December 1990

COPEVILLE WSC

(5) All Service Applications approved and cost of service fees quoted by the Corporation shall be presented to the Applicant in writing and shall stand approved at quoted costs for a period not to exceed thirty (30) days. After thirty (30) days, each Applicant shall re-apply for service under the terms of this Tariff.

(6) If the water main has been located in the public right-of-way and is adjacent to Applicant's property due to the current or previous landowner's refusal to grant easement to the Corporation for the purposes of installing the water main and appurtenances, and the Corporation has documentation of such refusal on file, the Applicant, prior to receiving the requested service, shall grant easement to the Corporation. In addition to the normally required fees for service, the Applicant shall pay such sums as are necessary for the removal of the water main from the public right-of-way and for relocation onto the Applicant's property pursuant to such easement.

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 other fees shall be paid in advance of installation or in advance of reservation of service capacity including, as applicable, the Membership Fee, any easement Fees, and the Front-end Capital Contributions as required under Section G of this Tariff.

b. Re-Service -- On property where service previously existed, the Corporation shall charge the Membership Fee and labor and material costs necessary to restore service. This fee shall be cost-based.

DATE APPROVED 11th December 1990

COPEVILLE WSC

c. Performance of work -- After all applicable fees are paid and approval is granted by proper authorities, all tap and equipment installations specified by the Corporation shall be completed by the Corporation staff or the Corporation's designated representative. The tap shall be completed within ten (10) working days after receipt of payment of quoted installation fees.

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 which apply under the Activation of Standard Service Sub-Section or Re-Servicing shall be applied to Non-Standard Re-Service requests.

5. Changes in Service Classification. If at any time the Corporation determines that the customer service needs change from those needs 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 Applicant/Member to re-apply for service under the terms and conditions of this tariff. Applicant/Members failing to comply with this provision shall be subject to the Disconnect With Notice Provisions of this Tariff, Sub-Section 15.a.

6. Membership.

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

b. Membership Certificates -- Upon qualification for service, qualification for Membership, and payment of the required fees, the Corporation shall issue a Membership Certificate to the Applicant. The Membership Certificate provides proof of Membership in the Corporation and shall entitle the Applicant/Member to one (1) connection to the Corporation's water main and one (1) share of Corporation stock. The Membership Certificate 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. An original or a copy of each Membership Certificate shall be held on file in the Corporation Office. Ownership of more than one (1) Membership Certificate shall not authorize the Member to cast more than one (1) vote at any annual or special meeting.

Each Membership Certificate and stock thereby represented shall be assigned to the specified parcel of land originally designated to receive service at the time of application.

DATE APPROVED 11/16 October 1990

COPEVILLE WSC

NOTE: In the event that the Corporation is conducting a potential Members survey for indications of interest in future water service for the purpose of determining the feasibility of an initial construction or expansion project under FmHA guidelines, regular application procedures may be modified. An indication of Interest fee may be required prior to qualifications for receipt of service by the Applicant but shall only be used or applied as a Membership Fee for Membership purposes (upon issuance of a Membership Certificate) if water service is ultimately received or reserved by the Applicant as a result of the planned project facilities. If service is not provided within the scope of this project, Indication of Interest Fee shall be refunded, less expenses, within sixty (60) days of the loan closing with FmHA.

c. Transfers of Membership.

(1) A Member is entitled to transfer Membership in the Corporation without the prior approval of the Corporation only under the following circumstances:

(a) The Membership is transferred by will to a person related to the Transferor within the second degree by consanguinity; or

(b) The Membership is transferred without compensation to a person related to the Transferor within the second degree by consanguinity; or

(c) The Membership is transferred without compensation or by sale to the Corporation; or

(d) The Membership is transferred as a part of the conveyance of real estate from which the Membership arose.

(2) In the event that Membership is transferred pursuant to the provisions of Sub-Section 6.c.(1) such transfer shall not be completed or recorded on the books and records of the Corporation until such time as the transferor has provided satisfactory evidence to the Corporation of such transfer. A transfer of Membership shall not be binding on the Corporation until such transfer has been approved as provided by Sub-Section 6.c.(3).

DATE APPROVED 11th Dec 1990

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(3) Qualifications for water service upon transfer of Membership set forth in Sub-Section 6.c.(1) and 6.c.(2) shall be subject to approval of the Corporation and shall be recorded on the books and records of the Corporation only upon the following terms and conditions:

(a) A Transfer Authorization Form has been completed by the Transferor and Transferee;

(b) The Transferee has completed the required Application Packet;

(c) All indebtedness due the Corporation has been paid;

(d) The Membership Certificate has been surrendered, properly endorsed, by the record transferor; and

(e) The Transferee demonstrates satisfactory evidence of ownership of the property designated to receive service and from which the Membership originally arose.

(f) In the event the existing Member requests a Membership refund, the Corporation shall require the new Member to deposit with the Corporation another Membership Fee equal to that quoted in the Corporation's current bylaws.

d. Cancellation of Membership -- To keep a Membership in good standing, a minimum charge must be paid monthly to the Corporation, whether or not water is used. Failure to pay the monthly charge to the Corporation shall jeopardize the Member's Membership standing and give rise to liquidation of the Membership Fee. A Member may be relieved of this obligation to pay by surrendering the Membership Certificate, properly endorsed, to the Corporation. The Member shall also complete a Service Discontinuance Request Form prior to termination of service. However, a Member is not relieved of any obligations incurred prior to the date of surrender of a properly endorsed Membership Certificate prior to termination 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 3.a. of this Tariff.

DATE APPROVED 11th December 1990

COPEVILLE WSC

SECTION E. SERVICE RULES AND REGULATIONS

6. c. 4) If the application packet and other information is not completed on the day transfer of membership is requested the corporation will give the transferee written notice of 10 additional days to produce completed documentation to the corporation office. Service will be disconnected on the day following the 10th day according to disconnection with notice requirements. Additional time may be allowed at the directions of the manager or board.

Approved 12-07-99

CDH WSC

e. Liquidation Due to Delinquency -- When the amount of the delinquent minimum monthly charges, gallonage charges, penalties, and service fees owed by the Member equals the Membership Fee, the Membership Fee shall be liquidated and the Membership cancelled and transferred back to the Corporation. 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 Certificate, the Corporation may liquidate as many of the Member Guarantor's Membership Fees as necessary to satisfy the balance due the Corporation. The Corporation shall collect any remaining account balances through appropriate means. Reinstatement of service shall be subject to the terms of the Activation of Service Sub-Section 3.a of this Tariff.

f. Cancellation Due to Policy Non-Compliance -- The Corporation, may cancel a Membership anytime a Member fails to comply with policies of the Corporation, including but not limited to Member's failure to provide proof of ownership of the property from which the Membership arose.

g. Re-assignment of Cancelled Membership -- The Corporation, upon cancellation of Membership under the provisions of this Tariff, may re-assign the Membership rights there granted to any person who satisfactorily demonstrates eligibility of Membership, including but not limited to proof of ownership of the property from which the Membership arose.

h. Mortgaging of Memberships -- Nothing herein shall preclude a Member from mortgaging his Memberships. However, notification to the holder of any security interest (mortgagee/lien-holder) of account status of Member/mortgagor will be provided only upon satisfactory completion of requirements for such conditions under the Membership Mortgage Agreement. Prior to the cancellation of any Membership as provided under Sub-Section 6.d. Cancellation of Membership, the Corporation will notify the holder of any security interest in the Membership. The holder of the security interest also must hold a security interest in the real property at which water service is provided under the Membership. The Corporation may transfer the Membership to the holder of such security interest in lieu of cancellation, provided the holder of the security interest pays in full all delinquent and unpaid obligations and provided further that the holder of the security interest has secured title to the real property from which the Membership arose. The Corporation may withhold cancellation of a Membership pending the resolution of any foreclosure proceedings or similar legal proceedings by the holder of the security interest.

DATE APPROVED 11th December 1990

COPEVILLE WSC

7. Owners and Renters. Any COPEVILLE Water Supply Corporation Member renting and leasing property to other parties are responsible for all charges due the Corporation in the event a renter or lessee leaves the Corporation with any unpaid bills. The Corporation will bill the renter or lessee for water service as a third party, but the Member is fully responsible for any and all unpaid bills left by the renter/lessee. The owner shall be required to sign an Alternate Billing Agreement. The Member shall take responsibility for any necessary deposits from the renter/lessee to ensure payment of a past due bill. The Corporation may notify the Member of the renter's past due payment status subject to service charges.

8. Denial Of Service. The Corporation may deny service for the following reasons:

a. Failure of the Applicant or Transferee to complete all required forms and pay all required fees and charges;

b. Failure of the Applicant or Transferee 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/Users of the Corporation upon connection;

d. Failure of Applicant or Transferee to provide representatives or employees of the Corporation reasonable access of property for which water service has been requested when there is reason to believe that a hazardous condition may exist for which access is necessary to verify;

e. Failure of Applicant or Transferee to comply with all governmental rules and regulations of the Corporation on file with the state regulatory agency governing the service applied for by the Applicant;

f. Failure of Applicant or Transferee to provide proof of ownership, to the satisfaction of the Corporation, of property for which the tap has been requested, and/or

g. Applicant's service facilities are known to be inadequate or of such character that satisfactory service cannot be provided.

