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PETITION BY RESIDENTS OF GRAND LAKES MUNICIPAL UTILITY DISTRICT NO. 2 APPEALING THE WATER RATES ESTABLISHED BY THE DISTRICT'S BOARD OF DIRECTORS	§ § § § §	BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS
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**GRAND LAKES MUNICIPAL UTILITY DISTRICT NO. 2'S
RESPONSE TO PETITIONERS' MOTION TO ESTABLISH INTERIM RATES**

COMES NOW, Grand Lakes Municipal Utility District No. 2 (GLMUD) and files this Response to Petitioners' Motion to Establish Interim Rates (Motion).¹ Petitioners failed to demonstrate that GLMUD's rates are unjust or impose an unreasonable economic hardship.² Petitioners' Motion should therefore be denied. GLMUD respectfully shows as follows:

I. BACKGROUND

GLMUD approved the appealed rates on December 18, 2023, and the rates went into effect on February 1, 2024.³ Petitioners subsequently filed their Petition under Tex. Water Code (TWC) § 13.043(b)(3)—96 days after the appealed rates' effective date.⁴ The TWC requires petitioners to appeal a Municipal Utility District's (MUD) rates within 90 days after the appealed rates' effective date.⁵ Thus, GLMUD reserves its right to move to dismiss the Petition.⁶ Finally, on May 21, 2024, Petitioners filed their Motion.⁷ Because the Public Utility Commission of Texas (Commission) was closed on May 27, 2024, for Memorial Day, this Response is timely filed.⁸

¹ Petitioners' Motion to Establish Interim Rates Pursuant to 16 TAC § 24.101(h) (May 21, 2024) (Petitioners' Motion).

² See 16 Tex. Admin. Code (TAC) § 24.37(d).

³ Grand Lakes Municipal Utility District (GLMUD) No. 2 Rate Order (Dec. 18, 2023) (Rate Order) (provided as Attachment A). The Rate Order originally stated "February 1, 2023," was the appealed rates' effective date. GLMUD identified this scrivener's error and revised the Rate Order to reflect the proper effective date.

⁴ Compare Attachment A at Bates 5, with Petition to Appeal Rates Established by the Board of Directors of Grand Lakes MUD No. 2, seated at Schwartz, Page & Harding LLP, 1300 Post Oak Blvd, Ste 2400, Houston Texas 77056 (May 7, 2024) (Petition).

⁵ Tex. Water Code (TWC) § 13.043(c).

⁶ GLMUD, at this time, is still verifying Petition signatures and will file a Response to the Petition before the due date.

⁷ Petitioners' Motion.

⁸ 16 TAC §§ 22.78 (requiring responsive pleadings to "be filed by a party within five working days after receipt of the pleading to which the response is made"), 22.2(48) (defining "[w]orking day" as "[a] day on which the commission is open for the conduct of business").

II. ARGUMENT

A TWC § 13.043(b) rate appellant may move for interim rates to remain in effect until a final order.⁹ The appellant, however, must provide evidence demonstrating the “proposed increase in rates could result in an unreasonable economic hardship on the utility’s customers [or] unjust or unreasonable rates.”¹⁰

Petitioners failed to meet this burden. Other than Petitioners’ conclusory statement that GLMUD “[did not] properly and lawfully substantiat[e] the basis for increasing residents’ water bill by 2.0 to 3.7 times,” Petitioners’ Motion fails to address the appealed rates, and provides no evidence supporting the statement above.¹¹ Rather, Petitioners rely on the GLMUD Board of Directors’ normal rate setting procedure—procedure outside the scope of a 16 TAC § 24.37 request for interim rates.¹² For the reasons set forth below, Petitioners’ Motion should therefore be denied.

A. The appealed rates do not result in unreasonable economic hardship.

Neither the TWC nor Commission rules provide a standard for unreasonable economic hardship. Presiding officers, however, have considered factors including the length of the appeal¹³ and surrounding market utility rates.¹⁴ Moreover, the moving party must identify a “specific economic hardship separate from the alleged unjust and unreasonable rates.”¹⁵ These factors

⁹ TWC § 13.043(h).

¹⁰ 16 TAC § 24.37(d); *Petition of Paloma Lake Municipal Utility District No. 1, Paloma Lake Municipal Utility District No. 2, Vista Oaks Municipal Utility District, Williamson County Municipal Utility District No. 10, and Williamson County Municipal Utility District No. 11 Appealing the Ratemaking Actions of the City of Round Rock in Travis and Williamson Counties*, Docket No. 48836, SOAH Order No. 22 – Denying Request for Interim Rates at 3 (Apr. 7, 2022, appeal denied) (establishing the party seeking interim rates under 16 TAC § 24.37 has the burden of proof).

¹¹ Petitioners’ Motion at 1.

¹² See 16 TAC § 24.37 (silent regarding the manner in which an entity with original jurisdiction establishes rates).

¹³ Docket No. 48836, SOAH Order No. 22 at 5; *Petition of North Austin Municipal Utility District No. 1, Northtown Municipal Utility District, Travis County Water Control and Improvement District No. 10, and Wells Branch Municipal Utility District from the Ratemaking Actions of the City of Austin and Request for Interim Rates in Williamson and Travis Counties*, Docket No. 42857, Order No. 9 – Memorializing First Joint Prehearing Conference; Consolidating Cases; Adopting Prehearing and Hearing Schedule; Setting Interim Water Rates; and Granting City’s Motion to Compel & Petitioners Brief at 5-6 (Sept. 9, 2014) (granting motion for interim rates due to significant length of appeal but noting time is “one, but not the sole or necessarily most important, consideration” for unreasonable economic hardship).

¹⁴ *Petition of Ariza Gosling Owner LLC Appealing the Water Rates Established by Northampton Municipal Utility District*, Docket No. 54966, SOAH Order No. 6 – Approving Interim Rates at 6 (May 3, 2024) (approving interim rates after moving party argued appealed rates are above market utility rates).

¹⁵ Docket No. 48836, SOAH Order No. 22 at 5.

undermine Petitioners' claims of economic hardship—Petitioners' appeal has been pending for less than a month, and the appealed rates are significantly lower than surrounding MUD water rates.¹⁶ Moreover, Petitioners failed to demonstrate a particularized economic hardship.¹⁷

1. Precedent establishes a heavy burden to demonstrate unreasonable economic harm.

In *Ariza Gosling*, the presiding officer found interim rates appropriate because the appealed rates were above market utility rates and the movant presented evidence demonstrating a particularized financial harm to its business.¹⁸ According to the movant, an apartment complex owner, the appealed rates were higher than the rates charged to other single apartment units in competing properties.¹⁹ Moreover, the appealed rates resulted in particularized economic harm: the apartment complex's water bill exceeded the apartment's annual budget and "strained" its cash flow.²⁰ The presiding officer, based on this evidence, found the movant met its burden to establish interim rates.²¹

2. Petitioners failed to meet this burden.

Petitioners failed to demonstrate unreasonable economic hardship for three reasons. First, in contrast to *Ariza Gosling*, the appealed rates are *lower* than both the adjacent MUDs' rates currently in effect.²² The appealed rates are therefore lower than market utility rates charged by competing utilities. Second, in contrast to *Ariza Gosling*, Petitioners failed to identify a particularized economic harm. Rather, Petitioners merely cite to the rate increase.²³ Thus, similar to the movants in *Paloma Lake*—where the presiding officer denied the movants' motion for interim rates—Petitioners failed to identify a "specific economic hardship separate from the alleged unjust and unreasonable rates."²⁴ Indeed, Petitioners have provided *no* evidence related to economic hardship. Third, the appealed rates have been in effect for merely four months, and

¹⁶ Compare Attachment A at Bates 21-24, with GLMUD No. 4 Rate Order at Bates 21-23 (Feb. 21, 2024), GLMUD No. 1 Rate Order at Bates 75-78 (Dec. 4, 2023) (collectively provided as Attachment B).

¹⁷ See Petitioners' Motion.

¹⁸ Docket No. 54966, SOAH Order No. 6 at 6, 10-11.

¹⁹ *Id.* at 6, n.20.

²⁰ *Id.* at 10.

²¹ *Id.* at 12.

²² Compare Attachment A, with Attachment B.

²³ See Petitioners' Motion at 1.

²⁴ Docket No. 48836, SOAH Order No. 22 at 5.

Petitioners initiated their appeal less than one month ago—GLMUD has not yet even responded to the Petition. Therefore, in contrast to *City of Austin*, the length of this proceeding actually undermines a claim of economic hardship.²⁵ In sum, Petitioners failed to establish unreasonable economic hardship and their request for interim rates should be denied.

B. The appealed rates are just and reasonable.

A MUD is not subject to the Commission’s original jurisdiction, and therefore GLMUD’s rates are not subject to Investor-Owned Utility ratemaking requirements.²⁶ Thus, GLMUD’s rates are just and reasonable if they “provide revenue equal to its cost of service” “set within a range of reasonable values” to “provide revenue equal to its cost of service and recover costs from ratepayers equitably.”²⁷ Petitioners failed to address GLMUD’s cost of service or rate design.²⁸ Rather, Petitioners rely on three irrelevant assertions: the Rate Order is invalid, GLMUD failed to prorate the appealed rates, and GLMUD did not substantiate the basis for the appealed rates.²⁹ Each of these assertions is addressed in turn below.

1. A scrivener’s error is irrelevant to interim rates and provides no basis to invalidate the Rate Order.

Noticeably absent from the just and reasonable standard is the manner in which an entity with original jurisdiction, such as GLMUD, *enacts* its rates. Petitioners’ Motion, however, appears to rely primarily on an obvious scrivener’s error in GLMUD’s Rate Order.³⁰ This concern is irrelevant to interim rates, which turn on the appealed rates’ “values” and resulting economic hardship—not the GLMUD Board of Director’s procedures that initially enacted the rates.³¹ This assertion should therefore be dismissed.

²⁵ Docket No. 42857, Order No. 9 at 5-6.

²⁶ TWC § 13.181(a) (providing Subchapter F “shall not be applied to ... districts”).

²⁷ Docket No. 48836, Order on Appeal of SOAH Order No. 17 at 3 (Apr. 29, 2022).

²⁸ Petitioners’ Motion.

²⁹ *Id.*

³⁰ *Id.*

³¹ Docket No. 48836, Order on Appeal of SOAH Order No. 17 at 3 (Apr. 29, 2022); *see* 16 TAC § 24.37(d).

Nevertheless, in Texas, obvious scrivener's errors provide no basis to invalidate legal documents.³² GLMUD originally signed the Rate Order, on December 18, 2023, with a rate effective date of February 1, 2023—nearly a year prior to the order date. Given the date of the order, the rates' effective date was clearly a scrivener's error, and therefore provides no basis to invalidate the Rate Order. GLMUD promptly addressed this typographical error and notified its ratepayers of the correct effective date on February 19, 2024.³³ Thus, the scrivener's error did not prejudice Petitioners and is irrelevant.

2. Petitioners' bill proration assertion is unsupported and irrelevant to interim rates.

Petitioners assert GLMUD failed to prorate February 2024 water bills.³⁴ Again, however, this assertion is irrelevant to interim rates—it relates to billing practices rather than the rates' just and reasonableness. Moreover, Petitioners failed to provide any evidence supporting their assertion. Petitioners' bill proration assertions should therefore be dismissed.

3. Petitioners fail to provide any authority requiring GLMUD to “substantiat[e] the basis” for the appealed rates.

Petitioners imply the appealed rates are unjust and unreasonable because GLMUD did not “lawfully substantiat[e] the basis for” the appealed rates. But Petitioners failed to provide any legal authority that required GLMUD to substantiate its rate increase. Petitioners' assertion should therefore be dismissed.

As discussed above, GLMUD is not subject to the Commission's original jurisdiction.³⁵ The GLMUD Board of Directors originally reviewed the proposed rate increase at its duly noticed December 18, 2023, open meeting.³⁶ The Board determined the appealed rates are necessary to support GLMUD's cost of service and ensure continuous and adequate service, and approved the

³² See, e.g., *Rosales v. State*, 2023 WL 6371647 at *4 (Tex. App.—San Antonio, 2023) (holding an “obvious scrivener's error” on a defendant's indictment did not invalidate the conviction); *State v. Welborn*, 2015 WL 4599379 at *3 (Tex. App.—Fort Worth 2015, pet. ref'd) (holding a clerical error regarding a “discrepancy in dates” in a search warrant did not invalidate the warrant); *Ex parte Stanley*, 826 S.W.2d 772, 773 (Tex. App.—Dallas 1992, orig. proceeding) (holding “[t]ypographical errors do not necessarily invalidate contempt orders”); *State ex rel. Brauer v. City of Del Rio*, 92 S.W.2d 287, 289 (Tex. Civ. App. 1936) (holding a municipality has the right to correct a scrivener's error in an enacted ordinance).

³³ See Rate Order Change Notice (Feb. 19, 2024); Strategic Partnership Agreement Between the City of Houston, Texas, and Grand Lakes Municipal Utility District No. 2 (Mar. 30, 2005) (collectively provided as Attachment C).

³⁴ Petitioners' Motion.

³⁵ TWC § 13.181(a) (providing Subchapter F “shall not be applied to ... districts”).

³⁶ Minutes of Meeting of Board of Directors, Grand Lakes Municipal Utility District No. 2 at Bates 3-4 (Dec. 18, 2023) (provided as Attachment D).

rates effective February 1, 2024, accordingly.³⁷ Moreover, although it is not GLMUD's burden to demonstrate the appealed rates are just and reasonable, the appealed rates meet this standard. First, as discussed above, the appealed rates are significantly lower than surrounding utility districts' rates.³⁸ Second, the appealed rates are necessary. Due to reasons out of GLMUD's control, revenue related to a Strategic Partnership Agreement (SPA) with the City of Houston suddenly decreased by 90%.³⁹ Without the SPA funds, the rate increase is necessary to recover GLMUD's cost of service and ensure continuous and adequate service. Petitioners have failed to provide any evidence demonstrating otherwise and, therefore, failed to demonstrate the appealed rates are unjust or unreasonable.


III. CONCLUSION

WHEREFORE, PREMISES CONSIDERED, Petitioners failed to establish unreasonable economic hardship or demonstrate GLMUD's rates are unjust or unreasonable. Thus, GLMUD respectfully requests the Commission to deny Petitioners' Motion to Establish Interim Rates. GLMUD further requests anything to which it may be entitled.

Respectfully submitted,

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**ATTORNEYS FOR GRAND LAKES
MUNICIPAL UTILITY DISTRICT NO. 2**

³⁷ *Id.*

³⁸ Compare Attachment A at Bates 21-24, with Attachment B at Bates 21-23, 75-78.

³⁹ See Attachment C.

CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on May 29, 2024, in accordance with the Order Suspending Rules, issued in Project No. 50664.



JAMIE L. MAULDIN

ATTACHMENT A

GRAND LAKES MUNICIPAL UTILITY DISTRICT NO. 2
RATE ORDER

Dated: December 18, 2023

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Exhibit "A" Service Inspection Certification Form

Exhibit "B" Sample Backflow Prevention Assembly Test and Maintenance Report

RATE ORDER

WHEREAS, GRAND LAKES MUNICIPAL UTILITY DISTRICT NO. 2 (the "District") owns a water, sanitary sewer and storm sewer system designed to serve present and future inhabitants within the District; and

WHEREAS, it is necessary that fees, charges and conditions be ratified and established for service provided by said systems and for other services provided by the District; and

WHEREAS, the Board of Directors has carefully considered the matter and is of the opinion that the following conditions should be established for service from the District and for the protection of the District's water, sanitary sewer and storm sewer systems and other District facilities, appurtenances and property. Now, Therefore,

BE IT ORDERED BY THE BOARD OF DIRECTORS OF GRAND LAKES MUNICIPAL UTILITY DISTRICT NO. 2, THAT THE FOLLOWING RATE ORDER IS HEREBY ADOPTED. Any Rate Order, and amendments thereto, heretofore adopted by the Board of Directors establishing rates for water and sewer service and pertaining to related matters shall be revoked on February 1, 2024, the effective date of this Rate Order (hereafter referred to as "Order").

