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Mauriceville Special Utility District

Board of Directors

Ted Williams, *President*
Herman F. Walton, *Vice-President*
Sharon A. Bland, *Secretary*
Frank J. Abernathy, *Director*
William D. Hutto, *Director*

Jeff M. Holland, *General Manager*
P.O. Box 1000
Mauriceville, Texas 77626
Main Office: 409-745-4882
Shop Office: 409-745-2804
Fax Number: 409-745-4591

May 17, 2006

**Utility & Districts
MC-152
P. O. Box 13087
Austin, Texas 78711-3087**

Re: Water and Sewer Use Ordinance

To Whom It May Concern:

Enclosed is Water and Sewer Use Ordinance for Mauriceville Special Utility District as amended at regular board meeting on Tuesday, May 16, 2006:

Section 3, Water and Sewer Charges – Page 3 & 4

Water Rates: Base Rate from \$19.75 to \$23.75 (also increase on 2,000 – 7,999 gallons & 8,000 gallons and above)

No change to Sewer Rates

Section 4, Tap Charges – Page 5

**Fee change on Water Meter Size
Low Pressure Sewer System Price Change**

Page 16, signature page.

The above changes are effective as of June 1, 2006.

Your attention to this matter will be appreciated.

Sincerely,

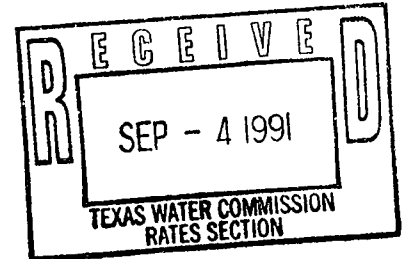

**Jeff M. Holland
General Manager**

Encl.

P. O. Box 1000
Mauriceville, Tx. 77626
(409) 745-4797

Mauriceville Water Supply Corp.

MR. ALBERT HOLCK
RATES SECTION
P.O. BOX 13087 CAPITOL STATION
AUSTIN, TX. 78711-3087



Dear Mr. Holck,

This is to advise you we are changing our water rates effective beginning October 25, 1991, showing on the bill received in November.


Notices were sent to all present customers on August 26, 1991.

Below is a chart comparing our present rates with the new rates.

If you have any questions please feel free to call (409)745-4797.

<u>PRESENT RATES</u>		<u>NEW RATES</u>	
GALLONS USED	RATES	GALLOONS USES	RATES
0-2000 gal.	\$19.50	0-2000 gal.	\$19.50
2001-6000 gal.	\$3.00/1000	2001-6000 gal.	\$3.00/1000
6001-10,000 gal.	\$2.50/1000	6001-10,000 gal.	\$3.00/1000
10,000-14,000 gal.	\$2.00/1000	10,000-14,000 gal.	\$3.00/1000
over 14,000 gal.	\$1.50/1000	over 14,000 gal.	\$3.00/1000

THANK YOU,



JOHN G. ADAMS
GENERAL MANAGER
MAURICEVILLE WATER SUPPLY CORP.

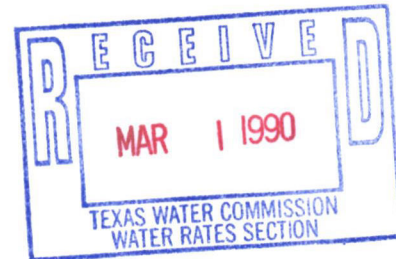
P. O. Box 1000
Mauriceville, Tx. 77626
(409) 745-4797

Mauriceville Water Supply Corp.

T-289-0
#11722

February 27, 1990

Mr. Doug Holcomb, P.E.
Head, Certification & Rate Design Unit
Water Utilities Division
Texas Water Commission
P. O. Box 13087 Capitol Station
Austin, Texas 78711-3087



Dear Mr. Holcomb,


Enclosed are copies of our new tariff, old tariff, new bylaws and old bylaws.

Our Membership and Board of Directors adopted a completely new tariff and bylaws. The tariff is modeled after the TRWA sample tariff and the bylaws are the Form FmHA-TX 442-7, Revised 7/89.

If there is any other information you need, please feel free to contact us.

Sincerely,

MAURICEVILLE WATER SUPPLY CORPORATION



John G. Adams
General Manager

JGA:dh
enc(s).

cc: Carole Bradshaw, Farmers Home Admn. P. O. Box 1924
Lufkin, Texas 75902 - w/enc(s).

MAURICEVILLE SPECIAL UTILITY DISTRICT

WATER AND SEWER USE ORDINANCE

**AN ORDINANCE RELATING TO CLASSES OF USERS;
WATER AND SEWER CHARGES; PROVIDING FOR PERIODIC
REVIEW OF WATER AND SEWER RATES; ESTABLISHING
BILLING PROCEDURES; PROVIDING FOR THE
COLLECTION OF SEWAGE; REQUIRING THE CONNECTION
OF EXISTING SERVICE TO THE LOW PRESSURE SYSTEM
OF THE DISTRICT; PROVIDING STANDARDS FOR
NEW CONNECTIONS BEGINNING AS OF THE
EFFECTIVE DATE OF THIS ORDINANCE;
PROHIBITING DISCHARGE OF UNACCEPTABLE SUBSTANCES;
SETTING STANDARDS FOR SERVICE CONNECTIONS
AND EXTENSIONS; PROVIDING FOR THE
VALIDITY AND SEVERABILITY OF PROVISIONS
OF THE ORDINANCE; AND PROVIDING
FOR ENFORCEMENT HEREOF**

WHEREAS, the Mauriceville Special Utility District (the "District") has provided facilities for the production and distribution of potable water to residential and business users within its boundaries;

WHEREAS, the District shall hereafter provide facilities for collection and treatment of sewage to promote health, safety, and convenience of its residential and business customers and to safeguard the water resources within the District;

WHEREAS, such water and sewer facilities shall be designed, constructed, and operated for the purpose of providing water and sanitary sewage service for domestic sewage only, without industrial wastes, and without excessive amounts of storm drainage or ground water;

WHEREAS, proper protection and operation of the sanitary sewer collection and treatment facilities may require exclusion or regulated discharge of waste matter other than domestic sewage, as well as exclusion of storm drainage or ground water; and

WHEREAS, existing ordinances and regulations for water and sanitary sewer use must be supplemented in order to meet requirements of the United States Environmental Protection Agency ("EPA") and the Texas Natural Resource Conservation Commission ("TNRCC");

