

utility demonstrates that the projected growth of the area will not require the retail public utility to exceed 100% of its current capacity for the next five years.

(D) Any retail public utility required to file reports under this section of the rules, including those requesting waivers, shall file updated reports within 90 days after the retail public utility receives a copy of each subsequent commission field inspection report until the system demand is below 85% capacity.

Investigation: 461818

Comment Date: 05/12/2006

Adequacy of Water Utility Service

Failure, by a retail public utility that possesses a certificate of public convenience and necessity that has reached 85% of its capacity as compared to the most restrictive criteria of the commission's minimum capacity requirements in Chapter 290 T.A.C., to submit to the executive director a planning report that clearly explains how the retail public utility will provide the expected service demands to the remaining areas within the boundaries of its certificated area. Specifically, it is noted that your ground storage tank has reached 106 % of its capacity.

In this connection, it was noted on this investigation that your ground storage tanks have reached 106 % of their capacity. This was based on 606 connections.

This is calculated by the following:

121200 gallons, the required ground storage / 114000 gallons, the provided ground storage capacity= 106 % ground storage capacity.

Investigation: 700559

Comment Date: 08/20/2008

Failure, by a retail public utility with a CCN which has reached 85% of its ground storage capacity to submit a planning report explaining how the utility will provide the expected service demands to the remaining areas within the boundaries of its certificated area.

Please be advised the you are responsible for correcting the remaining violation.

Investigation: 766685

Comment Date: 09/11/2009

It was noted that Coe Country added a 24,000 gallon ground storage tank since the previous inspection dated 04/05/2006, however the facility remains at 87% of its capacity for storage. In addition, it was noted that one of the ground storage tanks located on Memory Ln. has been schedule for removal, and will be replaced by a larger tank in order to satisfy CCN requirements to reduce tank storage levels below 85% of its storage capacity. This has been verified through correspondance dated 08/19/2009, which states that the tank is scheduled to be replaced using funds from Texas Water Development Board (TWDB Project ID # 21529) once the plans and specification have been approved by the TCEQ and TWDB.

Investigation: 916246

Comment Date: 06/30/2011

Adequacy of Water Utility Service

Failure, by a retail public utility that possesses a certificate of public convenience and necessity that has reached 85% of its capacity as compared to the most restrictive criteria of the commission's minimum capacity requirements in Chapter 290 T.A.C., to submit to the executive director a planning report that clearly explains how the retail public utility will provide the expected service demands to the remaining areas within the boundaries of its certificated area. A report is not required if the source of supply available to the utility service provider is reduced to below the 85% level due to a court or agency conservation order unless that order is expected to extend for more than 18 months from the date it is entered in which case a report shall be required.

(A) After any commission field inspection, a retail public utility must analyze the system's capacity to determine if it has reached 85% of its capacity. If the retail public utility has reached 85% of its capacity, it must file this report no later than 90 days after the date of a commission letter detailing the results of the inspection. Capacity is considered to be the overall rated capacity in number of residential connection equivalents based on the most restrictive criteria for production, treatment, storage, or pumping.

At this time your system has reached 101% of its ground storage tank capacity.

(B) The report should be submitted in writing and should contain the following:

- (i) a brief description of the overall utility system and service area;
- (ii) an analysis of the plant capacity as defined in subparagraph (A) of this paragraph;
- (iii) details on how the retail public utility will provide service to the remaining areas within the boundaries of its certificated area. This includes projections of cost and expected design and installation dates for additional facilities.

(C) The executive director may waive or limit the reporting requirements if the retail public utility demonstrates that the projected growth of the area will not require the retail public utility to exceed 100% of its current capacity for the next five years.

(D) Any retail public utility required to file reports under this section of the rules, including those requesting waivers, shall file updated reports within 90 days after the retail public utility receives a copy of each subsequent commission field inspection report until the system demand is below 85% capacity.

Recommended Corrective Action: Submit a planning report addressing the identified area of capacity concern and that clearly explains how the retail public utility will provide the expected service demands to the remaining areas within the boundaries of its certified area to verify compliance.

Resolution: At the time of routine inspection, May 9, 2011, the plant had not reached 85% of its ground storage capacity.

At this time your system is at 9% of its ground storage tank capacity based on 606 active connections.

Signed


Environmental Investigator

Date

7/10/11

Signed


Supervisor

Date

7-6-11

COE COUNTRY -

5/9/2011 Inv. # - 916246

Page 7 of 7

Attachments: (in order of final report submittal)

☐ Enforcement Action Request (EAR)

☒ Letter to Facility (specify type) : LØ2

☐ Investigation Report

☐ Sample Analysis Results

☐ Manifests

☐ NOR

☒ Maps, Plans, Sketches

☐ Photographs

☐ Correspondence from the facility

☒ Other (specify) :

TNET, iwwd, field notes

PUBLIC WATER SYSTEM DATA

Name of System: Coe Country	
CCN Number: 10342	PWS ID: 1700318
Classification: Not Applicable	Type: Community
Region Number: 12	
Interconnect with Other PWS: No Name of PWS I/C: NA	
Type I/C: NA	
Retail Service Connections: 606	Retail Meters: 606
Retail Population: 1818	
Wholesale Master Meters: 0	Wholesale Service Connections: 0
Wholesale Population: 0	
Total Well Capacity: 607 GPM 0.874 MGD	
Raw Capacity: 0 GPM 0 MGD	
Total Elevated Storage: 0 MG	Total Storage Capacity: 0.162 MG
Pressure Tank Capacity: 0.021	
Maximum Daily Usage: 0.332 MGD	Date: 04/25/2010
Average Daily Usage: 0.201 MGD	Time Period: 04/01/2010 to 03/31/2011
Wholesale Contract: No	Maximum Purchase Rate : NA
No. of Samples Required: 2/Mo	No. of Samples Submitted: 3/Mo
No. of Raw Samples Required: 0	No. of Raw Samples Submitted: 0
Non-Comm Dates of Operation:	09/09/9999 to 09/09/9999

WATER STORAGE TANKS

Type	Capacity	Material	Location
GR	0.024 MG	ST	25902 Memory Ln.
GR	0.024 MG	ST	25902 Memory Ln.
GR	0.024 MG	ST	32036 S. Wiggins
GR	0.042 MG	ST	32036 S. Wiggins

HD	0.006 MG	ST	25902 Memory Ln.
HD	0.005 MG	ST	32036 S. Wiggins
HD	0.005 MG	ST	28227 Vallie St.
GR	0.024 MG	ST	28227 Vallie St.
HD	0.005 MG	ST	32036 S. Wiggins
GR	0.022 MG	Epoxy	32036 S. Wiggins

WATER SOURCES

ID	Station	Capacity	Location	Source	Flow	Flow	Flow
No.	Code	MG	Address	Type	Rate	Rate	Rate
1	G1700318A 1		25902 Memory Ln. P	NA	Unk	Unk	NA
1	G1700318B 2		25902 Memory Ln. O	SUBM	227	180	05/09/2011
2	G1700318I 9		32036 S. Wiggins O	SUBM	110	150	05/09/2011
2	G1700318F 4		32036 S. Wiggins O	SUBM	90	70	05/09/2011
2	G1700318G 7		Christiana-Offsite Well	C	SUBM	Unk	60
			32036 S. Wiggins- Nearest GST	O	SUBM	72	67
2	G1700318E 3						05/09/2011
3	G1700318H 8		32036 S. Wiggins .P	NA	Unk	Unk	NA
3	G1700318D 6		28227 Vallie St.- Nearest PT	O	SUBM	68	66
							05/09/2011
3	G1700318C 5		28227 Vallie St.- Nearest NaOCl Bldg.	O	SUBM	40	60
							05/09/2011

SERVICE PUMPS

Pump	Capacity	Location
No.	GPM	Address
1	450 GPM	25902 Memory Ln.
2	450 GPM	25902 Memory Ln.
3	450 GPM	32036 S. Wiggins
4	450 GPM	32036 S. Wiggins
5	450 GPM	28227 Vallie St.
6	450 GPM	28227 Vallie St.
7	450 GPM	32036 S. Wiggins

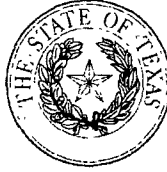
SYSTEM CAPACITIES

Pressure Plane Number: 1

Name: Coe Country

System Capacity	Rated	Required
Well Production	0.6 GPM Conn X 606	Conn = 364 GPM 607
Elevated Pressure Storage	20 Gal/Conn X 606	Conn = 0.012 MG 0.021
Ground/Total Storage	200 Gal/Conn X 606	Conn = 0.012 MG 0.162
Service Pump Capacity	2 GPM/Conn X 606	Conn = 1212 GPM 3150
Service Pump Peaking Factor	MDD/1440 X	** GPM
Tested PSI: 53 Tested CL2: 1.21 Free Location: 28619 Red Fox (Unit C)		

Bryan W. Shaw, Ph.D., Chairman
Carlos Rubinstein, Commissioner
Toby Baker, Commissioner
Zak Covar, Executive Director



ISI 1700307 100

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

June 5, 2012

Protecting Texas by Reducing and Preventing Pollution

Mr. Mark Pinter, President
HMW SUD
PO BOX 837
Pinehurst, Texas, 77362-0837

Re: Notice of Compliance with Notice of Violation (NOV) dated July 22, 2011:
Deer Ridge Subdivision, 24803 Doe Trail, Magnolia, Montgomery County, Texas
TCEQ ID No. 1700307, Investigation No. 1007329

RECEIVED

JUL 11 2012

Dear Mr. Pinter:

TCEQ
CENTRAL FILE ROOM

On May 15, 2012, the Texas Commission on Environmental Quality (TCEQ) Houston Region Office received adequate compliance documentation to resolve the alleged violation documented during the investigation of the above-referenced regulated entity conducted on June 8, 2011. Based on the information submitted, no further action is required concerning this investigation.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions, please feel free to contact Ms. Dawn Olivo in the Houston Region Office at (713)767-3650.

Sincerely,

Leticia De Leon, Team Leader
Public Water Supply
Houston Region Office

LD/DBO/ra

Enclosure: *Summary of Investigation Findings*

cc: Montgomery County Environmental Health Services

JUN-18 '12 14:46

DEER RIDGE SUBDIVISION

24803 DOE TRAIL

PINEHURST, MONTGOMERY COUNTY, TX 77362

Investigation #

1007329

Investigation Date: 05/18/2012

Additional ID(s): 1700307

Track No: 440521

30 TAC Chapter 290.41(c)(1)(F)

Alleged Violation:

Investigation: 935934

Comment Date: 07/20/2011

Ground Water Sources and Development

Failure to make available sanitary control easements for well # 2 at the time of inspection, or executive director approval for a substitute authorized in 290.41(c)(1)(F)(iv). A sanitary easement, or approved substitute, covering all property within 150 feet of each well location must be secured from adjacent landowners and recorded at the county courthouse to ensure that hazards will not develop in each well area. Residential type wells within the easement must be constructed to public water well standards. A copy of the recorded document must be submitted for our records.

With the approval of the executive director, political subdivisions which have adopted and enforce equivalent ordinances or land use restrictions may substitute these documents for sanitary control easements. The water system may request an exception to this requirement by contacting the Water Supply Division, Public Drinking Water Section, Technical Review & Oversight Team at 512-239-4691. Please be reminded that all requests for exceptions must be in writing and supported with adequate documentation. [See attached guidance document.]

Investigation: 980799

Comment Date: 01/12/2012

Ground Water Sources and Development

Failure to make available sanitary control easements for well # 2 at the time of inspection, or executive director approval for a substitute authorized in 290.41(c)(1)(F)(iv). A sanitary easement, or approved substitute, covering all property within 150 feet of each well location must be secured from adjacent landowners and recorded at the county courthouse to ensure that hazards will not develop in each well area. Residential type wells within the easement must be constructed to public water well standards. A copy of the recorded document must be submitted for our records.

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Investigation: 988916

Comment Date: 02/23/2012

Ground Water Sources and Development

Failure to make available sanitary control easements for well # 2 at the time of inspection, or executive director approval for a substitute authorized in 290.41(c)(1)(F)(iv). A sanitary easement, or approved substitute, covering all property within 150 feet of each well location must be secured from adjacent landowners and recorded at the county courthouse to ensure that hazards will not develop in each well area. Residential type wells within the easement must be constructed to public water well standards. A copy of the recorded document must be submitted for our records.

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Investigation: 1007329

Comment Date: 05/18/2012

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Recommended Corrective Action: Submit a compliance plan OR a photocopy of the recorded sanitary control easements OR a photocopy of the approved substitute OR a granted exception request from the Water Supply Division.

Resolution: On May 9, 2012, the request for an exception to the Sanitary Control Easement Rule was granted for well #2. The regulated entity submitted a copy of the letter, granting the exception, on May 15, 2012 by email.

Texas Commission on Environmental Quality
Investigation Report
HMW SUD
CN603547175

DEER RIDGE SUBDIVISION

RN101245165

Investigation # 1007329

Incident #

Investigator: DAWN OLIVO

Site Classification

GW 51-250 CONNECTION

Conducted: 05/18/2012 -- 05/18/2012

No Industry Code Assigned

Program(s): PUBLIC WATER
SYSTEM/SUPPLY

Investigation Type : Compliance Invest File Review

Location : W1 - 24803 DOE TRAIL
KEY MAP 246X

Additional ID(s) : 1700307

Address: 24803 DOE TRAIL;
PINEHURST, TX 77362Activity Type : REGION 12 - HOUSTON
PWSFRR - PWS NOV Record ReviewPrincipal(s) :

Role	Name
RESPONDENT	HMW SUD

Contact(s) :

Role	Title	Name	Phone
Regulated Entity Contact	OFFICE MANAGER	MS TAMMIE BARNES	Fax (281) 356-7667 Work (281) 356-5060
Regulated Entity Mail Contact	PRESIDENT	MR MARK PINTER	Work (281) 356-5060

Other Staff Member(s) :

Role	Name
QA Reviewer	KENNETH MILLER
QA Reviewer	BARRY PRICE
Supervisor	LETICIA DELEON

Associated Check List

<u>Checklist Name</u>	<u>Unit Name</u>
PWS GENERIC VIOLATIONS	VIOLATIONS CHECKLIST

Investigation Comments :

A file record review was conducted on May 18, 2012 to close out all outstanding violations pertaining to the CCEDS investigation #935934 of Deer Ridge Subdivision ID#1700307 conducted on June 8, 2011.