Section 1. Definitions. For purposes of this Order, in addition to terms defined elsewhere herein, the following words or terms shall have the following meanings:

1.01. "Alternative Payment Services" shall mean one or more programs through which a Customer may pay for water and sanitary sewer services provided by the District, other than a payment by cash, cashier's check, check, or money order submitted directly by Customer, and which programs are offered to Customers through third party service providers and coordinated by the District's Operator. These Alternative Payment Services may include one or more of the following or others: (a) check by phone, (b) on-line payment by credit or debit card, (c) on-line bill payment through Customer's bank, (d) payment by Customers at local retail outlets, and (e) automatic monthly debit from Customer's account.

1.02. "Apartment(s)" shall mean dwelling structure(s) containing multiple dwelling units and shall include apartments, townhouses, condominiums and multiplexes.

1.03. "Builder" shall mean any person, firm, corporation or other entity, whether the property owner or other, constructing Residential, Apartment or Commercial aboveground improvements within the District.

1.04. "Commercial" shall mean and include any office building, hotel, retail store, clubhouse, warehouse, service station, or other establishment rendering a service or offering a product for sale to the public, and any establishment not generally considered a single-family residence

1.05. "Commercial Waste" shall mean liquid carried sanitary sewage discharged from Commercial Customer Connections which is properly shredded and amenable to biological treatment and which may contain trace amounts of sand, grit, lubricants and other petroleum products commonly associated with Commercial establishments such as service stations and car wash facilities.

1.06. "Customer" shall mean the person, firm, corporation or other entity which receives District services pursuant to this Order for a Residential, Commercial, Apartment or other structure, whether the owner, renter, Builder or lessee thereof. Inasmuch as this Order hereinafter makes it mandatory for each such structure to be connected to the Water System and Sanitary Sewer System as soon as said Systems becomes operable, the term "Customer" shall mean and include the person, firm, corporation or other entity which requests District water and sanitary sewer services for such structure at the time service becomes available to said structure.

1.07. "Customer Connection" shall mean each separately metered Residential, Apartment, Park and Recreational or Commercial facility that is physically connected to the Water System or Sanitary Sewer System, whether occupied or not, and where appropriate, shall refer to the point of physical connection of such facility to the Water System or Sanitary Sewer System.

1.08. "Customer Service Inspection Certification" shall mean the inspection and subsequent certification required to be provided to the District in the instances and in the manner set forth in this Order, and which shall be evidenced by the completion of a form in the form attached to this Order as Exhibit "A".

1.09. "Delinquent Bill" shall mean a bill for water and/or sanitary sewer service and/or other services, penalties and/or other charges of any nature imposed by the District, whether hereunder or pursuant to any Drought Contingency Plan or District order regulating waste including, without limitation, charges for solid waste collection and disposal services, for which payment in full (including, without limitation, all charges, penalties, additional security deposit as required, and late fees) has not been received before the twentieth (20th) day after the date of the bill (with respect to a regular monthly bill) or before the date and time set forth in a notice from the District (with respect to delinquent or disconnection notices) at an address specified therein for payment.

1.10. "District's Engineer" shall mean the person, firm or corporation which the District has engaged to provide engineering services for the District.

1.11. "District's Operator" shall mean the person, firm, corporation, municipal corporation or political subdivision with which the District has contracted for operation and maintenance of the Systems.

1.12. "Domestic Waste" shall mean liquid carried sanitary sewage discharged from Residential Customer Connections (including Apartments) which is properly shredded and amenable to biological treatment, which is normally discharged from Residential food preparation and bathroom facilities, and which has biological oxygen demand (5-day) and total suspended solids concentrations not exceeding 200 milligrams per liter.

1.13. "Drought Contingency Plan" shall mean any drought contingency or water conservation plan now in effect or hereafter adopted by the District.

1.14. "Extreme Weather Emergency" shall mean a period when the previous day's highest temperature did not exceed 28 degrees Fahrenheit and the temperature is

predicted to remain at or below that level for the next 24 hours according to the nearest National Weather Service Report for the area within which the District is located. An Extreme Weather Emergency is deemed to have ended on the second business day that the temperature exceeds 28 degrees Fahrenheit.

1.15. "Fire Line" shall mean a water supply line installed or constructed for the sole purpose of providing water during a fire or other emergency.

1.16. "Health Hazard" shall mean a cross-connection, potential contamination hazard, or other situation involving any substance that could, in the opinion of the District, cause death, illness, or spread of disease, or which has a high probability of causing such effects if introduced into the District's potable drinking water supply.

1.17. "Industrial Waste" shall mean waste other than Commercial Waste and Domestic Waste.

1.18. "Nontaxable Entity" shall mean the owner of any property within the District that is exempt from the payment of ad valorem taxes levied by the District.

1.19. "Park and Recreational" shall mean landscaping in esplanades and green spaces within public rights-of-way or easements dedicated to a public body or non-profit homeowners association, landscaping in recreational areas owned and/or operated by a public body or non-profit homeowners association, and recreational facilities owned and/or operated by a public body or non-profit homeowners association existing primarily for the use and enjoyment of property owners and residents within the District.

1.20. "Residential" shall mean and include only single family residences (including those owned by Builders) and shall not include Apartments unless specifically stated herein to the contrary.

1.21. "Sanitary Sewer System" shall mean the sanitary sewage collection, treatment and disposal system of the District, and all extensions and additions thereto, whether now in place or hereafter constructed.

1.22. "Storm Sewer System" shall mean the municipal separate storm sewer system serving the District and any related detention facility or drainage channel, and all extensions and additions thereto, whether now in place or hereafter constructed.

1.23. "Systems," as used herein, shall mean the Water System, the Sanitary Sewer and the Storm Sewer System of the District, collectively, including all extensions and additions thereto, whether now in place or hereafter constructed.

1.24. "Water System" shall mean the potable water supply and distribution system of the District, and all extensions and additions thereto, whether now in place or hereafter constructed.

Section 2. Initial Connections to Water System and Sanitary Sewer System.

2.01. Requirement to Connect. Each structure within the District requiring water and/or sanitary sewer services shall be physically connected to the Systems as soon as the District has made water and sanitary sewer services available to such structure. It is the policy of the District that all properties within the District shall be physically connected to both the Water System and Sanitary Sewer System. In the event that both water and sanitary sewer services are not available to a property at the time a Customer Connection is applied for, the Board of Directors, in its sole discretion, may permit connection to the Water System or Sanitary Sewer System without requiring connection to both the Water System and Sanitary Sewer System upon determination that acceptable alternative water supply service or wastewater treatment service is available to such property. If both water and sanitary sewer services do not become available at the same time, and if the District permits connection to the Water System or Sanitary Sewer System without requiring connection to both, the connection to the Water System must be made at the time the District is capable of providing water service to the property and the connection to the Sanitary Sewer System must be made at the time the District is capable of providing sanitary sewer service to the property.

2.02. Septic Systems and Private Water Supply Systems. The construction and operation of septic systems and private water supply systems within the District shall be

prohibited, unless the prior written consent of the Board of Directors is otherwise given and satisfactory arrangements are made with all regulatory agencies with jurisdiction over such matters. The Board of Directors may grant, deny or condition such consent in its sole discretion. The construction and operation of septic systems and private water supply systems shall at all times be subject to such terms and conditions as may be specified by the Board of Directors, if and to the extent consent for same is given.

2.03. Application for Water and Sanitary Sewer Connections. Each person desiring initial water and sanitary sewer services and related connections to the Water System and Sanitary Sewer System shall notify the District's Operator and shall sign and complete an application for such services and pay such fees as established by this Order. The application form may be amended by the District from time to time, as deemed appropriate, without the necessity of an amendment to this Order. No physical connection to the Water System or Sanitary Sewer System shall be made until such application has been completed and such fees have been paid. The District will provide water and/or sanitary sewer services, as and if then available, following completion of an application as required by this Section, payment of all fees then due pursuant to this Order and compliance with all other applicable requirements of this Order on a first-come/first-serve basis and will not, except as determined by the Board of Directors of the District in its sole discretion, issue utility commitment letters to Builders.

2.04. Tap Fees. The following fees shall be collected from the applicant by the District's Operator before physical connection is made to the Water System or Sanitary Sewer System (which fees shall include the meter and meter box and installation thereof):

- | | | |
|-----|-----------------------------|------------|
| (a) | 5/8" Residential connection | \$1,175.00 |
| (b) | 3/4" Residential connection | \$1,330.00 |
| (c) | 1" Residential | \$1,800.00 |

- (d) Nonstandard Residential connection (other than 5/8", 3/4" or 1" water tap), Commercial and Apartment connections District's cost of installation (including labor and equipment charges) and materials, including the backflow prevention device and related materials, plus 200% of such costs.
- (e) Nontaxable Entity connection District's cost of installation (including labor and equipment) and materials, including any backflow prevention device and related materials if installed by the District's Operator if so provided in this Order, plus the actual costs to the District for all facilities that are necessary to provide District services to the tract and that are financed or are to be financed in whole or in part by tax-supported bonds of the District. Notwithstanding any provision in this Order to the contrary, should a tract and/or the improvements thereon be owned and/or occupied by a Nontaxable Entity following the date of initial payment of a tap fee pursuant to one of the other subsections of this Section 2.04 such that ad valorem taxes are not due to the District with respect thereto, said Nontaxable Entity shall pay the fee specified in this Subsection (e), less any tap fee previously paid with respect to the initial connection to the Water System or Sanitary Sewer System, within thirty (30) days following the date of an invoice from the District therefor. Also notwithstanding any provision in this Order to the contrary, should a Nontaxable Entity which previously paid a tap fee pursuant to this Subsection (e) subsequently acquire additional land, construct additional improvements and/or otherwise modify the use of its existing land and/or improvements such that it increases the Nontaxable Entity's use of the District's facilities, said Nontaxable Entity shall pay the tap fee specified in this Subsection (e) for such increased use, less any tap fee previously paid with respect to the initial connection of such land and/or improvements to the Water System or Sanitary Sewer System, within thirty (30) days following the date of an invoice from the District therefor. The foregoing provisions shall also apply if (i) the

Customer failed to advise the District at the time of the initial application for connection that it was a Nontaxable Entity, regardless of the reason for any such failure, or (ii) subsequent to a Nontaxable Entity's initial application, additional service is required due to the Nontaxable Entity's acquisition of additional land, construction of new improvements and/or modification of the use of its existing land and/or improvements. In such instances, the fee in this Subsection (e) shall apply retroactively to the date of the initial application for connection or the date of the change(s) since the Nontaxable Entity's initial application.

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| (f) | Fire Line Connection | District's cost of installation and materials. |
| (g) | Park and Recreational connection | District's cost of installation and materials. |

In addition to the above, the payment of additional fees related to the Storm Sewer System may be required prior to initial connection to the Water System or Sanitary Sewer System pursuant to Section 5.02(b) hereof.

2.05. Policies Governing Initial Connections

(a) Certification. Subject to the provisions of Section 2.01 hereof, physical connection shall not be made to the Water System or Sanitary Sewer System until the District's Engineer has certified that the System is operational. Continuous water service shall not be provided to any Customer until (i) an acceptable connection to the Sanitary Sewer System (except as to water service only Customers) has been made; (ii) all inspections required pursuant to Section 2.06 and Section 5 hereof have been performed; (iii) any deficiencies or damages noted during said inspections have been corrected and/or paid for; and (iv) a properly completed Customer Service Inspection Certification has been provided to the District.

(b) Availability of Access. Upon application for Customer Connection, the applicant shall grant an easement of ingress and egress to and from the water meter for such installation, maintenance and repair as the District, in its judgment, may deem

necessary. Physical connection will not be made when, in the opinion of District's Engineer or the District's Operator, the work area is obstructed by building materials and debris or the work area is not completed to finished grade. When sidewalks, driveways or other improvements have been constructed prior to application for Customer Connection, such application shall be construed and accepted as a waiver of any claim for damages to such improvements resulting from the reasonable actions of the District's Operator relative to the installation of the Customer's connection to the Water System or Sanitary Sewer System.

(c) Property of District. All meters, fittings, boxes, valves and appurtenances installed shall remain the property of the District.

(d) Connections by District Operator. Physical connection to the Water System shall be made by the District's Operator unless specified otherwise by the Board of Directors of the District. Physical connection to the Sanitary Sewer System shall be made in accordance with the District's "Rules and Regulations Governing Sewer House Lines and Sewer Connections," and, if more restrictive or expansive, applicable requirements of the Texas Commission on Environmental Quality, and in accordance with Section 2.06 hereof. No person, other than the properly authorized agents of the District, shall be permitted to make any connection to the Water System, except for emergency fire-fighting purposes, or make any repairs or additions to or alterations in any meter, box, tap, pipe, cock or other fixture or appurtenance connected with the Water System, or any manhole, main, trunk, fixture or appurtenance of the Sanitary Sewer System without the prior written permission of the Board of Directors of the District.

(e) Submission of Plans for Commercial and Apartment Customer Connections. In addition to the requirements set forth in Section 5 below, each applicant for a Commercial or Apartment Customer Connection or an applicant with an existing Commercial or Apartment Customer Connection that has proposed changes to and/or

construction within its site that would provide for an additional connection or modification of an existing connection to the Water System or Sanitary Sewer System, shall, not less than thirty (30) days prior to the requested connection date or thirty (30) days prior to the proposed change and/or construction date, as applicable, submit to the District's Engineer or other party designated by the Board of Directors of the District, the following information:

(1) Engineering plans (three sets for District purposes) signed and sealed by a Registered Professional Engineer of the State of Texas indicating details of building water distribution and sanitary sewer collection facilities, materials to be used and the location, size and number of proposed connections to the Water System or Sanitary Sewer System or applicant's existing systems, as applicable;

(2) The legal description of the land to be served by the Water System or Sanitary Sewer System and a copy of the recorded plat of same; and

(3) A general description of the type of proposed Commercial establishment (including Apartments) and, if applicable, a description of the special measures taken in order to prevent any possible Industrial Waste and/or unauthorized Commercial Waste from entering the Sanitary Sewer System.

In recognition of the District's obligation to protect and maintain public health, the District's Engineer or other party designated by the Board of Directors of the District shall review the information presented and may approve or reject the application, request that further information be submitted prior to approval of the application, or require modifications to be made to the plans, including without limitation, requiring the installation of backflow preventors, grease traps, grinders, sampling wells, and/or pretreatment units as may be deemed necessary or appropriate for the protection of the Water System or Sanitary Sewer System. The Customer shall be responsible for payment of all costs in connection with the review of said information. Customer shall

be notified in writing as to the basis for rejection of its application. Failure to construct the facilities in accordance with approved plans shall constitute a basis for denial of District services or a basis for removal or suspension of District services, as applicable. If the application information is not timely provided, the District shall not be held responsible for delays in the installation of Water System or Sanitary Sewer System connections or the provision of District services. Payment of tap fees to the District's Operator prior to the approval of plans shall not be considered approval of said plans or approval for connection to the Water System or Sanitary Sewer System or applicant's existing system, as applicable. Any unauthorized physical connection to the Water System or Sanitary Sewer System or applicant's existing system, as applicable, may be removed without notice at the expense of the applicant or the person or firm causing such connection to be made.