Any existing water and sanitary sewer ordinance of the District including but not limited to the ordinances adopted as of July 18, 2000, are hereby amended, modified and supplemented to read as hereinafter set forth:

SECTION 1

DEFINITIONS

The meaning of terms used in this Ordinance shall be as follows:

- a) District. The Mauriceville Special Utility District, a special purpose district created by the Texas Natural Resource Conservation Commission ("TNRCC").
- b) District's Sewer System. The sanitary sewer collection, disposal and treatment facilities constructed and operated by the District and any sanitary sewer system or sewer extensions which may be built within the District in the future.
- c) District's Water System. The water production and distribution facilities operated or to be constructed by the District as currently operating and any water system extensions which may be built within the District in the future.
- d) Grinder Pump Station. The individual lift stations located at each commercial building or residence which are installed, owned, and maintained by the District as part of the District's Low Pressure Sewer System. The grinder Pump station includes a pump, tank, controls, control panel, valves, piping, electric wiring and related facilities.
- e) Low Pressure Sewer System (LPSS). The sanitary sewer collection system installed by the District.
- f) Revenues. Any funds received for water or sanitary sewer service, tap fees, service charge fees, disconnect fees, reconnection fees or any and all other charges except for service deposits that may be charged and collected by the District from the ownership and operation of its water and sanitary sewer service systems.
- g) Service Line. The sewer line from the foundation of a business or residence to the District's grinder pump station which line is on property of a residence or commercial building and not within an easement dedicated to the District.

SECTION 2

CLASSES OF USERS

All users of the District's water and sewer services shall be grouped into the following classes:

- a) Resident users, consisting of residential users located within the District or private users located outside the District.
- b) Non-resident users, consisting of small commercial users located outside the District.
- c) Commercial users, consisting of users located within the District to which service to a non-residential structure is provided.

All water and sewer charges shall be assessed in such a manner that each class of users pays its proportionate share of all debt service and operation and maintenance for water and sewer service. Other classes of users shall be added in the future if necessary.

All residential and commercial customers may be grouped into sub-classes according to the meter size provided to their residence and/or commercial establishment.

SECTION 3

WATER AND SEWER CHARGES

Each resident user, non-resident user and commercial user shall pay monthly service charges. The following rates per month shall be the rates charged for water and sanitary sewer services furnished to residential and commercial customers within and outside the District, effective June 1, 2006:

RESIDENT & NON-RESIDENT USER RATES

a) Water Rates

0 to 1,999 Gals.	\$23.75 (Base Rate)
2,000 to 7,999 Gals.	\$ 4.89 per 1,000 Gallons
8,000 and above	\$ 5.18 per 1,000 Gallons

b) Sewer Rates

0 to 1,999 Gals.	\$19.75 (Base Rate)
2,000 to 7,999 Gals.	\$ 4.25 per 1,000 Gallons
8,000 and above	\$ 4.50 per 1,000 Gallons

COMMERCIAL USER RATES

a)	<u>Water Rates</u>	
	0 Gals.	\$23.75 (Base Rate)
	0 to 7,999 Gals.	\$ 4.89 per 1,000 Gallons
	8,000 and above	\$ 5.18 per 1,000 Gallons
b)	<u>Sewer Rates</u>	
	0 Gals.	19.75 (Base Rate)
	0 to 7,999 Gals.	\$ 4.25 per 1,000 Gallons
	8,000 and above	\$ 4.50 per 1,000 Gallons

WHOLESALE WATER SERVICE

Wholesale water service shall be at rates negotiated between the District and wholesale users.

AWWA METER EQUIVALENTS

The following meter equivalents will be followed:

AWWA SPECIFICATIONS

METER SIZE	RESIDENTIAL SERVICE EQUIVALENTS*
5/8" x 3/4"	1.00
3/4"	1.50
1"	2.50
1 1/2"	5.00
2"	8.00
3" Positive Displacement	9.00
3" Compound	16.00
3" Turbine	17.50
4" Compound	25.00
4" Turbine	30.00
6" Compound	50.00
6" Turbine	62.50
8" Compound	80.00
10" Compound	115.00

*Each meter's corresponding service equivalent will represent the number of minimums that are charged to that customer's account.

SECTION 4**TAP CHARGES**

The District shall provide water taps in accordance with the following fee schedule, effective June 1, 2006:

<u>Water Meter Size</u>	<u>Fee</u>
5/8" x 3/4"	\$600.00
1"	\$750.00
1.5"	\$850.00
2"	\$1,000.00
Larger than 2"	Cost + 20%

The District shall acquire the Low Pressure Sewer System described in Section 15, and each new residential or commercial customer after June 1, 2006, shall pay the District a sum of three thousand dollars (\$3,000.00) for the acquisition and installation of a low pressure sewer system.

SECTION 5**OTHER CHARGES**

1. The service charge for transfer within the District shall be \$50.00 for each customer. A service charge of \$50.00 is required for turning on customer water or for disconnection for leaks.
2. A charge of \$25.00 is required for insufficient fund checks.
3. A delinquent charge will be added, if the bill is not paid on or before the 10th of each month. The delinquent charge shall be \$5.00.
4. A reconnection fee of \$50.00 will be charged before service can be restored to any customer who has been disconnected for any valid reason including the customers request for disconnection of service or for failure to pay user charges.
5. A security deposit fee of two and one-half times the customer's average bill can be charged if the customer appears on any two cut-off lists during a six-month period.
6. A collection fee will be added if the bill is not paid on or before the 20th of each month. The collection fee shall be \$12.50.
7. A service call/trip fee to a customer's residence shall be \$25.00 and the fee for a meter test shall be \$65.00.
8. A trip to a customer's residence to re-certify the grinder shall be \$50.00.
9. The customer will be charged a fee of \$50.00 for temporary water service. In addition to this fee will be the normal charge for the usage of water. This service will be for a 90-day period and will be prior to the property having a "Customer Service Inspection".

10. A \$500.00 reconnection charge must be paid if service is terminated for the use of a private water well as provided for in Section 9 and Section 13 of this document.

11. Unauthorized Use Fee for Theft of Service of \$250.00 will be charged to any customer that obtains water without the consent, knowledge and authorization of district.

SECTION 6

SERVICE DEPOSITS

Service deposits hereafter shall be established by the District prior to receiving a water tap or, if services currently available, prior to the time that service is made available to the customer.