DATE APPROVED 11th December 1990

COPEVILLE WSC

h. If the Applicant or Transferee is indebted to any utility for the same kind of service as that applied for, provided, however, that in the event of indebtedness the Applicant shall be served by complying with the deposit requirement; or

i. If the Applicant or Transferee refuses to make a deposit under these rules.

9. Applicant's or Transferee'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, of the basis of its refusal, and the Applicant may file for an appeal, in writing, with the Board of Directors of the Corporation.

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

a. 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;

b. Violation of Corporation's rules pertaining to operation of non-standard equipment or unauthorized attachments which interferes with the service of others, or other services such as communication services, unless the Member has first been notified and been afforded reasonable opportunity to comply with said rules;

c. Failure to pay a bill of another Member as guarantor thereof unless the guarantee was made in writing to the Corporation as a condition precedent to service;

d. Delinquency in payment for service by a previous occupant of the premises to be served;

e. Failure to pay for materials or charges for non-utility service provided by the Corporation.

11. 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.

12. Indigent Care Policy. Members demonstrating an inability to pay for monthly water service shall be extended an opportunity to apply for waiver of part or all of water charges under the conditions of the Corporation's Indigent Care Policy.

13. Charge Distribution and Payment Application.

a. The Minimum Monthly Charge or the Reserved Service Charge is applied from the first day of the month to the last day of the month. Charges shall be prorated for meter installations and service terminations falling during the calendar month. Billings for this amount shall be mailed on the 25th of the month preceding 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. Gallonage Charge, defined as water usage in excess of the water allotment included in the Minimum Monthly Charge, shall be billed at the rate specified in Section G, and shall be billed in one hundred (100) gallon increments. Water charges for usage exceeding the monthly allotment 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.

14. Due Dates, Delinquent Bills, and Service Disconnection Date. The Corporation shall mail all bills on or about the 25th of the month. All bills shall be due by 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 by the due date. Payments made by mail will be considered late if postmarked after the due date. A four (4) 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 due date for the regular or final billing is on a weekend or holiday, the next 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.

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15. 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 -- 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 services provided for in this Tariff, and the instrument is returned by the bank or other similar institution as sufficient or non-negotiable for any reason, 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.

(2) Failure 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 any 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 meet requirements of the regulatory authority for construction or maintenance of on-site sewage facilities as authorized by the Texas Sanitation and Health Protection Law, TSC, Article 4477-1.

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(8) 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;

(2) Service is connected without authority by a person who has not made application for service or who has reconnected service without authority following termination of service for nonpayment; and

(3) In instances of tampering with the Corporation's meter or equipment, by-passing the meter or equipment, or other diversion of service.

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 of 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 the 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;

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(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 to meter error;

(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;

(7) In response to a request for disconnection by an Owner/Member of rental property where the rent is billed directly by the Corporation as authorized by the owner, and the renter's account is not scheduled for disconnection under the Rules for Disconnection of service in this Tariff.

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 Water 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 Sub-section, 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.

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e. Disconnection of Master-Metered Services -- 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 dwelling units), the following shall apply:

(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 six (6) days if payment is not rendered before that time.

(2) At least six (6) days after providing notice to the Member and at least four (4) days prior to disconnection, the Corporation shall post at least five (5) notices in public areas of the service complex notifying the residents 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.

16. Billing Cycle changes. The Corporation reserves the right to change its billing cycles if the work load 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.

17. 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 the the re-establishment of credit. Back-billing shall not extend beyond current Membership except in cases involving the transfer of a Membership conditioned upon payment of delinquent obligations by the Transferee, as provided under Sub-Section 6.h.

18. Disputed Bills. In the event of a dispute between the Member and 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 except in cases involving the transfer of a Membership conditioned on payment of delinquent obligations by the Transferee, as provided under Sub-Section 6.h.

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19. 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 change 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.

20. 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 6 of this Tariff shall be imposed. In the event the test results indicate that the mete

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 except in cases involving the transfer of a Membership conditioned on payment of delinquent obligations by the Transferee, as provided under Sub-Section 6.n. 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.

21. Meter Tampering and Diversion. For purposes of these Sections, meter-tampering, by-passing, or diversion shall all be defined as tapering with the Corporation's meter or equipment, by passing the same, or other instances of diversion, such as removing a locking or shut-off devise used by the Corporation to discontinue service, physically disorienting the meter, attaching objects to the meter to divert service or to by-pass, inserting objects into the meter, and other electrical and mechanical means of tampering with, by-passing, or diverting service. The burden of proof of meter-tampering, by-passing, or diversion is on the Corporation. 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 services of the Corporation shall be prosecuted to the extent allowed by law.

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22. Meter Relocation. Relocation of meters/taps shall be allowed by the Corporation provided that:

- a. No transfer of Membership is involved;
- b. An easement for the proposed location has been granted to the Corporation;
- c. The property of the new location requested is owned by the current Member of the meter to be moved;
- d. The existing tap location is contiguous to the proposed tap location; and
- e. The Member pays the actual cost of relocation plus administrative fees.

23. Prohibition of Multiple Connections To a Single Tap. In order that the Corporation may maintain adequate records of the actual number of users on its system to assure compliance with Texas Department of Health Rules and Regulations on minimum service standards, to ensure that charges are received for each user on the system, and to ensure that the Corporation's metering device is adequately sized for proper flow and accurate measurement of water used, all connections of any dwelling, household, business, and/or water-consuming establishment currently receiving or planning to receive water service, either directly or indirectly from the Corporation's water system shall individually apply for service under the rules of this Tariff. Any unauthorized submetering 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.

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24. Member's Responsibility.

a. The Member shall provide access to the meter at all reasonable times for the purpose of reading, installing, checking, repairing, or replacing the meter. Member shall provide a key to locked gates. If the gate to the Member's premises is locked, 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 entrance could not be gained and that a key should be furnished or the gate unlocked for each reading period. Should the gate remain locked for three (3) consecutive months after proper notification to the Member, then service shall be discontinued and the meter removed with no further notice.

b. The Member shall see that all plumbing connections shall be made to comply with the Texas Department of Health Rules and regulations.

(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.

(2) The use of pipe and 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.

Service shall be discontinued without further notice when installations of new facilities or repair of existing facilities are found to be in violation of this regulation until such time as the violation is corrected.

c. A Member owning more than one (1) Membership Certificate 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 point where the Member connects to the equipment provided by the Corporation during the installatin of the metering equipment. Therefore, all water usage registering upon and/or damages occurring to the metering equipment owned and provided by the Corporatin shall be subject to charges as determined by the Corporation's Tariff as amended from time to time by the Board of Directors.

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e. The Corporation shall require each Member to provide a cut-off valve on the Member's side of the meter for purposes of insulating the Member's service pipeline and plumbing facilities from the Corporation's water pressure. 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.

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 with covenants of current indebtedness. The Corporation is not required to extend retail utility service to an Applicant in a subdivision where the responsible party (Applicant/Developer) of the applicable property (subdivision) has failed to comply with the terms of this policy. 13.2502 of the Texas Water Code requires that notice be given herein or by publication (see Miscellaneous Transaction Forms) or by alternative means to the Developers/Applicants. (Also see Section F. 11.)
2. **Purpose.** It is the purpose of this Section to define the process by which the specific terms and conditions for service to subdivisions are determined including the Developer's and the Corporation's respective costs.
3. **Application of Rules.** This Section is applicable to subdivisions, additions to subdivisions, 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. 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 governmental authorities exercising jurisdiction over lot sizes, sewage control, drainage, right-of-way, and other service facilities. Plans, specifications, and special requirements of such governmental 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 incurred as a result of efforts by the Corporation to study service requirements of the Applicant shall be refunded to the Applicant and the Applicant shall pay any additional expenses.
 - d. If after the service investigation has been completed, the Corporation determines that the Applicant's service request is for property outside the area described in 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;

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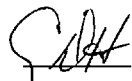
- 2). The service location is not in an area receiving similar service from another utility; and
 - 3). The service location is not within another utility's Certificate of Convenience and Necessity.
 - 4). If the Corporation extends service under these conditions, the Applicant shall fully support any subsequent efforts by the Corporation to amend its Certificate of Convenience and Necessity to include the applicant's property within the service area.
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 the enforced extra territorial jurisdiction of a municipality.
 - 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 fee for the Engineer'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 governmental 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 shall pay the expense of such upgrading in excess of 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. Procedures by which the Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.
 - c. Equity Buy-In Fee (Front-end Capital Contributions) required by the Corporation in addition to the other costs required under this Section.
 - d. Monthly Reserved Service Charges as applicable to the service request.
 - e. 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.
 - f. Terms by which the Applicant shall be reimbursed or compensated for fees duplicated in assessments for monthly rates and Equity Buy-In Fees.

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- g. 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.
 - h. Terms by which the Applicant shall indemnify the Corporation from all third party claims or lawsuit in connection with the project contemplated.
 - i. 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.
 - j. 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.
 - k. 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 shall 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. (See Sample Application Packet RUS Form 442-8 or 442-9.)
 - 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-way, or subject to the cost of installation under 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

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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 roadwork pursuant to federal, state, and county 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 subdivision governed by this section is strictly limited to the non-standard service specified by the Applicant. The purchasers 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.

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SECTION G: RATES AND SERVICE FEES

Unless specifically defined in this 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 Corporation 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 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, unique 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 provide cost estimates of the project, to present detailed plans and specifications as per final plat, to advertise and accept bids for the project, to present a Non-Standard Service Contract to the Applicant, and 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 Membership Fee of One Hundred (\$100.00) must be paid for each lot/tap or meter equivalent before service shall be provided for reserved for the Applicant by the Corporation.

