

RESOLVED BY THE BOARD OF DIRECTORS OF THE WEST MEDINA WATER SUPPLY CORPORATION THAT:

1. This Tariff of WEST MEDINA WATER SUPPLY CORPORATION, serving parts of Medina County, 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 January 15, 1990, to the extent provided paragraph 2 hereof.

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 No prior agreement executed by the Board of Directors is repealed by any provision contained herein, save and except as provided in the terms of that agreement.

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

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

5. This Tariff shall take effect immediately upon its approval as provided by law, and according to its terms. Rules and regulations of state and federal agencies having applicable jurisdiction, promulgated under any applicable State or Federal Law, shall supersede any terms of this policy. If any section, paragraph, sentence, clause, phrase, word or, words of this policy are declared unconstitutional or invalid for any purpose, the remainder of this policy shall not be affected thereby.

PASSED and APPROVED this 15th day of January, 1990.

President
West Medina Water Supply Corporation

SEAL

ATTEST:

Secretary
West Medina Water Supply Corporation

SECTION B: STATEMENTS

1. Organization. The WEST MEDINA WATER SUPPLY CORPORATION is a member owned, non-profit corporation incorporated pursuant to the provisions of Tex. Rev. Civ. Stat. Ann., Art. 1434a as supplemented by the Texas Non-Profit Corporation Act, Tex. 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 WEST MEDINA Water Supply Corporation, also referred to as the Corporation OR WMWSC. 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. [(Optional) Fire hydrants paid for by individuals or groups of individuals and donated to the Corporation for county volunteer fire department use shall remain in place for such use as "refill only" of fire trucks.] The Corporation reserves the right to remove any fire hydrant, due to improper use or detriment to the system as determined by the Corporation, at any time without notice, refund, or compensation to the contributors.

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

7. Information Disclosure. The records of the Corporation shall be kept in the Corporation office in Austin, 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 means and procedures:

a. By presentation of concerns to the Corporation's manager or authorized staff member for discussion and resolution. If not resolved to the satisfaction of the aggrieved party then,

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

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

d. The President shall further determine a reasonable time and place 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 WEST MEDINA Water Supply Corporation.

BOARD OF DIRECTORS - The Board of Directors elected by the Members of the WEST MEDINA Water Supply Corporation.

BYLAWS - The rules pertaining to the governing of the WEST MEDINA 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 WEST MEDINA Water Supply Corporation to provide water utility service within a defined territory. WEST MEDINA Water Supply Corporation has Certificate Number 11871. Territory defined in the CCN shall be the Certificated Service Area.

CORPORATION - The WEST MEDINA 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 WM Water Supply Corporation shall determine if a plat submitted for the purposes of this Tariff shall qualify as a final plat.

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

HAZARDOUS CONDITION - A condition which jeopardizes the health and welfare of the Member/Consumers of the Corporation as determined by the Corporation of regulatory authority.

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

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

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

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

INDICATION OF INTEREST FEE - A fee paid by a potential Member of the Corporation for the purpose of aiding the FmHA and Corporation officials in determining the feasibility of a construction and/or expansion project. The Indication of Interest Fee may be converted to a Membership Fee upon determination that service to the Applicant is feasible and available. Upon such conversion, the Applicant may then further qualify as a Member and shall become a Member of the Corporation upon receipt of a Membership Certificate.

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

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

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

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

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

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

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

TRANSFeree - An Applicant receiving a WEST MEDINA 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.

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. (See Sample Application Packet.)

(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. (See Sample Application Packet.) NOTE: This requirement may be delayed for Non-Standard Service requests.

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

(4) Deleted*****

(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 may be required to pay such sums as are necessary for the removal of the water main from the public right-of-way and for relocation onto the Applicant's property pursuant to such easement.

3. Activation Of Standard Service.

a. New Tap--The Corporation shall charge a non-refundable service installation fee as required under Section G of this Tariff. The service installation fee shall be quoted in writing to the Applicant. All other fees shall be paid in advance of installation or in advance of reservation of service capacity including, as applicable, the Membership Fee, any Easement Fees, and the Front-end Capital Contributions as required under Section G of this Tariff.