(f) Builder Damage Deposit. Upon first application for a Customer Connection, the applicant (the "Applicant") shall pay a damage deposit (the "Builder Deposit") in the amount of \$1,000.00, which deposit shall apply to all connections of such Applicant, whether one or more. The Builder Deposit is to secure the payment of costs to repair any District facilities damaged by the Applicant or other parties during the construction of the above ground improvements on the applicable property, including repairs necessary as a result of a failure to maintain proper storm water control and erosion and pollution prevention measures pursuant to Section 5.05 hereof ("Builder Damages"), and is in addition to the security deposit to secure payment of service charges required to be paid for each address pursuant to Section 3.01 of this Order. The Applicant shall be held responsible for any Builder Damages and shall reimburse the District for all costs incurred in repairing the Builder Damages.

After inspection by the District's Operator, the District may utilize the Builder Deposit to pay for any repairs to the District facilities made necessary by the Applicant's construction activities. If the Builder Deposit is not sufficient to pay for

such Builder Damages, the Applicant shall pay such outstanding balance due. No additional connections to the Water System or Sanitary Sewer System shall be permitted relative to any Applicant who has a Delinquent Bill for Builder Damages. If Applicant is building more than one house, building or other improvement within the District, the Builder Deposit shall remain at \$1,000.00 at all times, and if the District utilizes a portion or all of the Builder Deposit to repair Builder Damages, the Applicant shall pay to the District the amount(s) necessary to again have a \$1,000.00 Builder Deposit.

The District shall refund any remaining Builder Deposit upon completion of the last house, building or other improvement to be constructed within the District by the Applicant, final inspection by the District's Operator, and payment by the Applicant of all fees, charges and damages due to the District under this Order or otherwise, and any remaining amount can be applied to any outstanding fee, charge, tax, etc. owed by the Applicant to the District. No interest will be paid by the District on the Builder Deposit.

2.06. Inspections.

(a) Sanitary Sewer Inspections. A sanitary sewer inspection fee of \$95.00 for Residential Customer Connections and cost plus 25% for Commercial, Nontaxable Entity and Apartment Customer Connections, payable at the time of application for connection to the Sanitary Sewer System, shall be charged by the District for inspection of each physical connection to the Sanitary Sewer System and related service line. A fee of \$95.00 shall be charged by the District for each grease trap, sampling well or pretreatment unit installation inspection, which installation inspection fee shall be in addition to the monthly fee set forth in Section 3.05 hereof. Connections and related service lines shall be inspected for strict compliance with the District's "Rules and Regulations Governing Sewer House Lines and Sewer Connections," and/or, if more restrictive or expansive, applicable requirements of the Texas Commission on

Environmental Quality. Customer shall notify the District's Operator prior to any such connection being made. Customer shall again notify the District's Operator after the physical connection has been made and such District's Operator shall inspect and approve the connection prior to backfilling of the area and prior to the commencement of sanitary sewer service. Installations which fail to conform to said Rules and Regulations and/or such requirements of the Texas Commission on Environmental Quality, will be denied. Customer shall be notified in writing as to the basis for such denial. After noted deficiencies have been corrected, a reinspection shall be made upon payment to the District of a reinspection fee of \$95.00 for Residential Customer Connections and cost plus 25% for Commercial, Nontaxable Entity and Apartment Customer Connections. If subsequent reinspections are required before the connection to the Sanitary Sewer System and related service lines are found in compliance with said Rules and Regulations and/or such requirements of the Texas Commission on Environmental Quality, an additional reinspection fee of \$95.00 for Residential Customer Connections and cost plus 25% for Commercial, Nontaxable Entity and Apartment Customer Connections shall be charged for each such reinspection.

(b) Customer Service Inspection Certification. Prior to the District providing continuous water service from the Water System to (i) any new construction; (ii) any existing Customer Connection when the District, in its sole discretion, has reason to believe that a cross-connection or potential contamination hazards exist; or (iii) any existing Customer Connection after any material improvement, correction or addition to the private water distribution facilities, a properly completed Customer Service Inspection Certification shall be provided by the Customer to the District. "Continuous" water service, with respect to new construction, shall be deemed to commence upon the transfer of service from the builder of a building, residence, or other establishment to the initial occupant or user thereof.

For Residential Customer Connections, the District's Operator shall perform the inspection and provide the necessary certification, and the District shall charge the Customer a fee of \$100.00.

For Commercial (including Apartment) Customer Connections, the District's Operator shall perform the inspection and provide the necessary certification, and the District shall charge the Customer a fee of the District's cost plus 25%.

Customer shall be charged the same applicable fee set forth above for any reinspection required.

Should a Customer fail to provide to the District a properly completed Customer Service Inspection Certification, water service to such Customer will be terminated by the District and service shall not be restored by the District until the required Customer Service Inspection Certification form is provided.

(c) Inspection of District Facilities. In accordance with applicable rules of the Texas Commission on Environmental Quality, any person desiring water and sanitary sewer services from the District must notify the District's Operator prior to making any improvement or starting any construction on property within the District if such improvement, construction or equipment used in connection therewith will be within or in close proximity to easements, rights-of-way or property where District facilities are located. The District's Operator shall inspect each property or location at which the improvement or construction is to take place prior to commencement of same to verify the location and condition of District facilities on the property. Upon receipt of instructions from the contractor or Builder that construction of the facility or improvement is complete and prior to the transfer of the account to the subsequent Customer, the District's Operator shall make a final inspection of the water tap, meters and all other District facilities located on or around the property in question to verify the condition of such facilities. If damage to any District facilities is found, the District's Operator will repair such facilities and the Builder or contractor will be

responsible for payment of all costs incurred prior to the initiation of services to the property. A fee of \$95.00 shall be charged by the District to cover the costs of such inspections, which fee will be due and payable at the time the tap fee is paid.

2.07. Temporary Water Service. Withdrawal of water from flushing valves or fire hydrants or other appurtenances of the Water System without prior approval of the District, except for emergency fire-fighting purposes, is prohibited. The District's Operator shall be authorized to make a temporary connection to any fire hydrant or flushing valve upon request for temporary water service within the area of the District. Such temporary service shall be provided only through a District meter installed by the District's Operator. The applicant for temporary water service shall be required to post a deposit of \$500.00 which shall secure the payment for water supplied by the District, the installation fee, the safe return of the District's meter and fire hydrant wrench, and the cost of repair of any damage by a user of the hydrant. The fee for temporary water service shall be \$75.00 for costs of installation, plus \$0.50 per 1,000 gallons of water delivered through the meter. Temporary water service may be supplied outside the boundaries of the District only with the express authorization of the Board of Directors of the District.

Section 3. Rates and Fees for Water and Sanitary Sewer Services and Solid Waste Collection and Disposal Services. Each prospective Customer desiring water and sanitary sewer service and solid waste collection and disposal services shall be required to provide appropriate information in order to obtain such service and shall pay an application fee. Solid waste collection and disposal services are provided to every Residential Customer at no additional charge. The District does not provide solid waste collection services to Commercial or Apartment Customers.

3.01. Application Fee and Security Deposit. A non-refundable application fee of \$40.00 shall be charged for each Customer application, including for applications to transfer service from a Builder to a non-Builder Customer. Each Customer shall pay the applicable security deposit as follows:

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| (a) Each Residential Customer which owns the home at the address to be serviced, including Builders (as evidenced by a copy of the deed or other proof of ownership acceptable to the District which shall accompany the application for services) | \$150.00 |
| (b) Each Residential Customer which rents the home at the address to be serviced (a copy of the lease or rental agreement shall be submitted with its application for services) | \$150.00 |
| (c) Each Apartment unit served by a separate meter. | A deposit equal to 200% of the estimated total monthly service charges to such Customer, as determined by the District's engineer utilizing City of Houston criteria regarding usage. |
| (d) Non-Taxable Entity | A deposit equal to 200% of the estimated total monthly service charges to such Customer, as determined by the District's engineer utilizing City of Houston criteria regarding usage. |
| (e) Commercial Customers served by a separate meter. | A deposit equal to 200% of the estimated total monthly service charges to such Customer, as determined by the District's engineer utilizing City of Houston criteria regarding usage. |

Further, any Customer whose service is terminated pursuant to Section 4.02 hereof; whether such Customer is renting or leasing or owns the property to which service is provided, shall pay a deposit of \$150.00 (which deposit shall be in addition to any prior deposit if such Customer has previously paid a security deposit up to a maximum threshold of \$450.00) before Customer's service is restored. Upon a written request, the District shall refund to a Customer such \$150.00 deposit paid for the restoration of service at such time as the Customer's account

has remained current for a period of six (6) consecutive months. Upon final termination of service, such deposit shall be credited against amounts owed to the District and any balance refunded to the Customer within sixty (60) days after termination of service. The District shall not be required to pay interest to the Customer on such security deposit. Further, any Customer whose service is terminated pursuant to Section 4.02 hereof shall pay such deposit (if such Customer has not previously paid a security deposit) before Customer's service is restored. Notwithstanding the foregoing, the District shall have the right, but not the obligation, at its sole discretion, to apply all or any portion of such security deposit without notice to the Customer to offset the amount of a Delinquent Bill that remains unpaid for more than thirty (30) days after becoming a Delinquent Bill. If the District applies the security deposit prior to termination of service, Customer shall be required to pay a replacement security deposit in accordance with this Section 3.01. Customer's failure to timely pay a replacement security deposit shall result in Customer's bill becoming a Delinquent Bill. Furthermore, nothing contained herein shall prevent the District from applying a Customer's security deposit on file with the District in accordance with 11 U.S.C. Section 366(c)(4) or any successor provision or any other applicable section of the federal Bankruptcy Code or applicable provision of state law.

3.02. Monthly Rates for Residential Water Service. The following rates per month, or any part thereof, shall be charged for Residential water service furnished by the District to each Customer Connection in every instance in which a different charge is not expressly and clearly provided for herein:

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| (a) | Minimum monthly charge for up to 10,000 gallons of metered water | \$25.00 |
| (b) | For each 1,000 gallons of water metered from 10,001 up to 20,000 gallons | \$1.00 |
| (c) | For each 1,000 gallons of water metered from 20,001 gallons to | |

	50,000 gallons of water metered	\$2.00
(d)	For each 1,000 gallons of water metered over 50,001 gallons	\$3.00

3.03. Monthly Rate for Residential Sanitary Sewer Service. The following rate per month, or any part thereof, shall be charged for Residential sanitary sewer service furnished by the District to each Customer Connection in every instance in which a different charge is not expressly and clearly provided for herein:

Monthly Flat Rate	\$20.00
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; provided, however, that said rate shall not be charged to a Customer Connection which is installed for use for an irrigation system only and which does not discharge waste into the Sanitary Sewer System.

3.04. Monthly Rates for Commercial Water Service. The following rates per month, or any part thereof, shall be charged for Commercial water service furnished by the District to each Customer Connection in every instance in which a different charge is not expressly and clearly provided for herein:

(a)	Minimum monthly charge for up to 10,000 gallons of water metered	\$5.00
(b)	For each 1,000 gallons of water metered over 10,001 gallons	\$1.50

3.05. Monthly Rates for Commercial Sanitary Sewer Service. The following rates per month, or any part thereof, shall be charged for Commercial sanitary sewer service furnished by the District to each Customer Connection in every instance in which a different charge is not expressly provided for herein:

(a)	Minimum monthly charge for up to 10,000 gallons of water metered	\$5.00
(b)	For each 1,000 gallons of water metered over 10,001 gallons	\$1.50
(c)	For each grease trap installed, there shall be charged a monthly	

flat rate inspection fee of (Any reinspection required shall be charged at the same rate)	\$70.00
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; provided, however, that said rate shall not be charged to a Customer Connection which is installed for use for an irrigation system only and which does not discharge waste into the Sanitary Sewer System.

3.06. Monthly Rates for Water Service to Apartments. The following rates per month, or any part thereof, shall be charged per unit for water service furnished by the District to Apartment units served by separate meters:

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| (a) | Minimum monthly charge for up to
10,000 gallons of water metered | \$5.00 |
| (b) | For each 1,000 gallons of water
metered over 10,001 gallons | \$1.50 |

Apartment units served by a master meter shall be charged as follows: The total number of gallons metered shall be divided by the number of apartment units to determine the average usage per unit. The average usage per unit shall be rounded up to the nearest 1,000 gallons for purposes of computing the amount to be charged hereunder. The rates specified above shall then be applied to such average usage to determine the charge per unit. The charge per unit shall then be multiplied by the applicable number of Apartment units to determine the total amount to be charged. Notwithstanding the foregoing, during the first three months after the date of initial connection to the Water System of Apartment units serviced by a master meter, the customer shall be charged for water usage at the rate of \$0.50/1,000 gallons. Beginning the first day of the next billing period after the third month, the following percentage of Apartment units planned ultimately to be served by such meter will conclusively be deemed to be completed and habitable and billing will be in accordance with the rates set forth above with each unit deemed completed and habitable being considered as one unit:

<u>Months After Tap</u>	<u>Percentage Habitable</u>
4 through 6	50%

7 through 9	75%
10 through 12	85%
13 and thereafter	100%

3.07. Monthly Rate for Sanitary Sewer Service to Apartments. The following rate per month, or any part thereof, shall be charged per unit for sanitary sewer service by the District to Apartment units served by separate meters:

Monthly Flat Rate:	\$10.00
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Apartment units served by a master meter shall be charged as follows: The rate specified above shall be multiplied by the applicable number of Apartment units to determine the total amount to be charged. Notwithstanding the foregoing, during the first six months after the date of initial connection to the Sanitary Sewer System, of Apartment units served by a master meter, the charge for sanitary sewer service shall be deemed to be included in the charge for water service set forth in Section 3.06. Beginning the first day of the next billing period after the sixth month, the above-described schedule of habitability shall apply and billing will be in accordance with the rates set forth above, calculated by multiplying the applicable number of Apartment units times the flat rate for sanitary sewer service. Each Apartment unit shall be considered as one unit.

3.08. Monthly Rate for Water Service to Park and Recreational Facilities. The following rate per month, or any part thereof, shall be charged for water service furnished by the District to Park and Recreational facilities in every instance in which a different charge is not expressly and clearly provided for herein:

\$0.35 per 1,000 gallons of water metered

; provided, however, that Park and Recreational Facilities owned and operated by the District shall be exempt from payment of said rate.

3.09. Monthly Rate for Sanitary Sewer Services to Park and Recreational Facilities. The following rate per month, or any part thereof, shall be charged for sanitary sewer service furnished by the District to Park and Recreational facilities in every instance in which a different charge is not expressly and clearly provided for herein:

\$0.35 per 1,000 gallons of water metered

; provided, however, that said rate shall not be charged to a Customer Connection which is installed for use for an irrigation system only and which does not discharge waste into the Sanitary Sewer System; and further provided, however, that Park and Recreational facilities owned and operated by the District shall be exempt from payment of said rate.

3.10 Regulatory Assessment and Other Fees; Water Credit. The regulatory assessment and other fees imposed pursuant to this Section 3.10 shall be billed and collected in the manner set forth in this Order and all Customers of the District shall be subject to penalties and/or termination of service for failure to pay said regulatory assessments and fees when due in the manner set forth herein.

(a) Texas Commission on Environmental Quality Assessment. The water and sanitary sewer service rates set forth above in Sections 3.02 through 3.09, inclusive, and the rate for temporary water service in Section 2.07 include a regulatory assessment equal to one-half of one-percent of the charge for water and/or sewer service, as provided by Section 5.701(n), Texas Water Code, as amended.