Notwithstanding the right of the District to establish such other deposits as it may deem appropriate for residential or commercial customers. Residential and commercial property shall require a deposit of \$100.00 and rental property shall have a deposit of \$250.00.

The person owning rental property will be required to establish a deposit on each of his/her rental property accounts and will have the option to sign an "Alternate Billing Agreement for Rental Accounts". The billing agreement states that he/she is authorizing the Mauriceville Special Utility District to send all billings on the account to the person(s) and address listed on the particular agreement. It further states that he/she understands that he/she is responsible to see that the account balance is kept current, as is any other account in the Corporation. It also states that the account shall not be reinstated until all debt on the account has been retired.

Under the "Alternate Billing Agreement" the person owning rental property will be allowed to do one of the following two things regarding deposits:

- (1) Service can be issued to the tenant with the tenant paying a deposit of \$250.00, or
- (2) Service can be issued to the landowner with the landowner paying a deposit of \$100.00.

Rental Deposits for Landlords, shall be as follows:

3 - 5 Units: Deposit of \$250.00

5 - 25 Units: Deposit of \$500.00

Over 25 Units: Deposit of \$750.00 – at the discretion of the General Manager

The District has determined that no interest shall be paid on any deposits to be established by District customers.

SECTION 7

PERIODIC REVIEW OF RATES

The District shall review the water and sewer rates not less than once annually on the basis of expenditures incurred in providing services. Expenditures shall be calculated separately for the following services:

- a) Water service, including supply, treatment, and distribution;
- b) Sewer service, including collection, transportation, treatment and disposal;
- c) Debt service for water and sewer facilities (for non-resident users).

Calculated expenditures for water and sewer services shall include:

1. Direct operation and maintenance expense;
2. Allowances for replacement of major system components;
3. Allowances for vehicle replacement;
4. Administration and billing expenses.

Water rates shall be determined on the basis of calculated expenditures required for water supply. Sewer rates shall be determined on the basis of calculated expenditures for the sewage collection and treatment system. In each case, allowances shall be made for contingencies and for excess or deficient revenues collected during the preceding year.

All water and sewer charges prescribed in Section III of this Ordinance (including debt service) shall be adjusted on the basis of this review. These charges shall be established so that each class of users pays all debt service, plus all operation and maintenance for water and sewer service, attributable to that class of users.

All water and sewer charges shall be apportioned on the basis of metered water volume.

SECTION 8

BILLING PROCEDURES

The District shall issue an itemized monthly bill to each water and/or sewer customer, indicating the amount due for water and sewer service. To non-resident customers, the District shall issue an itemized monthly bill to each water and/or sewer customer, indicating the amount due for water service and sewer service, which charges shall include an amount for the water and sewer debt service. The entire bill shall be payable

to the District on or before the 10th day of each month. Payment of water charges shall not be accepted without payment also of sewer charges.

SECTION 9

DISCONNECTION OF SERVICE

The District may disconnect service to any customer for any of the following reasons:

- a) At request of the customer.
- b) Failure to pay all water and sewer charges within thirty (30) calendar days after the date of issuance of the bill.
- c) Existence of a known hazardous condition that could adversely affect the District or the customer at whose property an adverse condition has been found.
- d) Service established through meter bypassing, unauthorized connection, or unauthorized reconnection.
- e) Tampering with water meter or other District facilities.
- f) Open clean-outs or pipes allowing rain/storm water to enter the sewer system.
- g) Flows from a private water well entering the sewer system.

If disconnection is solely due to failure of a customer to pay monthly charges or upon the failure of a customer to pay other charges, the District will:

- a) Give at least twenty-four (24) hour notice prior to disconnection.
- b) Have District personnel available to collect delinquent bills and to make reconnection by the next normal working day after the delinquent amount and reconnection fees are paid.

SECTION 10

USE OF COLLECTED FUNDS

All water and sewer revenues collected by the District shall be placed in not less than two separate funds for (1) debt service and (2) water system operation and maintenance and

sewer operation and maintenance, as designated in Section III of this Ordinance. Each fund shall be spent only for its designated purpose. The District shall maintain such accounting procedures and control of expenditures as necessary to ensure that all funds are spent as designated.

SECTION 11

SUFFICIENCY OF REVENUE

The Board of Directors has determined that the charges prescribed in this Ordinance are necessary and sufficient to cover all costs of debt service and operation and maintenance of the District's water production, treatment and distribution system, after adjusting for the following factors:

- a) Other revenue sources such as sewer charges, grants, and interest income.
- b) The portion of that other revenue required for debt service and operation and maintenance of the sanitary sewer system.
- c) The portion of that other revenue required for proposed capital improvements to water and sewer systems.

SECTION 12

LEGAL REQUIREMENTS

In addition to the rules and regulations herein above stated, all water service within the District shall be subject to the following additional legal requirements:

- a) Water Conservation and Drought Contingency Plan. All use of water within the District shall be subject to the Water Conservation and Drought Contingency Plan adopted by the Board of Directors of the District on February 20, 1996, and as such Water Conservation and Drought Contingency Plan may hereafter be amended or modified by the Board of Directors of the District.
- b) Plumbing Codes. All water usage within the District and all water service facilities connecting residential or commercial users to District facilities and all plumbing fixtures in residential or commercial facilities shall be in compliance with plumbing codes as adopted by the District and as may otherwise be adopted by any and all other local, state and federal authorities having jurisdiction over such facilities. Plumbing fixtures shall be installed in compliance with all requirements of the Texas Natural Resource Conservation Commission and the Texas Health Department, and all facilities shall exclude lead and copper piping as previously prohibited by action of the Board of Directors of the District.

- c) Backflow Preventative Devices. If a residential or commercial user installs a sprinkler system or pools with automatic backfilling devices, backflow preventers shall be installed by a licensed plumber in accordance with any and all regulations of the District and the Texas Natural Resource Conservation Commission.
- d) Private Wells. Private water wells may be used for public consumption of water within the District if operated in accordance with all the rules and regulations of the Texas Natural Resource Conservation Commission, Orange County, Texas, or other appropriate governmental entities. Further, such wells shall be installed with an air separation between waterwell lines and District facilities. Further, any such wells will need to be in compliance with any other regulations including any restrictions placed upon such facilities by plat or deed restrictions or by other local, state or federal laws or regulations.
- e) Water Extensions. The cost of the installation of water lines beyond the existing service lines of the District as of the effective date of this Ordinance to any residential or commercial user or any undeveloped area within the District shall be the sole responsibility of the property owner and/or developer requesting services. Further, such installation of water distribution lines shall be installed by the property owner and/or developer requesting service to such specifications and subject to such inspections as may be required by the District.