ALL VIOLATIONS NOTED AND RESOLVED

Track No: 440521

Resolution Status Date: 5/18/2012

Violation Start Date: Unknown

Violation End Date: 5/9/2012

Alleged Violation:

Investigation: 935934

Comment Date: 07/20/2011

Ground Water Sources and Development

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Investigation: 980799

Comment Date: 01/12/2012

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Investigation: 988916

Comment Date: 02/23/2012

Ground Water Sources and Development

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Investigation: 1007329

Comment Date: 05/18/2012

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Recommended Corrective Action: Submit a compliance plan OR a photocopy of the recorded sanitary control easements OR a photocopy of the approved substitute OR a granted exception request from the Water Supply Division.

Resolution: On May 9, 2012, the request for an exception to the Sanitary Control Easement Rule was granted for well #2. The regulated entity submitted a copy of the letter, granting the exception, on May 15, 2012 by email.

Signed 
Environmental Investigator

Date 5/21/12

Signed 
Supervisor

Date 6-4-12

Attachments: (in order of final report submittal)

☐ Enforcement Action Request (EAR)

☒ Letter to Facility (specify type) : Ltr

Investigation Report

☐ Sample Analysis Results

☐ Manifests

☐ NOR

☐ Maps, Plans, Sketches

☐ Photographs

☒ Correspondence from the facility

☐ Other (specify) :

June 14, 2013

Texas Commission on Environmental Quality
Water Supply Division
Public Drinking Water Section
Technical Review & Oversight, MC 159
12100 Park 35 Circle
Austin, TX 78753

Re: Adequacy of Water Utility Service
Kipling Oaks 1 (PWS 1700228)
Montgomery County, Texas

Dear Sirs,

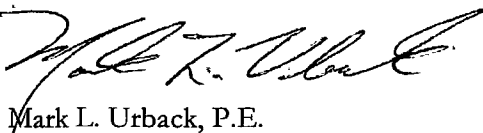
On April 29, 2013 TCEQ made a field investigation of the retail public utility referenced above. Per 30 TAC §291.93(3) HMW Special Utility District has analyzed the referenced system and provides the following analysis for your review.

The service area for this public water system is primarily composed of residential with some light commercial customers. The attached Capacity Rating Table shows the equipment capacities, rated equivalent single family connections (ESFC's), most recent connection count and percentage capacity rating. Analysis of the system has determined that the ground storage tanks have reached 92% and the hydropneumatic tanks have reached 86% of their respective capacities.

Growth in the service area has been minimal in recent years and no future development is currently proposed. The existing plant sites have sufficient space to add additional tankage. The system has been able to consistently deliver water to its customers, therefore no additional tanks are proposed at this time. In the event that more development is proposed in the service area, plans and specifications for additional tankage will be submitted to the TCEQ for approval.

If you have any questions, you may contact me by phone at 713-462-3242 or by e-mail at murback@cobbfendley.com.

Sincerely,
COBBFENDLEY



Mark L. Urback, P.E.

cc Kip Coe, General Manager, HMW
Patrick Timmons, General Counsel HMW



TABLE 1

KIPLING OAKS I WATER SYSTEM CAPACITY RATING

		Existing Facility Rating		April 2013
		TCEQ Std-	ESFC	ESFC
		Units	ESFC/Unit	385
Source Water Supply				
Location				
G1700228C		57	0.6	95
G1700228D		60	0.6	100
G1700228E		70	0.6	117
G1700228A		60	0.6	100
G1700228B		63	0.6	105
Total System Water Supply Capacity, gpm		310		517
		75% of capacity		
Ground Storage				
KO1WP	Kipling Oaks - GST #1 Volume, gal	21,000	200	105
KO1WP	Kipling Oaks - GST #2 Volume, gal	21,000	200	105
KO1WP	Kipling Oaks - GST #3 Volume, gal	21,000	200	105
PVWP	Pinehurst Village - GST # 1 Volume, gal	21,000	200	105
Total System GST Volume, gal		84,000		420
		92% of capacity		
Booster Pumping Capacity				
KO1WP	Kipling Oaks No. 1- BP #1 1-1, gpm	400	2	200
KO1WP	Kipling Oaks No. 1- BP #1 1-2, gpm	400	2	200
PVWP	Pinehurst Village - BP # 1-1, gpm	350	2	175
PVWP	Pinehurst Village - BP #1-2, gpm	350	2	175
Total System Booster Pumping Capacity, gpm		1,500		750
		51% of capacity		
Hydropneumatic Tank				
KO1WP	Kipling Oaks - HPT #1 Volume, gal	3,000	20	150
KO1WP	Kipling Oaks - HPT #2 Volume, gal	3,000	20	150
PVWP	Pinehurst Village - HPT # 1, gal	3,000	20	150
Total System Hydropneumatic Tank Volume, gal		9,000		450
		86% of capacity		
Rated Water System Connection Capacity, ESFC		420		

Attachment 8:

5G. Effect of Granting a Certificate Amendment.

Explain in detail the effect of granting of a certificate or an amendment, including, but not limited to regionalization, compliance and economic effects on the following:

- i. The applicant
- ii. Any retail public utility of the same kind already serving the proximate area
- iii. Any landowner(s) in the requested area

This amendment is proposed to change the boundaries of the CCN to more accurately define the service areas receiving water from HMW, this will allow HMW to have a more accurate voting population. This amendment will not affect any retail public utility of the same kind in the area because HMW is the only service provider in the certificated area. Additionally, the landowners will be benefited from this amendment because the proposed service areas will be inclusive of all landowners currently being served by H-M-W.

WATER SUPPLY CONTRACT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

Based on the mutual promises set forth below, and other valuable consideration, this Emergency Water Supply Contract (the "Contract") is made by and between AQUA UTILITIES, INC. d/b/a AQUA TEXAS ("ATI"), a Texas corporation, and HMW SPECIAL UTILITY DISTRICT OF HARRIS AND MONTGOMERY COUNTIES ("HMW"), a Texas special utility district under Article XVI., Section 59 of the Constitution of the State of Texas and Chapter 65, Texas Water Code, as amended, and such parties agree as follows:

ARTICLE I.

DEFINITIONS

The following definitions apply to the further terms of this Contract:

1. "Interconnect Facilities" shall mean the water lines, valves and other facilities necessary to transport and/or receive water between HMW and ATI and to meter such water transported or received, as shown on Exhibit "A".
2. "Potable water" means water suitable for human consumption delivered through a public water system that meets or exceeds all applicable federal, Texas and local water quality standards.

ARTICLE II.

TERM

The term of this Contract shall be five (5) years and forty-seven (47) days, beginning at 12:00:01 a.m. on July 16, 2009 and ending at midnight on September 30, 2013, unless terminated earlier by the parties as provided by this Contract.

ARTICLE III.

INTERCONNECT FACILITIES

Section 3.01 The Interconnect Facilities. ATI's predecessor has built and installed the Interconnect Facilities. If required, any modifications thereto shall comply with the requirements of regulatory agencies with approval jurisdiction. ATI shall pay all costs for the design and construction of any such modifications, including all engineering and construction costs. HMW shall approve the location of all lines, valves and other equipment within the service area of HMW that constitute a part of such modifications. If required, ATI shall obtain all necessary consents, rights-of-way or property, at ATI's expense, that are needed to install such modifications on real property not owned by either party.

Section 3.02 Maintenance of Interconnect Facilities. ATI shall maintain and repair the Interconnect Facilities, as required, and immediately repair any leaks, breaks or defects therein, at ATI's expense.

ARTICLE IV.

DELIVERY OF WATER

Section 4.01 Normal Operations. During normal operating conditions, ATI will deliver potable water to HMW through the Interconnect Facilities in the quantities required to supply the requirements of HMW's customers in the Shady Acres Subdivision.

Section 4.02 Pricing. HMW shall pay ATI for the water supplied to HMW through the Interconnect Facilities based on the rate schedule shown on Exhibit B hereto, as measured by the meter on HMW's line adjacent to the Interconnect Facilities.

Section 4.03 Non-Emergency Restrictions. If requested by ATI, HMW will mandate voluntary or mandatory water use restrictions on its customers in the Shady Acres Subdivision in circumstances other than an Emergency, as defined by this Contract, (1) if all of ATI's customers that are served by the water system that supplies potable water to HMW through the Interconnect Facilities are subject to such restrictions, and (2) to no greater extent and duration than the restrictions requested of or imposed upon ATI's customers of such water system.

Section 4.04 Limitations on Emergency Supply Obligation. Notwithstanding any other provisions of this agreement, ATI is not required to supply water hereunder in amounts or circumstances that will materially impair its ability to service its own customers, including any customers to whom ATI is supplying water on an emergency basis. ATI's obligation to deliver water hereunder applies only to HMW and shall not create any obligation or duty to any other party or any specific customer of ATI, HMW or other water provider.

Section 4.05 Special Conditions. This Contract and each party's obligations thereunder is subject to all present and future laws, orders, rules and regulations of the United States of America, the State of Texas and any regulatory body having jurisdiction. As required, the parties shall cooperate to obtain compliance therewith. In the event that either party is required by any regulatory authority to pay any fee, service charge, penalty or fine because of, or as a condition to, providing emergency service to the other under this Contract, said fee, service charge, penalty or fine may be billed to the party to which such emergency service was provided, in addition to all amounts otherwise due under this Contract. When supplying or receiving water pursuant to this Contract and supplying such water to its own water users, the parties act as owners and operators of a "public water system", as defined in the federal Safe Drinking Water Act. Each is solely responsible for complying with all rules pertaining to the protection of the health of its users, including the maintenance of records and all necessary testing, monitoring and treatment.

Section 4.06 Water Analysis. If reasonably required by the other party, ATI and HMW shall obtain a bacteriological water analysis on a sample taken from its water supply and distribution system and submit the results to the requiring party. The requesting party shall reimburse the other for all charges incurred in obtaining such sample and water analysis.

Section 4.07 Other Water Supply Agreements. Neither ATI nor HMW shall enter into water supply agreements with other persons or entities that may impair their ability to perform their obligations under this Contract.

Section 4.08 Books and Records. Each party shall have the right, during reasonable business hours, to inspect the records of the other party to verify any statement, charge or computation hereunder.

Section 4.9 Force Majeure. If ATI is prevented, wholly or in part, from furnishing water to the other under this Contract by reason of any force majeure, including acts of God, unavoidable accident, acts of the public enemy, strikes, riots, floods, hurricanes, fires, government restraint or regulations, breaks in pipelines, power failure, or any other cause beyond either party's reasonable control, the obligation to deliver water hereunder shall be suspended during continuation of such force majeure.

ARTICLE V.

MAINTENANCE OF SYSTEM

ATI shall maintain its water distribution system and the Interconnect Facilities in good condition and immediately repair any leaks or breaks in such system. In the event of a leak, rupture or other defect occurs within ATI's water distribution system or the Interconnect Facilities that may endanger or contaminate HMW's water system, or hinder its ability to provide water service to its customers, HMW may immediately discontinue service from ATI,

until such leak, rupture or other defect has been repaired or corrected. HMW shall maintain in good condition the portion of its water system that connects to the Interconnect Facilities, and shall immediately repair any leaks or breaks in such system. In the event of a leak, rupture or other defect occurs within such portion of HMW's water distribution system that may endanger or contaminate ATI's water distribution system or prejudice its ability to provide water service to its customers, ATI may immediately discontinue service to HMW.

ARTICLE VI.

TERMINATION

This Contract may be terminated by either party upon forty-five (45) days notice in writing, to be provided as set forth in Section 7.13 of this Contract.

ARTICLE VII.

ADDITIONAL PROVISIONS

Section 7.01 Further Assurances. Each party to this Contract shall perform all further acts and execute and deliver all further documents which may be reasonably necessary to carry out the provisions of this Contract.

Section 7.02 Severability. If any provision, or portion thereof, of this Contract is held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions thereof shall not be affected, and in lieu of such unenforceable provision there shall be added automatically as part of this Contract a provision as similar in terms as may be valid and enforceable.

Section 7.03 Construction. Whenever used in this Contract, the singular number will include the plural, and the plural number will include the singular. Pronouns in the masculine, feminine or neuter gender will include each other gender.

Section 7.04 Governing Law. This Contract has been drafted by all of the parties and no portion thereof should be construed against any of the parties. This Contract has been executed in and will be governed by the laws of the State of Texas, subject only to the preemption thereof by the laws of the United States of America in their areas of application.

Section 7.05 Successors. The provisions in this Contract shall benefit and be binding on the respective successors in interest of each of the parties hereto.

Section 7.06 Amendment. This Contract may be amended only by the written consent of all of the parties to this Contract at the time of such amendment.

Section 7.07 Headings. The section headings contained in this Contract are for convenience only and shall not be construed as part of this Contract.

Section 7.08 Entire Contract; Counterparts. This Contract contains the entire agreement among the parties concerning the subject matter of this Contract. No representations, agreements, arrangements or understandings, oral or written, exist between or among the parties hereto, relating to the subject matter of this Contract, which are not fully expressed herein. This Contract is executed in one or more counterparts, each of which shall be considered one and the same Contract.

Section 7.09 Waiver. The waiver by any party hereto of a breach of any provision of this Contract shall not operate or be construed as a waiver of any subsequent breach by any party.

Section 7.10 Attorney's Fees. If either party to this Contract is required to institute legal proceedings to enforce their rights in accordance with the provisions of this Contract, such party shall be entitled to recover their reasonable attorneys' fees and court costs incurred in enforcing such rights.

Section 7.11 Business Days. Whenever the terms of this Contract call for the performance of a specific act on a specified date, which date falls on a Saturday, Sunday or legal holiday, the date for the performance of such act shall be postponed to the next succeeding regular business day following such Saturday, Sunday or legal holiday.

Section 7.12 Assignability. This Contract is not assignable by either party.

Section 7.13 Notices. Notices from any party to another party to this Contract may be delivered or telecopied to the following addresses and numbers:

To HMW:

HMW Special Utility District
of Harris and Montgomery Counties
P.O. Box 837
Magnolia, Texas 77362
(281) 356-5060 Office
(281) 356-7667 Facsimile

To ATI:

Aqua Utilities, Inc.
2211 Louetta Road
Spring, Texas 77388
P.O. Box 1209
Spring, Texas 77383
(713) 724-9338 Office
(281) 288-5103 Facsimile

ARTICLE VIII.

APPROVAL BY HMW

The execution of this Contract by HMW is subject to the prior approval or ratification of its board of directors at a meeting duly called under Chapter 551, Texas Government Code.

IN WITNESS WHEREOF, the parties have entered into this Contract on this 16th day of July, 2009.