3. 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 secure easements in behalf of the Corporation and/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 attempt to secure such right-of-way and/or facilities sites in behalf of the Applicant.

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4. Installation Fee. The Corporation shall charge an installation fee for service as follows:

a. Standard Service shall include all current labor, materials, engineering, legal, and administrative costs necessary to provide individual metered service and shall be charged on a per tap basis as computed immediately prior to such time as metered service is requested and installed.

b. Non-Standard Service shall include any and all construction labor and materials, administration, legal, and engineering fees, as determined by the Corporation under the rules of Section F of this Tariff.

c. Standard and Non-Standard Service Installations shall include all costs of any pipeline relocations as per Section E.1.c.(6) of this Tariff.

5. Front-end Capital Contributions. In addition to the Membership Fee, each Applicant shall be required to contribute capital in an amount projected to defray the cost of up-grading 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 residential meter equivalent basis for each tap/lot and shall be assigned and restricted to the tap/lot for which the service was originally requested. The formula applied to such fee is as follows:

Membership	\$	100.00
Set Meter		120.00
Materials		185.00
Line Maintenance		260.00
Pumps, Equipment Maintenance		135.00
Set Aside for Line Upgrade		200.00

Total	\$	1,000.00

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Copeville Water Supply
P.O. Box 135 • 5769 Williams
Copeville, TX 75121

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OCT 22 2003

TEXAS NATURAL RESOURCES
CONSERVATION COMMISSION
UTILITIES AND SERVICES

September 29, 2003

Be it resolved that on the dates listed below Copeville Water Supply met and approved the following rate amendments to their Tariff;

July 19, 2003

G-3 #6A

METER SIZE	5/8" X 3/4" METER EQUIVALENTS	MONTHLY RATE
5/8" X 3/4"	1.0	\$19.60
3/4"	1.5	\$29.40
1"	2.5	\$49.00
1 1/2"	5.0	\$98.00
2"	8.0	\$156.00
3" DISP.	9.0	\$176.00
3" CMPD.	16.0	\$313.60
3" TURB.	17.5	\$343.00
4" CMPD.	25.0	\$490.00
4" TURB.	30.0	\$588.00
6" CMPD.	50.0	\$980.00
6" TURB.	62.5	\$1225.00
8" CMPD.	80.0	\$1568.00

G-3 #C

\$4.05 per 1,000gl for any thing over the first 3,000gl's.

Meter Size	Meter Equivalents	Equity-Buy-In	Meter Costs	Membership Fee	Total Cost:
5/8" X 3/4"	1	2,250.00	\$650.00	\$100.00	\$3,000
3/4"	1.5	3,375.00	\$650.00	\$100.00	\$4,125
1"	2.5	5,625.00	\$650.00	\$100.00	\$6,375
1 1/2"	5	11,250.00	\$650.00	\$100.00	\$12,000
2"	8	18,000.00	\$1,300.00	\$100.00	\$19,400
3" DISP	9	18,000.00	\$1,950.00	\$100.00	\$19,950
3" CMPD	16	18,000.00	\$1,950.00	\$100.00	\$19,950
3" TURB	17.5	18,000.00	\$1,950.00	\$100.00	\$19,950
4" CMPD	25	18,000.00	\$2,600.00	\$100.00	\$20,600
4" TURB	30	18,000.00	\$2,600.00	\$100.00	\$20,600
6" CMPD	50	18,000.00	\$2,600.00	\$100.00	\$20,600
6" TURB	62.5	18,000.00	\$2,600.00	\$100.00	\$20,600
8" CMPD	80	18,000.00	\$2,600.00	\$100.00	\$20,600

Director,



Tommy Lovell
Secretary

COPEVILLE WATER SUPPLY, CORP.

P. O. Box 135
Copeville, Texas 75121
972-853-4630

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OCT 22 2003

TEXAS PUBLIC UTILITIES
COMMISSION
UTB - 0000000000

September 11, 2003

Due to increased water and insurance costs, the Board of Directors meet on July 19, 2003 and increased water rates for the one-inch meter from \$24.40 for 5000gl to \$49.00 for the first 3000gl and from \$2.90 to \$4.05 for every thousand after that. The one-inch meter has been classified as a commercial meter. If you would like to change your one-inch meter for a standard 5/8" meter please contact the water office to make arrangements. By changing your one-inch meter to a 5/8" meter you will forfeit all equity on your one-inch meter. The new rates will take affect on the October Billing.

If you have any questions please call Darlene Hurth at the office.

Sincerely,

Darlene Hurth
Bookkeeper

<===== Top of Line-Up Card =====>

< Account >

COPEVILLE WATER SUPPLY, CORP.
P.O. BOX 135
COPEVILLE, TX 75121
972-853-4630

Due to increased water and insurance costs, the Board of Directors on July 19, 2003 increased water rates from \$18.60 to \$19.60 for the first 3000gl and from \$2.90 to \$4.05 for every 1000gl after that. Effective September 25, 2003 billing.

BONDS, WD
P O BOX 223
COPEVILLE TX 75121

Contact Darlene Hurth for any questions.

1

09-08-2003

COPEVILLE WATER SUPPLY, CORP.
P.O. BOX 135
COPEVILLE, TX 75121
972-853-4630

Due to increased

e. Monthly Charges.

a. Minimum Monthly Charges -- The monthly charge for metered water service, including 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 minimum monthly charge and allowable gallonage. Rates, equivalents, and allowable gallonages are as follows:

METER SIZE	5/8" X 3/4" METER EQUIVALENTS	ALLOWABLE GALLONAGE	MONTHLY RATE
5/8" X 3/4"	1.0	3,000	10.50
3/4"	1.5	4,000	12.50
1"	2.5	5,000	14.50
1 1/2"	5.0	8,000	20.50
2"	8.0	10,000	24.50

b. Reserved Service Charges -- The monthly charge for each active account at a specific location for which a meter has not been installed but for which the Corporation and the Applicant have entered into agreement and/or contract for reserved service. This monthly charge shall be based on the Corporation's monthly operating costs to service the Applicant's dedicated facilities on a per lot/tap or meter equivalency basis. This charge reserves service to the Applicant's service area. This fee is determined on a case by case basis but shall never exceed the Minimum Monthly Charge for Metered Service on a per lot/tap basis for each designated meter size.

c. In addition to the Minimum Monthly Charge, a gallonage charge shall be added at a rate of \$2.00 per 1,000 gallons for any gallonage over 3,000 gallons used in any one (1) billing period.

DATE APPROVED 14th December 1990

COPEVILLE WSC

7. Late Payment Fee. A penalty of Ten Dollars (\$10.00) per billing period shall be made on delinquent bills. This late payment penalty shall be applied to any unpaid balance exceeding one-half (1/2) a Minimum Monthly or Reserved Service Charge during any one billing period.

8. 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 services 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 Ten Dollars (\$10.00).

9. Reconnect Fee. The Corporation shall charge a fee of Twenty Five (\$25.00) 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.)

10. 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 reconnections 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 of negligence.

11. Customer History Report Fee. A fee of Ten Dollars (\$10.00) 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.

12. Meter Test Fee. The Corporation shall test a Member's meter upon written request of the Member. Under the terms of Section E of this tariff, a charge of Twenty Five (\$25.00) shall be imposed on the affected account.

DATE APPROVED 11th December 1990

COPEVILLE WSC

13. Transfer Fee. An Applicant for service who is a Transferee shall complete all required application forms, etc., and pay a Transfer Fee of Fifteen (\$15.00)

14. Membership Certificate Copy Fee. A fee of Two Dollars (\$2.00) will be charged to provide a duplicate copy of the Membership Certificate.

DATE APPROVED 11th December 1990 COPEVILLE WSC

11376

Copeville Water Supply, Corp.
P. O. Box 135
Copeville, Texas 75121
972-853-4630

May 3, 2000

T.N.R.C.C.
Utility Rates and Services MC 153
P. O. Box 13087
Austin, Texas 78711-3087

Enclosed you will find a copy of Copeville Water Supply, Corp. (CCN No. 11376) Drought Contingency Plan.

If you need further information, please call 972-853-4630.

Sincerely,

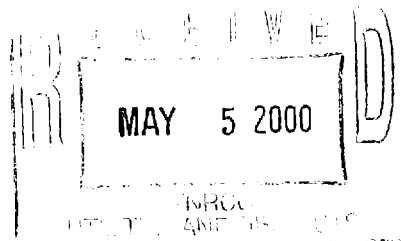


Morgan Baker, President

RECEIVED

MAY 08 2000

SURFACE WATER USES SECTION
TNRCC



**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COPEVILLE
WATER SUPPLY, CORP. ADOPTING A DROUGHT CONTINGENCY PLAN.**

WHEREAS, the Board recognizes that the amount of water available to the Copeville W.S.C. and it's utility customers is limited and subject to depletion during periods of extended drought;

WHEREAS, the Board recognizes that natural limitations due to drought conditions and other acts of God cannot guarantee an uninterrupted water supply for all purposes;

WHEREAS, Section 12.1272 of the Texas Water Code and applicable rules of the Texas Natural Resource Conservation Commission require all public water supply water systems in Texas to prepare a drought contingency plan; and

WHEREAS, authorized under law, and in the best interests of the customers of the Copeville Water Supply, Corp., the Board deems it expedient and necessary to establish certain rules and policies for the orderly and efficient management of limited water supplies during drought and other water supply emergencies;

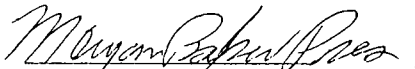
NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COPEVILLE WATER SUPPLY, CORP.