(b) North Fort Bend Water Authority Well Pumpage Fees. The District lies within the boundaries of the North Fort Bend Water Authority (the "Authority") and is subject to well pumpage and surface water fees imposed by the Authority for each 1,000 gallons of water pumped from the District's water well(s) and for all surface water delivered from the Authority to the District. In order to collect from the District's Customers sufficient funds to pay the Authority's well pumpage and surface water fees, the District hereby imposes a fee of \$4.90 for each 1,000 gallons of water billed to each Customer of the District pursuant to this Order, which fee shall be added to each Customer's bill. In addition, any surcharge imposed on the District by the Authority pursuant to the Authority's Drought Contingency Plan, as it may be amended from time to time, shall be converted to a charge per each 1,000 gallons of water, as necessary, and shall be charged to each Customer for each 1,000 gallons of water billed to the Customer pursuant to this Order, and be added to each Customer's bill. The water and

sanitary sewer service rates set forth above in Sections 3.02 through 3.09, inclusive, and the rate for temporary water service in Section 2.07 do not include the fee imposed hereunder.

3.11 Fees Associated with Alternative Payment Services. Alternative Payment Services which may be offered by the District are provided merely as a convenience to Customers and such services may be discontinued by the District at any time in its sole discretion. Customer's use of any alternative payment services does not relieve Customer of the obligation to ensure that payment is timely received by the District and the provisions of this Order, including, without limitation, Section 4 hereof, shall apply to any Delinquent Bill. All Alternative Payment Services are administered by third-party service providers and certain fees for use of the services may apply, which fees are set by and charged to the Customer by the service providers rather than by the District. Customer shall be provided notice of any applicable fees by the service providers for Alternative Payment Services prior to the time of payment and Customer shall be solely responsible for the payment of same. Any applicable service fees paid by Customer shall be in addition to the total amount owed to the District as reflected on Customer's bill.

3.12 Drought Contingency Plan. The water and sanitary sewer rates set forth above in Sections 3.02 through 3.09, inclusive, and the rate for temporary water service set forth above in Section 2.07 do not include any additional fees or charges imposed by the District during any drought response stage pursuant to the Drought Contingency Plan. Any such additional fees and charges, and any penalties under the Drought Contingency Plan, shall be billed and imposed by the District in accordance with the Drought Contingency Plan and shall be in addition to fees or charges under this Order, unless otherwise set forth in the Drought Contingency Plan.

3.13. Bulk Rates. The water and sanitary sewer service rates set forth above shall not be construed to prevent the District from furnishing water and/or sanitary sewer service to any Customer at a bulk rate if deemed advisable by the District, with such rate to be determined on a case by case basis.

3.14. Policies Governing Water and Sanitary Sewer Services.

(a) No Reduced Rates or Free Service; Service Subject to Compliance with Laws and Agreements; . All Customers receiving services from the District shall be subject to the provisions of this Order and shall be charged the rates established in this Order, and no reduced rate or free service shall be furnished to any Customer; provided, however, this provision shall not prohibit the District, upon good cause shown, from establishing other reasonable classifications of Customers for which rates differing from the rates stated herein may be adopted. Failure to comply with (i) all applicable regulations and laws regarding service, including, without limitation, the requirement that a plat of the property to be served be recorded prior to service, and (ii) any agreement between the District and the Customer, including, without limitation, a utility commitment, shall be considered a violation of this Order and may result in denial or termination of service and/or assessment of penalties in accordance with the terms hereof.

(b) Entitlement. Customers are not guaranteed a specific quantity or pressure of water from the Water System or specific capacity in the Sanitary Sewer System for any purpose whatever and in no instance shall the District be liable for failure or refusal to furnish water or any particular amount or pressure of water from the Water System or to provide capacity in the Sanitary Sewer System or to collect solid waste.

(c) Unauthorized and Extraordinary Waste. The water and sewer service rates established herein are applicable for ordinary Domestic Waste normally considered to have a biological oxygen demand (five day) and total suspended solids of 200 milligrams per liter. Customers discharging, whether intentionally or unintentionally, non-Domestic Waste into the Sanitary Sewer System will be assessed additional charges as established by District based on the volume and concentration of the proposed waste, as well as costs of remediation and/or repairs to the Sanitary Sewer System occasioned as a consequence of such discharge, in addition to any other

penalties set forth herein and in any order regulating waste heretofore or hereafter adopted by the District. Customers proposing to discharge or discharging certain Commercial Waste, including Commercial Waste from food processing or other food handling establishments, will be required to install garbage grinders and may be required to install grease traps or pretreatment units when so ordered by the District following the evaluation of the effects of high concentrations of organics on the Sanitary Sewer System. Customers which are required to install garbage grinders, grease traps or other types of pretreatment units shall maintain same in good working condition, which shall include, but not be limited to, regular cleaning. The District shall have the right to inspect such pretreatment units, and, in order to protect the District's facilities, reserves the right, if Customer has failed to do so, to perform the required maintenance at Customer's expense and/or to discontinue service to Customer. The District's current waste discharge permit prohibits the introduction of Industrial Waste into the Sanitary Sewer System. All Customers of the Sanitary Sewer System shall be subject to the terms and conditions of any order regulating waste heretofore or hereafter adopted by the District, pursuant to the terms of which the District may establish rates and charges to produce revenues to pay such additional costs incurred by the District in connection with such Industrial Waste. Further, the District shall have the right to terminate service to any Customer which violates any such order regulating waste in accordance with Section 4.02 hereof and the penalties specified in Section 7 hereof shall apply, in addition to any other penalties or other charges specified in such order or herein. The District's Operator shall have rights of ingress and egress to Customer's property in order to carry out the provisions of this Section.

(d) Plumbing Regulations. The following plumbing regulations are pursuant to Texas Commission on Environmental Quality regulations and Section 1417 of the federal Safe Drinking Water Act, as amended by the federal Reduction of Lead in Drinking Water Act enacted on January 4, 2011 (and effective January 4, 2014), and

any Environmental Protection Agency regulations adopted thereunder and are applicable to all Customers of the District. The stricter of the standards in the above shall be met, notwithstanding anything below to the contrary.

(i) No direct connection between the Water System and a potential source of contamination shall be permitted; potential sources of contamination shall be isolated from the Water System by an air gap or an appropriate backflow prevention device in accordance with applicable Texas Commission on Environmental Quality requirements and/or as otherwise required by the District in its reasonable discretion;

(ii) No cross connection between the Water System and any private water system shall be permitted, and any potential threat of cross connection shall be eliminated at the service connection by the installation of an air gap or a reduced pressure-zone backflow prevention device;

(iii) No connection which allows water used for condensing, cooling or industrial processes, or water from any other system of non-potable usage over which the District does not have sanitary control to be returned to the Water System shall be permitted;

(iv) No pipe or connection which allows water to be returned to the Water System is permitted;

(v) The use of pipes, pipe fittings, plumbing fittings, and fixtures that contain more than a weighted average of 0.25 percent lead, or solders and flux that contain more than 0.2 percent lead is prohibited for installation or repair of the Water System and for installation or repair of any plumbing in any Residential or Commercial facility providing water for human consumption and connected to the Water System. This requirement may be waived for leaded joints that are necessary for repairs to cast iron pipe; and

(vi) Notwithstanding anything to the contrary contained herein, the District reserves the right to inspect each Customer's property at any time for possible cross connections and other potential contamination hazards in violation of this Order, including, without limitation, irrigation and swimming pool connections. The Customer shall, upon receipt of notice from the District, immediately correct any potential contamination hazard existing on his premises to prevent possible contamination of the Water System. The existence of a serious threat to the integrity of the Water System shall be considered sufficient grounds for immediate termination of water service. Water service will be restored only when the source of potential contamination no longer exists, or when sufficient additional safeguards have been taken to protect the Water System from contamination, and a Customer Service Inspection Certification confirming the correction of a potential contamination hazard has been submitted to the District. The District shall not be required to follow the procedures set forth in Section 4.02 hereof when terminating water service to a Customer under this Section 3.13(d). However, the Customer shall be subject to the same charge for restoration of service terminated pursuant to this Section 3.13(d) as is set forth in Section 4.02 hereof.

(e) Backflow Prevention Requirements. No connection to the Water System shall be allowed to any Customer Connection where the District, in its sole discretion, has reason to believe that an actual or potential contamination hazard exists unless the Water System is protected from contamination. The following backflow prevention requirements are applicable to all Customers of the District:

(i) Backflow prevention assemblies shall be installed, tested and maintained, at the Customer's expense, at any Customer Connection in accordance with applicable Texas Commission on Environmental Quality

requirements and/or as otherwise required by the District in its reasonable discretion.

The use of a backflow prevention device at the service connection shall be considered additional backflow protection and shall not negate the use of backflow prevention on the internal hazards of any Customer Connection as outlined and enforced by applicable Texas Commission on Environmental Quality regulations and/or local plumbing codes.

(ii) All backflow prevention assemblies installed at any Customer Connection shall be tested upon installation by a recognized backflow prevention assembly tester (pursuant to Texas Commission on Environmental Quality regulations) and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against a Health Hazard (as defined in 30 T.A.C. Sec. 290.38) must also be tested and certified to be operating within specifications at least annually by a recognized backflow prevention assembly tester.

(iii) For each backflow prevention assembly required to be installed pursuant to this Order, it shall be the responsibility of the Customer to have such assembly installed, tested upon installation, and tested periodically thereafter as required by Subsection (ii) above, and to submit to the District's Operator for recordkeeping purposes within seven (7) days after each such test a signed and dated original Backflow Prevention Assembly Test and Maintenance Report ("Test Report"), in the form attached to this Order as Exhibit "B", completed by a recognized backflow prevention assembly tester. An annual fee of \$101.00 for each backflow prevention assembly required to be installed pursuant to this Order shall be charged by the District to cover the costs of administering the backflow prevention assembly testing and record keeping program, which fee will be due and payable during the July billing period.

(iv) If a Customer fails to comply with the requirements of this Section 3.14(e), the District may terminate service to the Customer or the District may instruct the District's Operator to properly install, test and maintain the necessary backflow prevention assembly and bill the Customer for all expenses incurred in connection therewith.

(f) Proration of Certain Bills for Residential Customers. Residential Customers receiving water and/or sanitary sewer services from the District for a period of less than a full calendar month shall be entitled to a proration of the monthly charge for such services set forth in Section 3.02, Section 3.03 and Section 3.09 above, provided the Customer's usage for such period does not exceed the minimum monthly usage set forth therein. In the event the Customer's actual usage during such period exceeds the minimum monthly usage set forth in Section 3.02, Section 3.03 and Section 3.09, the Customer's bill shall be calculated in the manner set forth in such Sections.

Section 4. Method of Payment; Delinquency in Payment; Penalty; Discontinuation and Termination of Service. Except as set forth in Section 4.01 below, all payments made under this Order shall be subject to and in accordance with procedures adopted by the District's Operator as to acceptable forms of payment, which may, at the District's Operator's discretion, include one or more of the following: cash, check, money order, cashier's check, or an Alternative Payment Service.

4.01. Penalty for Failure to Pay Bill Before Delinquency. A charge of ten percent (10%) of the amount of the Customer's bill shall be added to the Customer's bill when such Customer has failed to pay any bill before it becomes a Delinquent Bill. A charge of \$10.00 shall also be added to a Customer's bill for each written notice of delinquency sent to a Customer. (No separate charge shall be imposed for the notice left on a Customer's front door.) If a Customer's bill, or any part thereof, becomes a Delinquent Bill, the Delinquent Bill plus the penalty thereon shall be immediately due and payable. Prior to termination of service, a Delinquent Bill is payable by either cash, cashier's check, or money order presented at the

office of the District's Operator or by use of an Alternative Payment Service, subject to and in accordance with procedures adopted by the District's Operator as to acceptable forms of payment. Following termination of service, a Delinquent Bill is payable only by either cash, cashier's check, or money order presented at the office of the District's Operator, subject to and in accordance with procedures adopted by the District's Operator as to acceptable forms of payment. A charge of \$30.00 shall be imposed for each notice forwarded to a Customer as a result of a Customer's payment (whether made by check or via one or more Alternative Payment Service) being returned by a bank or other third-party payor for any reason. In addition, should a payment (whether by check or via one or more Alternative Payment Service) have been returned by a bank or other third-party payor then the returned payment shall be replaced with either money order or cashier's check, or, if accepted by the District's Operator, cash, all subject to and in accordance with procedures adopted by the District's Operator as to acceptable forms of payment presented at the office of the District's Operator. This provision shall apply regardless of whether Customer's bill is a Delinquent Bill at the time the payment is returned.

4.02. Termination of Service. The District shall have the right to terminate service and cut off the supply of water to a Customer and/or a Customer's access to the Systems at any time after its bill becomes a Delinquent Bill or upon violation by the Customer of this Order or of any order regulating waste heretofore or hereafter adopted by the District. The Customer shall, by written notice mailed to the Customer's address as reflected in the records of the District, be notified of the delinquency or violation and the date on which service shall be terminated if the account (including delinquent charges and penalty) is not paid in full or the violation corrected, which date shall not be less than five (5) days from the date such notice is sent. With respect to a Delinquent Bill, such notice shall state the place and time at which the account may be paid and the method by which it must be paid as set forth in Section 4.01 above and that any errors in the bill may be corrected by contacting the billing company, whose telephone number shall also be given in such notice. All notices of termination shall

state that the Customer has the right to appeal such termination to the Board of Directors of the District. The notice shall also be left by the District's Operator on the front door at the address to which the service in question was provided at least twenty-four (24) hours prior to the time at which service shall be terminated. If the delinquent account (including any non-delinquent portion thereof), including penalty and all other charges then due and owing, has not been paid in full or the violation corrected by the proposed termination date, service shall then be discontinued unless otherwise agreed by the Board of Directors of the District. A charge of \$150.00 shall be imposed for the restoration of service discontinued pursuant to this section. Payment of the unpaid account, including penalty and all other charges then due and owing plus any required deposit, shall be paid in cash, cashier's check or money order prior to restoration of service where service has been terminated because of the Customer's failure to pay a bill before it became a Delinquent Bill.

4.03. Payment of Bills and Continuation of Service During Extreme Weather Emergency. During an Extreme Weather Emergency, and notwithstanding any provisions to the contrary herein, including, but not limited to Sections 4.01 and 4.02, a Customer may not be charged any late fees or penalties, nor may a Customer's service be terminated, for failure to timely pay a bill that is due during an Extreme Weather Emergency. The imposition of late fees and penalties and the termination of service for failure to pay a Delinquent Bill that becomes due during an Extreme Weather Emergency shall resume upon the cessation of the Extreme Weather Emergency. A Customer may submit to the District's Operator within 30 days of the end of the Extreme Weather Emergency, a request for a payment plan for any Delinquent Bill that is or was due during an Extreme Weather Emergency. A request for a payment plan shall either be submitted by Customer in writing or presented by Customer in person to the Board of Directors of the District during a public meeting, which request shall, subject to the terms hereof, be granted by the District's Board of Directors at its next meeting. The District's Board of Directors may determine, in its sole discretion, the schedule and terms of the payment plan, including (i) the total amount due, (ii) the number of installments

(whether one or more), (iii) the amount of any finance charge, not to exceed an annual rate of ten percent (10%) simple interest, (iv) the deadline for each installment, (v) the dates of the Extreme Weather Emergency, and (vi) the due dates and amounts of any bills that were due during the Extreme Weather Emergency. The District shall send written notice of the terms of the payment plan to the requesting Customer, after which the Customer shall have seven (7) business days to accept or reject, in writing, the payment plan offered by the District. If the District does not receive written notice of a Customer's acceptance of an offered payment plan within seven (7) business days, it shall be deemed rejected. A Customer that violates the terms of any payment plan extended by the District shall be subject to the provisions of this Rate Order regarding delinquent payment of bills and discontinuation of service.