**HMW Special Utility District of
Harris and Montgomery Counties**

By: *Mark Pinter*
Mark Pinter, President

Aqua Utilities, Inc. d/b/a Aqua Texas

By: *Robert L. Laughman*
Printed Name: Robert L. Laughman

**STATE OF TEXAS §
 §
COUNTY OF HARRIS §**

On the 16th day of July, 2009, **MARK PINTER** did appear before the undersigned notary public, and did, under oath, state that he was the President of HMW Special Utility District of Harris and Montgomery Counties, and that he was duly authorized to and did execute the foregoing contract in that capacity and for the considerations recited herein, in witness of which I place my hand and seal of office.



Sandra J. Willis
Notary Public in and for
The State of Texas

STATE OF TEXAS

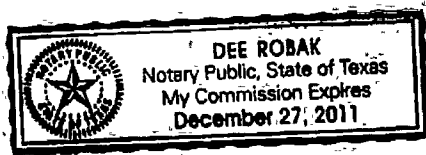
§

§

COUNTY OF HARRIS

§

On the 21st day of July, 2009, Robert L. Laughman did appear before the undersigned notary public, and did, under oath, state that he was the President of Aqua Utilities, Inc., that he was duly authorized to and did execute the foregoing contract in that capacity and for the considerations recited herein, in witness of which I place my hand and seal of office.



Dee Robak
Notary Public in and for
The State of Texas

WATER UTILITY TARIFF FOR Southeast Region

Aqua Utilities, Inc. dba Aqua Texas, Inc.
Aqua Development, Inc. dba Aqua Texas, Inc.
(Utility Name)

1106 Clayton Lane, Suite 400W
(Business Address)

Austin, Texas 78723
(City, State, Zip Code)

(512) 990-4400
(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

11157 and 12902

This tariff is effective in the following counties:

See attached Table – Southeast Region

This tariff is effective in the following cities or unincorporated towns (if any):

City of Conroe, City of Cut and Shoot, City of Dayton, City of Houston, City of Nederland, City of Orange, City of Port Arthur & City of Pearland

The rates set or approved by the city for the systems entirely within its corporate boundary are not presented in this tariff. Those rates are not under the original jurisdiction of the TCEQ and will have to be obtained from the city or utility.

This tariff is effective in the following subdivisions and public water systems:

See attached Table – Southeast Region

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The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

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APPENDIX A -- SAMPLE SERVICE AGREEMENT
APPENDIX B -- APPLICATION FOR SERVICE

TEXAS COMM. ON ENVIRONMENTAL QUALITY
34610-R, CCN 11157, 12902, JANUARY 1, 2009
APPROVED TARIFF BY SP/RA

TEXAS
COMMISSION
ON ENVIRONMENTAL
QUALITY
2008 SEP 18 PM 3:31
CHIEF CLERKS OFFICE

Table -- Southeast Region		
System/Subdivision Name	PWS ID	County
Alton Theiss Subdivision	1012806	Harris
Atascocita Acres Subdivision	1011687	Harris
Bammel Oaks Estates I	1010809	Harris
Bammel Oaks Estates II	1010810	Harris
Bear Branch Estates	1700356	Montgomery
Beauxart Gardens		Jefferson
Berry Hill Estates	1011860	Harris
Blazer Business Park		Harris
Boudreaux Gardens	1011084	Harris
Brittmoore Utility	1011014	Harris
Brushy Creek	1700601	Montgomery
Camilla Twin Harbor (3278 Water Company, Inc.)	2040038	San Jacinto
Candlelight Hills Subdivision	1010532	Harris
Carriage Hills	1700279	Montgomery
Cedar Estates	1460102	Liberty
Cedar Point	1870155	Polk
Cimmaron Country	1700555	Montgomery
Classic Pines Subdivision	1013144	Harris
Clear Creek Forest, Sec. 12	1700437	Montgomery
Cloverdale Addition		Jefferson
Country Club Green	1013189	Harris
Country Lakes Subdivision		Fort Bend
Country Side Estates	1230037	Jefferson
Creek Side Estates South	1011647	Harris
Cricket Hill Estates	1010947	Harris
Crighton Ridge Subdivision	1700631	Montgomery
Crystal Forest Subdivision	1700096	Montgomery
Cypress Bayou Water & Sewer	1810140	Orange
Cypress Creek Ranch	1013296	Harris
Cypress Fields Subdivision	1011651	Harris
Cypress Place	1010254	Harris
Dayton Creek Water System	1460141	Liberty
Dayton Oaks Estates	1460136	Liberty
Decker Woods Subdivision	1700330	Montgomery
Deerwood Subdivision	1700264	Montgomery
Dogwood Hills	1700129	Montgomery
Estates of Willow Creek	1013262	Harris

TEXAS COMM. ON ENVIRONMENTAL QUALITY
34610-R, CCN 11157, 12902, JANUARY 1, 2009
APPROVED TARIFF BY *2/1/09*

Table -- Southeast Region (Cont..)		
System/Subdivision Name	PWS ID	County
Fairway Crossing	1013127	Harris
Fawnwood		Montgomery
Fulbrook Subdivision Water Plant	0790385	Fort Bend
Glen Forest Estates	1010129	Harris
Green River Estates		Harris
Greenfield Forest	1700665	Montgomery
Hahls Suburban Farms (Brittmoore)		Harris
Harcourt Farms (Brittmoore)		Harris
Heron Lakes Estates	1013089	
Hilltop Acres		Harris
Hunters Village Subdivision	1013159	Harris
Huntington Estates	1700324	Montgomery
Imperial Valley	1013153	Harris
Independence Farms (Brittmoore)		Harris
Indigo Ranch	1700651	Montgomery
Industrial Utilities	1010068	Harris
J & W		Harris
Jcakport Industrial Park		Harris
Jersey Acres (Brittmoore)		Harris
Katy Estates		Harris
Kitzwood Subdivision	1011536	Harris
Lake Conroe Forest Subdivision	1700134	Montgomery
Lake Conroe Village	1700543	Montgomery
Lake Creek Forest	1700529	Montgomery
Lake Livingston Village	1870156	Polk
Lake of Mission Grove	0790423	Fort Bend
Lakes of Rosehill Water System	1013050	Harris
Marks Glen Subdivision	1011510	Harris
Mobile Home Estates	1010288	Harris
Niagra Public Water Supply	0790261	Fort Bend
North Pines MHP		Harris
North Wood Estates	1010915	Harris
Oak Manor	1011633	Harris
Oakwood Acres	1700216	Montgomery
Oakwood Village Mobile Home Subdivision	1011803	Harris
Old Egypt Subdivision	1700666	Montgomery
Palm Crest	0200617	Brazoria
Park Forest Subdivision	1013041	Harris
Peek Road Utilities	1011955	Harris

Table – Southeast Region (Cont..)		
System/Subdivision Name	PWS ID	County
Perimeter Park		Harris
Petropark & PAR (Brittmoore)		Harris
Pine Trails Utility	1010535	Harris
Plantation on Cotton Bayou	0360096	Chambers
Port Adventure	2280031	Trinity
Pyssens Live Oak Estates Subdivision	2410010	Wharton
Redwood Estates MHP	1010307	Harris
Richland Hills Subdivision		Brazoria
Riverwood Forest	0790405	Fort Bend
Rolling Oaks	1011861	Harris
Rosemeadows III	0790396	Fort Bend
Shadow Bay Subdivision	1700393	Montgomery
Shadow Grove Estates	0790389	Fort Bend
Shamrock Acres		Jefferson
South Dayton Oaks	1460115	Liberty
Stable Gates	1013103	Harris
Summer Lakes Ranch	1013187	Harris
Tasfield	1011685	Harris
Tejas Creek		Montgomery
Timberloch Estates	1700641	Montgomery
Turtle Creek Subdivision	1700287	Montgomery
Wagon Wheel Utility Company (Cas Con Acres)	0200024	Brazoria
Walnut Springs	1700128	Montgomery
Walraven Subdivision	1013195	Harris
West Magnolia Forest	0930042	Grimes
Westgate Subdivision	1010622	Harris
Westwood I & II	1700201	Montgomery
White Oak Ranch	1700670	Montgomery
Wilshire Subdivision	1700321	Montgomery
Woodland Ranch	1700657	Montgomery

*****Note:** Pine Trails has different rates as per settlement agreement.

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonnage Charge</u>
5/8" or 3/4"	<u>\$20.84</u> (Includes 0 gallons)	<u>\$2.95</u> per 1000 gallons, over the minimum
1"	<u>\$52.11</u>	
1 1/2"	<u>\$104.22</u>	
2"	<u>\$166.76</u>	
3"	<u>\$312.67</u>	
4"	<u>\$521.12</u>	
6"	<u>\$1,042.24</u>	
8"	<u>\$1,667.58</u>	

Rate Case Expense Surcharge: \$2.50 per month per connection for each water and sewer customers for 24 months or until the total amount of \$2,751,170.50 is collected, whichever comes first, starting January 1, 2009.

Deferred Expense Surcharge: \$9.94 per month per connection for each water and sewer customers for 24 months or until the total amount of \$10,946,000.00 is collected, whichever comes first, starting January 1, 2009.

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash X (If in Person), Check X, Money Order X, Credit Card _____, Other (specify) _____
THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

REGULATORY ASSESSMENT 1.0%
TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE \$500.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Unique costs) Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large meter) Actual Cost
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

RATES LISTED ARE EFFECTIVE ONLY
IF THIS PAGE HAS TCEQ APPROVAL STAMP

TEXAS COMM. ON ENVIRONMENTAL QUALITY
34610-R, CCN 11157, 12902, JANUARY 1, 2009
APPROVED TARIFF BY 2/1/09 KA

Attachment 10:

5I. Ability to Provide Adequate Service.

Describe the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking both of the following items into consideration:

- i. The current and projected density
- ii. The land use of the requested area

H-M-W's facilities which meet TCEQ Public Water Service requirements are currently providing service to all requested areas. All land within the requested area is either residential or light industrial. All undeveloped area is accounted for by active facilities or future phases.

HMW Special Utility District Financial Officer's Board Report September 21, 2016

COMPARISON ANALYSIS

	Current Month & YTD			Year-To-Date		
	Jul-16	Jul-15	Incr (Decr)	Jul-16	Jul-15	Incr (Decr)
Water Revenues	367,588	414,384	-11.3%	3,746,260	3,743,045	0.1%
Water Direct Cost	53,759	76,692	-29.9%	642,510	603,127	6.5%
Water Margin	313,829	337,692	-7.1%	3,103,750	3,139,918	-1.2%
Water Margin Percent	85%	81%		83%	84%	
Sewer Revenues	-	-	0.0%	-	58,355	-100.0%
Waste Water System Sale	5,430	5,430		65,160	84,232	
Sewer Direct Cost	-	10,500		10,659	34,661	-69.2%
Sewer Margin	5,430	(5,070)	-207.1%	54,501	107,926	-49.5%
Operating Expenses	146,734	174,821	-16.1%	2,015,883	1,985,933	1.5%
Operating Income	172,525	157,801	9.3%	1,142,368	1,261,911	-9.5%
Investment Income	2,687	2,553	5.2%	16,052	9,566	67.8%
Developer Contributions (Tomball ISD)	2,400	98,000	0.0%	241,170	108,200	
Loan Proceeds	-	-	0.0%	-	-	
Loan Payments	-	-	0.0%	-	(8,951)	8398.9%
Capital Outlays	(89,583)	(109,915)	-18.5%	(760,709)	(457,331)	-100.0%
Transfers to Debt Service	(51,000)	(51,000)	0.0%	(612,000)	(612,000)	0.0%
Net Surface Water Pass-through Fees	23,714	15,382	54.2%	14,570	22,084	-34.0%
Revenues Over (Under) Expenditures	60,743	112,821		41,451	323,479	

Extraordinary Items & Comments - compared to Prior Year-To-Date

Water sales up 4% year to date because of the 2014 rate increase. Consumption over twelve month period is lower. Operating income is less than prior year to date by \$119,543 due primarily to a decrease in Sewer Margin by \$ 53,425 and operating expense increase of \$ 29,949. Engineering fees and general maintenance were the largest expense increases.

Water gallons sold for the 12 months ending August '16 was 380 Million versus the 12 months ending August '15 of 413 Million. Decrease of 7.97%.

CURRENT MONTH CAPITAL EXPENDITURES

Meadowood - Tomball ISD	58,794
Armadillo Woods WSD	2,192
Kipling Oaks I - GST Progressive Billing	2,418
Mink Branch - GST Progressive Billing	8,170
New Kentucky - GST Progress Billing	40
Timberwilde - GST Progress Billing	1,531
Willow Oaks - Progress Billing	11,622
Rosewood Hills I - GST Progress Billing	4,816

CAPITAL EXPENDITURES ACTUAL vs BUDGET

Land & Plant	652,625	725,000
Trucks & Trailers	61,570	22,000
Other	46,513	4,000
Total	760,708	751,000
Expended Over (Under) Budget		9,708

Net Capital Expend. - July '16

89,583

**HMW SPECIAL UTILITY DISTRICT
OF
HARRIS AND MONTGOMERY
COUNTIES**

RATE TARIFF AND ORDER

Revised on August 17, 2016

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RATE TARIFF AND ORDER

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HMW SPECIAL UTILITY DISTRICT OF HARRIS AND MONTGOMERY COUNTIES THAT:

1. This Tariff and Rate Order of the HMW Special Utility District of Harris and Montgomery Counties (the "District"), which serves portions of Harris and Montgomery Counties, consisting of this resolution and the attached Sections A. through F., with Exhibits, is hereby adopted and enacted. This Tariff and Rate Order (the "Order") supersedes all water and sewer rates and policies related to the delivery of water and sewer services that were adopted prior to August 17, 2016.
2. From its inception, the District adopted the operating policies and procedures of HMW Water Supply Corporation by resolution adopted on May 26, 1998. From and after June 24, 1998, the District assumed the existing obligations of the corporation, pursuant to an additional resolution adopted on May 26, 1998.
3. The adoption of the provisions of this Order shall not affect any offense or act committed or done, or any penalty or forfeiture incurred, or any contract or vested right established or accruing before the effective date of this Order.
4. An official copy of this Order shall be available to members of the public during the regular office hours of the District. Requests for copies shall be subject to reproduction charges. The Secretary of the District shall maintain the original hereof as adopted, and clearly identify any amendments thereto.
5. The provisions of this Order shall take effect immediately according to their terms and date of adoption, however, applicable law and the regulations of state and federal agencies with applicable jurisdiction shall override the terms of this Order in the event they are in conflict. If any portion of this Order is declared unconstitutional or invalid for any purpose, the remainder shall continue in full force and effect and shall not be affected thereby.