SECTION 13

EXCLUDED FLOW AND WASTE

- a) No waste material which is not biologically degradable will be permitted to discharge into the District's facilities, including mud and debris accumulated during service line installation.
- b) No industrial wastes other than domestic sewage shall be discharged into the District's sewer system unless approved in writing by the Board of Directors. No toxic wastes, wastes which would damage the collection and treatment facilities, or wastes which would interfere with the waste treatment process shall be discharged into the District's sewer system.
- c) Industrial wastes shall not be diluted by unnecessary use of process water, or by adding unpolluted water, before discharging into the District's sewer system. No unpolluted cooling water shall be discharged into the District's sewer system.

- d) No downspouts, yard or street drains, or gutters will be permitted to be connected into the District's sewer system.
- e) No ground water drains, foundation drains, or other subsurface drains shall be connected into the District's sewer system.
- f) No effluent drains from existing and/or abandoned septic tanks or field lines will be permitted to remain in service.
- g) Flow from a private water well.

SECTION 14

CONNECTION OF WATER LINES

Applications for water service connections shall be filed with the District upon application forms made available from the District. All applicants for water service shall grant a sewer easement to the District in accordance with Section 15, paragraph (a) and/or other applicable sections of this Ordinance.

SECTION 15

CONNECTION OF SEWER LINES

- a) Applications for sewer service connections shall be filed with the District upon application forms made available from the District. All applicants for sewer service shall grant an easement to the District which shall own, install and maintain the Grinder Pump Station and discharge piping from the pump station to the main sewer line. The property owner shall be required for constructing the service line from the foundation of the residence or commercial building to the Grinder Pump Station. Otherwise, all construction of facilities to provide the Low Pressure Sewer System to a residence or commercial business and any repairs to the Low Pressure Sewer System shall be undertaken by the District and not by the property owner.
- b) After the effective date of this Ordinance, applications for sanitary sewer service from the District shall include an easement executed by the property owner which extends from the Grinder Pump station located at the residence or commercial building to the District's main service line. The location of the Low Pressure Sewer System and concurrently the location of the easement shall be with the consent and approval of the District.

- c) The District shall construct all sanitary sewer service facilities from the Grinder Pump Station of a residence or commercial building to the District's sanitary sewer line which installation shall include the Low Pressure Sewer System. The customer shall be required to connect to the facility.
- d) A property owner shall provide the easement required by the District and such access to their property as may be reasonably necessary by the District in order to install the Low Pressure Sewer System to serve the residence or commercial building from time to time and at such times as may be necessary to adequately install the sewer system by the District.
- e) The installation of the Low Pressure Sewer System by the District's personnel or by the duly authorized agents or employees may result in the removal of grass, bushes, shrubs, soil or other fixtures. The removal of any soil to the extent necessary may be used to backfill over existing sewer lines and facilities, and the balance of such fill material may be utilized by the property owner for other requirements. The District shall not be obligated to remove or dispose of any fill material removed and not used for backfill in the installation of the Low Pressure Sewer System or otherwise used by the owner. Further, the District nor its personnel, authorized agents or employees will be responsible for the replacement or replanting of any removed grass, bushes, trees or shrubs.
- f) No physical connection of a residence or commercial building to the District's low pressure system shall be made by a property owner, and such physical connection may only be made by the District, its agents or employees.
- g) The District shall install a breaker box containing a 30-amp breaker near the grinder pump. At the homeowner's expense the homeowner must connect to this breaker with 230-volt service with wire of sufficient gauge to operate the District equipment. The homeowner is responsible for delivering adequate electrical service to this breaker.
- h) After the effective date of this Ordinance, the property owner shall be responsible for the payment of the following fees and charges relative to the connection of sewer lines:
 - 1) All costs for the acquisition or installation of the Low Pressure Sewer System from the Grinder Pump Station located at each property to the District's main sewer line located within the easement granted by the property owner to the District including

but not limited to sewer pumps, tanks, fittings, valves, piping and electrical service.

- 2) The monthly electrical service costs to provide electrical service to the Grinder Pump Station located at the residence or commercial building of a property; and
 - 3) A tap fee for connection of the Low Pressure Sewer System to the main sewer line of the District which connection shall be made solely by the District, its agents or employees and at such costs as may be assessed from time to time by the District.
- i) The placement of each Grinder Pump Station shall be within fifty (50) feet from the foundation of the residence or commercial building. In so much as possible, each property owner shall be consulted as to the final location of the Grinder Pump Station. The final location of each Grinder Pump Station shall be made solely by the District, its agents or employees based on the practical limitations of construction.

SECTION 16

STANDARDS FOR SERVICE LINES

The following regulations govern the installation of service lines to residences or commercial buildings within the district:

- a) After the effective date of this Ordinance, all new residential or commercial connections to the District's sewer system shall be made in accordance with Section 15 of this Agreement and shall provide for the installation of a Low Pressure Sewer System and the granting of an easement by a property owner for such installation by the District, its agents or employees.
- b) The following types of piping and fitting material are approved for constructing service lines from the foundation of a residence or commercial building to the Grinder Pump Station.
 - 1) Service pipe extending from the foundation of a residence or commercial building to the Grinder Pump Station shall be Polyvinyl Chloride (PVC) Pipe, SDR 35, as defined in ASTM D-3034, push-on type with factory premolded gasketed joints. All fittings shall be PVC schedule 40 solvent weld joints.

