

**MAGNOLIA WATER UTILITY OPERATING COMPANY - STANDARD TERMS OF SERVICE -
WATER**

The following Terms of Service shall be considered a part of the contract with every person who takes water, and every such person, by taking the water, shall be considered to express an assent to be bound thereby. The Company reserves the right to prescribe, subject to the approval of the Louisiana Public Service Commission, such additional Terms of Service or to alter and amend the following Terms of Service from time to time as in its discretion it may deem necessary and proper.

APPLICATION FOR SERVICE

1. Applicants for the use of water may be required to make such application in writing at the Company's office on forms supplied by the Company and shall state full and truly the uses to which the water is to be supplied.
2. A new application shall be made and approved by the Company, upon any changes in use or occupancy of property or in the service as described in the application, and the Company shall be at liberty, upon five-days' notice, to discontinue water service until such application has been made and approved.
3. The Company may, at any time, require the customer to make and maintain a cash deposit as security as payment of bills for service. The amount of such deposit shall be determined by the Company, but shall not exceed 2½ times the monthly bill. The deposit amount, or remainder thereof, if any, plus interest at the rate of 5% per annum, will be refunded to the customer upon discontinuance of service and after all indebtedness of the customer to the Company has been paid, or at such time as the company, in its sole discretion, deems that the customer has established a satisfactory payment record to merit refund of the deposit.
4. The Company shall not refuse to initiate new service or disconnect existing service due to the refusal of a customer to make payment on a delinquent account that has been closed, with no further services charged or payment made on it, for a period of three years or more unless and except a judgment has been issued by a court of competent jurisdiction on such delinquent account.

SERVICE CONNECTION

1. A standard service installation will be installed from the main at a point determined by the Company, along a Company main when a proper application is made. The size of the service and meter will be determined by the Company and will be sufficient size to properly serve the customer.
2. The entire cost of any service installation including standard service, temporary service, fire service, and relocation of service, will be defrayed by the applicant. Title to such installation within the street line or servitude will vest and remain in the Company in consideration of its upkeep and maintenance.
3. The Company reserves the right to discontinue serving any customer, or not to commence service to any customer, whose plumbing does not conform to all regulations of any proper authority governing same.
4. The Company shall in no event be responsible for maintaining the lines and fixtures on customer's property or for damage done by water escaping therefrom; customer shall at all times comply with municipal regulations and make any changes to customer's lines and fixtures required by any change of grade, relocation of mains, or any regulatory requirement.
5. The customer shall not use the service furnished in any manner that interferes with the rendering of proper service to other customers of the Company.
6. The Company will notify customers of any discontinuance of service whenever possible. Customers are solely responsible for damage of any kind to any of their plumbing, equipment, facilities, machinery, boilers, etc., that might arise out of the sudden discontinuance of water service for any reason. The Company will not

be liable for damage because of discontinuance or failure to give notice thereof.

METERS

1. The meter box is exclusively the Company's property and trespassers will be dealt with in accordance with applicable law. No person or persons, except employees of the Company, are allowed to install, remove, or repair meters.
2. The Company reserves the right to test meters whenever it deems testing to be necessary, but without charge to the customer.
3. In case of a disputed account involving the accuracy of a meter, the meter shall be tested upon request of the customer.
4. Whenever it is determined that a meter is defective, proper bills for service may be calculated by using the correct consumption for the corresponding periods of previous years immediately preceding the date the meter inaccuracies were discovered, or from the best available information. The adjustment shall cover the entire period of inaccurate registration, if such period can be determined. If the length of such period cannot be determined, the adjustment shall cover such period as may be mutually agreed upon by the customer and the Company. In no event shall the Company recover adjustments due to inaccurate registration for a period of more than six (6) months.
5. The Company shall have access to the customer's premises at all reasonable times, without charge, for the purpose of reading or testing its meters or other facilities, and for all other purposes necessary to enable the company to render proper service to the customer and to other customers. Meter boxes will not be locked, and all meters will be available for inspection by both customers and the Company. When the customer requests a meter to be turned on, it will be assumed that the customer knows the condition of his plumbing and the Company shall not be responsible for the injury to the customer or to the customer's employees or to the customer's property, premises, equipment, or facilities caused by water escaping on or in the customer's premises.

DISCONTINUANCE OF SERVICE

Service under any application, including public fire service and any other public or private use, may be discontinued for any of the following reasons:

1. Non-payment of a delinquent account not in dispute; or
2. Failure to post a security deposit or guarantee acceptable to the utility; or
3. Unauthorized interference, diversion or use of the utility service situated or delivered on or about the Customer's premises; or
4. Misrepresentation of identity in obtaining utility service; or
5. Enclosing or obstructing any meter so as to make reading or repairs unreasonably difficult, or
6. Failure to comply with the terms and conditions of a settlement agreement; or
7. Refusal after reasonable notice to grant access at reasonable times to equipment installed upon the premises of the Customer for the purpose of inspection, meter reading, maintenance or replacement; or
8. Violation of any of these Terms of Service on file with and approved by the Public Service Commission, or for any condition which adversely affects the safety of the Customer or other persons, or the integrity of the utility's

delivery system; or

9. Non-payment of a sewer bill where a request for discontinuance of water service has been issued by the Company or by a sewer utility pursuant to an agreement between the Company and such sewer utility. When water service is discontinued for non-payment of a sewer bill and the sewer bill is not issued by the Company, any service charges for turn on/off or disconnection/reconnection contained in the Customer's water tariff shall apply.