APPROVED this 17th day of August, 2016.

HMW Special Utility District of
Harris and Montgomery Counties

By: _____
Douglas S. Miller, President

SECTION A. GENERAL PROVISIONS

1. **Organization.** The District is a Texas water district and special utility district under Chapters 49 and 65, Texas Water Code. Its purpose is to provide water utility services as permitted by applicable law. Its operating policies, bylaws, rates, tariffs, and regulations are formulated and effected by a Board of Directors elected by the voters of the District.
2. **Non-Discrimination.** The District provides services to all resident customers eligible therefor, under applicable law who comply with the provisions of this order, regardless of race, creed, color, national origin, sex or marital status.
3. **Rules Application.** The rules and regulations specified herein apply to the water and wastewater services furnished by the District. The failure of a consumer of such services to observe the District's rules and regulations, after due notice of such failure, permits the District to deny or to discontinue service as provided herein and by applicable law.
4. **District Bylaws and Policies.** The District has adopted bylaws which, among other matters, provide for the election of the Board of Directors, establish District policies, provide for annual and regular meetings of the Board of Directors and establish other regulations for the governance of the District. Such bylaws are incorporated by reference herein, as amended from time to time, and are on file for inspection in the District's office. In addition, the District has adopted certain policies by resolution, from time to time, on various subjects including its Water Conservation Plan, Election Order, Substance Abuse Policy and other matters. Such policies are incorporated by reference herein, as amended from time to time, and are on file for inspection in the District's office.
5. **District Ordinances.** The District has adopted certain of its rules and policies as ordinances in accordance with Sections 65.205 - 65.208, Texas Water Code, in order to provide for their enforcement as the penal ordinances of a city under applicable law.
6. **Damage Liability.** The District is not liable for damages caused by service interruptions, events beyond its control, normal system failures and otherwise as provided by law.
7. **Information Disclosure.** The records of the District are maintained in the District's office in Magnolia, Texas, and other locations as provided by the Board of Directors. All information collected, assembled and maintained shall be disclosed to the public in accordance with the Texas Open Records Act, Chapter 552, Texas Government Code. An individual customer who seeks the disclosure of such records

may request in writing that their name, address, telephone number, or social security number be kept confidential. Such confidentiality does not prohibit the utility from disclosing this information to an official or employee of the state or a political subdivision of the state acting in an official capacity or an employee of a utility acting in connection with the employee's duties. The District shall give its customers notice of rights to confidentiality under this policy and all prevailing associated fees for such request.

- 8. Customer Notice Provisions.** The District shall give written notice of the consideration by the Board of Directors of proposed rate changes, as required by Chapter 551, Texas Government Code, at least three (3) days prior to the effective date of the proposed rate or rates. Following adoption, notice thereof shall be given by mail or hand delivery. Such notice shall contain the former and newly adopted rates, effective date of the newly adopted rates, and the name and phone number of the District's contact person for inquiries about the rate change.

9. Fire Protection - Reserved.

- 10. Grievance Procedures.** Any resident of the District shall have an opportunity to voice concerns or grievances to the District by the following means and procedures:

- a. By presentation of concerns to the General Manager or authorized staff member for discussion and resolution;
- b. If not previously resolved, by presenting a request to be heard by the Board of Directors;
- c. If presented to the Board of Directors, a designated officer or committee thereof, and/or legal counsel shall hear the complaint as directed by the Board;
- d. Action by officers, committees or staff shall be reported to the Board of Directors for review;
- e. The Board of Directors shall act upon the complaint based on all information available as quickly as possible, and direct the President or representative to respond in writing; and
- f. Any charges or fees contested as a part of the complaint to the District under this policy shall be suspended until a final decision is made by the Board of Directors.

SECTION B. DEFINITIONS

ACCESS: In this order, "access" means (1) legal access satisfactory to the District, and (2) physical access to the meter, lines and equipment on the Utility Customer's property, or to the property itself, as required by District personnel, without the risk of injury or danger occasioned by the acts or omissions of the owner or occupant of the property, including but not limited to the existence of a hazardous condition on the property.

ACTIVE SERVICE: The service status in which the Utility Customer is receiving authorized water service under the provisions of this Order.

AMMONIA: The form of inorganic dissolved nitrogen found in wastewater that results from the degradation of organic nitrogen compounds with the formula $\text{NH}_3\text{-N}$, measured in milligrams per liter ("mg/l").

APPLICANT: A person, partnership, cooperative corporation, corporation, federal, state or local government agency, or other public or private organization of any character that (1) applies for water utility service, or (2) is deemed by the District to be an Applicant as provided in the definition of Utility Customer as set forth below.

BIOCHEMICAL OXYGEN DEMAND: The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure, five (5) days at twenty degrees Centigrade (20° C./68° F.) expressed in mg/l (hereinafter called "BOD").

BOARD OF DIRECTORS: The Board of Directors elected by the voters of the District, as provided by Chapters 49 and 65, Subchapter C, Texas Water Code, applicable provisions of the Texas Election Code, its Election Order dated March 18, 1998, and subsequent Election Orders.

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY: The authority held by the District under Chapter 13, Subchapter G of the Texas Water Code to provide retail water utility service.

COMMERCIAL: Regarding utility service and Utility Customers as defined in this Order, service to the owner, operators, employees, customers and other invitees of a business or other water user that is not residential, as defined in this Order, as specified in the Utility Customer's Service Application and Agreement.

DISCONNECTION OF SERVICE: In accordance with this Order, the locking or removal of a water meter or other action to prevent the use of water by a Utility Customer.

DISTRICT BYLAWS AND POLICIES: The bylaws and policies referred to in Section A., Paragraph 4. of this Order, including any new or amended bylaws and policies as enacted from time to time.

GENERAL MANAGER: As used in this Order, (1) the District's General Manager, (2) the District's Controller, or (3) another District employee or agent authorized by the Board of Directors to perform a particular function.

GROUNDWATER CONSERVATION FEE: The fee charged by the District to its Montgomery County customers to recover the fees charged to the District by the Lone Star Groundwater Conservation District of Montgomery County ("LSGCD"), as provided by Subsection C.2. of this Order.

HAZARDOUS CONDITION: A condition that jeopardizes the health or safety of a Utility Customer, other user of water or wastewater service provided by the District, District employee or agent acting in the course of their duties or member of the public, or that prevents or could prevent the safe and lawful delivery of water service, as determined by the District or a federal, state or local regulatory authority with jurisdiction.

LONE STAR GROUNDWATER CONSERVATION DISTRICT: The groundwater conservation district for Montgomery County, created by the 77th Texas Legislature, with powers under Chapter 36, Texas Water Code, as provided by House Bill No. 2362.

METERING PERIOD: The time period of approximately thirty (30) days for which water usage is calculated monthly for each Utility Customer by reading the customer's water meter.

NON-STANDARD SERVICE: Service by the District as defined in Section D.2. of this Order.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY: The regional water authority for portions of northern Harris County, created by the 76th Texas Legislature, as provided by House Bill No. 2965, as thereafter amended (herein, the "NHCRWA").

NOTICE: For the purpose of disconnection with notice under Paragraph D.13.a. of this Order, and except as otherwise provided in such paragraph, other provisions of this Order, and the District's Water Conservation Plan, notice shall be in writing and further action by the District shall occur no earlier than seventy two (72) hours after notice is delivered. Notice by mail is deemed delivered upon the District's tender of notice to the United States Postal Service, with postage prepaid, to the Utility Customer at the address provided thereby to the District. At the option of the Utility Customer, authorized in writing, notice may be delivered by email.

ORDINANCE: A policy or regulation of the District enacted as a penal ordinance of a Texas municipality under Sections 65.205 through 65.208, Texas Water Code, and enforceable as provided by Chapter 54, Texas Local Government Code.

PERSON: A natural person, partnership, cooperative, corporation, association, federal, state or local agency or other public or private organization of any character.

PH: The measurement of acidity and alkalinity of liquids, expressed as the logarithm (base 10) of the reciprocal of the concentration of hydrogen ions, expressed in grams per liter.

PROHIBITED SUBSTANCES: The substances defined in Paragraph D.20.b. and Exhibit A to this Order.

PUMPAGE FEE: A fee based on the pumpage of water from individual water wells, authorized to be imposed and enacted by the NHCRWA and the LSGCD.

RENTER: A consumer of the District's services who rents property from a Utility Customer that may otherwise be termed a lessee or tenant.

RESIDENTIAL: Regarding utility service and Utility Customers as defined in this Order, service to the permanent occupants of the home, apartment unit, trailer home or other residential structure, and their temporary invitees and guests who obtain service within such structure, as specified in the Utility Customer's Service Application and Agreement.

RIGHT-OF-WAY EASEMENT: As used in this Order, a private dedicated right-of-way for the installation, maintenance and use of District water facilities which allows access to property for the operation, maintenance, replacement, installation or inspection of such facilities.

SANITARY CONTROL EASEMENT: As used in this Order, a restrictive easement described by specific distances from a water well, as prescribed by 30 Texas Administrative Code, Section 290.41, for the purpose of protecting the public water supply from contamination.

SERVICE APPLICATION AND AGREEMENT: A written agreement, also referred to as the Service Agreement, between the Utility Customer and the District outlining the responsibilities of each party regarding the provision of water service by the District to the Utility Customer.

SERVICE UNIT: The base unit of service used in facilities design. Unless otherwise provided by this Order, a service unit is the 5/8" X 3/4" water meter.

STANDARD SERVICE: Service by the District as defined in Section D.2. of this Order.

SURFACE WATER FEE: The fee charged by the District to its Harris County customers to recover the fees charged to the District by the North Harris County Regional Water Authority ("NHCRWA"), as provided by Section C.2. of this Order.

TERMINATION OF SERVICE: The termination of a person's status as a Utility Customer of the District at the instance of the Utility Customer or the District as further provided by this Order.

TOTAL SUSPENDED SOLIDS: The solids found in water and other liquids, measured in mg/l, that are removable by laboratory filtering (hereinafter called "TSS").

UTILITY CUSTOMER: A person or entity and their lawful successors who are lawfully receiving or have lawfully received water utility service from the District, and for whom the District maintains a customer account for the purpose of billing and collection of rates, fees and other charges for utility service, provided, that the lawful successor to a named Utility Customer, and/or the actual recipient of water service, if other than the named Utility Customer, as determined by the District, may be deemed by the District to be an Applicant for the purposes of this Order. Utility Customers may be either residential or commercial, as further defined in this Order. A lessor of the property where a Utility Customer receives utility service is a lawful successor to the Utility Customer.

SECTION C. RATES AND SERVICE FEES

Unless otherwise specified in this Order, all fees, rates and charges as herein stated shall be non-refundable.

The following water utility rates are enacted for use from and after November 1, 2014:

DISTRICT WATER RATES:

1. Base Rates:

The following monthly base water rates shall apply, regardless of usage:

<u>Meter Size</u>	<u>Rate</u>
5/8" X 3/4"	\$43.70
1"	\$109.25
1 1/2"	\$218.50
2"	\$349.60
3"	\$655.50
4"	\$1,092.50
6"	\$2,185.00

2. Additional Rates:

The following additional monthly water rates shall apply for meters of every size:

<u>Usage in Gallons</u>	<u>Rate</u>
Zero to 10,000	\$3.00/1,000 gallons
10,001 to 30,000	\$4.00/1,000 gallons
Over 30,000	\$4.50/1,000 gallons

NHCRWA Well Pumpage Fee:

For all Utility Customers within Harris County, an additional fee shall apply to provide reimbursement to the District for the pumpage fees, i.e. fees based on the water pumped from the District's wells, payable by the District to the NHCRWA under applicable law. Beginning with the District's billing to its Utility Customers from and after the conclusion of the metering periods in mid-March, 2016, and continuing thereafter, this additional fee, which includes an allowance for normal water losses that occur after pumpage from wells, shall be \$ 2.40 per 1,000 gallons of water used by and billed to the customer, or any fraction thereof. This additional fee shall be set forth on the District's monthly billings to its Harris County customers as the NHCRWA Surface Water Fee.

LSGCD GROUNDWATER CONSERVATION FEE:

For all Utility Customers within Montgomery County, an additional fee shall apply to provide reimbursement to the District for the pumpage fees payable by the District to the LSGCD under applicable law. Beginning with the District's billing to its Utility Customers from and after September 1, 2014, and continuing thereafter, this additional fee, which includes an allowance for normal water losses that occur after pumpage from wells, shall be \$.11 per 1,000 gallons of water used by and billed to the customer, or any fraction thereof. This additional fee shall be set forth on the District's monthly billings to its Montgomery County customers as the LSGCD Groundwater Conservation Fee.

MONTGOMERY COUNTY GROUNDWATER REDUCTION FEE:

For all Utility Customers within Montgomery County, an additional fee shall apply to provide reimbursement to the District for the pumpage fees payable by the District to the San Jacinto River Authority ("SJRA"), to be assessed by SJRA for the funding of the construction required by SJRA's Groundwater Reduction Plan for Montgomery County, which the District joined by contract pursuant to the regulatory mandate of LSGCD. Beginning with the District's billings to its Montgomery County customers from and after September 1, 2016, and continuing thereafter, this additional fee, which includes an allowance for normal water losses that occur after pumpage from wells, shall be \$2.53 per 1,000 gallons of water used by and billed to the customer, or any fraction thereof. This

additional fee shall be set forth on the District's monthly billings to its Montgomery County customers as the GRP Fee.

GENERATOR POWER ASSESSMENT:

For all utility customers, an additional amount is assessed to provide reimbursement to the district for its costs to finance the purchase and installation of emergency power generators at its Harris and Montgomery county water systems, as provided by Sections 13.1395 and 13.1396, Texas Water Code, for five years beginning in May, 2010. Beginning with the District's billing to its utility customers that follows the metering period that ends in mid-May, 2010, through and including the metering period that ends in mid-April, 2015, such assessment shall be \$3.50 per month for each utility customer. This assessment shall be set forth on the District's monthly billings as the generator power assessment.

TERMINATION OF WASTEWATER SERVICE:

Effective February 1, 2015, the District does not provide wastewater service.