- 2) Minimum size of service lines should be as follows:
Residential – 3 inches minimum diameter
Commercial – 6 inches in diameter
 - 3) Minimum grades for service lines shall be as follows:
3" or 4" pipe – one foot drop per hundred feet (1 %)
6" pipe – six inches drop per hundred feet (0.5 %)
8" pipe – four inches drop per hundred feet (0.33 %)
 - 4) Maximum grades for service lines shall be as follows:
3" or 4" pipe – two and one-half feet drop per hundred feet (2.5 %)
6" pipe – one and one-half feet drop per hundred feet (1.5 %)
8" pipe – one foot drop per hundred feet (1 %)
 - 5) Service lines shall be constructed to true alignment and grade, and warped and sagging lines will not be permitted.
- c) The building tie-on connection shall be made directly to the stub-out from the building plumbing at the foundation on all waste outlets. Watertight adapters of a type compatible with the materials being joined shall be used at the point of connection of the service line to the residence or commercial building plumbing. No cement grout materials shall be permitted.
- d) Fittings and cleanouts for service lines shall be as follows:
- 1) No bends or turns at any point shall be greater than 45 degrees.
 - 2) Each horizontal service line shall be provided with a cleanout at its upper terminal; and each such run of piping which is more than ninety (90) feet in length shall be provided with a cleanout for each ninety (90) feet or fraction thereof, in length of such piping.
 - 3) Each cleanout shall be installed so that it opens in a direction opposite to the flow of the waste and, except in case of "wye" branch and end-of-the-line cleanouts, cleanouts shall be installed vertically above the flow line of the pipe.
 - 4) Each cleanout shall be made with an airtight mechanical plug.

- e) All residential or commercial building drains and sewers leading to the District's sewer system shall be maintained so as to exclude any ground or service water from entering the sewer system. The District shall require the owner of these facilities to immediately correct at his own cost and expense any leaks or other conditions allowing the entry of ground water into the sewer system. This provision shall apply whether such leaks or conditions existed prior to the effective date of this Ordinance or occur at a later date.
- f) Upon the installation of a service line, a request for inspection shall be made to the District's office forty-eight (48) hours in advance for request of inspection, and no backfilling of the lines may be made until inspection has been made by the District, its agents or employees.
- g) Backfilling of service line trenches must be accomplished within twenty-four (24) hours of inspection and approval, and no debris will be permitted in any service line trench.
- h) As herein above stated, the physical connection to the District's sewer main line will be made by the District, its agents or employees.

SECTION 17

SEWER EXTENSIONS

The cost of the installation of additional sanitary sewer lines beyond the existing service lines of the District to newly developed areas within the District shall be the responsibility of the property owner and/or developer of property requesting service from the District.

SECTION 18

VALIDITY

All ordinances or parts of ordinances in conflict herewith are hereby repealed. If any section or provision of this Ordinance, or the application of same to any person or set of circumstances is invalidated or rendered unenforceable by a court of competent jurisdiction, such judgment shall not affect the validity of any remaining parts of the ordinance which can be given effect without the invalidated part or parts, or their application to other persons or sets of circumstances.

This Ordinance shall take precedence over any agreements or any portions of agreements between the District and one or more users.

SECTION 19

PENALTIES

- a) If any person violates any provision of this ordinance, and thereby violates a state or federal statute or injunction, the District may seek prosecution of that person in the appropriate state or federal court, and may seek such penalties as are prescribed by that statute or injunction.
- b) The District may disconnect water and/or sewer service to any user discharging prohibited wastes according to Section 2.
- c) If any person violates any provision of this ordinance, and the violation is not punishable in state or federal courts, the District may seek an injunction for specific action and/or damages in the appropriate state or federal court.
- d) Water service will not be provided by the District until all requirements for service connections have been met.
- e) Penalty for customer who wants to discontinue sewer service, customer pays installation and removal in this case.

SECTION 20

EFFECTIVE DATE

This Ordinance shall be in force and effect from and after its final passage, approval, recording and publication as provided by law.

PASSED AND APPROVED, THIS the 16th day of May, 2006.


MAURICEVILLE SPECIAL UTILITY DISTRICT

(District Seal)

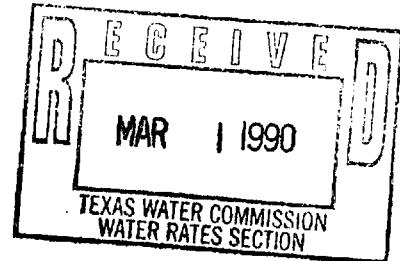


Ted Williams, President, Board of Directors

ATTEST:



William D. Hutto, Secretary, Board of Directors



Mauriceville Water Supply Corp.

CCN NO. 11722

Mauriceville Water Supply Corporation
serves the rural community of
Mauriceville located in both ~~orange~~
and ~~Newton~~ Counties.

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

1. This Tariff of MWSC, serving parts of Orange, and Newton Counties, consisting of Sections A through H inclusive, is hereby adopted and enacted as the current regulations which shall supersede all policies passed by the Board of Directors before 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, any 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 14 day of February 1990.

Mike Blount

Mike Blount
President,
Mauriceville Water Supply Corporation

SEAL

ATTEST:

Randy Hebert
Secretary, Mauriceville Water Supply Corporation

Randy Hebert

SECTION B: STATEMENTS

1. Organization. Mauriceville Water Supply Corporation is a member owned, non-profit corporation incorporated under Article 1434a of the Revised Civil Statutes of Texas of 1925, as amended supplemented by the Texas Non-Profit Corporation Act, Article 1.01 et seq., as amended, for the purpose of furnishing a potable 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 Mauriceville Water Supply Corporation, also referred to as MWSC or Corporation. 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 the 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. 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 contributors.
6. Damage Liability. The Mauriceville Water Supply Corporation is not liable for damages caused by service interruptions, events beyond its control, and for normal system failures. The limit of liability of the Mauriceville Water Supply Corporation is the extent of the cost of service provided. By acceptance of Membership, Member consents to waiver of such liability.

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7. Information Disclosure. The records of the Corporation shall be kept in the Corporation office in Mauriceville, 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 an opportunity to voice concerns or grievances to the Corporation by the following 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 of request for a hearing shall state the individual's desired business before the Board of Directors 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 of 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.

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 Mauriceville Water Supply Corporation.

BOARD OF DIRECTORS - The Board of Directors elected by the members of the Mauriceville Water Supply Corporation.

BYLAWS - The rules pertaining to the governing of the Mauriceville 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 Mauriceville Water Supply Corporation to provide water utility service within a defined territory. Mauriceville Water Supply Corporation has Certificate Number 11722. Territory defined in the CCN shall be the Certificated Service Area.

CORPORATION - The Mauriceville 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 (if applicable).

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 for 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 Mauriceville Water Supply Corporation shall determine if a plat submitted for the purposes of this Tariff shall qualify as a final plat.

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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 the 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 has been satisfied.