The District shall suspend any preexisting disconnection notices issued to a Customer for nonpayment of a bill due during an Extreme Weather Emergency upon receipt of a timely request for a payment plan. If a Customer violates the terms of any payment plan extended by the District or does not timely respond to the District's offer of same, the District may (i) pursue disconnection of service pursuant to the terms of this Rate Order, or (ii) reinstate the terms of a disconnection notice delivered to the Customer prior to the Extreme Weather Emergency.

Discontinuing Service Upon Request of a Customer

4.04. Discontinuing Service Upon Request of a Customer. Whenever a Customer of the District requests that service be temporarily discontinued, Customer shall notify the District's Operator at least two days prior to the time that such service discontinuation is desired, unless discontinuation is requested sooner to enable emergency plumbing repairs. A charge of \$25.00 shall be made for restoring water service when such service is discontinued and restored at the request of the Customer and Customer is not delinquent in the payment of any bill at the time of either request.

Section 5. Storm Sewer System; Storm Water Guidance Manual. The District owns, operates and maintains all or a portion of the Storm Sewer System in order to furnish storm

water drainage service to the land located within its boundaries. Storm water drainage may be discharged by Customers and property owners within the District to the Storm Sewer System, subject to the provisions of the Storm Water Guidance Manual described hereinafter, the following provisions of this Section 5, and the requirements of any federal, state or local agency with jurisdiction over storm drainage and flood control. All persons shall take notice that the District has a Storm Water Management Program ("SWMP") in force and effect. As part of the SWMP, the District has adopted a Storm Water Guidance Manual. The terms and provisions of the Storm Water Guidance Manual are incorporated herein by reference for all purposes as if same were set out in full below. The following provisions of this Section 5 shall be understood to implement and provide for the enforcement of the SWMP, including the Storm Water Guidance Manual. Non-compliance with the Storm Water Guidance Manual shall constitute a violation of this Order. In the event of a conflict between the following provisions of this Section and the Storm Water Guidance Manual, the Storm Water Guidance Manual shall control and prevail.

5.01. Connection to Storm Sewer System. Residential Customers may discharge storm water flows to the curb and gutter system. Otherwise, no physical connection to the Storm Sewer System shall be made by Residential Customers without the prior written consent of the Board of Directors of the District. The Board of Directors may grant, deny or condition such consent in its sole discretion. Physical connection to the Storm Sewer System by a Residential Customer shall at all times be subject to such terms and conditions as may be specified by the Board of Directors, if and to the extent consent for same is given. Physical connection to the Storm Sewer System may be made by non-Residential Customers, subject to compliance with the remaining provisions of this Section. For purposes of the remainder of this Section 5.01 and Section 5.02 only, the term "physical connection" means and refers to a controlled conveyance of storm water by pipe, line, drainage ditch or swale or other improvements or facilities, and excludes the uncontrolled sheet flow of storm water.

An application for a physical connection to the Storm Sewer System by a non-Residential Customer may be made at the same time, or separate from, an application for a physical connection to the Water System or Sanitary Sewer System under Section 2.05 hereof. Each such applicant for a physical connection to the Storm Sewer System or an applicant with an existing physical connection to the Storm Sewer System that has proposed changes to and/or construction within its site that would require an additional connection of its internal storm sewer lines to the Storm Sewer System, shall, not less than thirty (30) days prior to the requested connection date or thirty (30) days prior to the proposed change and/or construction date, as applicable, submit to the District's Engineer or other party designated by the Board of Directors of the District, the following information:

- (a) Engineering plans (three sets for District purposes) signed and sealed by a Registered Professional Engineer of the State of Texas indicating details of building internal storm sewer collection and detention facilities, materials to be used and the location, size and number of proposed connections to the District's Storm Sewer System or applicant's existing internal storm sewer system, as applicable;

- (b) The legal description of the land to be served by the Storm Sewer System and a copy of the recorded plat of same; and

- (c) A general description of the type of proposed improvements to be served by the Storm Sewer System, calculations of square footage of proposed impervious cover, and, if applicable, a description of the special measures taken in order to prevent any discharges to the Storm Sewer System in violation of this Order.

In recognition of the District's obligation to protect and maintain public health and the District's obligation to regulate discharges to the Storm Sewer System under federal, state and local laws and regulations, including, without limitation the National Pollutant Discharge Elimination System adopted under Title 40, Part 22 of the Code of Federal Regulations, as amended, the Clean Water Act, 33 U.S.C. Sec. 1251 *et seq.*, as amended, the Texas Pollutant Discharge Elimination System ("TPDES"), and the provisions of the TPDES General Permit for Small

Municipal Separate Storm Sewer Systems (TXR040000), and the "Construction Site and Post-Construction Runoff Controls Storm Water Permit and Storm Water Quality Plan Guidelines - Fort Bend County," as amended, excluding Section 1 therein, the District's Engineer or other party designated by the Board of Directors of the District shall review the information presented and may approve or reject the application, request that further information be submitted prior to approval of the application, or require modifications to be made to the plans, including without limitation, requiring the installation of physical control measures to prevent unauthorized discharges to the Storm Sewer System. The Customer shall be responsible for payment of all costs in connection with the review of said information. Customer shall be notified in writing as to the basis for rejection of its application. Failure to construct the facilities in accordance with approved plans shall constitute a basis for denial of District services or a basis for removal or suspension of District services, as applicable. If the application information is not timely provided, the District shall not be held responsible for delays in the installation of water and sanitary sewer connections or the provision of District services. Payment of any tap fees under Section 2.04 or Section 5.02(b), as applicable, prior to the approval of plans shall not be considered approval of said plans or approval for connection to the Storm Sewer System or applicant's internal storm sewer system, as applicable. Any unauthorized physical connection to the Storm Sewer System or applicant's existing internal storm sewer system, as applicable, may be removed without notice at the expense of the Customer or person or firm causing such connection to be made.

5.02. Storm Water Detention.

(a) Detention Capacity. The Storm Sewer System furnishes or will be constructed to furnish post-development storm water detention capacity for all the Customers and owners of property within the boundaries of the District.

(b) Tap Fee for Nontaxable Entity. In addition to any tap fee which may be due for a physical connection to the Water System or Sanitary Sewer System under Section 2.04 hereof, a Nontaxable Entity which requires or will otherwise utilize detention

capacity provided by the Storm Sewer System shall pay an additional tap fee equal to the applicant's proportionate share of actual or estimated costs to the District for all facilities that are necessary to provide such detention capacity and that are financed or are to be financed in whole or in part by tax-supported bonds of the District. Unless otherwise approved by the Board of Directors of the District, such fee shall be paid within thirty (30) days following the date of an invoice from the District therefor. Notwithstanding any provision in this Order to the contrary, should a tract and/or the improvements thereon become owned and/or occupied by a Nontaxable Entity after physical connection to the Storm Sewer System such that ad valorem taxes are not due to the District with respect thereto, said Nontaxable Entity shall pay the fee specified in this Subsection (b) within thirty (30) days following the date of an invoice from the District therefor. Also notwithstanding any provision in this Order to the contrary, should a Nontaxable Entity which previously paid a tap fee pursuant to this Subsection (b) subsequently acquire additional land, construct additional improvements and/or otherwise modify the use of its existing land and/or improvements such that it increases the Nontaxable Entity's use of detention capacity in the Storm Sewer System, said Nontaxable Entity shall pay the fee specified in this Subsection (b) for such increased use, less any tap fee previously paid with respect to detention capacity in the Storm Sewer System, within thirty (30) days following the date of an invoice from the District therefor. The foregoing provisions shall also apply if (i) the Customer failed to advise the District at the time of the initial application for a connection to any of the Systems that it was a Nontaxable Entity, regardless of the reason for any such failure, or (ii) subsequent to a Nontaxable Entity's initial application, additional service is required due to the Nontaxable Entity's acquisition of additional land, construction of new improvements and/or modification of the use of its existing land and/or improvements. In such instances, the fee in this Subsection (b) shall apply retroactively to the date of

the initial application or the date of the changes since the Nontaxable Entity's initial application.

5.03 Regulation of Discharge to Storm Sewer System.

(a) Illicit Discharge. Discharge to the Storm Sewer System shall be limited solely to storm water discharges and non-storm water discharges or flows from the following sources:

- (1) water line flushing (excluding discharges of hyper-chlorinated water, unless the water is first de-chlorinated and discharges are not expected to adversely affect aquatic life);
- (2) runoff or return flow from landscape irrigation, lawn irrigation, and other irrigation utilizing potable water, groundwater, or surface water sources;
- (3) discharges from potable water sources;
- (4) diverted stream flows;
- (5) rising ground waters and springs;
- (6) uncontaminated ground water infiltration;
- (7) uncontaminated pumped ground water;
- (8) foundation and footing drains;
- (9) air conditioning condensation;
- (10) water from crawl space pumps;
- (11) individual residential vehicle washing;
- (12) flows from wetlands and riparian habitats;
- (13) de-chlorinated swimming pool discharges;
- (14) street wash water;
- (15) discharges or flows from firefighting activities (firefighting activities do not include washing of trucks, run-off water from training activities, test water from fire suppression systems, and similar activities);
- (16) other allowable non-storm water discharges listed in 40 C.F.R. Sec. 122.26(d)(2)(iv)(B)(1), as amended; and
- (17) non-storm water discharges that are specifically listed in the TPDES Multi-Sector General Permit (TXR050000) or the TPDES Construction General Permit (TXR150000).

Without limiting the generality of the above, no solids, grass or yard clippings, trash, construction materials, oils or grease, sludge or tank trunk waste (except waste from sources permitted above) shall be introduced into the Storm Sewer System.

(b) Access; Detection; Elimination. All Customers or owners of property that have a physical connection to the Storm Sewer System or that discharge to the Storm Sewer System shall allow access to their property and/or the property under their control by the District's Engineer, the District's Operator, or any District employee, consultant, agent or contractor, during normal business hours for the purpose of inspection or investigation of possible illicit connections to the Storm Sewer System, unauthorized discharges to the Storm Sewer System, or other violations of this Order related to the Storm Sewer System. The District will determine through the inspection if the illicit discharge may pose a serious threat to the integrity of the Storm Sewer System.

(c) Failure to Comply. Violations of this Section 5.03 are subject to penalties as set forth in this Order. Non-compliance with federal, state or local storm water quality laws, regulations or requirements shall constitute a violation of this Order, without regard to whether any federal, state or local administrative agency has investigated, issued a Notice of Violation, or otherwise made a determination with respect to such non-compliance and notwithstanding any other provision of this Order which may appear to omit such laws, regulations or requirements. In addition, and without limiting the rights and remedies available to the District, the District may assess fees and costs incurred by the District to repair damage to the Storm Sewer System and to remove unauthorized materials from the Storm Sewer System.

5.04. Construction Activity.

(a) Storm Water Controls; Plan Review; Site Inspections. Prior to the disturbance of soils associated with any construction activity within the District requiring county or municipal construction permits, proper erosion control devices shall be designed, installed, and maintained in accordance with "Construction Site and Post-Construction Runoff Controls Storm Water Permit and Storm Water Quality Plan Guidelines - Fort Bend County," as amended, excluding Section 1 therein.

Construction plan reviews and inspections are required on all new development and redevelopment construction projects which disturb one acre or more, including projects less than one acre that are part of a larger common plan of development or sale that would disturb one acre or more. Construction plans shall be submitted to the District's Engineer for review prior to the start of any construction activities. The District's Engineer will review the construction plans and determine if proper erosion control devices are included in the project.

(b) Construction Site Operators. The following provisions apply to all new development and redevelopment construction projects which disturb one acre or more, including projects less than one acre that are part of a larger common plan of development or sale that would disturb one acre or more. As used hereinafter, the term "Construction Site Operator," shall have the definition ascribed to the term "Operator" under the TPDES Construction General Permit (TXR150000) issued by the Texas Commission on Environmental Quality. In addition, capitalized terms used in this Subsection (b) that are not otherwise defined hereinafter shall have the meanings ascribed under TXR150000.

(1) Compliance with TXR150000. A Construction Site Operator is at all times required to be compliant with TXR150000. A storm water pollution prevention plan ("SWP3") with a descriptive narrative of the project, a site plan, and proposed Best Management Practices ("BMPs") must be prepared at least seven (7) days prior to commencement of soil-disturbing activities. For Small Construction Activities, a copy of the signed and certified construction site notice required under TXR150000 must be provided to the District's Engineer at least two (2) days prior to commencement of soil disturbing activities. For Large Construction Activities, among other notices required under TXR150000, a copy of the signed Notice of Intent ("NOI") for TPDES permit coverage under TXR1500000 must be submitted by the Construction Site Operator to the Texas

Commission on Environmental Quality and to the District's Engineer at least seven (7) days prior to commencement of soil disturbing activities. The Construction Site Operator is responsible for the inspections required under TXR150000 and the implementation and regular maintenance of all BMPs listed in the SWP3 as required under TXR150000.

(2) Construction Site Operator Responsibilities. A Construction Site Operator is responsible for the management, implementation, SWP3 compliance, and compliance with all of their subcontractors, trades, suppliers, and agents.

(i) Erosion control devices shall be maintained in place at all times during construction activities. Contractors shall control all waste at the construction site such as discarded building materials, concrete truck washout water, chemicals, litter, and sanitary waste that may cause adverse impacts to water quality.

(ii) Prior to the completion of any approved construction activity, contractors must address post construction runoff. Erosion control devices shall be installed and maintained upon completion, where all construction debris and rubbish shall be removed from the site, and any damage to the District's facilities (including but not limited to the Storm Sewer System) shall be repaired at the expense of the developer, the Builder or homeowner constructing the improvements. The contractor is responsible for ensuring all erosion control devices and non-structural controls function properly so illicit discharge do not enter into the storm sewer system. All erosion control devices and non-structural controls must meet District standards or otherwise be satisfactory to the District's Engineer.

(c) Construction Site Inspections. The District reserves the right to conduct periodic construction site inspections to ensure compliance with this Section 5.03. Such inspections may be on a scheduled basis or on an as-needed, unannounced basis. No prior notification of an inspection shall be required from the District. The inspections will be performed by a representative of the District and documented utilizing an Engineering Checklist, Construction Inspection Form, and/or other forms.

(d) Failure to Comply. Failure of the Construction Site Operator, a contractor, subcontractor, developer, Builder, homeowner, Customer, or other person, firm, corporation or entity to comply with this Section 5.03 is a violation of this Order. Non-compliance with TXR150000 is a violation of this Order without regard to whether the Texas Commission on Environmental Quality or any federal, state or local administrative agency has investigated, issued a Notice of Violation, or otherwise made a determination with respect to such non-compliance. In addition, and without limiting the rights and remedies available to the District, the District may assess fees and costs to the Construction Site Operator to repair damage to the Storm Sewer System and to install or repair the BMPs necessary to correct a violation of this Section 5.04.

Section 6. Damage to District Facilities; Tampering; Repairs and Obstructions.