ADDITIONAL FEES:

The following additional fees shall apply to water and sewer utility service provided by the District:

1. **Service Investigation Fee.** The District shall investigate the required level of service for each service application by a prospective Utility Customer. An initial determination shall be made, without charge, as to whether the service request is for Standard or Non-Standard Service. Following such initial determination, the following shall apply:
 - a. For Standard Service applications, all applicable costs for providing service shall be quoted in writing to the Applicant within ten (10) working days of receipt of the application;
 - b. For all Non-Standard Service applications, the District shall charge an investigation fee, to be determined by the District on a project basis as a part of its initial service. Such fee shall be sufficient to pay all administrative, legal and engineering fees and costs required by the District's determination of its ability to deliver the requested service and the necessity for additional facilities, if any, that may be required, review plans and specifications proposed by the service applicant, advertise and accept bids for the project, negotiate a service contract with the Applicant and provide any other services required by the District for such investigation; and

- c. For the purposes of this Section 1., Standard Service is defined as set forth in Paragraph D.2. a. of this Order. Service of a character other than Standard Service, as defined above, is Non-Standard Service.

2. Deposits. The District requires the payment of deposits by Utility Customers to secure the District from nonpayment of Utility Customer billings and the possibility of damage to its meters and other equipment. Therefore, at the time the initial or any subsequent application for service is approved, the following deposits shall be paid to the District before service shall be provided, restored to or reserved for the Applicant:

- a. For residential Utility Customers, the deposit for water service is \$100.00 for each service unit; and
- b. For commercial Utility Customers, the minimum deposits referred to in Paragraphs a. and b. above are \$200.00 for each service unit. For meters larger than the Standard Service Unit, the deposits are as follows:

2" or less	\$ 300.00
3"	\$ 600.00
4"	\$1,000.00
6"	\$2,000.00
8"	\$3,500.00
10"	\$5,000.00

- c. If service to a Utility Customer has resulted in (1) a billing balance of 125.0% of the Utility Customer's deposit that exists for thirty (30) days or more, or (2) a disconnection of service under Subsections D.8. and D.13. of this Order, the District's General Manager may, in his discretion, require the Utility Customer, upon such determination by the District, or as a condition to reconnection, to pay or increase the deposit of up to three times the amounts provided by Paragraphs a. and b. of this subsection. In so acting, the General Manager may consider the Utility Customer's prior payment history with the District, prior unpaid balances payable to the District, prior actual and future projected water usage and prior compliance with other customer responsibilities as set forth in this Order.

3. Easement and Access Cost. Notwithstanding the level of service required by any application, as defined by Subsection C.1. of this Order, if the District determines that private right-of-way easements and/or access to one or more facility sites are necessary to provide service to the Applicant, the Applicant shall secure and/or provide right-of-way easements to such facility sites, or provide access to such sites in a manner satisfactory to the District, or pay all costs incurred by the District to validate, obtain, clear, and retain such right-of-way, easements or access

to such sites.

In addition, and regardless of the required level of service, the Applicant shall secure and/or provide any necessary sanitary control easements to the District with regard to facility sites required to provide service to the Applicant.

4. **Service Installation and Tap Fees.** The District charges the following installation and tap fees:

Service Connection: The following fees shall apply to the connection of water service:

Residential:

\$25.00

Commercial:

\$ 50.00

TAPS:

- a. For Standard Service, the charge shall be \$750.00 per tap for 3/4" X 5/8" meters to provide individual metered water service. For meters of other specifications, the charge per tap shall be the actual cost for labor and materials of the tap and meter used, plus five percent (5.0%) of such actual cost. Such charges shall be computed immediately prior to the request for service.
 - b. For Non-Standard Service, the District shall charge the appropriate tap fees and the construction labor and materials, inspection, administrative, legal and engineering fees, and all other costs required to obtain or build the facilities required to provide such service, as determined by the District following its review of the application for Non-Standard Service as provided by Paragraph C.1.b. above, Section E. and other applicable provisions of this Order.
5. **Reserved Service Charges.** The District may collect a monthly charge for each active account at a specific location for which a meter has not been installed but for which the District and the Applicant have entered into an agreement for reserved service. Such charge shall be based on the District's monthly operating costs to service the facilities dedicated to such Applicant on a per service unit basis. Such charge reserves service to the Applicant's service area and shall be determined on a case by case basis, provided, that such fee shall never exceed the minimum monthly

charge for metered service on a per service unit basis.

6. **Assessment Required by Statute.** As required by Section 5.701(n)(1)(C), Texas Water Code, the District shall collect from each retail customer a regulatory assessment equal to one-half of one percent of the charge for retail water service. Such charge shall be collected in addition to any other charges for utility service, and shall be calculated on all monthly charges set forth in this Order.
7. **Late Payment Fee.** At the conclusion of each billing period, a penalty of \$5.00 or 5.0%, whichever is greater, shall be applied to any unpaid amount on the billing for the previous billing period. Such penalty shall not be applied to any balance to which the penalty was applied in any previous billing.
8. **Returned Check Fee.** In the event a check, draft or other payment instrument is given by a person, firm, corporation, or partnership to the District for payment of services provided for in this Order, and the instrument is returned by the bank or other institution as insufficient or non-negotiable for any reason, the account for which the instrument was issued shall be assessed a return check charge of \$25.00.

At the option of the District's Controller or General Manager, and notwithstanding any other provision of this Order, any District customer that presents two or more checks, drafts or other payment instruments that are returned by the bank or other institution based on insufficient funds, or are not negotiable for any other reason, within a twenty four (24) month period, may be barred from payment to the District by the use of a check or such other payment instrument for a period of one (1) year.

9. **Reconnection Fee.** In addition to any costs that are otherwise chargeable under this Order, the District shall charge the following fees for reconnecting service after the District has previously disconnected service as set forth in this Order. Such fees shall be \$75.00 for residential customers, and \$100.00 for all other customers. At the discretion of the General Manager of the District, the reconnection fee may be increased by 50.0% of the referenced amounts for each reconnection that occurs within one year of a previous reconnection, for a single utility customer.
10. **Service Trip Fee.** The District shall charge a trip fee for any service call or trip to the customer's tap as a result of a request by the customer or resident (unless such service call is in response to damage of the District's or another customer's facilities), or for the purpose of disconnecting or reconnecting service as set forth in this Order, or for the purpose of testing, inspecting, installing, repairing or replacing District equipment in connection with activities set forth in this Order which, if performed, are chargeable to a customer or other service user. This fee shall not apply in cases in which the meter test fee is not imposed, as provided by Paragraph D.19.a. If imposed, such fee shall be calculated by the General Manager of the District, based on the District's actual cost for labor, material and equipment used to

perform the service call.

- 11. Equipment Damage and Service Restoration Fees.** In addition to any other remedies authorized by this order, if the District's facilities or equipment have been damaged by the act or omission of any Applicant or Utility Customer in violation of any federal, state or local statute or ordinance, District Ordinance, or this Order, or if unauthorized service has been established by tampering, bypassing, unauthorized taps, reconnection without authority, other service diversion or the introduction of prohibited substances into the District's lines or equipment, as defined in Paragraph D.20. b. below, a fee shall be charged equal to the actual costs for all labor, material, and equipment necessary for repair, replacement, reinstallation of a removed line tap and other actions required by the District to re-establish authorized service. Such fee shall be charged and paid before service is re-established. All components of this fee will be itemized, and a statement shall be provided to the Utility Customer. If the District's facilities or equipment are damaged due to negligence or unauthorized use of the District's equipment or right-of-way, or to other acts for which the District incurs losses or damages, the Utility Customer shall be liable for all labor and material charges incurred as a result thereof, together with the District's costs to recover the amount payable to repair or otherwise correct such loss or damage.
- 12. Customer History Report Fee.** A fee of \$5.00 shall be charged to provide a copy of the customer's record of past water purchases in response to a customer's request for such a record.
- 13. Meter Test Fee.** The District shall test a customer's meter upon written request of the customer. A charge of \$15.00 per test shall be imposed on the affected account, subject to the further provisions of Paragraph D.19. a. of this Order.
- 14. Transfer Fee.** An Applicant for service who is a transferee from an existing Utility Customer shall pay a fee of \$25.00.
- 15. Non-Disclosure Fee.** A fee of \$5.00 shall be assessed any customer requesting in writing that personal information under the terms of this Order not be disclosed to the public.
- 16. Information Disclosure Fee.** All public information except that which has been individually identified as confidential shall be available to the public for a fee to be determined by the District based on the level of service and costs to provide such information, provided, that such fee shall not to be inconsistent with the terms of the Texas Open Records Act, Chapter 552, Texas Government Code.

17. **Customer Service Inspection Fee.** A fee of \$75.00 shall be charged for Customer Service Inspections, which are inspections of new homes, prior to the connection of service by the District, to insure customer compliance with applicable law and regulations pertaining to prohibited cross-connections, lead pipe and other requirements applicable to piping, sink connections, taps and other residential customer equipment, including but not limited to those referred to in the District's Customer Service Agreement and Subsection D.21. of this Order.
18. **Fees for Wastewater Disconnection Agreements.** Under its agreements to disconnect wastewater service for third party providers under Paragraph 13.250(b)(2), Texas Water Code, the District shall charge to any such third party provider a service fee of \$100.00 and (a) \$50.00/hour if a certified peace officer is engaged by the District to accompany its service personnel, (b) \$40.00/hour for each District service employee directed to perform the service, and (c) any other actual costs as provided by Subsection D.19. of this Order.
19. **Law Enforcement/Security Officer Fee.** A minimum fee of \$200.00, up to the District's actual cost, shall be charged if the District determines that any service call reasonably requires the District's personnel to be accompanied by a law enforcement officer or other security personnel.
20. **Other Fees.** All other services that the District provides (1) at the request of a customer, or (2) in furtherance of the District's purposes as provided by this Order, shall be charged to the recipient based on the cost of providing such service.

SECTION D. SERVICE RULES AND REGULATIONS

1. **Service Entitlement.** An Applicant is qualified and entitled to water utility service when proper application has been made, terms and conditions of service have been met and continue to be met, including the Applicant's compliance with applicable law, the District's policies and this Order, and all fees have been paid, as prescribed by this Order and the applicable policies of the District.
2. **Service Classifications.** For the purpose of action by the District on service requests, service requested by an Applicant and provided by the District is divided into the following classes:
 - a. **Standard Service** is service from an existing water pipeline where additional pipelines or service facility extensions are not required and special design and/or engineering considerations are not necessary, based on 5/8" X 3/4" taps for water meter service set on existing pipelines.

- b. **Non-Standard Service** is any service applied for that is not Standard Service. In addition to the other requirements of this Order, Section E. of this Order applies to applications for Non-Standard Service.

Both Standard Service and Non-Standard Service may apply to either residential or commercial Utility Customers.

3. Standard Service. The following provisions apply to applications for Standard Service.

- a. **Application Requirements.** The following requirements apply to applications for Standard Service:

- (1) The Applicant shall provide proof of identification with full name, photograph and date of birth, by current Texas driver's license or identification certificate, current United States passport, foreign passport with current entry visa, current United States military identification, United States Citizenship Certificate or Certificate of Naturalization, or other form of identification satisfactory to the District.
- (2) The District's Service Application and Agreement shall be completed in full and signed by the Applicant. Its form shall be as specified by the District from time to time.
- (3) A right-of-way easement or other forms of legal access to the Applicant's property satisfactory to the District, physical access thereto as defined by this Order and any required sanitary control easements must be completed by the Applicant for the purpose of allowing future extensions or facility additions to improve or provide service to future Applicants.
- (4) The Applicant shall provide proof of ownership or title to property for which service has been requested in a form acceptable to the District.
- (5) The District may consider master meters and/or multiple units if the total number of units to be served are:
 - (a) Owned by the same person or legal entity;
 - (b) Inaccessible to the public right-of-way, and
 - (c) A commercial enterprise.

- (6) All approved Service Applications and Agreements and cost of service fees quoted by the District shall be presented to the Applicant in writing and shall be effective at the quoted costs for not less than thirty (30) days. After thirty (30) days, an Applicant shall reapply for service under these terms.

b. **Activation of Standard Service.**

- (1) **New Service.** The District shall charge non-refundable service connection and tap fees as set forth in Subsection C.4. of this Order. The quoted service connection tap and all other fees shall be paid in advance of installation or in advance of reservation of service capacity including, as applicable, the deposit, any easement fees, and any capital contributions as provided in Section E. of this Order.
- (2) **Reestablishment of Service.** On property where service previously existed, the District shall charge and receive the deposit and the labor, material and system modification costs necessary to restore service, in addition to any unpaid amounts for utility service and applicable fees.
- (3) **Performance of Work.** After all fees are paid and approval is granted by authorities with jurisdiction, all tap and equipment installations specified by the District shall be completed by the District's staff or designated representative within ten (10) working days after receipt of payment.
- (4) **Inspection of Customer Service Facilities.** The District staff or its designated representative shall inspect all customer service facilities before and periodically after the tap is made to insure compliance with all requirements of the Texas Commission for Environmental Quality ("TCEQ") or any successor agency, applicable plumbing codes and utility construction standards.

4. ***Non-Standard Service.*** Applications for and the activation of Non-Standard Service shall occur as prescribed by the applicable terms of this Order, including but not limited to Section E.

5. ***Changes in Service Classification.*** If at any time the District determines that the customer service needs of a Utility Customer change from those originally applied for to a different service classification, and that additional or different facilities are necessary to provide adequate service, the District shall require the customer to reapply for service under the terms and conditions of this Order. Customers that do not comply with this provision shall be subject to the

Disconnection With Notice provisions of this Order in Paragraph 13.a. below.

6. *Utility Customers.* The following provisions further define the eligibility and entitlement of any person, as defined in this Order, to be a Utility Customer of the District:

- a. **Eligibility of Persons Within District.** Any person located within the service area of the District may be a residential or commercial Utility Customer of the District by compliance with the other terms of this Order.
- b. **Entitlement to Service.** Eligibility based on a residential or commercial location within the District does not guarantee service to an Applicant therefor, which includes any proposed transferee of an existing Utility Customer. Qualification for service under applicable law and this Order is a prerequisite to entitlement to service for new Applicants and continued service to existing Utility Customers and transferees.
- c. **Cancellation or Denial of Service.** Utility service may be denied or canceled to any Applicant or existing Utility Customer for non-payment of the water rates and fees required to be paid monthly to the District, including any minimum fee payable regardless of whether water is used, nonpayment of other applicable fees, costs and deposits, and on the additional bases set forth in Subsection 8. below. A Utility Customer may be relieved of the obligation for payment only by the termination of its utility service pursuant to applicable law, this Order and the discontinuing of active service.
- d. **Termination of Status.** A person ceases to be a Utility Customer of the District at the conclusion of the actions set forth in Paragraphs 7. b. through 7. d. below. Thereafter, such person may again become a Utility Customer by compliance with the requirements therefor that are set forth in this Order.