MEMBER - An Applicant who has received a Membership Certificate and who is receiving water utility service from Mauriceville 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.

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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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 Mauriceville 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.

FIRST REVISED SHEET NO. D-1

1" = 1 MILE

JASPER CO.

NEWTON CO.
ORANGE CO.

MAURICEVILLE

LEMONVILLE

F.M. 2802

F.M. 1130
F.M. 1135

F.M. 1130

F.M. 1078

S.H. 62

S.H. 12

DEEP WELL PLT. 1
& ELEV. TANK

DEEP WELL &
PLANT 22

F.M. 1130

JASPER CO.

NEWTON CO.
ORANGE CO.

MAURICEVILLE

LEMONVILLE

F.M. 2802

F.M. 1130
F.M. 1135

F.M. 1130

F.M. 1078

S.H. 62

S.H. 12

DEEP WELL PLT. 1
& ELEV. TANK

DEEP WELL &
PLANT 22

F.M. 1130

K.C. S. R.R.

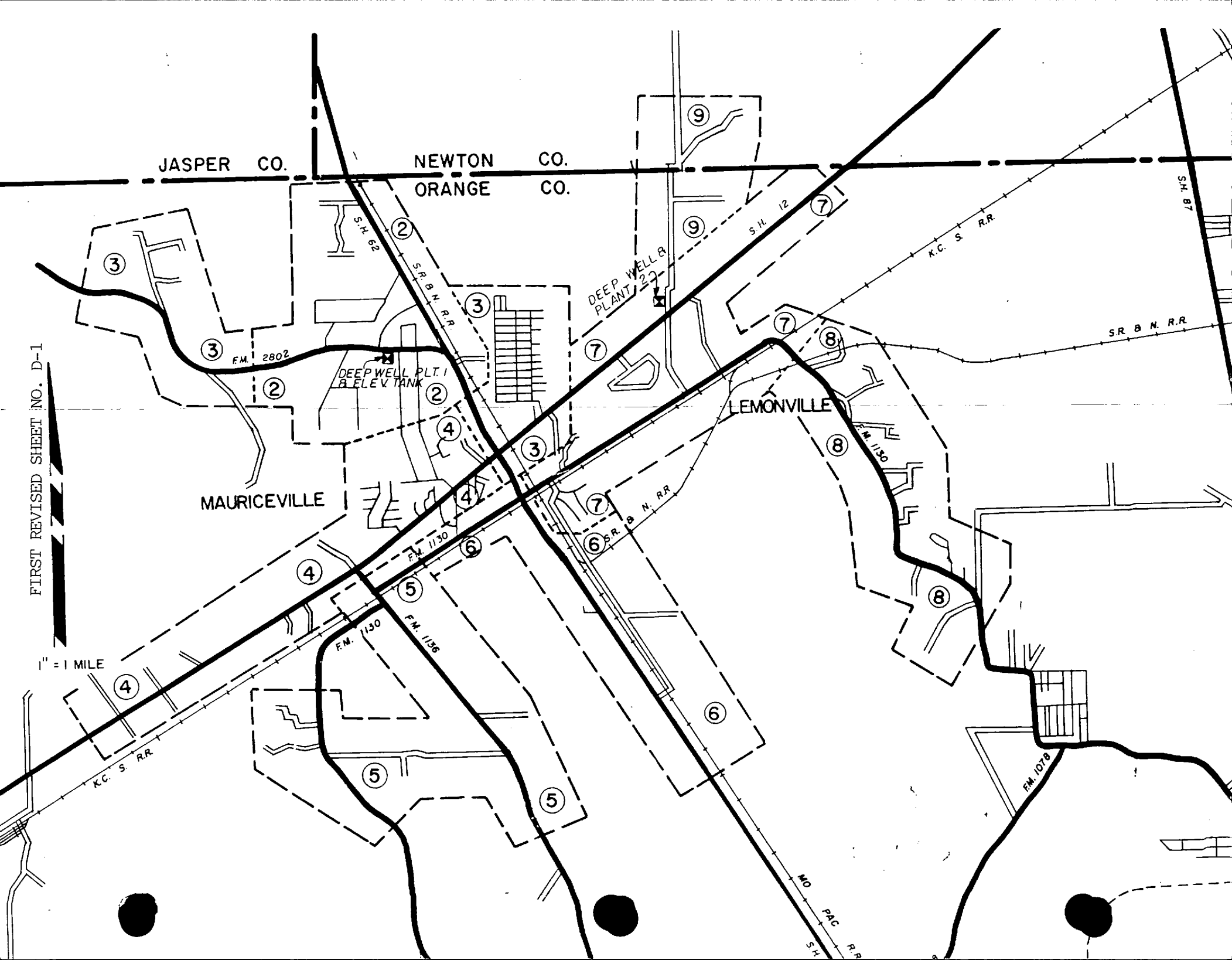
K.C. S. R.R.

S.R. & N. R.R.

S.H. 87

S.R. & N. R.R.

MO PAC R.R.
S.H.



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.

(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.

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(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, and any Easement Fees.

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.

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 on 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.

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 Fees 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).

(3) Qualifications for water service upon transfer of Membership set forth in Sub-Section 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 this 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 or by being put on meter vacation status. The Member shall also complete a Service Discontinuation 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.

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.

g. Re-assignment of Cancelled Membership -- The Corporation, upon cancellation of Membership under the provisions of this Tariff, may re-assign the Membership rights thereby granted to any person who satisfactorily demonstrates eligibility for Membership.

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 (See Misc. Transaction Forms). 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.

7. Owners and Renters. Any Mauriceville Water Supply Corporation Member renting or 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 to 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. Applicant's service facilities are known to be inadequate or of such character that satisfactory service cannot be provided.

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 any 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 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.

13. Charge Distribution and Payment Application.

a. The Minimum Monthly 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 or about 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 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 Disconnections 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 one (1) day grace period may then be allowed for delayed payments prior to mailing of final notices. Final notices shall be mailed allowing nine (9) additional days for payment prior to disconnection. The nine (9) 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.

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 insufficient 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.

(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 therefor shall be posted at the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected.