6.01. Damage to and Tampering With Meters and/or District Facilities and Appurtenances. No person other than a duly authorized agent of the District shall open any meter box, repair, alter, adjust, remove, make connections or additions to, restore service when terminated for any reason under this Order, or in any other way take any action which affects any meter, meter box, service line or other appurtenance to any of the Systems. No person shall direct discharges to the Storm Sewer System in violation of this Order. The District reserves the right to immediately and without notice remove the meter or disconnect water service and/or any other service to any Customer whose meter, meter box, service line or other appurtenance to any of the Systems has been tampered with or altered in any way, or who has reconnected service which was terminated by the District or who has connected or otherwise

directed discharges to a Storm Sewer System facility. In addition to the disconnection and reconnection fees charged under Section 4.02 of this Order, the District shall assess repair costs to Customer plus a damage fee of \$75.00.

6.02. Right to Repair. In recognition of the District's obligation to protect and maintain the public health, the District reserves the right to repair damage to the Systems and appurtenances caused by the Customer without prior notice, and to assess against the Customer such costs, including attorneys' fees, and such penalties as are provided in this Order or otherwise provided by law or legally available to the District, in addition to those charges necessary to repair the portion of the Systems so damaged.

6.03. Obstructions. After a water meter has been set, the Customer shall at all times keep the area in, around and upon the meter and box and District easements and property under Customer's control free from rubbish or obstructions of any kind. Failure to keep the meter and box and District easements and property under Customer's control free from rubbish or obstructions may result in disconnection of service and/or the assessment of charges necessary to remove said obstructions. Customers are prohibited from introducing material into the Sanitary Sewer System which would cause obstruction of said System. In the event that an inspection by the District's Engineer or District's Operator reveals damage to the Sanitary Sewer System resulting from a Customer's failure to prevent obstructing materials from entering said System, the District reserves the right to immediately and without notice remove the obstruction. Any District costs for removal of obstructions, including the cleaning of grease traps or other pretreatment units, plus a District administration fee of fifty percent (50%) of said costs, shall be assessed to Customer. The District's Operator shall have rights of ingress and egress to Customer's property in order to carry out the provisions of this Section.

Section 7. Penalties for Violation; Attorney's Fees and Court Costs. Any person, corporation or other entity who:

- (1) violates any section of this Order or any order regulating waste heretofore or hereafter adopted by the District; or

- (2) makes unauthorized use of any of the Systems or District services or facilities including any trespass onto District sites, including but not limited to, the site of a District stormwater detention pond or drainage channel; or
- (3) violates the District's "Rules and Regulations Governing Sewer House Lines and Sewer Connections" or any other rules or regulations of the District;

shall be subject to a civil penalty of not less than \$200.00, and in no event to exceed \$10,000, for each breach of the foregoing provisions. Each day that a breach continues shall be considered a separate breach. The amount of any penalty levied by the District pursuant to this Section 7 shall be established by the District's Board of Directors after reasonable notice to the violator and a public hearing relative to such matter before the Board of Directors.

Penalties levied under this Section 7 shall be in addition to such other penalties as are provided in this Order or any order regulating waste or Drought Contingency Plan heretofore or hereafter adopted by the District, any other penalties provided under the laws of the State of Texas, and any other right of recovery that the District may have for damages or otherwise under applicable law. Notwithstanding the foregoing, in no event shall the District levy a penalty that is in excess of the jurisdictional limit of the justice court as provided by Section 27.031, Texas Government Code, as amended. In addition to the enforcement provisions set forth in this Order, the provisions of this Order, including any penalties levied hereunder, may be enforced by complaints filed in the appropriate court of jurisdiction in the county in which the District's principal office or meeting place is located. If the District prevails in any suit to enforce its rules, it may, in the same action, recover reasonable fees for attorneys, expert witnesses and other costs incurred by the District before the court. The amount of attorney's fees shall be fixed by the court.

Section 8. Appeal. Any determination by District's Operator or District's Engineer or authorized agent of the District or any dispute regarding the terms and provisions of this Order may be appealed to the Board of Directors of the District which shall conduct a hearing on the matter. All appeals shall either be submitted by Customer in writing or presented by Customer

in person to the Board of Directors of the District at its regular meeting. In order to maintain service during the pendency of any such appeal in connection with fees or charges assessed hereunder, Customer shall pay all amounts, including service charges, penalties and other charges, due and payable to the District. Any amounts which are paid by the Customer and subsequently determined by the Board of Directors not to have been due shall be refunded to the Customer or credited against future bills, at the discretion of the District. The District's Operator and/or attorney shall provide Customer with information regarding appeals and hearing procedures upon Customer's request.

Section 9. Amendments. The District's Board of Directors has and specifically reserves the right to change, alter or amend any rate or provision of this Order at any time.

Section 10. Severability. The provisions of this Order are severable, and if any provision or part of this Order or the application thereof to any person or circumstances shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Order and application of such provision or part of this Order shall not be affected thereby.

The President or Vice President is authorized to execute and the Secretary or Assistant Secretary is authorized to attest this Order on behalf of the Board and the District.

SIGNATURES COMMENCE ON THE NEXT PAGE

Passed and adopted this 18th day of December, 2023.

ATTEST:

/s/ Michael McClusky
President

/s/ Greg Henry
Secretary

(SEAL)

EXHIBIT "A"
Customer Service Inspection Certification Form

Name of PWS: _____

PWS ID #: _____

Location of Service: _____

Reason for Inspection:

New construction ☐

Existing service where contaminant hazards are suspected ☐

Material improvement, correction or expansion of distribution facilities ☐

I _____, upon inspection of the private water distribution facilities connected to the aforementioned public water supply do hereby certify that, to the best of my knowledge

Compliance <input type="checkbox"/>	Non-Compliance <input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	(1)	No direct or indirect connection between the public drinking water supply and a potential source of contamination exists. Potential sources of contamination are isolated from the public water system by an air gap or an appropriate backflow prevention assembly in accordance with Commission regulations.
<input type="checkbox"/>	<input type="checkbox"/>	(2)	No cross-connection between the public drinking water supply and a private water system exists. Where an actual air gap is not maintained between the public water supply and a private water supply, an approved reduced pressure principle backflow prevention assembly is properly installed.
<input type="checkbox"/>	<input type="checkbox"/>	(3)	No connection exists which would allow the return of water used for condensing, cooling or industrial processes back to the public water supply.
<input type="checkbox"/>	<input type="checkbox"/>	(4)	No pipe or pipe fitting which contains more than 8.0% lead exists in private water distribution facilities installed on or after July 1, 1988 and prior to January 4, 2014.
<input type="checkbox"/>	<input type="checkbox"/>	(5)	Plumbing installed on or after January 4, 2014 bears the expected labeling indicating $\leq 0.25\%$ lead content. If not properly labeled, please provide written comment.
<input type="checkbox"/>	<input type="checkbox"/>	(6)	No solder or flux which contains more than 0.2% lead exists in private water distribution facilities installed on or after July 1, 1988.

I further certify that the following materials were used in the installation of the private water distribution facilities:

Service lines:	Lead <input type="checkbox"/>	Copper <input type="checkbox"/>	PVC <input type="checkbox"/>	Other <input type="checkbox"/>
Solder:	Lead <input type="checkbox"/>	Lead Free <input type="checkbox"/>	Solvent Weld <input type="checkbox"/>	Other <input type="checkbox"/>

Remarks:

I recognize that this document shall be retained by the aforementioned Public Water System for a minimum of ten years and that I am legally responsible for the validity of the information I have provided.

Signature of Inspector:	_____	License Type:	_____
Inspector Name(Print/Type):	_____	License Number:	_____
Title of Inspector:	_____	Date / Time of Insp.:	_____

A Customer Service Inspection Certificate should be on file for each connection in a public water system to document compliance with 30 TAC § 290.44(h)/290.46(j).

EXHIBIT "B"
Backflow Prevention Assembly Test and Maintenance Report

The following form must be completed for each assembly tested. A signed and dated original must be submitted to the public water supplier for recordkeeping *purposes:

NAME OF PWS:	
PWS ID#:	
PWS MAILING ADDRESS:	
PWS CONTACT PERSON:	
ADDRESS OF SERVICE:	

The backflow prevention assembly detailed below has been tested and maintained as required by commission regulations and is certified to be operating within acceptable parameters.

TYPE OF BACKFLOW PREVENTION ASSEMBLY (BPA):

<input type="checkbox"/> Reduced Pressure Principle (RPBA)	<input type="checkbox"/> Reduced Pressure Principle-Detector (RPBA-D) Type II <input type="checkbox"/>
<input type="checkbox"/> Double Check Valve (DCVA)	<input type="checkbox"/> Double Check-Detector (DCVA-D) Type II <input type="checkbox"/>
<input type="checkbox"/> Pressure Vacuum Breaker (PVB)	<input type="checkbox"/> Spill-Resistant Pressure Vacuum Breaker (SVB)

Manufacturer:	Main:	Size:	Main:
	Bypass:		Bypass:
Model Number:	Main:	BPA Location:	
Serial Number:	Main:	BPA Serves:	
	Bypass:		

Reason for test: New ☐ Existing ☐ Replacement ☐ Old Model/Serial # _____

Is the assembly installed in accordance with manufacturer recommendations and/or local codes? ☐ Yes ☐ No

Is the assembly installed on a non-potable water supply (auxiliary)? ☐ Yes ☐ No

TEST RESULT PASS <input type="checkbox"/> FAIL <input type="checkbox"/>	Reduced Pressure Principle Assembly (RPBA)			Type II Assembly	PVB & SVB	
	DCVA		Relief Valve	Bypass Check	Air Inlet	Check Valve
	1 st Check	2 nd Check***				
Initial Test Date: _____ Time: _____	Held at _____ psid Closed Tight <input type="checkbox"/> Leaked <input type="checkbox"/>	Held at _____ psid Closed Tight <input type="checkbox"/> Leaked <input type="checkbox"/>	Opened at _____ psid Did not open <input type="checkbox"/>	Held at _____ psid Closed Tight <input type="checkbox"/> Leaked <input type="checkbox"/>	Opened at _____ psid Did not Open <input type="checkbox"/> Did it fully open Yes <input type="checkbox"/> No <input type="checkbox"/>	Held at _____ psid Leaked <input type="checkbox"/>

Repairs and Materials Used**	Main:					
	Bypass:					
Test After Repair Date: _____ Time: _____	Held at _____ psid Closed Tight <input type="checkbox"/>	Held at _____ psid Closed Tight <input type="checkbox"/>	Opened at _____ psid	Held at _____ psid Closed Tight <input type="checkbox"/>	Opened at _____ psid	Held at _____ psid

*** 2nd check: numeric reading required for DCVA only

Differential pressure gauge used:			Potable: <input type="checkbox"/>	Non-Potable: <input type="checkbox"/>	
Make/Model:		SN:		Date tested for accuracy:	
Remarks					

Company Name:		Licensed Tester Name (Print/Type):	
Company Address:		Licensed Tester Name (Signature):	
Company Phone #:		BPAT License #	
		License Expiration Date:	

The above is certified to be true at the time of testing.

* TEST RECORDS MUST BE KEPT FOR AT LEAST THREE YEARS [30 TAC §290.46(B)]

** USE ONLY MANUFACTURER'S REPLACEMENT PARTS

ATTACHMENT B

GRAND LAKES MUNICIPAL UTILITY DISTRICT NO. 4

RATE ORDER

Dated: February 21, 2024

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Exhibit "A" Service Inspection Certification Form

Exhibit "B" Sample Backflow Prevention Assembly Test and Maintenance Report

RATE ORDER

WHEREAS, GRAND LAKES MUNICIPAL UTILITY DISTRICT NO. 4 (the "District") owns water, sanitary sewer and storm sewer system designed to serve present and future inhabitants within the District; and

WHEREAS, it is necessary that fees, charges and conditions be ratified and established for service provided by said systems and for other services provided by the District; and

WHEREAS, the Board of Directors has carefully considered the matter and is of the opinion that the following conditions should be established for service from the District and for the protection of the District's water, sanitary sewer and storm sewer systems and other District facilities, appurtenances and property. Now, Therefore,

BE IT ORDERED BY THE BOARD OF DIRECTORS OF GRAND LAKES MUNICIPAL UTILITY DISTRICT NO. 4, THAT THE FOLLOWING RATE ORDER IS HEREBY ADOPTED: Any Rate Order, and amendments thereto, heretofore adopted by the Board of Directors establishing rates for water and sewer service and pertaining to related matters shall be revoked on February 21, 2024, the effective date of this Rate Order (hereafter referred to as "Order").

Section 1. Definitions. For purposes of this Order, in addition to terms defined elsewhere herein, the following words or terms shall have the following meanings:

1.01. "Alternative Payment Services" shall mean one or more programs through which a Customer may pay for water and sanitary sewer services provided by the District, other than a payment by cash, cashier's check, check, or money order submitted directly by Customer, and which programs are offered to Customers through third party service providers and coordinated by the District's Operator. These Alternative Payment Services may include one or more of the following or others: (a) check by phone, (b) on-line payment by credit or debit card, (c) on-line bill payment through Customer's bank, (d) payment by Customers at local retail outlets and (e) automatic monthly debit from Customer's account.

1.02. "Apartment(s)" shall mean dwelling structure(s) containing multiple dwelling units and shall include apartments, townhouses, condominiums and multiplexes.

1.03. "Builder" shall mean any person, firm, corporation or other entity, whether the property owner or other, constructing Residential, Apartment or Commercial aboveground improvements within the District.

1.04. "Commercial" shall mean and include any office building, hotel, retail store, clubhouse, warehouse, service station, or other establishment rendering a service or offering a product for sale to the public, and any establishment not generally considered a single-family residence.

1.05. "Commercial Waste" shall mean liquid carried sanitary sewage discharged from Commercial Customer Connections which is properly shredded and amenable to biological treatment and which may contain trace amounts of sand, grit, lubricants and other petroleum products commonly associated with Commercial establishments such as service stations and car wash facilities.

1.06. "Customer" shall mean the person, firm, corporation or other entity which receives District services pursuant to this Order for a Residential, Commercial, Apartment or other structure, whether the owner, renter, Builder or lessee thereof. Inasmuch as this Order hereinafter makes it mandatory for each such structure to be connected to the Water System and Sanitary Sewer System as soon as said Systems become operable, the term "Customer" shall mean and include the person, firm, corporation or other entity which requests District water and sanitary sewer services for such structure at the time service becomes available to said structure.

1.07. "Customer Connection" shall mean each separately metered Residential, Apartment or Commercial facility that is physically connected to the Water System or Sanitary Sewer System, whether occupied or not, and where appropriate, shall refer to the point of physical connection of such facility to the Water System or Sanitary Sewer System.

1.08. "Customer Service Inspection Certification" shall mean the inspection and subsequent certification required to be provided to the District in the instances and in the manner

set forth in this Order, and which shall be evidenced by the completion of a form in the form attached to this Order as Exhibit "A".

1.09. "Delinquent Bill" shall mean a bill for water and/or sanitary sewer service and/or other services, penalties and/or other charges of any nature imposed by the District, whether hereunder or pursuant to any Drought Contingency Plan or District order regulating waste including, without limitation, charges for solid waste collection and disposal services, for which payment in full (including, without limitation, all charges, penalties, additional security deposit as required, and late fees) has not been received before 5:00 p.m. of the twentieth (20th) day after the date of the bill (with respect to a regular monthly bill) or (with respect to delinquent or disconnection notices) before the date and time set forth in a notice from the District at an address specified therein for payment.

1.10. "District's Engineer" shall mean the person, firm or corporation which the District has engaged to provide engineering services for the District.

1.11. "District's Operator" shall mean the person, firm, corporation, municipal corporation or political subdivision with which the District has contracted for operation and maintenance of the Systems.

1.12. "Domestic Waste" shall mean liquid carried sanitary sewage discharged from Residential Customer Connections (including Apartments) which is properly shredded and amenable to biological treatment, which is normally discharged from Residential food preparation and bathroom facilities, and which has biological oxygen demand (5-day) and total suspended solids concentrations not exceeding 200 milligrams per liter.