7. *Termination of Service.* The following provisions govern the termination of service with regard to a Utility Customer.

- a. **Bases.** Termination of Service may occur as provided in this Subsection 7.:
 - (1) At the request of the Utility Customer; or
 - (2) By the District in the event of a Disconnection of Service under this Order.

- b. **Termination Date.** The date of the Utility Customer's Termination of Service shall be (1) as soon as practicable in the event of the Utility Customer's request for disconnection, and (2) on or after ten (10) days following the District's Disconnection of Service, unless the Utility Customer obtains reconnection of service as provided by Subsection D.14, or as otherwise provided by this Order.
- c. **Procedure.** When Termination of Service occurs, the District shall calculate the amount of any unpaid amounts payable to the District for fees or utility service, including any delinquent charges and penalties. If the amount payable exceeds the deposit amount held by the District for the account of the Utility Customer, the deposit shall be liquidated and the unpaid balance shall be billed to the Utility Customer in the District's next billing to its Customers. If the amount payable is less than the deposit amount held by the District for the account of the Utility Customer, the District shall refund the excess amount to the Utility Customer as provided by Paragraph 7. d. below.
- d. **Refunds.** A Utility Customer may elect at the time of voluntary termination of service to receive any payable refund (1) in person at the District's office, following subsequent verbal notification by the District to the Utility Customer, either in person or by telephone, or (2) by United States Regular Mail, provided, that such refund is in the amount of \$5.00 or more. If no election is made, the District shall mail any refund to the Utility Customer by United States Regular Mail to the Utility Customer's service address, provided, that no refund in an amount less than \$5.00 shall be delivered by mail. Refunds of \$5.00 or less shall be delivered in person. All refunds delivered in person shall be made at the District's offices to (1) the Utility Customer, upon sufficient identification, or (2) the Utility Customer's representative authorized in writing, upon sufficient identification.
- e. **Collection of Unpaid Balances.** In the event that an unpaid balance exists following the liquidation of the Utility Customer's deposit, the District may collect the unpaid account balance through all lawful means. At the discretion of the District's board of directors, unpaid and uncollectable account balances may be written off the District's records at the recommendation of the District's General Manager.

8. ***Disconnection or Denial of Utility Service.*** As further provided by Subsection D.13., the District may disconnect existing service to a Utility Customer or deny service to an Applicant for the following reasons, in addition to those specified in Paragraph 6.c. above:

- a. The failure of an Applicant or Utility Customer to complete the Service Application for Standard or Non-Standard Service, as applicable, the applicable Standard Service Agreement or the required Non-Standard Service Agreements required under Section E. of this Order, and pay all required fees and charges;
- b. The failure of an Applicant or Utility Customer to comply with the Service Agreement, any provision of this Order and the District's policies, as applicable, including but not limited to the District's Water Conservation Plan;
- c. The existence of a hazardous condition at the Applicant's property;
- d. The failure of an Applicant or Utility Customer to provide to the District access to the property for which water or sewer service is provided or has been requested. For the purpose of this paragraph, Paragraph 21.a. and Subparagraphs 3.a.(2), 13.a (5) and 13.b.(1) in Section D. of this Order, "access" means (1) legal access satisfactory to the District, and (2) physical access to the meter or other areas of the property, as required by District personnel, without the risk of injury or danger occasioned by the acts or omissions of the owner or occupant of the property, including but not limited to the existence of a hazardous condition on the property;
- e. The failure of an Applicant or Utility Customer to provide a sanitary control easement with regard to property for which such an easement is required under 30 Texas Administrative Code, Section 290.41;
- f. The failure by any Applicant, Utility Customer, property developer, commercial builder or other entity to comply with applicable statutes and the regulations of federal, state and local authorities, including this Order, the District's Ordinances, or any contract conditions or other requirements that govern the Standard or Non-Standard Service requested by any Applicant or provided by the District to any Utility Customer;
- g. The failure of an Applicant or Utility Customer to timely pay any lawful fines or civil penalties imposed by the District pursuant to a District Ordinance;
- h. The failure of an Applicant or Utility Customer to provide proof of ownership of the applicable property;

- i. The inadequacy of the Applicant's existing service facilities to the extent that satisfactory service cannot be provided;
- j. The commission of a prohibited activity as defined in Subsection D.20; or
- k. Pursuant to a contract to disconnect water service in lieu of the disconnection of wastewater service under Section 13.250(b)(2), Texas Water Code.

Notwithstanding any other provision of this Order or other District policies, the District may disconnect or suspend water service at one or more of its water systems, as required; if a hazardous condition occurs as defined by this Order.

9. *Recourse by Applicant or Utility Customer.* If the District denies or refuses service to an Applicant under this Order, the District shall notify the Applicant, in writing, of the basis of its refusal, and the Applicant may file an appeal in writing with the District's Board of Directors.

10. *Impermissible Bases for Refusal of Service.* The following bases for refusal to connect or reconnect service that does not currently exist are not permitted:

- a. Delinquency in payment for service by a previous occupant, other than the Applicant, of the premises to be served;
- b. Failure to pay a bill to correct previous underbilling due to misapplication of rates more than six (6) months prior to the date of application;
- c. Operation by the Applicant or Utility Customer of non-standard equipment or unauthorized attachments that interfere with the provision of service to other Utility Customers, unless the Applicant or Utility Customer has been notified and afforded a reasonable opportunity to remove such equipment or attachments or otherwise comply with the District's requirements; and
- d. Failure to pay the billing of an unrelated or unaffiliated customer at the same address.

This Paragraph 10. does not apply to disconnections of existing water service.

11. *Billing, Payment and Deferred Payment Agreements.* Water utility usage billings shall be calculated and billed to Utility Customers as follows:

- a. The Reserved Service Charge or any minimum monthly charge shall be applied each month to the appropriate billing period for meters in the area. Charges shall be prorated for meter installations and service terminations falling during the calendar month. Billings for these amounts shall be delivered by U.S. first class mail, or at the Utility Customer's option, by email, with the water usage billings that follow each monthly meter reading.
- b. Water usage shall be billed at the rates specified in Section C. With the exception of the estimated billings otherwise authorized by this Order, which shall be based on estimated average usage for the applicable metering period, water usage charges shall be based on monthly meter readings and calculated from reading date to reading date. Readings used in all billing calculations shall be taken by the District's employees or its designated representative.
- c. The District will accept payment from a Utility Customer in person, by mail or by electronic means to the District's depository bank on terms established by the District in its Service Agreement or by further agreement with the Utility Customer. At the Utility Customer's election, provided to the District in writing, the District will deliver customer billings and all related billing notices by email to the email address designated by the Utility Customer, provided, that such email address shall be deemed to be Utility Customer's address of record for notice purposes for any Utility Customer that so elects until the Utility Customer changes or withdraws such election in writing.
- d. All payments shall be posted against previous balances prior to posting against current billings.
- e. The District may offer a deferred payment plan to a Utility Customer who reasonably demonstrates the inability to pay an outstanding balance in full and to pay the balance in reasonable installments as determined by the District, including any late payment or penalty fees or interest on the monthly balance to be determined by agreement. This provision does not apply to the payment of fines and civil penalties imposed under the District's ordinances.

12. *Due Dates, Delinquent Bills, and Service Disconnection Date.* The District shall send monthly billings to its customers based on meter readings by the District for metering periods of approximately thirty (30) days. Following each metering period, customer billings shall be delivered by U.S. first class mail or, at the Utility Customer's option, by email, on or about the 30th of the month. All bills shall

be due upon receipt and are past due beyond the past due date indicated on the bill, after which a penalty shall be applied as described in Subsection C.7. of this Order. A bill is delinquent if not paid before midnight on the past due date. Payments made by mail are late if they are received by the District after the past due date. Final notices shall be mailed allowing ten (10) additional days for receipt of payment by the District prior to disconnection for nonpayment. The ten (10) additional days shall begin on the day the final notice is delivered by email or deposited with the U.S. Postal Service with sufficient postage. If the past due date for the regular or final billings is on a weekend or holiday, the past due date for payment purposes shall be the next day the District office is open for business after said weekend or holiday. For all disputed payment deadlines, the email delivery date or date postmarked on each bill will determine the beginning of each billing cycle or the final notice billing period.

If access to the Utility Customer's premises is denied, thereby preventing the reading of the meter, an estimated bill shall be rendered to the Utility Customer for the current month and a notice shall be sent that entrance could not be gained. If access to the meter continues to be denied after proper notification to the Utility Customer, service may be discontinued and the meter removed as set forth in Paragraph D.13.a.

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

13. *Rules for Cancellation or Disconnection of Existing Service.* The following paragraphs further describe the rules and conditions for cancellation and disconnection of existing water service.

- a. **Disconnection with Notice.** Water or wastewater utility service may be disconnected for the following reasons after notice is delivered to the Utility Customer.
 - (1) In the event a check, draft, or any other similar instrument is given by a person, firm, corporation, or partnership to the District for payment of services provided for in this Order, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason. In such event the District shall mail, via the U.S. Postal Service, or by email if the Utility Customer has elected to receive billings by email, a notice requiring redemption of the

returned instrument within ten (10) days of the date of the notice to be made in the District office. Redemption of the returned instrument shall be made by cash, money order, or cashier's 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 District's service rules, any provision of this Order and the District's policies, material interference with the performance of the District's lines and equipment or its ability to provide water service to its other customers, or the operation of non-standard equipment or equipment disapproved by the District, if the Utility Customer is provided with notice and a reasonable opportunity, after notice, to replace or correct such equipment;
- (4) Failure of the Utility Customer to comply with the terms of (a) the District's Standard or Non-Standard Service Agreement with the Utility Customer, or any other agreement that applies to the service provided to such Utility Customer, (b) any provision of this Order or the bylaws and policies of the District, including but not limited to the District's Water Conservation Plan, or (c) any federal, state or local statute or regulation that applies to the District's delivery of water utility services to the Utility Customer, including the District's Ordinances, provided, that except as provided by Paragraph 13.b. below, the District has given the notice required thereby of said failure to comply, and the Utility Customer has failed to comply within the specified amount of time after notification;
- (5) Failure to provide legal and physical access, as defined by this Order, (a) to the meter, as well as the equipment and waterlines on the Utility Customer's property on the customer side of the meter under the terms of this Order, or (b) to the property at which water service is received, when the Utility Customer or occupant of the service address is notified that a violation of this Order or the District's policies may exist at such address, for which access is necessary to verify;
- (6) A material misrepresentation by any Applicant or Utility Customer of any fact on any form, document, or other agreement required by the District; or
- (7) Failure of a Utility Customer to re-apply for service upon notification by the District that the Utility Customer no longer meets the terms of the service classification determined under the original service

application.

b. **Disconnection Without Notice.** Water utility service may be disconnected without notice for any of the following reasons:

1. If the District determines (a) the existence of a hazardous condition as defined by this Order, or (b) the occurrence of a prohibited activity under Subsection D.20. of this Order, or (c) the existence of any other condition for which service may remain disconnected for as long as the condition exists under applicable law, or if the Utility Customer refuses to provide legal and physical access to the service address for the purpose of confirming the existence of such condition and/or correcting it;
- (2) The unauthorized connection of service by a person who is not a Utility Customer, has not made application for service or reconnected service without authority following disconnection of service; or
- (3) If the District determines the existence of tampering with the District's meter or equipment, bypassing the meter or equipment or other diversions of service.

Whenever possible, the nature of the reason for disconnection, a written statement 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. If the Utility Customer has elected to receive electronic billings, such statement shall also be provided by email.

c. **Manner of Disconnection.** Disconnection of water service will ordinarily be effected by the removal of the meter, provided, that the District in its discretion may remove the water tap if (a) the utility customer has discontinued service after installing a water well, (b) the District develops evidence that theft or diversion of water has occurred at the location to be disconnected, or (c) the Utility Customer has violated a District policy for which disconnection may occur that is also a violation of the District's Ordinances.

For the purposes of disconnecting wastewater service pursuant to agreements under Section 13.2560(b)(2), Texas Water Code, water service will be disconnected in lieu of disconnecting wastewater taps.

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

- (1) Failure of the Utility Customer to pay for merchandise or charges for non-utility service provided by the District, unless an agreement exists between the Applicant and the District whereby the Utility Customer guarantees payment of non-utility service as a condition of service;
 - (2) Failure of the Utility Customer to pay for a different type or class of utility service unless a fee for such service is included in the District's monthly billing;
 - (3) Failure of the Utility Customer to pay charges arising from an underbilling that occurred as the result of any misapplication of rates more than six (6) months prior to the current billing;
 - (4) Failure of the Utility Customer to pay the account of another Utility Customer as guarantor thereof, unless the District has in writing the guarantee as a condition precedent to service to the guarantor;
 - (5) Failure of the Utility Customer to pay charges arising from an underbilling due to any faulty metering, unless and until such charges are properly rebilled as provided by Subsection D.16, provided, that this paragraph shall not apply to underbilled charges on a meter that has been tampered with as described in Subsection D.20. below; or
 - (6) Failure of the Utility Customer to pay an estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the District is unable to read the meter as a result of denial of access to the meter.
- e. **Disconnection on Holidays and Weekends.** Unless a hazardous or other condition exists under Paragraph D.13.b. or the Utility Customer requests disconnection, service shall not be disconnected on a day, or on a day preceding a day, when personnel of the District are not available to the public for the purpose of making collections and reconnecting service.
- f. **Disconnection Due to Utility Abandonment.** The District may not abandon a Utility Customer or service area defined by a Certificate of Convenience and Necessity except as provided by applicable law.
- g. **Disconnection for Ill and Disabled.** The District may not discontinue service to a delinquent residential Utility Customer who is permanently residing in an individually metered dwelling unit if the Utility Customer establishes that discontinuance of service will contribute materially to or seriously aggravate a serious illness of a person who resides at the metered residence. To avoid disconnection of service under this subsection, the

Utility Customer must respond immediately to the District's delivery of notice of impending disconnection of service, and thereafter have the attending physician of the person with the illness call or contact the District within seven (7) days of the delivery of notice. A written statement must be received by the District from the physician within three (3) additional days of the physician's call or ten (10) days from the delivery of the District's notice. If permitted, the prohibition against service disconnection shall continue for the lesser of sixty-three (63) days from the issuance of the District's notice of impending disconnection of service or such lesser period as may be agreed to by the District, based on the information provided by the Utility Customer's physician. In all such cases, the Utility Customer shall enter into an appropriate Deferred Payment Agreement. This provision does not apply to disconnections without notice under Paragraph D.13.b., however, the District will apply this provision, if otherwise appropriate, to a lawful reconnection if the bases for disconnection without notice are eliminated.