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

(1) Failure of the Member to pay for merchandise or charges for non-utility service provided by the Corporation, unless an agreement exists between the Applicant and the Corporation whereby the Member guarantees payment of non-utility service as a condition of service;

(2) Failure of the Member to pay for a different type or class of utility service unless a fee for such service is included in the same bill;

(3) Failure of the Member to pay charges arising from an underbilling occurring due to any misapplication of rates more than six (6) months prior to the current billing;

(4) Failure of the Member to pay the account of another Member as guarantor thereof, unless the Corporation has in writing the guarantee as a condition precedent to service;

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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 under the inoperative meters subsection E - 14 of this Tariff.

(6) Failure of the Member to pay estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the Corporation is unable to read the meter due to circumstances beyond its control;

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

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

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 charge for units used, but not metered, for a period not to exceed three (3) months, based on amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.

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 G of this Tariff shall be imposed. In the event the test results indicate that the meter is faulty or inaccurate, the test fee shall be waived, the meter shall be calibrated or replaced, and a billing adjustment may be made as far back as six (6) months but not extending beyond current Membership 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. 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 tampering with the Corporation's meter or equipment, by-passing the same, or other instances of diversion, such as removing a locking or shut-off device 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.

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.

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 installation of the metering equipment. Therefore, all water usage registering upon and/or damages occurring to the metering equipment owned and provided by the Corporation shall be subject to charges as determined by the Corporation's Tariff as amended from time to time by the Board of Directors.

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

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SECTION F: NON-STANDARD SERVICE REQUIREMENTS

1. Corporation's Limitations. All Applicants shall recognize that the Corporation must comply with local, state, and federal rules and regulations as promulgated from time to time, and by covenants of current indebtedness.

2. Purpose. The purpose of this Section is to govern agreements and service procedures for subdivisions, additions to subdivisions, or developments where service to more than one tract is necessary; and/or additional piping, service facilities, etc. are required to accommodate individual, multiple, commercial, or industrial Applicants. For the purposes of this Tariff, Applications subject to this Section shall be defined as Non-Standard.

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

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

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

b. A final plat approved by the Corporation must accompany the Application showing the Applicant's requested service area. The plat must be approved by all regulatory authorities having jurisdiction over lot sizes, sewage control, drainage, right-of-way, and other service facilities. Plans, specifications, and special requirements of such regulatory authorities shall be submitted with the plat. Applicant's 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 tenders the Application, a Non-Standard Service Investigation Fee (See Section G) to cover initial administrative, legal, and engineering fees shall be paid to the Corporation. The balance of actual expenses shall be refundable to the Applicant and any additional expenses incurred as a result of efforts by the Corporation to study service requirements of the Applicant shall be paid by the Applicant.

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d. If after the service investigation has been completed, the Corporation determines that the Applicant's service request is for property outside the Corporation's Certificated Service Area of Public 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 of Public Convenience and Necessity;

(2) The service location is not in an area receiving similar service from another utility; and

(3) The service location is not within the Area of Public Convenience and Necessity of another similar utility.

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

a. The Corporation's Consulting Engineer shall design all service facilities for the Applicant's requested service within the Corporation's specifications or within certain codes and specifications of neighboring municipalities for all Non-Standard Service Applications which lie within a five (5) mile margin around the boundaries of municipalities having jurisdiction over such design criteria (municipalities with a population greater than five thousand (5,000)).

b. The Engineer's fees shall be paid out of the Non-Standard Service Investigation Fee, provided however, that the actual costs of the Engineer's services do not exceed the amount of the Non-Standard Service Investigation Fee allotted for engineering services. If the Applicant's services exceed the allotted fee, the Applicant shall pay the balance of engineering fees prior to commencing with the service investigation.

c. The Consulting Engineer shall submit to the Corporation a set of detailed plans, specifications, and cost estimates for the project.

d. If no local authority imposes other design criteria on the Applicant's service request, the Corporation's Engineer shall design all facilities for any Applicant to meet the demand for service as platted and/or requested in the plans or plat submitted in application for service. The Corporation reserves the right to upgrade design of service facilities to meet future demands, provided however, that the Corporation pays the expense of such upgrading above the Applicant's facility requirements.

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

a. Definition of 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. Definition of procedures by which the Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.

c. Definition of terms by which the Applicant shall be reimbursed or compensated for fees duplicated in assessments for monthly rates.

d. Definition of 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.

e. Definition of terms by which the Applicant shall indemnify the Corporation from all third party claims or lawsuit in connection with the project contemplated.

f. Definition of 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.

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j. Definition of 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. Definition of 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 to secure easements or title to facility sites in behalf of the Corporation. All right-of-way easements and property titles shall be researched, validated, and filed by the Corporation at the expense of the Applicant.

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

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

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

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

a. The Applicant shall sign the Service Contract noting willingness to proceed with the project and shall pay all costs in advance of construction associated with the project;

b. The Contractor shall provide an adequate bid bond under terms acceptable to the Corporation,

c. The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the Corporation;

d. The Contractor shall supply favorable references acceptable to the Corporation;

e. The Contractor shall qualify with the Corporation as competent to complete the work, and

f. The Contractor shall provide adequate certificates of insurance as required by the Corporation.

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

10. Construction.

a. All road work pursuant to county and/or municipal standards (if applicable) shall be completed prior to facility construction to avoid future problems resulting from road right-of-way completion and excavation. Subject to approval of the requisite authority, road sleeves may be installed prior to road construction to avoid road damage during construction of Applicant's facilities.

b. The Corporation shall, at the expense of the Applicant, inspect the facilities to ensure that Corporation standards are achieved.

c. Construction plans and specifications shall be strictly adhered to, but the Corporation reserves the right to change-order any specifications, due to unforeseen circumstances during the design phase, to better facilitate operation of the Applicant's facility. All change-order amounts shall be charged to the Applicant.

SECTION G: RATE 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 \$100.00 must be paid for each lot/tap or meter equivalent before service shall be provided or 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 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.