SECTION 1. That the Drought Contingency Plan attached hereto as EXHIBIT "A" and made a part hereof for all purposes be, and the same is hereby, adopted as the official policy of the Copeville Water Supply, Corp.

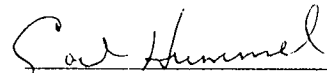
SECTION 2. That the General Manager is hereby directed to implement, administer, and enforce the Drought Contingency Plan.

SECTION 3. That this resolution shall take effect immediately upon its passage.

FULLY PASSED BY THE BOARD OF DIRECTORS OF THE COPEVILLE WATER SUPPLY, CORP.
ON THIS 2nd day of MAY 2000.


Morgan Baker, President

ATTESTED TO:


Carl Hummel, Secretary

**DROUGHT CONTINGENCY PLAN
FOR THE
COPEVILLE W.S.C.
May 02, 2000**

Section I: Declaration of Policy, Purpose, and Intent

In order to conserve the available water supply and 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 supply emergency conditions, the Copeville W.S.C. hereby adopts the following regulations and restrictions on the delivery and consumption of water.

Water uses regulated or prohibited under this Drought Contingency Plan are considered to be non-essential and continuation of such uses during times of water shortage or other emergency water supply condition are deemed to constitute a waste of water which subjects the offender(s) to penalties as defined in Section XI of this Plan.

Section II: Public Involvement

Opportunity for the public to provide input into the preparation of the Plan was provided by the Copeville W.S.C. by means of requesting input at the March 07, 2000 and April 04, 2000 regular monthly meetings and the Annual meeting of April 11, 2000.

Section III: Public Education

The Copeville W.S.C. will periodically provide the public 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 by means of publishing in the local newspaper and printing information on bills concerning methods to reduce water use or waste.

Section IV: Coordination with Regional Water Planning Groups

The service area of the Copeville W.S.C. is located within the Region C and Copeville W.S.C. has provided a copy of this plan to the North Texas Municipal Water District headquarters of the Region C.

Section V: Authorization

The General Manager, or his/her designee is hereby authorized and directed to implement the applicable provisions of this Plan upon determination that such implementation is necessary to protect public health, safety, and welfare. The General Manager or his/her designee, shall have the authority to initiate or terminate drought or other water supply emergency response measures as described in this Plan.

Section VI: Application

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

Section VII: Definitions

For the purposes of this Plan, the following definitions shall apply:

Aesthetic water use: water use for ornamental or decorative purposes such as fountains, reflecting pools, and water gardens.

Commercial and institutional water use: water use which is integral to the operations of commercial and non-profit establishments and governmental entities such as retail establishments, hotels and motels, restaurants, and office buildings.

Conservation: those practices, techniques, and technologies that reduce the consumption of water, reduce the loss or waste of water, improve the efficiency in the use of water or increase the recycling and reuse of water so that a supply is conserved and made available for future or alternative uses.

Customer: any person, company, or organization using water supplied by Copeville W.S.C.

Domestic water use: water use for personal needs or for household or sanitary purposes such as drinking, bathing, heating, cooking, sanitation, or for cleaning a residence, business, industry, or institution.

Even number address: street addresses, box numbers, or rural postal route numbers ending in 0, 2, 4, 6, or 8 and locations without addresses.

Industrial water use: the use of water in processes designed to convert materials of lower value into forms having greater usability and value.

Landscape irrigation use: water used for the irrigation and maintenance of landscaped areas, whether publicly or privately owned, including residential and commercial lawns, gardens, golf courses, parks, and rights-of-way and medians.

Non-essential water use: water uses that are not essential nor required for the protection of public, health, safety, and welfare, including:

- (a) irrigation of landscape areas, including parks, athletic fields, and golf courses, except otherwise provided under this Plan;
- (b) use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle;
- (c) use of water to wash down any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
- (d) use of water to wash down buildings or structures for purposes other than immediate fire protection;
- (e) flushing gutters or permitting water to run or accumulate in any gutter or street;
- (f) use of water to fill, refill, or add to any indoor or outdoor swimming pools or jacuzzi-type pools;
- (g) use of water in a fountain or pond for aesthetic or scenic purposes except where necessary to support aquatic life;
- (h) failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
- (i) use of water from hydrants for construction purposes or any other purposes other than fire fighting.

Odd numbered address: street addresses, box numbers, or rural postal route numbers ending in 1, 3, 5, 7, or 9.

Section VIII: Criteria for Initiation and Termination of Drought Response Stages

The General Manager or his/her designee shall monitor water supply and/or demand conditions on a daily basis and shall determine when conditions warrant initiation or termination of each stage of the Plan, that is, when the specified "triggers" are reached.

The triggering criteria described below are based on the Lake Lavon water surface elevations and the system capacity limits.

Stage 1 Triggers -- MILD Water Shortage Conditions

Requirements for initiation

Customers shall be requested to voluntarily conserve water and adhere to the prescribed restrictions on certain water uses, defined in Section VII – Definitions, when Lake Lavon water surface elevation lies between 480 & 475 feet above Mean Sea Level. This will be determined by North Texas Municipal Water District. *When, pursuant to requirements specified in the Copeville W.S.C. wholesale water purchase contract with North Texas Municipal Water District and the City of Farmersville, notification is received requesting initiation of Stage 1 of the Drought Contingency Plan.*

Requirements for termination

Stage 1 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of three consecutive days.

Stage 2 Triggers -- MODERATE Water Shortage Conditions

Requirements for initiation

Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses provided in Section IX of this Plan when Lake Lavon water surface elevation lies between 475 & 470 feet above Mean Sea Level upon notification from North Texas Municipal Water District, The City of Farmersville or continually falling storage tank levels which do not refill above 50% overnight.

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 three consecutive days. Upon termination of Stage 2, Stage 1 becomes operative.

Stage 3 Triggers -- SEVERE WATER SHORTAGE CONDITIONS

Requirements for initiation

Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses for Stage 3 of this Plan when Lake Lavon water surface elevation lies between 470 & 453 feet above Mean Sea Level notification from North Texas Municipal Water District.

Requirements for termination

Stage 3 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of three consecutive days. Upon termination of Stage 3, Stage 2 becomes operative.

Stage 4 Triggers -- CRITICAL Water Shortage Conditions

Requirements for initiation

Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses for Stage 4 of this Plan when Stage 3 has failed after a reasonable period of time.

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 three consecutive days. Upon termination of Stage 4, Stage 3 becomes operative.

Stage 5 Triggers -- EMERGENCY Water Shortage Conditions

Requirements for initiation

Customers shall be required to comply with the requirements and restrictions for Stage 5 of this Plan when the General Manager, or his/her designee, determines that a water supply emergency exists based on:

1. Major water line breaks, or pump or system failures occur, which cause unprecedented loss of capability to provide water service; or
2. Natural or man-made contamination of the water supply source(s).

Requirements for termination

Stage 5 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of three consecutive days.

Stage 6 Triggers -- WATER ALLOCATION

Requirements for initiation

Customers shall be required to comply with the water allocation plan prescribed in Section IX of this Plan and comply with the requirements and restrictions for Stage 5 of this Plan when Stage 5 has failed after a reasonable period of time.

Requirements for termination - Water allocation may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of three consecutive days.

Section IX: Drought Response Stages

The General Manager, or his/her designee, shall monitor water supply and/or demand conditions on a daily basis and, in accordance with the triggering criteria set forth in Section VIII of this Plan, shall determine that a mild, moderate, severe, critical, emergency or water shortage condition exists and shall implement the following notification procedures:

Notification

Notification of the Public:

The Secretary or his/ her designee shall notify the public by means of:

*Direct mail to each customer,
Signs posted in public places*

Additional Notification:

The General Manager or his/ her designee shall notify directly, or cause to be notified directly, the following individuals and entities:

*President of the Board of Directors,
Collin County Emergency Management Coordinator
T.N.R.C.C.
Critical water users*

Stage 1 Response -- MILD Water Shortage Conditions

Goal: Achieve a voluntary 10 percent reduction in daily water demand.

Supply Management Measures:

Copeville W.S.C. will reduce water demand by reducing or discontinuing flushing of water mains.

Voluntary Water Use Restrictions:

- (a) Water customers are requested to voluntarily limit the irrigation of landscaped areas to Sundays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8), and Saturdays and Wednesdays for water customers with a street address ending in an odd number (1, 3, 5, 7 or 9), and to irrigate landscapes only between the hours of midnight and 10:00 a.m. and 8:00 p.m to midnight on designated watering days.
- (b) All operations of the Copeville W.S.C. shall adhere to water use restrictions prescribed for Stage 2 of the Plan.
- (c) Water customers are requested to practice water conservation and to minimize or discontinue water use for non-essential purposes.

Stage 2 Response -- MODERATE Water Shortage Conditions

Goal: Achieve a 15 percent reduction in daily water demand.

Supply Management Measures:

Copeville W.S.C. will reduce water demand by reduced or discontinued flushing of water mains.