- h. **Disconnection of Master-Metered Services.** If a bill for water utility services is delinquent for a master-metered service complex, the following shall apply:
 - (1) The District shall send a notice to the Utility Customer as required. Such notice shall also inform the Utility Customer 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 Utility Customer and at least four (4) days prior to disconnection, the District 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 District for any delinquent bill on behalf of the owner to avert disconnection or to reconnect service to the complex.
- i. **Relocation of Meters and Related Equipment.** If disconnection occurs because of a denial of physical access by the Utility Customer to the District, as defined by this Order, the District may require the relocation of the meter and related equipment to which access has been denied. In that event, such relocation shall be to a location on the Utility Customer's property that is satisfactory to the District and provides the required physical access as defined by this Order. Any such relocation shall be performed by District personnel and at the expense of the Utility Customer.

14. *Reconnection of Service.* Except as otherwise provided in this Order, a Utility Customer may obtain reconnection of service after service has been disconnected upon compliance with the following requirements:

- a. Payment of all costs and fees under Subsections C.9. and C.11. of this Order, together with any unpaid billings for service, including estimated charges for service diverted by the means described in Paragraph D.20.a., and any unpaid fees and deposits that are properly chargeable to a new Applicant for service or as provided by Paragraph 2.d., Additional Fees, in Section C. of this Order;
- b. Payment of any unpaid fines and penalties imposed under the District's ordinances;
- c. Correction of any condition on the Utility Customer's property that either violates this Order or is the reason for the disconnection of service; and
- d. Compliance with applicable federal, state and local law and regulations, the District's policies and Service Agreement, and the other terms of this Order.

As further provided by Paragraph 2.d., Additional Fees, in Section C. of this Order, increased deposits may be required in the discretion of the General Manager as a condition of reconnection of service under this Subsection D.14. As further provided by Paragraph D.13.h. of this Order, the District may require the relocation of the Utility Customer's meter and related equipment to an accessible location, at the Utility Customer's expense, as a condition of reconnection under this Subsection D.14. if the reason for disconnection of service is the Utility Customer's denial of physical access to the meter or other areas of the property to which access is required by District personnel.

15. *Billing Cycle Changes.* The District may change its metering period and billing cycle from time to time at the discretion of the board of directors. Following any such change, customer billings shall be delivered by U.S. first class mail or, at the Utility Customer's option, by email, after the conclusion of the new metering period unless the District determines otherwise.

16. *Re-billing for Errors.* The District may re-bill a Utility Customer for up to forty-eight months for meter error, misapplied meter multiplier, incorrect meter readings or other error in computing a Utility Customer's bill. The failure to pay the most recent six (6) months re-billing will result in the disconnection of service after notice, and the requirement to reestablish credit. Re-billing for errors shall not extend prior to the current Utility Customer except in cases involving the transfer of service conditioned upon payment of delinquent obligations by the transferee.

17. ***Disputed Bills.*** In the event of a dispute between the Utility Customer and the District regarding any bill, the District shall forthwith conduct such investigation as shall be required by the particular case, and report the results in writing thereof to the Utility Customer. All such disputes must be submitted to the District in writing, prior to the due date posted on said bill except in cases involving the transfer of utility service conditioned on payment of delinquent obligations by the transferee.
18. ***Inoperative Meters.*** Inoperative water meters, meaning water meters that fail to register measurable water flow for any time period, shall be repaired or replaced within a reasonable time of their discovery. If an inoperable meter is found, the District shall make a charge for utility service 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.
19. ***Billing Adjustments.*** Adjustments by the District to customer billings may occur on the bases set forth in Paragraphs a. and b. below.
- a. **Meter Error.** The District shall test any Utility Customer's meter upon written request of the Utility Customer. In the event the meter tests within the accuracy standards of The American Water Works Association or other recognized authority, the test fee prescribed in Subsection C.13. of this Order shall be imposed. The test fee shall be waived if the meter does not test within the accuracy of such standards. In the event the test results indicate that the meter is faulty or inaccurate, a billing adjustment may be made for the billing periods up to six (6) months prior to the test date, but not extending prior to the current Utility Customer except in cases involving the transfer of service is conditioned on payment of delinquent obligations by the transferee. The District's General Manager shall effect any such adjustment, at his discretion, subject to the standard that for any adjusted billing periods the adjusted amount shall be calculated on the basis of the Utility Customer's water usage in the corresponding months of prior years, or such other month or months as the General Manager shall determine if the Utility Customer has no corresponding account history with the District.
- b. **Other Bases for Adjustment Presented by Utility Customers.** The following additional bases for adjustment shall be considered by the District as set forth below:
- (1) **Metering Period Adjustments.** At the request of a Utility Customer, a Utility Customer billing based on a current metering period in excess of thirty five (35) days shall be adjusted to provide for the current metering period on such billing to be recalculated on the basis of a thirty (30) day period, assuming the average of the Utility

Customer's daily usage during the current metering period as shown on the billing. The amount not billed to the Utility Customer by reason of the adjustment shall be billed to the Utility Customer in the billing for the succeeding metering period, and shall not be considered in any subsequent request for a metering period adjustment under this paragraph.

- (2) **Adjustments Based on District Responsibilities.** Subject to additional policies adopted by the District from time to time, the General Manager may approve billing adjustments for metering periods in which the District confirms that the Utility Customer's billing was increased as a result of an error in reading the meter of a Utility Customer, leaks or malfunctions in the District's lines, equipment and connections, or operations for which the District is exclusively responsible. Generally, any such adjustment shall be limited to the amount in excess of (a) the Utility Customer's ordinary water usage during the same metering periods in prior years, if the Utility Customer has comparable prior account history with the District, and (b) if no such history exists for the Utility Customer, such comparable metering or calendar period as the General Manager shall determine.
- (3) **Adjustments Based on Customer Activity.** From and after January 1, 2014, requests for billing adjustments based on unusual usage, leaky faucets, running toilets, customer failures to maintain household equipment, swimming pool equipment, sprinkler systems and other machinery will not be considered. The board of directors, in its discretion, may approve all or part of a timely filed request for adjustment based on metered water loss by reason of underground leaks, sudden catastrophic malfunctions of customer equipment, severe weather damage, acts of God or comparable events that result in water loss on the Utility Customer side of the District's meter. Such requests shall be in writing, and set forth the reasons for the proposed adjustment and submitted to the District within thirty days of the billing date of the first District billing that reflects the Utility Customer's water loss. Such requests shall set forth proof of the completion of repairs by the Utility Customer of the malfunction, damage, lines or equipment of the Utility Customer that pertain to the request for adjustment. Only one such request may be filed by a Utility Customer within a consecutive twenty four (24) month period or within twenty four (24) metering periods, whichever is greater. Generally, any adjustment shall be limited to the amount in excess of (a) the Utility Customer's ordinary water usage during the same metering periods in prior years, and (b) if no such history exists, such comparable metering or calendar period as the General Manager

shall determine.

20. Prohibited Activities. The following activities by any individual or entity, including but not limited to any Applicant, Utility Customer or user of water service through any meter or facilities owned by the District, or provided by the District for a Utility Customer, are strictly prohibited:

- a. **Meter Tampering and Diversion.** Meter tampering, bypassing and water diversion, including tampering with the District's meter or equipment, bypassing such equipment, removing a locking or shut-off device used by the District to discontinue service, removing or tampering with a water flow restrictor installed by the District, physically disorienting the meter, attaching objects into the meter and other electrical and mechanical means of tampering with, bypassing or otherwise diverting service, including but not limited to the use of any device that materially impedes the District's maintenance of water supply or water pressure to other customers of the District, is prohibited. Proof of meter tampering, bypassing or diversion may be made by photographic or other reliable evidence, and may be accompanied by an affidavit by the District's staff when legal action regarding meter tampering is initiated. A court finding of meter tampering may be used instead of photographic or other evidence, if applicable. In all instances, unauthorized users of services of the District may be prosecuted to the extent allowed by law under the Texas Penal Code. Upon a determination by the District's General Manager that a violation of this Paragraph D.20.a. has occurred, the General Manager may at his discretion authorize the District's removal of the line tap, in addition to the meter, to prevent further theft or diversions of service.
- b. **Prohibited Substances.** The introduction into the District's facilities, lines or equipment of any pollutant, prohibited substance defined by this Order, wastewater, any pollutant or prohibited substance, or the introduction of any substance into such facilities, lines or equipment that creates a public health hazard, interferes with the District's water delivery, water quality or water treatment processes, or interferes with the operation or performance of the District's water facilities, lines or equipment, whether directly or indirectly, by any means, by any Applicant, Utility Customer, developer, builder or other person or entity, is prohibited.

Such prohibited substances include but are not limited to the following:

- (1) Inflows or infiltration from sources including but not limited to stormwater, groundwater, roof runoff, sub-surface drainage, noncontact cooling water, downspouts, yard drains yard fountains or ponds or lawn sprinklers.

- (2) Liquids, solids or gases which, by reason of their nature or quantity, whether alone or by interaction with other substances, may cause fire or explosion, or be injurious in any other way to the District's water or wastewater facilities, lines or equipment, or their operation.
- (3) Solid or viscous substances which may cause obstruction to the flow in the District's facilities, lines or equipment, or other interference with their operation, including, but not limited to garbage containing particles greater than one-half inch (1/2") in any dimension, animal or tissues, paunch manure, bones, hair, hides or fleshings, entrails, whole blood, feathers, ashes, cinders, sand, spent lime, stone or marble dust, metal, glass, straw, shavings, grass clippings, rags, spent grains, spent hops, waste paper, wood, plastics, oils, gasoline, other fuels, tar, asphalt residues, paint solvents, residues from refining or processing of fuel or lubricating oil, mud, glass grindings or polishing wastes.
- (4) Any substance having a PH less than 5.0 or higher than 10.0, or wastewater having any other corrosive property capable of causing damage or hazard to the District's facilities, lines or equipment.
- (5) Wastewater containing toxic pollutants in sufficient quantity, whether singly or by interaction with other pollutants, to injure or interfere with any treatment process, or which constitutes a health or safety hazard to humans or animals, creates a toxic effect in the District's facilities, or exceed any limitation provided by federal, state or local law.
- (6) Radioactive materials or isotopes of such half-life or concentrations that permit a transient concentration higher than the standards established by federal, state and local law.
- (7) Any trucked or hauled pollutants of any type or nature.
- (8) Any noxious or malodorous liquids, gases or solids which, whether singly or by interaction with other wastes, may prevent the entry or approach by District personnel into its facilities, lines or equipment.
- (9) Any substance that may interfere with laboratory analyses performed by the District of water, wastewater or effluent.
- (10) Any substance that causes the noncompliance of the District's facilities, lines and equipment with federal, state or local criteria, guidelines or regulations, or related to water quality standards.

(11) The substances identified on Exhibit A to this Order.

- c. **Multiple Connections to a Single Tap or Line.** Unless authorized by the District, submetering, multiple connections to a single meter tap, multiple connections to the water supply line to a Utility Customer on the customer side of the District's meter, and any other form of diversion of water from the direct use of a residential or commercial Utility Customer, are prohibited. Every connection for any dwelling, structure, household, business, and/or water-consuming establishment currently receiving or planning to receive water service, either directly or indirectly from the District's water system, shall be subject to individual applications for service under the rules of this Order. Unauthorized submetering, prohibited multiple connections or other diversions of service are subject to disconnection of service, including the disconnection of service to the affected Utility Customer, under Subsections D.8. and D.13. of this Order.
- d. **Use of Water for Dilution of Prohibited Substances.** The use of water to dilute or attempt to dilute or diminish the effect of a prohibited substance introduced into the District's facilities, lines and equipment is prohibited, except as authorized by District personnel and regulatory authorities acting under applicable law.
- e. **Statutory, Code and Plumbing Standards.** Violations by the Utility Customer of statutory duties, code responsibilities and plumbing standards, as described in Subsection D.21. below, are prohibited.
- f. **Cross-Connection to Privately-Owned Water Wells.** The Utility Customer's cross-connection or tying in of the District's facilities, lines and equipment, or of any water lines and equipment on the customer side of the District's meter, to any privately-owned water well, or any facilities, lines or equipment connected thereto, is prohibited unless authorized in writing by the District, following inspection.

21. *Utility Customer Responsibilities.* In general, the Utility Customer's responsibilities are to comply with applicable federal, state and local law and regulations, this Order, District policies, the Service Agreement and the District's ordinances and to timely pay for all water used and the other fees, charges and costs that apply under this Order. The following specific duties also apply:

- a. **District Access to Property of Utility Customer.** The Utility Customer shall provide legal and physical access, as defined in this Order, to the meter, grease trap, sample well and all other equipment and lines on the customer side of the meter, and to the property at which water or wastewater service

is received, at all reasonable times for the purpose of reading, installing, checking, repairing or replacing the meter, and for all other lawful purposes of the District. For the purpose of providing such access, the Utility Customer shall provide a key or other access to locked gates and other barriers to entry.

- b. **Prevention of Prohibited Activities.** Utility Customers shall not permit and shall terminate and/or report to the District any prohibited activity under Subsection D.20. that occurs on the premises of the Utility Customer, and shall take all reasonable actions to assure that water and wastewater usage under the account of the Utility Customer is in compliance with federal, state and local statutes and ordinances, this Order and other policies of the District.
- c. **Compliance With Requirements for Non-Standard Service.** All Applicants for Non-Standard Service for which such service is provided by the District shall comply with all continuing requirements on which such service is conditioned, including but not limited to those provided by this Order, including but not limited to Section E. hereof, the Non-Standard Service Agreement or other applicable law.
- d. **Additional Duties of All Utility Customers.** The Utility Customer has the following additional responsibilities:
 - (1) Compliance with all federal, state and local codes and regulations concerning on-site service and plumbing facilities.
 - (2) The design and operation of all customer connections and equipment to ensure against back-flow into or siphonage from the District's water supply.
 - (3) The assurance that 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 customer authorized plumbing installation or repair of a residential or non-residential facility that provides water for human consumption and is connected to the District's facilities.
 - (4) The assurance that all pipe and fittings used by the customer to convey sewage from its source to the sewer line are of D-3034, SDR-35 or equivalent, 4" inch diameter pipe, that all joints are water tight and all pipe is installed to recommended grade.
 - (5) The assurance that the fittings of all potable water service pipeline installations shall be a minimum of nine feet apart and comply with all applicable plumbing standards.