1.13. "Drought Contingency Plan" shall mean any drought contingency or water conservation plan now in effect or hereafter adopted by the District.

1.14. "ESFC" shall mean Equivalent Single Family Residential Connection.

1.15. "Extreme Weather Emergency" shall mean a period when the previous day's highest temperature did not exceed 28 degrees Fahrenheit and the temperature is predicted to remain at or below that level for the next 24 hours according to the nearest National Weather

Service Report for the area within which the District is located. An Extreme Weather Emergency is deemed to have ended on the second business day that the temperature exceeds 28 degrees Fahrenheit.

1.16. "Fire Line" shall mean a water supply line installed or constructed for the sole purpose of providing water during a fire or other emergency.

1.17. "Health Hazard" shall mean a cross-connection, potential contamination hazard, or other situation involving any substance that could, in the opinion of the District, cause death, illness, or spread of disease, or which has a high probability of causing such effects if introduced into the District's potable drinking water supply.

1.18. "Industrial Waste" shall mean waste other than Commercial Waste and Domestic Waste.

1.19. "Nontaxable Entity" shall mean the owner of any property within the District that is exempt from the payment of ad valorem taxes levied by the District.

1.20. "Park and Recreational" shall mean landscaping in esplanades and green spaces within public rights-of-way or easements dedicated to a public body or non-profit homeowners association, landscaping in recreational areas owned and/or operated by a public body or non-profit homeowners association, and recreational facilities owned and/or operated by a public body or non-profit homeowners association existing primarily for the use and enjoyment of property owners and residents within the District.

1.21. "Residential" shall mean and include only single family residences (including those owned by Builders) and shall not include Apartments unless specifically stated herein to the contrary.

1.22. "Sanitary Sewer System" shall mean the sanitary sewage collection, treatment and disposal system of the District, and all extensions and additions thereto, whether now in place or hereafter constructed.

1.23. "Storm Sewer System" shall mean the municipal separate storm sewer system serving the District and any related detention facility or drainage channel, and all extensions and additions thereto, whether now in place or hereafter constructed.

1.24. "Systems", as used herein, shall mean the Water System, the Sanitary Sewer system and the Storm Sewer System of the District, collectively, including all extensions and additions thereto, whether now in place or hereafter constructed.

1.25. "Water System" shall mean the potable water supply and distribution system of the District, and all extensions and additions thereto, whether now in place or hereafter constructed.

Section 2. Initial Connections to Water System and Sanitary Sewer System.

2.01. Requirement to Connect. Each structure within the District requiring water and/or sanitary sewer services shall be physically connected to the Systems as soon as the District has made water and sanitary sewer services available to such structure. It is the policy of the District that all properties within the District shall be physically connected to both the Water System and Sanitary Sewer System. In the event that both water and sanitary sewer services are not available to a property at the time a Customer Connection is applied for, the Board of Directors, in its sole discretion, may permit connection to the Water System or Sanitary Sewer System without requiring connection to both the Water System and Sanitary Sewer System upon determination that an acceptable alternative water supply service or wastewater treatment service is available to such property. If both water and sanitary sewer services do not become available at the same time, and if the District permits connection to the Water System or Sanitary Sewer System without requiring connection to both, the connection to the Water System must be made at the time the District is capable of providing water service to the property and the connection to the Sanitary Sewer System must be made at the time the District is capable of providing sanitary sewer service to the property.

2.02. Septic System and Private Water Supply Systems. The construction and operation of septic systems and private water supply systems within the District shall be

prohibited unless the prior written consent of the Board of Directors is otherwise given and satisfactory arrangements are made with all regulatory agencies with jurisdiction over such matters. The Board of Directors may grant, deny or condition such consent in its sole discretion. The construction and operation of septic systems and private water supply systems shall at all times be subject to such terms and conditions as may be specified by the Board of Directors, if and to the extent consent for same is given.

2.03. Application for Water and Sanitary Sewer Connections. Each person desiring initial water and sanitary sewer services and related connections to the Water System and Sanitary Sewer System shall notify the District's Operator and shall sign and complete an application for such services and pay such fees as established by this Order. The application form may be amended by the District from time to time, as deemed appropriate, without the necessity of an amendment to this Order. No physical connection to the Water System or Sanitary Sewer System shall be made until such application has been completed and such fees have been paid. The District will provide water and/or sanitary sewer services, as and if then available, following completion of an application as required by this Section, payment of all fees then due pursuant to this Order, and compliance with all other applicable requirements of this Order on a first-come/first-serve basis and will not, except as determined by the Board of Directors of the District in its sole discretion, issue utility commitment letters to Builders.

2.04. Tap Fees. The following fees shall be collected from the applicant by the District's Operator before physical connection is made to the Water System or Sanitary Sewer System (which fees shall include the meter and meter box and installation thereof):

- | | | |
|-----|-----------------------------|------------|
| (a) | 5/8" Residential connection | \$1,025.00 |
| (b) | 3/4" Residential connection | \$1,180.00 |
| (c) | 1" Residential connection | \$1,600.00 |

- (d) Nonstandard Residential connection (other than 5/8", 3/4" or 1" water tap), Commercial and Apartment connections District's cost of installation (including labor and equipment charges) and materials, including the backflow prevention device and related materials, plus 200% of such costs.
- (e) Nontaxable Entity connection District's cost of installation (including labor and equipment) and materials, including any backflow prevention device and related materials if installed by the District's Operator if so provided in this Order, plus the actual costs to the District for all facilities that are necessary to provide District services to the tract and that are financed or are to be financed in whole or in part by tax-supported bonds of the District. Notwithstanding any provision in this Order to the contrary, should a tract and/or the improvements thereon be owned and/or occupied by a Nontaxable Entity following the date of initial payment of a tap fee pursuant to one of the other subsections of this Section 2.04 such that ad valorem taxes are not due to the District with respect thereto, said Nontaxable Entity shall pay the fee specified in this Subsection (e), less any tap fee previously paid with respect to the initial connection to the Water System or Sanitary Sewer System, within thirty (30) days following the date of an invoice from the District therefor. Also notwithstanding any provision in this Order to the contrary, should a Nontaxable Entity which previously paid a tap fee pursuant to this Subsection (e) subsequently acquire additional land, construct additional improvements and/or otherwise modify the use of its existing land and/or improvements such that it increases the Nontaxable Entity's use of the District's facilities, said Nontaxable Entity shall pay the tap fee specified in this Subsection (e) for such increased use, less any tap fee previously paid with respect to the initial connection of such land and/or improvements to the Water System or Sanitary Sewer System, within thirty (30) days following the date of an invoice from the District therefor. The foregoing provisions shall also apply if (i) the

Customer failed to advise the District at the time of the initial application for connection that it was a Nontaxable Entity, regardless of the reason for any such failure, or (ii) subsequent to a Nontaxable Entity's initial application, additional service is required due to the Nontaxable Entity's acquisition of additional land, construction of new improvements and/or modification of the use of its existing land and/or improvements. In such instances, the fee in this Subsection (c) shall apply retroactively to the date of the initial application for connection or the date of the change(s) since the Nontaxable Entity's initial application.

- (f) Fire Line Connection District's cost of installation and materials.
- (g) Park and Recreational connection District's cost of installation and materials.

In addition to the above, the payment of additional fees related to the Storm Sewer System may be required prior to initial connection to the Water System or Sanitary Sewer System pursuant to Section 5.02(b) hereof.

2.05. Policies Governing Initial Connections

(a) Certification. Subject to the provisions of Section 2.01 hereof, physical connection shall not be made to the Water System or Sanitary Sewer System until the District's Engineer has certified that the System is operational. Continuous water service shall not be provided to any Customer until (i) an acceptable connection to the Sanitary Sewer System (except as to water service only Customers) has been made; (ii) all inspections required pursuant to Section 2.06 and Section 5 hereof have been performed; (iii) any deficiencies or damages noted during said inspections have been corrected and/or paid for; and (iv) a properly completed Customer Service Inspection Certification has been provided to the District.

(b) Availability of Access. Upon application for Customer Connection, the applicant shall grant an easement of ingress and egress to and from the water meter for such installation, maintenance and repair as the District, in its judgment, may deem

necessary. Physical connection will not be made when, in the opinion of District's Engineer or the District's Operator, the work area is obstructed by building materials and debris or the work area is not completed to finished grade. When sidewalks, driveways or other improvements have been constructed prior to application for Customer Connection, such application shall be construed and accepted as a waiver of any claim for damages to such improvements resulting from the reasonable actions of the District's Operator relative to the installation of the Customer's connection to the Water or Sanitary Sewer System.

(c) Property of District. All meters, fittings, boxes, valves and appurtenances installed shall remain the property of the District.

(d) Connections by District Operator. Physical connection to the Water System shall be made by the District's Operator unless specified otherwise by the Board of Directors of the District. Physical connection to the Sanitary Sewer System shall be made in accordance with the District's "Rules and Regulations Governing Sewer House Lines and Sewer Connections," and, if more restrictive or expansive, applicable requirements of the Texas Commission on Environmental Quality, and in accordance with Section 2.06 hereof. No person, other than the properly authorized agents of the District, shall be permitted to make any connection to the Water System, except for emergency fire-fighting purposes, or make any repairs or additions to or alterations in any meter, box, tap, pipe, cock or other fixture or appurtenance connected with the Water System, or any manhole, main, trunk, fixture or appurtenance of the Sanitary Sewer System without the prior written permission of the Board of Directors of the District.

(e) Submission of Plans for Commercial and Apartment Customer Connections. In addition to the requirements set forth in Section 5 below, each applicant for a Commercial or Apartment Customer Connection or an applicant with an existing Commercial or Apartment Customer Connection that has proposed changes to and/or construction within its site that would provide for an additional connection or

modification of an existing connection to the Water System or Sanitary Sewer System, shall, not less than thirty (30) days prior to the requested connection date or thirty (30) days prior to the proposed change and/or construction date, as applicable, submit to the District's Engineer or other party designated by the Board of Directors of the District, the following information:

(1) Engineering plans (three sets for District purposes) signed and sealed by a Registered Professional Engineer of the State of Texas indicating details of building water distribution and sanitary sewer collection facilities, materials to be used and the location, size and number of proposed connections to the Water System or Sanitary Sewer System or applicant's existing system, as applicable;

(2) The legal description of the land to be served by the Water System or Sanitary Sewer System and a copy of the recorded plat of same; and

(3) A general description of the type of proposed Commercial establishment (including Apartments) and, if applicable, a description of the special measures taken in order to prevent any possible Industrial Waste and/or unauthorized Commercial Waste from entering the Sanitary Sewer System; and .

In recognition of the District's obligation to protect and maintain public health, the District's Engineer or other party designated by the Board of Directors of the District shall review the information presented and may approve or reject the application, request that further information be submitted prior to approval of the application, or require modifications to be made to the plans, including without limitation, requiring the installation of backflow preventors, grease traps, grinders, sampling wells, and/or pretreatment units as may be deemed necessary or appropriate for the protection of the Water System or Sanitary Sewer System. The Customer shall be responsible for payment of all costs in connection with the review of said information. Customer shall be notified in writing as to the basis for rejection of its application. Failure to construct the facilities

in accordance with approved plans shall constitute a basis for denial of District services or a basis for removal or suspension of District services, as applicable. If the application information is not timely provided, the District shall not be held responsible for delays in the installation of Water System or Sanitary Sewer System connections or the provision of District services. Payment of tap fees to the District's Operator prior to the approval of plans shall not be considered approval of said plans or approval for connection to the Water System or Sanitary Sewer System or applicant's existing system, as applicable. Any unauthorized physical connection to the Water System or Sanitary Sewer System or applicant's existing system, as applicable, may be removed without notice at the expense of the applicant or the person or firm causing such connection to be made.

(f) Builder Damage Deposit. Upon first application for a Customer Connection, the applicant (the "Applicant") shall pay a damage deposit (the "Builder Deposit") in the amount of \$1,000.00 which deposit shall apply to all connections of such Applicant, whether one or more. The Builder Deposit is to secure the payment of costs to repair any District facilities damaged by the Applicant or other parties during the construction of the above ground improvements on the applicable property, including repairs necessary as a result of a failure to maintain proper storm water control and erosion and pollution prevention measures pursuant to Section 5.05 hereof ("Builder Damages"), and is in addition to the security deposit to secure payment of service charges required to be paid for each address pursuant to Section 3.01 of this Order. The Applicant shall be held responsible for any Builder Damages and shall reimburse the District for all costs incurred in repairing the Builder Damages.

After inspection by the District's Operator, the District may utilize the Builder Deposit to pay for any repairs to the District facilities made necessary by the Applicant's construction activities. If the Builder Deposit is not sufficient to pay for such Builder Damages, the Applicant shall pay such outstanding balance due. No additional connections to the Water System or Sanitary Sewer System shall be permitted relative to

any Applicant who has a Delinquent Bill for Builder Damages. If Applicant is building more than one house, building or other improvement with the District, the Builder Deposit shall remain at \$1,000.00 at all times, and if the District utilizes a portion or all of the Builder Deposit to repair Builder Damages, the Applicant shall pay to the District the amount(s) necessary to again have a \$1,000.00 Builder Deposit.

The District shall refund any remaining Builder Deposit upon completion of the last house, building or other improvement to be constructed within the District by the Applicant, final inspection by the District's Operator, and payment by the Applicant of all fees, charges and damages due to the District under this Order or otherwise, and any remaining amount can be applied to any outstanding fee, charge, tax, etc. owed by the Applicant to the District. No interest will be paid by the District on the Builder Deposit.

2.06. Inspections.

(a) Sanitary Sewer Inspections. A sanitary sewer inspection fee of \$95.00 for Residential Customer Connections and cost plus 25% for Commercial, Nontaxable Entity and Apartment Customer Connections, payable at the time of application for connection to the Sanitary Sewer System, shall be charged by the District for inspection of each physical connection to the Sanitary Sewer System and related service line. A fee of \$95.00 shall be charged by the District for each grease trap, sampling well or pretreatment unit installation inspection, which installation inspection fee shall be in addition to the monthly fee set forth in Section 3.05 hereof. Connections and related service lines shall be inspected for strict compliance with the District's "Rules and Regulations Governing Sewer House Lines and Sewer Connections," and/or, if more restrictive or expansive, applicable requirements of the Texas Commission on Environmental Quality. Customer shall notify the District's Operator prior to any such connection being made. Customer shall again notify the District's Operator after the physical connection has been made and such District's Operator shall inspect and approve the connection prior to backfilling of the area and prior to the commencement of sanitary

sewer service. Installations which fail to conform to said rules will be denied. Customer shall be notified in writing as to the basis for such denial. After noted deficiencies have been corrected, a sanitary sewer connection reinspection shall be made upon payment to the District of a reinspection fee of \$95.00 for Residential Customer Connections and cost plus 25% for Commercial, Nontaxable Entity and Apartment Customer Connections. If subsequent reinspections are required before the sanitary sewer connection and service lines are found in compliance with the District's rules, an additional sanitary sewer reinspection fee of \$95.00 for Residential Customer Connections and cost plus 25% for Commercial, Nontaxable Entity and Apartment Customer Connections shall be charged for each such reinspection.

(b) Customer Service Inspection Certification. Prior to the District providing continuous water service to (i) any new construction; (ii) any existing Customer Connection when the District, in its sole discretion, has reason to believe that a cross-connection or potential contamination hazards exist; or (iii) any existing Customer Connection after any material improvement, correction or addition to the private water distribution facilities, a properly completed Customer Service Inspection Certification shall be provided by the Customer to the District. "Continuous" water service, with respect to new construction, shall be deemed to commence upon the transfer of service from the builder of a building, residence, or other establishment to the initial occupant or user thereof.