Water Use Restrictions. Under threat of penalty for violation, the following water use restrictions shall apply to all persons:

- (a) Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited to Sundays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8), and Saturdays and Wednesdays for water customers with a street address ending in an odd number (1, 3, 5, 7 or 9), and irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.
- (b) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rises. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public is

contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.

- (c) Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or jacuzzi-type pools is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m.
- (d) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
- (e) Use of water from hydrants shall be limited to fire fighting, related activities, or other activities necessary to maintain public health, safety, and welfare, except that use of water from designated fire hydrants for construction purposes may be allowed under special permit from the Copeville W.S.C.
- (f) Use of water for the irrigation of golf course greens, tees, and fairways is prohibited except on designated watering days between the hours 12:00 midnight and 10:00 a.m. However, if the golf course utilizes a water source other than that provided by the Copeville W.S.C., the facility shall not be subject to these regulations.
- (g) All restaurants are prohibited from serving water to patrons except upon request of the patron.
- (h) The following uses of water are defined as non-essential and are prohibited:
 - 1. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
 - 2. use of water to wash down buildings or structures for purposes other than immediate fire protection;
 - 3. use of water for dust control;
 - 4. flushing gutters or permitting water to run or accumulate in any gutter or street; and
 - 5. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s).

Stage 3 Response – SEVERE Water Shortage Conditions

Goal: Achieve a 20 percent reduction in daily water demand.

Supply Management Measures:

Copeville W.S.C. will reduce water demand by reduced or discontinued flushing of water mains.

Water Use Restrictions. All requirements of Stage 2 shall remain in effect during Stage 3 except:

- (a) Irrigation of landscaped areas shall be limited to designated watering days between the hours of 12:00 midnight and 10:00 a.m. and shall be by means of hand-held hoses, hand-held buckets, drip irrigation, or permanently installed automatic sprinkler system only. The use of hose-end sprinklers is prohibited at all times.
- (b) The watering of golf course tees is prohibited unless the golf course utilizes a water source other than that provided by the Copeville W.S.C.
- (c) The use of water for construction purposes from designated fire hydrants under special permit is to be discontinued.

Stage 4 Response -- CRITICAL Water Shortage Conditions

Goal: Achieve a 25 percent reduction in daily water demand.

Supply Management Measures:

Copeville W.S.C. will reduce water demand by reduced or discontinued flushing of water mains.

Water Use Restrictions. All requirements of Stage 2 and 3 shall remain in effect during Stage 4 except:

- (a) Irrigation of landscaped areas shall be limited to designated watering days between the hours of 6:00 a.m. and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight and shall be by means of hand-held hoses, hand-held buckets, or drip irrigation only. The use of hose-end sprinklers or permanently installed automatic sprinkler systems are prohibited at all times.
- (b) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle not occurring on the premises of a commercial car wash and commercial service stations and not in the immediate interest of public health, safety, and welfare is prohibited. Further, such vehicle washing at commercial car washes and commercial service stations shall occur only between the hours of 6:00 a.m. and 10:00 a.m. and between 6:00 p.m. and 10 p.m.
- (c) The filling, refilling, or adding of water to swimming pools, wading pools, and jacuzzi-type pools is prohibited.

- (d) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
- (e) No application for new, additional, expanded, or increased-in-size water service connections, meters, service lines, pipeline extensions, mains, or water service facilities of any kind shall be approved, and time limits for approval of such applications are hereby suspended for such time as this drought response stage or a higher-numbered stage shall be in effect.

Stage 5 Response -- EMERGENCY Water Shortage Conditions

Goal: Achieve a 30 percent reduction in daily water demand.

Supply Management Measures:

Copeville W.S.C. will reduce water demand by reduced or discontinued flushing of water mains.

Water Use Restrictions. All requirements of Stage 2, 3, and 4 shall remain in effect during Stage 5 except:

- (a) Irrigation of landscaped areas is absolutely prohibited.
- (b) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited.

Stage 6 Response – WATER ALLOCATION

In the event that water shortage conditions threaten public health, safety, and welfare, the General Manager is hereby authorized to allocate water according to the following water allocation plan:

Single-Family Residential Customers

The allocation to residential water customers residing in a single-family dwelling shall be as follows:

Persons per Household	Gallons per Month
1 or 2	6,000
3 or 4	7,000
5 or 6	8,000
7 or 8	9,000
9 or 10	10,000
11 or more	12,000

“Household” means the residential premises served by the customer’s meter. “Persons per household” includes only those persons currently physically residing at the premises and expected to reside there for the entire billing period. It shall be assumed that a particular customer’s household is comprised of two (2) persons unless the customer notifies the Copeville W.S.C. of a greater number of persons per household on a form prescribed by the General Manager. The General Manager shall give his/her best effort to see that such forms are mailed, otherwise provided, or made available to every residential customer. If, however, a customer does not receive such a form, it shall be the customer’s responsibility to go to the Copeville W.S.C. offices to complete and sign the form claiming more than two (2) persons per household. New customers may claim more persons per household at the time of applying for water service on the form prescribed by the General Manager. When the number of persons per household increases so as to place the customer in a different allocation category, the customer may notify the Copeville W.S.C. on such form and the change will be implemented in the next practicable billing period. If the number of persons in a household is reduced, the customer shall notify the Copeville W.S.C. in writing within two (2) days. In prescribing the method for claiming more than two (2) persons per household, the General Manager shall adopt methods to insure the accuracy of the claim. Any person who knowingly, recklessly, or with criminal negligence falsely reports the number of persons in a household or fails to timely notify the Copeville W.S.C. of a reduction in the number of person in a household shall be fined not less than \$250.00.

Residential water customers shall pay the following surcharges:

- \$5.00 for the first 1,000 gallons over allocation.
- \$6.00 for the second 1,000 gallons over allocation.
- \$7.00 for the third 1,000 gallons over allocation.

\$8.00 for each additional 1,000 gallons over allocation.

Surcharges shall be cumulative.

Master-Metered Multi-Family Residential Customers

The allocation to a customer billed from a master meter which jointly measures water to multiple permanent residential dwelling units (e.g., apartments, mobile homes) shall be allocated 6,000 gallons per month for each dwelling unit. It shall be assumed that such a customer's meter serves two dwelling units unless the customer notifies the Copeville W.S.C. of a greater number on a form prescribed by the General Manager. The General Manager shall give his/her best effort to see that such forms are mailed, otherwise provided, or made available to every such customer. If, however, a customer does not receive such a form, it shall be the customer's responsibility to go to the Copeville W.S.C. offices to complete and sign the form claiming more than two (2) dwellings. A dwelling unit may be claimed under this provision whether it is occupied or not. New customers may claim more dwelling units at the time of applying for water service on the form prescribed by the General Manager. If the number of dwelling units served by a master meter is reduced, the customer shall notify the Copeville W.S.C. in writing within two (2) days. In prescribing the method for claiming more than two (2) dwelling units, the General Manager shall adopt methods to insure the accuracy of the claim. Any person who knowingly, recklessly, or with criminal negligence falsely reports the number of dwelling units served by a master meter or fails to timely notify the Copeville W.S.C. of a reduction in the number of person in a household shall be fined not less than \$250.00. Customers billed from a master meter under this provision shall pay the following monthly surcharges:

- \$5.00 for 1,000 gallons over allocation up through 1,000 gallons for each dwelling unit.
- \$6.00, thereafter, for each additional 1,000 gallons over allocation up through a second 1,000 gallons for each dwelling unit.
- \$7.00, thereafter, for each additional 1,000 gallons over allocation up through a third 1,000 gallons for each dwelling unit.
- \$8.00, thereafter for each additional 1,000 gallons over allocation.

Surcharges shall be cumulative.

Commercial Customers

A monthly water allocation shall be established by the General Manager, or his/her designee, for each nonresidential commercial customer other than an industrial customer who uses water for processing purposes. The non-residential customer's allocation shall be approximately 75% percent of the customer's usage for corresponding month's billing period for the previous 12 months. If the customer's billing history is shorter than 12 months, the monthly average for the period for which there is a record shall be used for any monthly period for which no history exists. Provided, however, a customer, 75 percent of

whose monthly usage is less than 30,000 gallons, shall be allocated 25,000 gallons. The General Manager shall give his/her best effort to see that notice of each non-residential customer's allocation is mailed to such customer. If, however, a customer does not receive such notice, it shall be the customer's responsibility to contact the Copeville W.S.C. to determine the allocation. Upon request of the customer or at the initiative of the General Manager, the allocation may be reduced or increased if, (1) the designated period does not accurately reflect the customer's normal water usage, (2) one nonresidential customer agrees to transfer part of its allocation to another nonresidential 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 General Manager or alternatively, a special water allocation review committee). Nonresidential commercial customers shall pay the following surcharges:

Customers whose allocation is 25,000 gallons per month or more:

- 2 times the block rate for each 1,000 gallons in excess of the allocation up through 5 percent above allocation.
- 3 times the block rate for each 1,000 gallons from 5 percent through 10 percent above allocation.
- 4 times the block rate for each 1,000 gallons from 10 percent through 15 percent above allocation.
- 5 times the block rate for each 1,000 gallons more than 15 percent above allocation.

The surcharges shall be cumulative. As used herein, "block rate" means the charge to the customer per 1,000 gallons at the regular water rate schedule at the level of the customer's allocation.