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

b. (Optional) Re-Service-- In the event an application is made for service on property where service previously existed, and for which an in-active account exists, the Corporation shall charge the Membership Fee and labor and materials costs necessary to restore service. In addition, the Corporation shall charge accumulated Reserved Service Fees which have been entered on the in-active account as monthly debits for the purpose of allowing the Corporation to recover the costs of reserving capacity at the location for which re-service has been requested. If restoration of service is not requested, this fee will accumulate monthly until the total balance of Reserved Service fees equals the amount of the Front-end Capital Contribution previously paid for service to the property. At such time, all service equipment shall be removed by the Corporation and all subsequent service requests shall be treated as new applications.

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 (90) 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)st share of Corporation stock. The Membership Certificate also entitles the Member to one (1) vote in the conduction 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 authorized 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 (See Sample Application Packet FmHA Form 442-1, Membership Survey Data Set), 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 upon written request.

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.(1) and 6.c.(2) shall be subject to approval of the Corporation and shall be recorded on the books and records of the Corporation only upon the following terms and conditions:

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

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

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

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

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

(f) (Optional) 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. The Member shall also complete a Service Discontinuance Request Form prior to termination of service. (See Misc. Transaction Forms.) However, a Member is not relieved of any obligations incurred prior to the date of 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 services shall be subject to the terms of the Activation of Service Sub-Section 3.a. of this Tariff.

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

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

h. Mortgaging of Memberships -- Nothing herein shall preclude a Member from mortgaging his Memberships. However, notification to the holder of any security interest (mortgagee/lien-holder) of account status of Member/mortgagor will be provided only upon satisfactory completion of requirements for such conditions under the Membership Mortgage Agreement (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 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. (OMITTED)

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 or any regulatory requirements of any municipal body governing the service applied for by the Applicant;

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

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

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

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

9. Applicant's or Transferee's Recourse. In the event the Corporation refuses to serve an Applicant under the provisions of these rules, the Corporation must notify the Applicant, in writing, of the basis of its refusal, and the Applicant may file for an appeal, in writing, with the Board of Directors of the Corporation.

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

a. Failure to pay a bill to correct previous underbilling due to misapplication of rates more than six (6) months prior to the date of application;

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

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

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

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

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

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

13. Charge Distribution and Payment Application.

a. The Minimum Monthly Charge or the Reserved Service Charge is applied from the first day of the month to the last day of the month. Charges shall be prorated for meter installations and service terminations falling during the calendar month. All services shall be subject to this charge whether or not the service is in use by the Member

b. Gallonage Charge, defined as water usage in excess of the water allotment included in the Minimum Monthly Charge, shall be billed at the rate specified in Section G, and shall be billed in one hundred (100) gallon increments. Water charges for usage exceeding the monthly allotment are based on monthly meter readings and are calculated from reading date to reading date. All monthly meter readings shall be the members responsibility, or his written designated representative, failure to do so may result in a meter reading fee.

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

14. Due Dates, Delinquent Bills, and Service Disconnection Date-- The Corporation member or the designated representative shall be responsible for paying all charges due on or about the 1st of the month. Payments made by mail will be considered late if postmarked after the due date. A 10 day grace period may then be allowed for delayed payments prior to mailing of final notices. Final notices shall be mailed allowing ten (10) additional days for payment prior to disconnection. The ten (10) additional days shall begin on the day the final notice is deposited with the U.S. Postal Service with sufficient postage. If the due date for the regular or final billing is on a weekend or holiday, the next due date for payment purposes shall be the next day the Corporation office is open for business after said weekend or holiday. For all disputed payment deadlines, the date postmarked on each bill will determine the beginning of each billing cycle or final notice mailings.

15. Rules for Disconnection of Services. 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.

(7) (OMITTED)*****

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

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

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

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

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

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

(5) Failure of the Member to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due to meter error;

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

(7) In response to a request for disconnection by an Owner/Member of rental property where the 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 reconnection service.

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

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

g. Disconnection of Master-Metered 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 Sub-Section 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. (See Misc. Transaction Form.)

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, 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.