- (6) The assurance that no prohibited cross-connections or tie-ins to privately-owned water wells, or lines and facilities connected thereto, as further provided in Paragraph 20.f., are occurring on the premises of the Utility Customer or in conjunction with the District's Service to the Utility Customer.

Service shall be discontinued without notice under Subsections D.8 and D.13. if the installation of new facilities, or repair of existing facilities or any inspection by the District discloses violations of Paragraphs 21.d.(1) through (6), and shall not be restored until such violations are corrected. Service may be disconnected with or without notice, as otherwise provided by Subsections D.8. and D.13., for other violations of this Subsection D.21.

22. *Meter Relocation.* Relocation of meters and taps shall be allowed by the District if:

- a. No transfer of utility service is involved;
- b. An easement for the proposed location has been granted to the District;
- c. The property of the new location requested is owned by the current customer of the meter to be moved;
- d. The existing tap location is on property contiguous to the proposed tap location;
- e. The Utility Customer pays the actual cost of relocation, plus administrative fees; and
- f. Service capacity is available at the proposed location.

23. *Multiple Accounts.* A Utility Customer that receives service at more than one location shall be subject to the provisions of this Order with regard to each and all of the accounts that are owned. The District's remedies for the failure to maintain current payment status on all accounts shall be enforceable separately with regard to each Service Application and Agreement executed by the Utility Customer.

24. *Responsibility for Equipment.* The District's ownership and maintenance responsibility of water supply and metering equipment ends at the Utility Customer's meter. Therefore, all water usage registering on the metering equipment owned and maintained by the District, together with the cost to correct any damage thereto, shall be subject to the determination of its cause and the imposition of charges to the Utility Customer as determined by the District in accordance with this Order.

25. ***Customer Cut-Off Valves.*** The District may require each Utility Customer to provide a cut-off valve on the customer side of the meter for purposes of isolating the Utility Customer's service pipeline and plumbing facilities pursuant to this Order or other District policies, including but not limited to its Water Conservation Plan. The Utility Customer's use of the District's curb stop or similar valve, for any purpose, is prohibited.
26. ***Inspections.*** In addition to the inspections provided by Subparagraph 3.b.(4), Subsection 18. and Paragraph 19.a., the District at all reasonable times may inspect (a) its facilities, lines and equipment located on the property of any Utility Customer, and (b) all facilities, lines and equipment on the customer side of the District's meter, or otherwise owned or operated by an Utility Customer, that are connected to the District's facilities, lines or equipment, for any lawful purpose of the District as provided by this Order, any applicable Non-Standard Service Agreement or applicable federal, state or local law.

SECTION E. SUPPLEMENTAL REQUIREMENTS FOR NON-STANDARD SERVICE

1. ***Purpose and Application.*** This section applies to all instances of proposed Non-Standard Service as defined in Subsection D.2., including agreements and service procedures for entire subdivisions, additions to subdivisions, developments where service to more than one tract is necessary and instances in which additional piping, service or other facilities are required to accommodate individual, multiple, commercial or industrial Applicants. Its requirements may be altered or suspended when applied to planned facility expansions for which the District extends its indebtedness. The Board of Directors of the District, for good cause, may modify the following requirements on an individual basis, however, an Applicant's request for Non-Standard Service is otherwise subject to all of the conditions of this section, as well as the other provisions of this Order that apply generally to both Standard Service and Non-Standard Service.
2. ***Non-Standard Service Applications.*** In addition to the requirements for all service applications, Applicants for Non-Standard Service shall provide the following, unless such requirement is waived or modified by the District:
- a. The Applicant's proposed service requirements, including the proposed plans, specifications, locations, usage volumes and all related data that describes the proposed Non-Standard Service;
 - b. A final plat, showing the Applicant's requested service area, approved by all regulatory authorities having jurisdiction over lot sizes, sewage control,

drainage, right-of-way and other service facilities and requirements. Supplemental plans, specifications and special requirements of such regulatory authorities shall be submitted with the plat; and

- c. The Non-Standard Service investigation fee described in Paragraph C.1.b., which reimburses the District for the administrative, legal, and engineering fees to be paid by the District as a result of its investigation of the proposed service; and the other costs set forth in Paragraph C.1.b.

3. Action and Application. Following its receipt of the Non-Standard Service Application, the District shall initially determine whether the service proposed by the Applicant, if provided, is to be located within the District's boundaries and, in addition, within the area prescribed by its Certificate of Public Convenience and Necessity. If the proposed service will occur within such area, the District will proceed with its service investigation as provided by Paragraph C.1.b. of this Order. If the proposed service is to be located outside such areas, the District shall initially determine whether the proposed service is appropriate for the District and the application of any additional legal requirements. Based on such determination, the District will elect to proceed upon or terminate the service investigation, with notice thereof to the Applicant.

If the District terminates the service investigation, it shall refund the unused balance, if any, of the Non-Standard Service Investigation Fee.

If the service investigation proceeds as set forth above, the District shall complete it as soon as reasonably possible and thereafter notify the Applicant whether it can provide service requested by the Applicant, of the terms on which it will provide the proposed or any alternative utility service, including the applicable terms of this Order, any alternative options, the additional facilities, if any, required to provide such service, the property acquisitions, if any, required to provide such service, the modifications to the Applicant's proposal, if any, and any regulatory restrictions, required by either the District or regulatory authorities, other requirements, if any, and an estimate of the costs payable by the Applicant to build and install facilities and otherwise effect service on the terms approved by the District.

4. **Proposed Service for Areas Not Subject to the District's Certificate.** If the District determines that the Applicant's service request is for property outside the District's boundaries or the service areas described in the District's Certificate of Public Convenience and Necessity, service may be extended as provided by Sections 13.242, 13.243, 13.2502 and 49.215, Texas Water Code, and other applicable law.
5. **Design of Facilities.** The District shall ascertain the design requirements of the facilities required by the level of service proposed by the Applicant and approved by the District as a result of the service investigation. Such requirements shall be a part

of the notification to the Applicant when the investigation is completed. The following procedures and requirements shall also apply:

- a. The District's consulting engineer shall review the proposed design, or shall design, all service facilities for the Applicant's requested service within the District's specifications;
- b. The consulting engineer shall then forward to or prepare for the District, as required, a set of detailed plans, specifications and cost estimates for the project, including any additional requirements or design criteria imposed by federal, state or local authorities; and
- c. The District may elect to upgrade the design of the proposed service facilities to meet future demands, provided, that the District shall pay the expense of any such upgrade to which the Applicant does not agree.

6. *Non-Standard Service Contract:* Applicants for Non-Standard Service shall enter into a written contract that defines the terms of such service. The Contract shall be executed by the Applicant and the District prior to beginning of construction of required service facilities and may include but is not limited to the following:

- a. Definition of all costs associated with required administration, design, construction, and inspection of facilities for the service approved for the Applicant, and the terms of their payment;
- b. Procedures by which the Applicant shall accept or deny a contractor's bid, and if denied, whether the Applicant shall continue or discontinue the project;
- c. Identification of any front-end capital contributions required by the District or Applicant;
- d. Any monthly Reserved Service Charges applicable to the service request;
- e. The terms by which service, including reserved service, shall be provided to the Applicant, including the application of all applicable terms of this Order to the Applicant, property developers, commercial builders and other entities, their respective successors and purchasers of property or services therefrom, including Applicants for water or wastewater service from the District, and all Utility Customers that receive such service, the duration of any reserved service and its impact on the District's capability to meet its other service requirements;

- f. The terms by which the District shall administer the construction project, including but not limited to the following:
 - (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 the construction of facilities; and
 - (7) Testing the facilities and concluding the project.
- g. The Applicant's indemnification of the District from third party claims and damages;
- h. The terms by which the Applicant shall convey all District construction facilities to the District and by which the District shall assume operation and maintenance responsibility, including the transfer and enforcement of warranties;
- i. The terms by which the Applicant shall grant title, easements or otherwise provide for sanitary control of and for rights-of-way to facilities built and facility sites; and
- j. The terms by which the Board of Directors shall review and approve the service contract under current federal, state and local law and regulations and the District's bylaws.

7. *Property and Right-of-Way Acquisition.* The District shall require the acquisition of private right-of-way easements or the conveyance of title to property for access purposes on the following conditions:

- a. If the District determines that right-of-way easements or facility sites outside the Applicant's property are required, the Applicant shall secure the conveyances of easements or fee title, as appropriate, to facility sites on behalf of the District or to itself for its own conveyance to the District. All such right-of-way easements and property conveyances shall be satisfactory in form and substance to the District and researched, prepared and filed at

the expense of the Applicant;

- b. All facilities required to be installed in public right-of-ways as the result of the inability to secure additional private property or access easements shall be subject to the Applicant's payment of the actual cost of facility installation in the public right-of-way, plus the estimated cost of future relocation to a site accessible through private rights-of-way or, alternatively, to the total cost of acquisition for obtaining a suitable private site, with access thereto, under eminent domain proceedings; and
- c. The District shall require an exclusive dedicated right-of-way on the Applicant's property, in a size and configuration determined by the District, and of legal title to property required for other on-site facilities.

8. Sanitary Control Easements. The District shall require the acquisition of sanitary control easements as provided by 30 Texas Administrative Code, Section 290.41. The Applicant shall secure the conveyance to the District of such easements or sufficient fee title as may be required to effect compliance with such regulation for all facility sites that become a part of the agreement for new utility service.

9. Bids for Approved Construction. As required by applicable law, or otherwise at the District's discretion, the District shall advertise or cause the Applicant to advertise the approved construction for the Applicant's proposed facilities and other system improvements for competitive bidding as required by applicable law in accordance with procedures developed for each project. In such event, the right to reject any and all bids or contractors, as provided by law, shall be reserved. Without limitation, any advertised bidding procedures shall contain and require the following:

- a. The Applicant's execution of the Non-Standard Service Contract described in Subsection E.6.;
- b. The Applicant's payment, prior to construction, of all required advance payments for construction and other project costs;
- c. The posting by the Contractor of a bid bond on terms and in an amount acceptable to the District;
- d. The posting by the Contractor of a performance and payment bond for the project on terms acceptable and in an amount acceptable to the District;
- e. Favorable review of references provided by the Contractor;

- f. The Contractor's qualifications with the District as competent to complete the work; and
- g. Provision by the Contractor of adequate certificates of insurance satisfactory to the District.

10. Additional Construction Matters.

- a. Unless otherwise provided in the Non-Standard Service Agreement and the construction contract, all road work pursuant to applicable county and municipal standards shall be completed prior to the construction of other required facilities;
- b. At the Applicant's expense, the District shall monitor and inspect facilities under construction, and at the conclusion of construction, to ensure that the District's design and construction standards are achieved; and
- c. Construction plans and specifications shall be strictly adhered to, however, the District may effect changes and issue change orders on any project specifications, as the result of circumstances not foreseen during the design phase, to facilitate the operation of the proposed by the Applicant. All such change orders shall be charged to the account of the Applicant.

SECTION F. ORDINANCE AUTHORITY

- 1. **Establishment of Ordinances.** Pursuant to applicable statutes, the District has enacted and is authorized to enact, at future times, ordinances. The District's ordinance authority is exercised for the purpose of securing compliance with this Order, additional rules and policies of the District, as well as certain statutes and regulations of the United States, the State of Texas, their agencies and local authorities that apply to the District's operations.
- 2. **Authority.** The District's ordinance making authority is established by Sections 65.205 through 65.208, Texas Water Code.
- 3. **Effective Dates.** The District's ordinances are effective from and after their adoption by the District's board of directors and their publication as provided by Section 65.208, Texas Water Code.
- 4. **Exercise of Ordinance Authority.** On the date hereof, the District has enacted ordinances with regard to the following:
 - a. Water conservation;

- b. Tampering with and the misuse or destruction of District property, including but not limited to meter tampering, bypassing and other tampering with the District's facilities, lines and equipment, disability or damaging District equipment or the introduction of prohibited substances into the District's facilities, lines and equipment;
- c. Water quality;
- d. Diversion of water by unauthorized tapping, prohibited multiple connections or other means;
- e. Hazardous conditions on customer property;
- f. Blocking or impeding access to the District's property or facilities;
- g. Prohibited uses of private water wells;
- h. Introduction of prohibited substances into the District's facilities, lines and equipment; and
- i. Certain activities that constitute Class C misdemeanors under state or local law, if committed on the District's property.

- 5. ***Enforcement.*** The District's ordinance authority shall be enforceable as provided by Chapter 54, Texas Local Government Code, other applicable law and as set forth in the ordinances enacted.
- 6. ***Penalties and Other Relief.*** The District's ordinances shall provide for penalties for their violations and additional remedies, as appropriate. Each ordinance shall provide for the applicable penalties, which may include fines, civil penalties, injunctive relief and other remedies as provided by Chapter 54, Texas Local Government Code.
- 7. ***Ordinance Book.*** The District's ordinances shall be maintained in an Ordinance Book that sets forth the ordinances enacted, applicable penalties and the enactment and publication dates for each ordinance.
- 8. ***Relation to Other Law.*** The District's ordinance authority and all ordinances enacted by the District are in addition to its rights; authority and remedies under other applicable law.

Notice to Neighboring Systems, Landowners and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN MONTGOMERY COUNTY, TEXAS.

To: _____ Date Notice Mailed _____ 20____
Address: _____

HMW has filed an application to amend CCN No. 10342 and to decertify a portion of its CCN with the Public Utility Commission of Texas to provide water utility service in Montgomery County.

See enclosed map of the proposed service area.

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Persons who wish to intervene or comment should write the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the commission will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

Si desea informacion en Espanol, puede llamar al 1-888-782-8477

Notice for Publication

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN MONTGOMERY COUNTY, TEXAS

H-M-W Special Utility District has filed an application to amend CCN No. (s) 10342 and to decertify a portion(s) of CCN 10342 with the Public Utility commission of Texas to provide water utility service in Harris County.

The proposed utility service area is located in Northwest Montgomery County, and is generally bounded on the north by the Harris/Montgomery county line; on the east by Interstate 45; on the south by Beltway 8; and on the west by the Harris/Waller county line.

A copy of the proposed service area map is available at: H-M-W SUD 26726 Decker Prairie Rosehl Road, Magnolia, Texas 77355.

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN amendment; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Persons who wish to intervene or comment should file with the PUC at the following address:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the commission will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the

commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

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A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

Si desea información en Español, puede llamar al 1-888-782-8477