Industrial Customers

A monthly water allocation shall be established by the General Manager, or his/her designee, for each industrial customer, which uses water for processing purposes. The industrial customer's allocation shall be approximately 90% percent of the customer's water usage baseline. Ninety (90) days after the initial imposition of the allocation for industrial customers, the industrial customer's allocation shall be further reduced to 85% percent of the customer's water usage baseline. The industrial customer's water use baseline will be computed on the average water use for the 12 month period ending prior to the date of implementation of Stage 2 of the Plan. If the industrial water customer's billing history is shorter than 12 months, 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. The General Manager shall give his/her best effort to see that notice of each industrial customer's allocation is mailed to such customer. If, however, a customer does not receive such notice, it shall be the customer's responsibility to contact the Copeville W.S.C. to determine the allocation,

and the allocation shall be fully effective notwithstanding the lack of receipt of written notice. Upon request of the customer or at the initiative of the General Manager, the allocation may be reduced or increased, (1) if the designated period does not accurately reflect the customer's normal water use because the customer had shutdown a major processing unit for repair or overhaul during the period, (2) the customer has added or is in the process of adding significant additional processing capacity, (3) the customer has shutdown or significantly reduced the production of a major processing unit, (4) the customer has previously implemented significant permanent water conservation measures such that the ability to further reduce water use is limited, (5) the customer agrees to transfer part of its allocation to another industrial customer, or (6) if other objective evidence demonstrates that the designated allocation is inaccurate under present conditions. A customer may appeal an allocation established hereunder to the General Manager. Industrial customers shall pay the following surcharges:

Customers whose allocation is 25,000 gallons per month or more:

- 2 times the block rate for each 1,000 gallons in excess of the allocation up through 5 percent above allocation.
- 3 times the block rate for each 1,000 gallons from 5 percent through 10 percent above allocation.
- 4 times the block rate for each 1,000 gallons from 10 percent through 15 percent above allocation.
- 5 times the block rate for each 1,000 gallons more than 15 percent above allocation.

The surcharges shall be cumulative. As used herein, "block rate" means the charge to the customer per 1,000 gallons at the regular water rate schedule at the level of the customer's allocation.

Section X: Enforcement

- (a) No person shall knowingly or intentionally allow the use of water from the Copeville W.S.C. for residential, commercial, industrial, agricultural, governmental, or any other purpose in a manner contrary to any provision of this Plan, or in an amount in excess of that permitted by the drought response stage in effect at the time pursuant to action taken by General Manager, or his/her designee, in accordance with provisions of this Plan.
- (b) Any person who violates this Plan shall be punished by a fine of not less than \$250.00 dollars and not more than \$2,500.00 dollars. Each day that one or more of the provisions in this Plan is violated shall constitute a separate offense. If a person violates three or more distinct violations of this Plan, the General Manager shall, upon due notice to the customer, be authorized to discontinue water service to the premises where such violations occur. Services discontinued under such circumstances shall be restored only upon payment of a

re-connection charge, hereby established at \$50.00 during regular office hours or \$100.00 after and any other costs incurred by the Copeville W.S.C. in discontinuing service. In addition, suitable assurance must be given to the General Manager that the same action shall not be repeated while the Plan is in effect. Compliance with this plan may also be sought through injunctive relief in the district court.

- (c) Any person, including a person classified as a water customer of the Copeville W.S.C. in apparent control of the property where a violation occurs or originates shall be presumed to be the violator, and proof that the violation occurred on the person's property shall constitute a rebuttable presumption that the person in apparent control of the property committed the violation, but any such person shall have the right to show that he/she did not commit the violation. Parents shall be presumed to be responsible for violations of their minor children and proof that a violation, committed by a child, occurred on property within the parents' control shall constitute a rebuttable presumption that the parent committed the violation, but any such parent may be excused if he/she proves that he/she had previously directed the child not to use the water as it was used in violation of this Plan and that the parent could not have reasonably known of the violation.
- (d) Any employee of the Copeville W.S.C. or other Person designated by the General Manager, may issue a fine to a person he/she reasonably believes to be in violation of this Plan. The fine shall be paid in full prior to reconnection.

Section XI: Variances

The General Manager, or his/her designee, may, in writing, grant temporary variance for existing water uses otherwise prohibited under this Plan if it is determined that failure to grant such variance would cause an emergency condition adversely affecting the health, sanitation, or fire protection for the public or the person requesting such variance 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.
- (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 Ordinance shall file a petition for variance with the Copeville W.S.C. within 5 days after the Plan or a particular drought response stage has been invoked. All petitions for variances shall be reviewed by the General Manager, or his/her designee, and shall include the following:

- (a) Name and address of the petitioner(s).
- (b) Purpose of water use.
- (c) Specific provision(s) of the Plan from which the petitioner is requesting relief.

- (d) Detailed statement as to how the specific provision of the Plan adversely affects the petitioner or what damage or harm will occur to the petitioner or others if petitioner complies with this Ordinance.
- (e) Description of the relief requested.
- (f) Period of time for which the variance is sought.
- (g) Alternative water use restrictions or other measures the petitioner is taking or proposes to take to meet the intent of this Plan and the compliance date.
- (h) Other pertinent information.

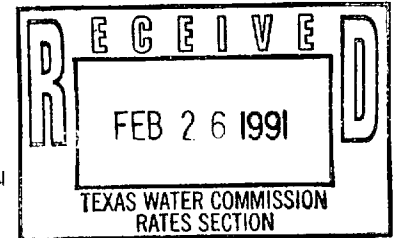
Variations granted by the Copeville W.S.C. shall be subject to the following conditions, unless waived or modified by the General Manager or his/her designee:

- (a) Variations granted shall include a timetable for compliance.
- (b) Variations 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.

BY-LAWS

COPEVILLE WATER SUPPLY CORPORATION



Bylaws of Copeville Water Supply Corporation, having been presented to the Board of Directors of said Corporation and duly adopted as follows:

ARTICLE I

The President shall preside at all Members' and Directors' meetings. The President may, and upon demand of one-third (1/3) of the Members, shall call a special meeting of the Members or Directors. Such special meetings shall be held upon giving the notice required in Article XII of the By-Laws. The President shall perform all other duties that usually pertain to the office or are delegated to him by the Board of Directors.

ARTICLE II

The Vice President shall, in case of the absence or disability of the President, perform the duties of the President.

ARTICLE III

The Secretary-Treasurer shall have the custody of all the monies and securities of the Corporation. The Secretary-Treasurer shall keep regular books and shall keep minutes of all meetings of Members and Directors. All monies of the Corporation shall be deposited by the Secretary-Treasurer in such depository as shall be selected by the Directors. Checks must be signed by the Secretary-Treasurer and the

President or Vice-President, in the absence of the President. The Secretary-Treasurer shall have custody of the seal of the Corporation and affix it as directed hereby or by resolution passed by the Board of Directors or Members. The Board of Directors may appoint an employee as assistant or deputy secretary to assist the Secretary-Treasurer in all official duties pertaining to the office of Secretary.

The position of the Secretary-Treasurer and other positions entrusted with receipt and disbursement of funds shall be placed under a fidelity bond in an amount which shall be set from time to time, but not less than once each year, by the Board of Directors. The fidelity bond coverage amount shall approximate the total annual debt service requirements for all FmHA loans and be evidenced by a position fidelity schedule bond as acceptable to the Farmers Home Administration.

ARTICLE IV

Section 1. The Board of Directors shall consist of five (5) Directors, a majority of whom shall constitute a quorum. Upon issuance of the Charter and annually thereafter on the third Tuesday in April, the Board of Directors shall elect a President, a Vice-President and a Secretary-Treasurer. The Directors shall be elected by the Members at the Members' regular meeting provided for in Article XI of the By-Laws. The Directors shall be divided into three (3) classes, each class to be as near as equal in number as possible. The terms of the Directors of

the first class shall expire at the first annual meeting of the shareholders after their election, the terms of the Directors of the second class shall expire at the second annual meeting after their election and terms of the Directors of the third class shall expire at the third annual meeting after their election. At each annual meeting after such classification, the number of Directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting. The Directors shall serve without pay, but may be compensated for actual expenses by a majority vote of Directors.

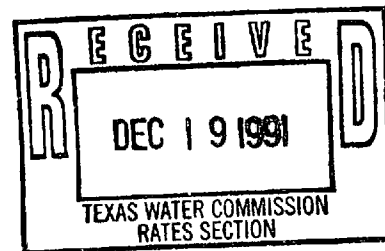
Upon the death or resignation of a Director, a successor shall be elected by a majority of the existing Directors to serve until the next regular or special Membership meeting at which time the general Membership shall elect a successor for the remaining balance of the previously vacated term.

Section 2. Officers and Directors may be removed from office in the following manner except as otherwise provided in Article V: Any Member, Officer, or Director may present charges against a Director or Officer by filing such charges in writing with the Secretary-Treasurer of the Corporation. If presented by a Member, the charges must be accompanied by a petition signed by at least ten (10) percent of the Members of the Corporation. Such removal shall be voted on at the next regular or special meeting of the Membership and shall be effective if

approved by a vote of 2/3 majority of those voting if a quorum is present. The Director(s) or Officer(s) against whom such charges have been presented shall be informed in writing, of such charges at least twenty days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges shall have the same opportunity. If the removal of a Director(s) is approved, such action shall also vacate any other office(s) held by the removed Director(s) in the Corporation. A vacancy in the Board thus created shall immediately be filled by a qualified person other than the removed Director upon a vote of a majority of the Members present and voting at such meeting. A vacancy in any office thus created shall be filled by the Board of Directors from among their number so constituted after the vacancy in the board has been filled.