None of the following shall constitute sufficient cause for the Company to discontinue service:

1. The failure of the Customer to pay for merchandise, appliances, or service not subject to Commission jurisdiction as an integral part of the utility service provided by the Company; or

2. The failure of the Customer to pay for service received at a separate metering point, residence, or location. In the event of discontinuance or termination of service at a separate residential metering point, residence, or location in accordance with these Terms of Service, the Company may transfer and bill any unpaid balance to any other residential service account of the Customer and may discontinue service after twenty-one (21) days after rendition of the combined bill, for nonpayment, in accordance herewith; or

3. The failure of the customer to pay for a different class of service received at the same or different location. The placing of more than one (1) meter at the same location for the purpose of billing the usage of specific devices under operational rate schedules or provisions is not construed as a different class of service for the purpose of this section; or

4. The failure to pay the bill of another customer, unless the customer whose service is sought to be discontinued received substantial benefit and use of the service billed to the other customer; or

5. The failure of a previous owner or occupant of the premises to pay an unpaid or delinquent bill except where the previous occupant remains an occupant of the living unit; or

6. The failure to pay a bill correcting a previous underbilling, whenever the customer claims an inability to pay the corrected amount, unless a utility has offered the customer a payment arrangement equal to the period of underbilling.

The Company shall not disconnect a customer for non-payment of any principal amount without five (5) days written notice, nor for non-payment of a late penalty assessment without ninety (90) days written notice. Company shall not mail or otherwise deliver a five (5) day written notice of disconnect for non-payment until principal balance is delinquent. Such notice shall not be general in character but shall specifically advise the customer that service will be discontinued five (5) days thereafter unless the bill is paid. The contents of such notice shall be limited to the purpose above described and shall not include any other matter.

A discontinuance notice provided to a customer shall include:

1. The name and address of the Customer, the service address if different than the Customer's address; and

2. A statement of the reason for the proposed discontinuance of service and the cost for reconnection; and

3. How the customer may avoid the discontinuance; and

4. The possibility of a payment agreement if the claim is for a charge not in dispute and the Customer is unable to pay the charge in full at one time; and

5. A telephone number the Customer may call from the service location without incurring toll charges and the address and any available electronic contact information of the utility prominently displayed where the customer may make an inquiry.

When service has been discontinued for violation of any term of service contained herein, the Company shall not be required to restore service until all of the customer's unpaid accounts have been paid in full, to include the re-connection charge specified in the Company's current tariff.

When a service is discontinued for any other cause, it will not be restored until the cause of the suspension has been removed or remedied.

In the event the Company discontinues service for any non-payment, then any monies due the Company shall become immediately due and payable.

The Company has the right to refuse or to discontinue service in the event of fraud or abuse.

The Company shall comply with all provisions of the Louisiana Public Service Commission's Rules and Regulations for Water and Wastewater Utilities ("Rules and Regulations").

The company shall not be liable for any damage occasioned by suspension of service pursuant to these Terms of Service and the Rules and Regulations.

INTERRUPTION OF SERVICE

1. The Company reserves the right to shut off the water in its mains at any time, without notice, to make repairs, extensions, or alterations. However, to the extent possible, Company shall notify customers of the intention to shut off water service. The Company shall not be liable for any damages or refunds as a result of a shut off, the breaking of any pipe or service pipe, or any other interruption of the supply of water caused by mechanical breakdown or any other cause beyond the Company's control.

2. The Company shall have the right to reserve a sufficient supply of water at all times in its reservoirs to provide for fires or other emergencies.

3. The Company does not guarantee any specific pressure for its service, the pressure will be that which will naturally result from the pressure maintained at the source of supply, the size of the mains, the customer's piping, and the elevation of the customer's property, but in no case will system pressure be less than 20 psi as stated in the Louisiana State Sanitary Code.

4. No person, or persons, other than those authorized by the Company, shall turn the water on or off at corporation stop or curb stop, or move the meter or test tap.

BILLINGS AND PAYMENTS

1. Upon the authority of the Louisiana Public Service Commission, the Company shall have the right to read meters and send bills monthly, bi-monthly, or quarterly.

2. If a customer's bill has not been paid after 20 days from the billing date, on or after the 21st day the Company will send a notice of its intent to disconnect service in five (5) days unless payment is received. Water service will then be disconnected on or after the 26th day. To restore service, a customer may be required to pay a re-connection fee, any amount still owed for a previous billing, and a delinquent penalty. If a customer fails to pay the delinquent penalty assessment, the Company will send a notice that service will be disconnected in 90 days for non-payment. In the case of a wastewater company, if payment is not made, the wastewater company may make an agreement with the water company to turn off water service for non-payment of the wastewater bill. If this arrangement is made, all conditions must be on file with the Louisiana Public Service Commission.

3. Any objection to billed charges should be promptly reported to the Company. Notice of any disputes must be in writing and received by the Company within ninety (90) days after the invoice date or the dispute will be waived. Adjustments to Customer's bills shall be made to the extent that records are available and/or

circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate. Customer must pay all undisputed amounts in full to avoid late payment charges or default. Customers who are dissatisfied with the response to their complaint may contact the Commission for resolution of the issues at:

Louisiana Public Service Commission
602 North Fifth Street, 12th Floor
P.O. Box 91154
Baton Rouge, LA 70821-9154
(225) 342-4999

DELINQUENT PENALTY

1. All customer payments received 20 days after the date of billing may be assessed a 5% penalty. The company shall not charge a late payment penalty on any portion of a bill which portion represents a previous late payment penalty for purposes of this section, a payment received by a utility shall be credited first to the outstanding penalty, if any.
2. If the last day of any period calculated hereunder is a Saturday, Sunday, or Legal Holiday, then the period in question shall extend to the next full business day.

FIRE HYDRANTS

No person shall operate fire hydrants except Company employees, members of the Fire Department and City-Parish employees authorized to flush sewer and storm drains. No person shall take water from any fire hydrant for street sprinkling.