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7. Late Payment Fee. Once per billing period, a penalty of \$5.00 shall be applied to delinquent bills. This late payment penalty shall be applied to any unpaid balance exceeding one-half (1/2) a Minimum Monthly Charge during any one billing period. This late payment penalty shall not be applied to any balance to which the penalty was applied in a previous billing, but shall be applied to any unpaid balance acquired during the current 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 \$10.00.
9. Reconnect Fee. The Corporation shall charge a fee of \$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. Reservice Fee. On property where service previously existed, the Corporation shall charge the Membership Fee plus \$75.00 to restore service.
11. Equipment Damage Fee. If the Corporation's facilities or equipment have been damaged by tampering, by-passing, installing unauthorized taps, reconnecting service without authority, or other service diversion, a fee shall be charged equal to the actual costs for all labor, material, and equipment necessary for repair, replacement, and other Corporation actions. This fee shall be charged and paid before service is re-established. If the Corporation's equipment has not been damaged, a fee equal to the actual costs for all labor, material, equipment, and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authority shall be charged. All components of this fee will be itemized, and a statement shall be provided to the Member. If the Corporation's facilities or equipment have been damaged due to negligence or unauthorized use of the Corporation's equipment, right-of-way, or meter shut-off valve, or due to other acts for which the Corporation incurs losses or damages, the Member shall be liable for all labor and material charges incurred as a result of said acts or negligence.

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 \$25.00 shall be imposed on the affected account.

13. Transfer Fee. An Applicant for service who is a Transferee shall complete all required application forms, etc., and pay a Transfer Fee of \$5.00.

14. Membership Certificate Copy Fee. A fee of \$0.25 will be charged to provide a duplicate copy of the Membership Certificate.

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5. Minimum Rate \$19.50
(Includes Water Usage up to first 2,000 gallons).

6. Remainder of Usage Rate is as follows:

2,001 gallons to	6,000 gallons	\$ 3.00/1,000 gal.
6,001 gallons to	10,000 gallons	\$ 2.50/1,000 gal.
10,001 gallons to	14,000 gallons	\$ 2.00/1,000 gal.
	over 14,000 gallons	\$ 1.50/1,000 gal.

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SECTION H: EMERGENCY RATIONING PROGRAM

The following water rationing program is adopted for emergency use only during periods of acute water shortage.

1. Declaration of Emergency. When a system demand exceeds production or storage capability measured over a twenty-four (24) hour period, and refilling the storage facilities is rendered impossible, the Corporation may declare an emergency to exist, and thereafter ration water in the following manner.

2. Notice Requirements. Written notice of the proposed rationing shall be mailed or delivered to each affected Member seventy-two (72) hours before the Corporation actually starts the program, and shall also be placed in a local newspaper. The Member notice shall contain the following information:

- a. The date rationing shall begin;
- b. The date rationing shall end;
- c. The stage (level) of rationing to be employed;
- d. A copy of this rationing authority; and
- e. Affected area to be rationed.

3. Stage Levels of Rationing.

a. STAGE I (Mild Rationing Conditions) -- Alternate day usage of water for outdoor purposes such as lawns, gardens, car washing, etc. The provisions for alternate day use shall be specified by the Corporation in the written notice.

b. STAGE I-A (Limited Water Usage) -- The Corporation may limit water usage to a gallonage determined by the water plant's mechanical capability to provide continuous service in direct proportion to the loss of production/re-fill capability at a plant where no back-up facilities are available to remedy the shortage, prorated over all Members served by the water plant. Water restrictors may be served by the water plant. Water restrictors may be installed for Members that exceed the limited gallonage determined by the system's mechanical capability. A flow restrictor shall be installed at the Member's expense (not to exceed actual costs or \$50.00). Tampering with the flow restrictor will result in water service termination for seven (7) days. The normal Reconnection Fee of the Corporation shall apply for restoration of service. The maximum number of gallons per meter per month shall be contained in the notice to each Member.

c. STAGE II (Moderate Rationing Conditions) -- All outdoor water usage is prohibited; however, usage for livestock is exempt.

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d. STAGE III (Severe Rationing Conditions) -- All outdoor water usage is prohibited; livestock may be exempted by the Corporation. All consumption shall be limited to each Member in one of the following ways;

(1) A fixed percentage of each Member's average use in the prior month, the percentage to be uniformly applied on a system-wide basis, each Member being notified of this percentage amount, OR,

(2) A maximum number of gallons per meter (Member) per week, with notice to each Member of this number.

Total percentages under item 1 or maximum number of gallons under item 2 above shall be calculated not to exceed 80 % of the system's current production/re-fill capability for the area being rationed.

4. Violation of Emergency Rationing Rules.

a. First Violation - The Corporation may install a flow restrictor in the line to limit the amount of water which will pass through the meter in a twenty-four (24) hour period. The cost to be charged to the Member's account shall be the actual installed cost to the Corporation, not to exceed \$50.00.

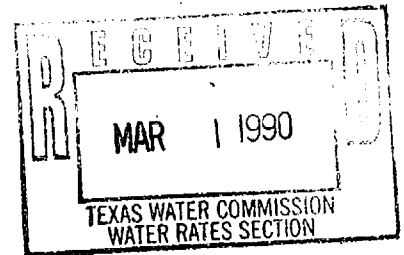
b. Subsequent Violations - The Corporation may terminate service at the meter for a period of seven (7) days, or until the end of the calendar month, whichever is LESS. The normal service trip fee of the Corporation shall apply for restoration of service.

5. Exemptions or Variances From Rationing Rules. The Board of Directors may grant any Member an exemption or variance from the uniform rationing program, for good cause. The Corporation shall treat all Members equally concerning exemptions and variances, and shall not employ discrimination in such grants.

6. Rates. All existing rate schedules shall remain in effect during the rationing period, and no charges may be levied against a Member which are not contained in the approved Tariff of the Corporation.

The purpose of this Emergency Rationing Program is to conserve the total amount of water demanded from the Corporation until supply can be restored to normal levels. This rationing program shall not exceed sixty (60) days without extension by the Board of Directors.

BY-LAWS



MAURICEVILLE WATER SUPPLY CORPORATION

Bylaws of MAURICEVILLE 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 5 Directors, a majority of whom shall constitute a quorum. Upon issuance of the Charter and annually thereafter on 2nd TUES. , FEB, (1) 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

1. This election shall be held prior to May 1, but after the Members' annual meeting. Insert day of week, week of month, and month of year, i.e., second Tuesday of April.

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 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 for 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 testator 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, a 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 2nd Tues. in Feb. (2) 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 meeting 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

2. This meeting shall be held between January 1 and May 1. Insert the day of week, week of month and month of year.

adopt a specific proxy form to be used in conducting an annual or special 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.

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
to 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

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 copying 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 "MAURICEVILLE 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 MAURICEVILLE WATER SUPPLY CORPORATION, at a meeting in the MAURICEVILLE WATER on the 7 day of Feburary A.D. 1990
SUPPLY OFFICE

RANDY HEBERT
Secretary-Treasurer