Section 3. The President of the Board or his designee shall preside at any meeting of the Members convened to consider removal of an Officer or Director as provided under Section 2, unless the President is the subject of charges, in which event the Vice-President shall preside. In the event both the President and the Vice-President are the subject of charges, those Directors who are not the subject of any charges shall appoint one of their number to preside over the meeting. Any meeting convened to consider the removal of an Officer or Director shall be conducted in accord with the Procedures prescribed by the

Amendment #2:



ARTICLE V

(Form FmHA-TX 442-7, Revised 7/89)

FOR WATER SUPPLY CORPORATIONS SERVING IN THREE OR FEWER COUNTIES:

Section 1. Regular meetings of the Board of Directors shall be held at such time and place as the Board may determine at the next previous regular meeting, and shall include posting of the meeting as required by the Texas Open Meetings Act, Article 6252-17, Tex. Rev. Civ. Stat., by furnishing the notice to the county clerk or clerks of the county or counties in which the Corporation provides service, and by posting such notice in a place readily convenient to the public in its administrative office at all times for at least seventy-two (72) hours preceding the scheduled time of the meeting. Such notice shall specify the date, hour, place and subject of each meeting held by the Board of Directors. [~~No further notice to the Directors of such regular meetings shall be required, and each Director shall be responsible for attendance of said regular meetings without further notice.~~]

Credentials Committee established under the provisions of Article XI. The fact that President, Vice-President, or any other Officer or Director has been made the subject of charges does not otherwise prevent such Officer from continuing to act in his capacity as an Officer or Director of the Corporation. Any Director that has been removed under the provisions of this Article shall not be precluded from subsequent election to a position on the Board of Directors.

Section 4. The Board of Directors shall adopt and maintain a conflict of interest policy designed to promote the business of the Corporation and serve the interests of the Membership.

ARTICLE V

Section 1. Regular meetings of the Board of Directors shall be held at such time and place as the Board may determine at the next previous regular meeting. No further notice to the Directors of such regular meetings shall be required, and each Director shall be responsible for attendance of said regular meetings without further notice.

Section 2. Any Director failing to attend two (2) consecutive regular monthly meetings shall be given written notice by the balance of the Board of Directors that failure by said Director to attend a third consecutive monthly meeting, without justifiable cause acceptable to the balance of the Board of Directors, shall give rise to removal of said Director from the Board. A successor shall be elected by a

majority vote of the Directors remaining to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the balance of the term. If the removal of a Director pursuant to this Section 2 occurs at an annual Membership meeting, then the successor shall be elected by a majority vote of the Membership in attendance at the meeting.

Section 3. The Board of Directors shall provide access for the public, new service applicants, or Members to the regular monthly meetings of the Board of Directors by setting aside a time for hearing of suggestions, proposals, or grievances. The Board of Directors shall establish reasonable rules for access to such meetings.

ARTICLE VI

The Corporation shall conduct its business on a non-profit basis, and no dividends shall ever be paid upon the Memberships of such Corporation. All profits arising from the operation of such business shall be annually paid out to the persons who have, during the past year, transacted business with the Corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the Corporation remains unpaid.

ARTICLE VII

The Directors of the Corporation shall establish and maintain, so long as the Corporation is indebted to the Government, in an institution insured by the State or Federal Government, or invested in

readily marketable securities backed by the full faith and credit of the United States of America, a reserve account separate and apart from other fund accounts of the Corporation. There shall be deposited in such fund the sum as required by a total of all loan resolutions executed by the Corporation. Such deposits shall be made monthly and shall continue until the total amount deposited equals the sum as required by the executed loan resolutions provided, however that after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to the sum as required by the executed loan resolutions.

Withdrawals may be made from this fund only upon prior written approval from Farmers Home Administration. Approval shall be made only for emergency repairs, obsolescence of equipment, improvements to facility, and from making up any deficiencies in revenue for loan payments.

The Directors shall invest all sums in this fund not required to be expended within the year in which the same are deposited in bonds or other evidence of indebtedness of the United States of America, or in readily marketable securities backed by the full faith and credit of the United States of America. Securities so purchased shall be deemed at all times to be part of the reserve fund account.

ARTICLE VIII

Section 1. Every person (which includes any legal entity)

owning or having a legal right to the control, possession or occupancy of property served or which may reasonably be served by the Corporation, shall have the right to become a Member of the Corporation upon payment of the Membership fee hereinafter provided and upon compliance with the Corporation's conditions of water and/or sewer service as provided for in its published charges, rates and conditions of service. Membership shall not be denied because of the applicant's race, color, creed, citizenship, or national origin. It is the intent of the Corporation to provide service on a nondiscriminatory basis to all persons desiring service to the extent that the capabilities of the system will reasonably permit.

Section 2. The Membership fee shall be \$100.00. Payment of Membership fee or transfer of Membership shall entitle an applicant to further qualify for one (1) connection to the system or shall entitle a transferee of Membership to continue to qualify for service to an existing connection to the system by meeting the conditions for water and/or sewer as provided in the Corporation's published rates, charges, and conditions of service. A person may own more than one Membership but each Member shall be entitled to only one vote regardless of the number of Memberships owned. Membership certificates shall be in such form as shall be determined by the Board of Directors.

Section 3. The Membership fee may be revised by the Board of Directors as the Board may determine to be appropriate. In determining

the amount of the Membership fee, however, the Board shall ensure that the fee is sufficient to establish the potential Member as being legitimately interested in securing water service from the Corporation for such potential Members' own needs. Furthermore, the Board shall determine and administer such fee in a manner or in an amount which does not unreasonably deny service to financially deprived potential Members. In no event, however, shall the Membership fee exceed an amount equal to the sum of twelve (12) charges of the Corporation's minimum monthly water rate unless previously approved by Farmers Home Administration.

ARTICLE IX

Where necessary for determining those Members entitled to notice of, or those Members entitled to vote at any meeting or any adjournment thereof, or where necessary to make a determination of Members for any other proper purpose, ownership of Memberships shall be deemed to be vested in those persons who are the record owners of Memberships as evidenced by the Membership transfer book on the 15th day of the month preceding the month of the date upon which the action requiring such determination is to be taken. Nothing herein shall preclude the holder of a Membership from mortgaging such Membership, or, upon notification of the Corporation, preclude the holder of such mortgages from exercising legal rights pursuant to such mortgages upon proper notice to the Corporation.

ARTICLE X

Section 1. In order to insure that business done by the Corporation shall continue within the capacity of its facilities and to prevent undue financial burden on the Members of the Corporation, Membership in the Corporation shall be transferred in accordance with the following:

(a) Except as herein provided, Membership in the Corporation shall be deemed personal estate and a person or entity that owns any stock of, is a Member of, or has some other right of participation in the Corporation may not sell or transfer that stock, Membership, or other right of participation to another person or entity except: (1) by will to a transferee who is a person related to the testor within the second degree by consanguinity; (2) by transfer without compensation to a transferee who is a person related to the owner of the stock or other interest within the second degree by consanguinity; or (3) by transfer without compensation or by sale to the Corporation.

(b) Subsection (a) of this section does not apply to a person or entity that transfers the Membership or other right of participation to another person or entity as part of the conveyance of real estate from which the Membership or other right of participation arose.

(c) The transfer of stock, Membership, or another right of participation under this section does not entitle the transferee to water or sewer service unless each condition for water or sewer service is met as provided in the Corporation's published rates, charges, and

conditions of service. Water or sewer service provided by the Corporation as a result of stock, Membership, or other right of participation may be conditioned on ownership of the real estate designated to receive service and from which the Membership or other right of participation arose.

(d) The Corporation may cancel a person's or other entity's stock, Membership, or other right of participation if the person or other entity fails to meet the conditions for water or sewer service prescribed by the Corporation's published rates, charges, and conditions of service, or fails to comply with any other condition placed on the receipt of water or sewer service under the stock, Membership or other right of participation authorized under subsection (c) of this section. The Corporation may, consistent with the limitations prescribed by Subsection (a) of this section and as provided in the Corporation's tariff, reassign canceled stock, or a canceled Membership, or other right of participation to any person or entity that has legal title to the real estate from which the canceled Membership or other right of participation arose and for which water or sewer service is requested, subject to compliance with the conditions for water or sewer service prescribed by the Corporation's published rates, charges, and conditions of service.

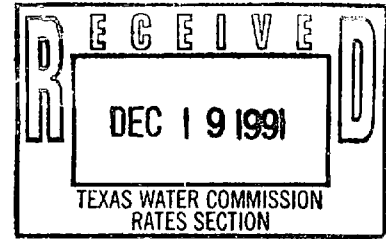
Section 2, Notwithstanding anything to the contrary hereinabove provided, the consideration for the transfer of any Membership in the

Corporation from the original Members, their transferees, pledges, administrators or executors, or other persons, shall never exceed the amount of the original costs of such Membership. No gain or profit shall ever be realized from the sale or transfer of a Membership.

ARTICLE XI

Section 1. There shall be a regular meeting of the Members annually, on the second Tuesday in April, to transact all business that may be properly brought before it. The Secretary-Treasurer shall give at least fifteen (15) days written notice of such annual meetings to the Membership indicating the time, place and purpose of such meeting, and shall address and mail the notice to each Member at the address last known to the Corporation. Failure to hold or call an annual or special meeting in accordance with these By-Laws shall give each member rights to compel the Board of Directors to properly hold an annual or special meeting of the Membership. Voting by proxy shall be permitted. Members holding ten percent (10%) of the votes entitled to be cast, represented in person or by proxy, shall constitute a quorum for the transaction of business.

Section 2. The Board of Directors shall establish a standing Credentials Committee of three (3) Members, of which the Secretary-Treasurer shall be the chairperson. This committee shall adopt proper procedures for conducting an annual or special Membership meeting; adopt a specific proxy form to be used in conducting an annual or special



ARTICLE XII

(From FmHA-TX 442-7, Revised 7/89)

Special meetings of the Directors may be held upon ~~[reasonable notice to each Director either written or oral]~~ the posting of notice of such special meeting, in the manner provided under Article V of these Bylaws, at least two hours before the meeting is convened. It shall be the responsibility of the President or his designee to ensure that proper notice is posted. In no event shall any special meeting of the Directors be convened where the business of such meeting could be considered at a regular meeting of the Directors receiving at least seventy-two (72) hours notice as provided under Article V of these Bylaws.

Prior to convening any special meeting of the Members, the President shall request in writing that the Secretary-Treasurer give at least ten (10) days prior notice to the Members, and that such special meeting is otherwise noticed as provided under Article V of these Bylaws. Such notice shall specify the time, place and purpose of the meeting, and shall be addressed and mailed to each of the members at their address last known to the Corporation.

Membership meeting; adopt procedures for proper notification of the Membership of such meetings and delivery of the Corporation's proxy forms to the Membership; determine, qualify, and register the eligible voters for such meeting; validate proxies, determine presence of quorum for conducting the meeting, design ballots, canvass all votes, and institute proper recording of the results of such elections.

ARTICLE XII

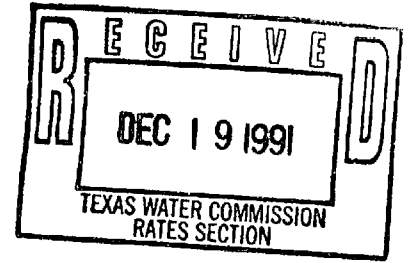
Special meetings of the Directors may be held upon reasonable notice to each Director, either written or oral.

Prior to convening any special meeting of the Members, the President shall request in writing that the Secretary-Treasurer give at least ten (10) days prior notice to the Members. Such notice shall specify the time, place, and purpose of the meeting, and shall be addressed and mailed to each of the Members at their address last known to the Corporation.

ARTICLE XIII

The business of the Corporation shall be handled under the direction of the Board of Directors by a manager to be elected by majority vote of the Board. The manager shall serve with or without compensation. The manager, with the approval of the Board of Directors, may employ, with or without compensation, such supervisory, clerical or other employees as may be required to effectively operate the business of the Corporation.

Amendment #1:



ARTICLE XV

(Form FmHA-TX 442-7, Revised 7/89)

Upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation remaining after payment of the indebtedness of the Corporation shall be distributed among the Members and former Members in direct proportion to the amount of their patronage with the Corporation insofar as practicable. Any indebtedness to the Corporation by a Member for water service or otherwise shall be deducted from such Member's share prior to final distribution. By application for and acceptance of Membership in the Corporation, each Member agrees that, upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation transferred to that Member shall be in turn immediately transferred by the individual Member to an entity that provides a water supply or wastewater service, or both, that is exempt from ad valorem taxation [~~a charitable organization in the State of Texas, selected by a majority of the Members voting, which is organized to acquire, store, transport, sell or distribute water for public use and further is qualified for an exemption authorized by Chapter 11 of the Property Tax Code of the State of Texas, to the state, or to an educational, religious, charitable, or other similar organization that is qualified as a charitable organization under Section 501(e)(3) Internal Revenue Code of 1954, as amended.~~]

ARTICLE XIV

Notwithstanding the ownership of a Membership certificate, all Members shall be billed, disconnected, or reconnected, and otherwise shall receive service in accordance with the written policies of the Corporation, including the tariff of the Corporation. In the event a Member should surrender his Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the water service shall be discontinued and the obligation to pay for water service shall terminate except as for the minimum charge for the current month and the charge for water used during the current month, and except as for any prior unpaid amounts due the Corporation. In the event Membership is terminated, cancelled, withdrawn, or surrendered, whether voluntarily or involuntarily, the former Member's rights and interest in the assets of the Corporation will not be forfeited.

ARTICLE XV

Upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation remaining after payment of the indebtedness of the Corporation shall be distributed among the Members and former Members in direct proportion to the amount of their patronage with the Corporation insofar as practicable. Any indebtedness due the Corporation by a Member for water service or otherwise shall be deducted from such Member's share prior to final distribution. By application for and acceptance of Membership in the Corporation, each Member agrees

that, upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation transferred to that Member shall be in turn immediately transferred by the individual Member to a charitable organization in the State of Texas, selected by a majority of the Members voting, which is organized to acquire, store, transport, sell or distribute water for public use and further is qualified for an exemption authorized by Chapter 11 of the Property Tax Code of the State of Texas, to the state, or to an educational, religious, charitable, or other similar organization that is qualified as a charitable organization under Section 501(c)(3) Internal Revenue Code of 1954, as amended.

ARTICLE XVI

The fiscal year of the Corporation shall be January 1, thru December 31.

ARTICLE XVII

For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the Farmers Home Administration, The Corporation shall insure with a reputable insurance company such of its properties and in such amounts as is required by the State Director of the Farmers Home Administration for the State of Texas.

ARTICLE XVIII

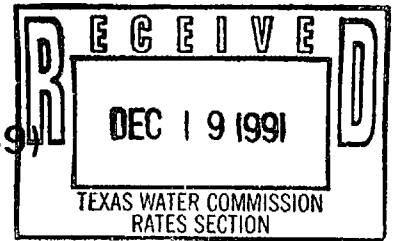
Section 1. If at the end of the fiscal year, or in the event of emergency repairs, the Board of Directors determines the total amount

derived from the collection of water charges to be insufficient for the payment of all costs incident to the operation of the Corporation's system during the year in which such charges are collected, the Board shall make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by Farmers Home Administration, so that the sum of such assessments and the amount collected from water and other charges is sufficient to fully pay all costs of operation, maintenance, replacement and repayment on indebtedness for the year's operations, but this provision shall not operate for the benefit of any third party creditor other than Farmers Home Administration without a favorable vote of the majority of the Members. Any assessments levied to make up operational deficits in any year shall be levied against Members in proportion to their patronage with the Corporation.

Section 2. In the event a Member should surrender his Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the obligation to pay such assessments shall be limited to assessments made and levied prior to the date of surrender of the Membership certificate, provided, however, that this paragraph and the second sentence of Article XIV shall not apply to relieve a Member of his obligation under special agreements covering Multiple-Membership certificates held by one Member which may have been required or approved by the Farmers Home Administration.

ARTICLE XIX

(Form FmHA-TX 442-7, Revised 7/89)



* * * * *

With prior written request, corporate records, books and annual reports, subject to exceptions provided by [law] the Open Records Act, Article 6252-13a, Tex. Rev. Civ. Stat., including any amendments thereto, shall be available for public inspection and copying by the public or their duly authorized representatives during normal business hours subject to a reasonable charge for the preparation of copies.

In the event of any conflict between the provisions of the Open Records Act and the provisions of these Bylaws, the provisions of the Open Records Act shall prevail.

ARTICLE XIX

The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Members, Board of Directors, and committees, and shall keep a record of the name and addresses of its Members entitled to vote at its registered office or principle office in Texas.

Annually, the Board of Directors shall prepare or cause to be prepared a report of the financial activity of the Corporation for the preceding year including a statement of support, revenue, and expenses and changes in fund balances, a statement of functional expenses, and balance sheets for all funds or such financial reports as required by Farmers Home Administration. Such report shall be approved by the Board of Directors.

With prior written request, corporate records, books and annual reports, subject to exceptions provided by law, shall be available for public inspection and copy by the public or their duly authorized representatives during normal business hours subject to a reasonable charge for the preparation of copies.

ARTICLE XX

These By-Laws may be altered, amended, or repealed by a vote of a majority of the Members present at any regular meeting of the Corporation, or at any special meeting of the Corporation called for that purpose, except that the Members shall not have the power to change

the purpose of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation or its Members, or to deprive any Member of rights and privileges then existing, or so to amend the By-Laws as to effect a fundamental change in the policies of the Corporation. Notice of any amendment to be made at a special meeting of the Members must be given at least ten (10) days before such meeting and must set forth the amendments to be considered. For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the Farmers Home Administration, these By-Laws shall not be altered, amended, or repealed without the prior written consent of the State Director of the Farmers Home Administration for the State of Texas.

ARTICLE XXI

The seal of the Corporation shall consist of a circle within which shall be inscribed "COPEVILLE WATER SUPPLY CORPORATION".

ARTICLE XXII

The Corporation pledges its assets for use in performing the organization's charitable functions.

ARTICLE XXIII

The above By-Laws and regulations were unanimously adopted by the Membership of the COPEVILLE WATER SUPPLY CORPORATION, at a meeting the _____ on the 11th day of December, A.D. 1990.

Wayne Dodson
Secretary-Treasurer