For Residential Customer Connections, the District's Operator shall perform the inspection and provide the necessary certification, and the District shall charge the Customer a fee of \$80.00.

For Commercial (including Apartment) Customer Connections, the District's Operator shall perform the inspection and provide the necessary certification, and the District shall charge the Customer a fee of the District's cost plus 25%.

Customer shall be charged the same applicable fee set forth above for any reinspection required.

Should a Customer fail to provide to the District a properly completed Customer Service Inspection Certification, water service to such Customer will be terminated by the District and service shall not be restored by the District until the required Customer Service Inspection Certification form is provided.

(c) Inspection of District Facilities. In accordance with applicable rules of the Texas Commission on Environmental Quality, any person desiring water and sanitary sewer services from the District must notify the District's Operator prior to making any improvement or starting any construction on property within the District if such improvement, construction or equipment used in connection therewith will be within or in close proximity to easements, rights-of-way or property where District facilities are located. The District's Operator shall inspect each property or location at which the improvement or construction is to take place prior to commencement of same to verify the location and condition of District facilities on the property. Upon receipt of instructions from the contractor or builder that construction of the facility or improvement is complete and prior to the transfer of the account to the subsequent Customer, the District's Operator shall make a final inspection of the water tap, meters and all other District facilities located on or around the property in question to verify the condition of such facilities. If damage to any District facilities is found, the District's Operator will repair such facilities and the builder or contractor will be responsible for payment of all costs incurred prior to the initiation of services to the property. A fee of \$95.00 shall be charged by the District to cover the costs of such inspections, which fee will be due and payable at the time the tap fee is paid.

2.07. Temporary Water Service. Withdrawal of water from flushing valves or fire hydrants or other appurtenances of the District's System without prior approval of the District, except for emergency fire-fighting purposes, is prohibited. The District's Operator shall

be authorized to make a temporary connection to any fire hydrant or flushing valve upon request for temporary water service within the area of the District. Such temporary service shall be provided only through a District meter installed by the District's Operator. The applicant for temporary water service shall be required to post a deposit of \$500.00 which shall secure the payment for water supplied by the District, the installation fee, the safe return of the District's meter and fire hydrant wrench, and the cost of repair of any damage by a user of the hydrant. The fee for temporary water service shall be \$75.00 for costs of installation, plus \$0.50 per 1,000 gallons of water delivered through the meter. Temporary water service may be supplied outside the area of the District only with the express authorization of the Board of Directors of the District.

Section 3. Rates and Fees for Water and Sanitary Sewer Services and Solid Waste Collection and Disposal Services. Each prospective Customer desiring water and sanitary sewer service and solid waste collection and disposal services shall be required to provide appropriate information in order to obtain such service and shall pay an application fee. Solid waste collection and disposal services are provided to every Residential Customer at no additional charge. The District does not provide solid waste collection services to Commercial or Apartment Customers.

3.01. Application Fee and Security Deposit. A non-refundable application fee of \$45.00 shall be charged for each Customer application, including for applications to transfer service from a Builder to a non-Builder Customer. Each Customer shall pay the applicable security deposit as follows:

(a) Each Residential Customer \$150.00
which owns the home at the address to
be serviced, including Builders (as
evidenced by a copy of the deed or
other proof of ownership acceptable to
the District which shall accompany the
application for services)

(b) Each Residential Customer \$150.00

which rents the home at the address to be serviced (a copy of the lease or rental agreement shall be submitted with its application for services)

(c) Each Apartment unit served by a separate meter. \$150.00

(d) Non-Taxable Entity A deposit equal to 200% of the estimated total monthly service charges to such Customer, as determined by the District's engineer utilizing City of Houston criteria regarding usage.

(e) Commercial Customers served by a separate meter. A deposit equal to 200% of the estimated total monthly service charges to such Customer, as determined by the District's engineer utilizing City of Houston criteria regarding usage.

(f) Commercial Customers served by a separate meter. A deposit equal to 200% of the estimated total monthly service charges to such Customer, as determined by the District's engineer utilizing City of Houston criteria regarding usage.

Further, any Customer whose service is terminated pursuant to Section 4.02 hereof; whether such Customer is leasing or owns the property to which service is provided, shall pay a deposit of \$150.00 (which deposit shall be in addition to any prior deposit if such Customer has previously paid a security deposit up to a maximum amount of \$450.00) before Customer's service is restored. Upon written request, the District shall refund to a Customer such \$150.00 deposit paid for the restoration of service at such time as the Customer's account has remained current for a period of six (6) consecutive months. Upon final termination of service, such deposit shall be credited against amounts owed to the District and any balance refunded to the Customer within sixty (60) days after termination of service. The District shall not be required to pay interest to the Customer on such security deposit. Further, any Customer whose service is terminated pursuant to Section 4.02 hereof shall pay such deposit (if such Customer has not previously paid a security deposit) before Customer's service is restored. Notwithstanding the foregoing, the District shall have the right, but not the obligation, at its sole discretion, to apply all or any portion of such security deposit without notice to the Customer to offset the amount of

a Delinquent Bill that remains unpaid for more than thirty (30) days after becoming a Delinquent Bill. If the District applies the security deposit prior to termination of service, Customer shall be required to pay a replacement security deposit in accordance with this Section 3.01. Customer's failure to timely pay a replacement security deposit shall result in Customer's bill becoming a Delinquent Bill. Furthermore, nothing contained herein shall prevent the District from applying a Customer's security deposit on file with the District in accordance with 11 U.S.C. Section 366(c)(4) or any successor provision or any other applicable section of the federal Bankruptcy Code or applicable provision of state law.

3.02. Monthly Rates for Residential Water Service. The following rates per month, or any part thereof, shall be charged for Residential water service furnished by the District to each Customer Connection in every instance in which a different charge is not expressly and clearly provided for herein:

(a)	Minimum monthly charge for up to 10,000 gallons of water metered	\$25.00
(b)	For each 1,000 gallons of water metered from 10,001 gallons to 20,000 gallons	\$2.00
(c)	For each 1,000 gallons of water metered from 20,001 gallons to 50,000 gallons	\$4.00
(d)	For each 1,000 gallons of water metered over 50,000 gallons	\$5.00

3.03. Monthly Rate for Residential Sanitary Sewer Service. The following rate per month, or any part thereof, shall be charged for Residential sanitary sewer service furnished by the District to each Customer Connection in every instance in which a different charge is not expressly and clearly provided for herein:

Monthly Flat Rate	\$43.96
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; provided, however, that said rate shall not be charged to a Customer Connection which is installed for use for an irrigation system only and which does not discharge waste into the Sanitary Sewer System.

3.04. Monthly Rates for Commercial Water Service. The following rates per month, or any part thereof, shall be charged per ESFC for Commercial water service furnished by the District to each Customer Connection in every instance in which a different charge is not expressly and clearly provided for herein:

- | | | |
|-----|---|---------|
| (a) | Base up to 5,000 gallons of water metered
per ESFC | \$25.00 |
| (b) | Per 1,000 gallons of water
metered over base | \$2.50 |

3.05. Monthly Rates for Commercial Sanitary Sewer Service. The following rates per month, or any part thereof, shall be charged for Commercial sanitary sewer service furnished by the District to each Customer Connection in every instance in which a different charge is not expressly provided for herein:

- | | | |
|-----|--|---------|
| (a) | Per ESFC up to 5,000 gallons of water metered | \$40.00 |
| (b) | Per 1,000 gallons of water
metered over base | \$3.00 |
| (c) | For each grease trap installed,
there shall be charged a monthly
flat rate inspection fee of
(Any reinspection required shall
be charged at the same rate) | \$70.00 |

; provided, however, that said rate shall not be charged to a Customer Connection which is installed for use for an irrigation system only and which does not discharge waste into the Sanitary Sewer System.

3.06. Monthly Rates for Water Service to Apartments. The following rates per month, or any part thereof, shall be charged per unit for water service furnished by the District to Apartment units served by separate meters:

- | | | |
|-----|--|---------|
| (a) | Per unit base up to 5,000 gallons per unit | \$12.00 |
| (b) | Per 1,000 gallons over base | \$2.20 |

Apartment units served by a master meter shall be charged as follows: The total number of gallons metered shall be divided by the number of apartment units to determine the average usage per unit. The average usage per unit shall be rounded up to the nearest 1,000 gallons for purposes of computing the amount to be charged hereunder. The rates specified above shall then be applied to such average usage to determine the charge per unit. The charge per unit shall then be multiplied by the applicable number of Apartment units to determine the total amount to be charged. Notwithstanding the foregoing, during the first three months after the date of initial connection to the Water System of Apartment units serviced by a master meter, the customer shall be charged for water usage at the rate of \$0.50/1,000 gallons. Beginning the first day of the next billing period after the third month, the following percentage of Apartment units planned ultimately to be served by such meter will conclusively be deemed to be completed and habitable and billing will be in accordance with the rates set forth above with each unit deemed completed and habitable being considered as one unit:

<u>Months After Tap</u>	<u>Percentage Habitable</u>
4 through 6	50%
7 through 9	75%
10 through 12	85%
13 and thereafter	100%

3.07. Monthly Rates for Sanitary Sewer Service to Apartments. The following rates per month, or any part thereof, shall be charged per unit for sanitary sewer service to Apartment units served by separate meters:

- | | | |
|-----|--|---------|
| (a) | Per unit base up to 5,000 gallons per unit | \$12.00 |
| (b) | Per 1,000 gallons over base | \$2.30 |

Apartment units served by a master meter shall be charged as follows: The rates specified above shall be multiplied by the applicable number of Apartment units to determine the total amount to be charged. Notwithstanding the foregoing, during the first six months after the

date of initial connection to the Sanitary Sewer System, of Apartment units served by a master meter, the charge for sanitary sewer service shall be deemed to be included in the charge for water service set forth in Section 3.06. Beginning the first day of the next billing period after the sixth month, the above-described schedule of habitability shall apply and billing will be in accordance with the rates set forth above, calculated by multiplying the applicable number of Apartment units times the flat rate for sanitary sewer service. Each Apartment unit shall be considered as one unit.

3.08. Monthly Rates for Irrigation Service.

- | | | |
|-----|--|---------|
| (a) | For each 1,000 gallons of water
metered to 5,000 gallons | \$25.00 |
| (b) | For each 1,000 gallons of water
metered from 5,001 gallons and up | \$2.50 |

3.09. Monthly Rate for Water Service to Park and Recreational Facilities. The following rate per month, or any part thereof, shall be charged for water service furnished by the District to Park and Recreational facilities in every instance in which a different charge is not expressly and clearly provided for herein:

\$0.35 per 1,000 gallons of water metered

; provided, however, that Park and Recreational Facilities owned and operated by the District shall be exempt from payment of said rate.

3.10. Monthly Rate for Sanitary Sewer Services to Park and Recreational Facilities. The following rate per month, or any part thereof, shall be charged for sanitary sewer service furnished by the District to Park and Recreational facilities in every instance in which a different charge is not expressly and clearly provided for herein:

\$0.35 per 1,000 gallons of water metered

; provided, however, that said rate shall not be charged to a Customer Connection which is installed for use for an irrigation system only and which does not discharge waste into the

Sanitary Sewer System; and further provided, however, that Park and Recreational Facilities owned and operated by the District shall be exempt from payment of said rate.

3.11. Regulatory Assessment and Other Fees. The regulatory assessments and other fees imposed pursuant to this Section 3.11 shall be billed and collected in the manner set forth in this Order and all Customers of the District shall be subject to penalties and/or termination of service for failure to pay said regulatory assessments and fees when due in the manner set forth herein.

(a) Texas Commission on Environmental Quality Assessment. The water and sanitary sewer service rates set forth above in Sections 3.02 through 3.10, inclusive and the rate for temporary water service in Section 2.07 include a regulatory assessment equal to one-half of one-percent of the charge for water and/or sewer service, as provided by Section 5.701(n), Texas Water Code, as amended.

(b) North Fort Bend Water Authority Well Pumpage Fee. The District lies within the boundaries of the North Fort Bend Water Authority (the "Authority") and is subject to well pumpage and surface water fees imposed by the Authority for each 1,000 gallons of water pumped from the District's water well(s) and for all surface water delivered from the Authority to the District. In order to collect from the District's Customers sufficient funds to pay the Authority's well pumpage and surface water fees, the District hereby imposes a fee of \$4.90 for each 1,000 gallons of water billed to each Customer of the District pursuant to this Order, which fee shall be added to each Customer's bill. In addition, any surcharge imposed on the District by the Authority pursuant to the Authority's Drought Contingency Plan, as it may be amended from time to time, shall be converted to a charge per each 1,000 gallons of water, as necessary, and shall be charged to each Customer for each 1,000 gallons of water billed to the Customer pursuant to this Order, and be added to each Customer's bill. The water and sanitary sewer service rates set forth above in Sections 3.02 through 3.10, inclusive, and the rate for temporary water service in Section 2.07 do not include the fee imposed hereunder.

3.12 Fees Associated with Alternative Payment Services. Alternative Payment Services which may be offered by the District are provided merely as a convenience to Customers and such services may be discontinued by the District at any time in its sole discretion. Customer's use of any alternative payment services does not relieve Customer of the obligation to ensure that payment is timely received by the District and the provisions of this Order, including, without limitation, Section 4 hereof, shall apply to any Delinquent Bill. All Alternative Payment Services are administered by third-party service providers and certain fees for use of the services may apply. With the exception of any automatic monthly debit program which the District may adopt. Such fees are set by and charged to the Customer by the service providers rather than by the District. For any such automatic monthly debit program, a fee of \$1.00 per debit transaction processed by the District shall be charged to the Customer as a pass-through fee. Customer shall be provided notice of any applicable fees by the service providers for Alternative Payment Services prior to the time of payment and Customer shall be solely responsible for the payment of same. Any applicable service fees paid by Customer shall be in addition to the total amount owed to the District as reflected on Customer's bill.

3.13. Drought Contingency Plan. The water and sanitary sewer rates set forth above in Sections 3.02 through 3.10, inclusive, and the rate for temporary water service set forth above in Section 2.07 do not include any additional fees or charges imposed by the District during any drought response stage pursuant to the Drought Contingency Plan. Any such additional fees and charges, and any penalties under the Drought Contingency Plan, shall be billed and imposed by the District in accordance with the Drought Contingency Plan and shall be in addition to fees or charges under this Order, unless otherwise set forth in the Drought Contingency Plan.

3.14. Bulk Rates. The water and sanitary sewer service rates set forth above shall not be construed to prevent the District from furnishing water and/or sanitary sewer service to any Customer at a bulk rate if deemed advisable by the District, with such rate to be determined on a case by case basis.

3.15. Policies Governing Water and Sanitary Sewer Services.

(a) No Reduced Rates or Free Service: Service Subject to Compliance with Laws and Agreements. All Customers receiving services from the District shall be subject to the provisions of this Order and shall be charged the rates established in this Order, and no reduced rate or free service shall be furnished to any Customer; provided, however, this provision shall not prohibit the District, upon good cause shown, from establishing other reasonable classifications of Customers for which rates differing from the rates stated herein may be adopted. Failure to comply with (i) all applicable regulations and laws regarding service, including, without limitation, the requirement that a plat of the property to be served be recorded prior to service, and (ii) any agreement between the District and the Customer, including, without limitation, a utility commitment, shall be considered a violation of this Order and may result in denial or termination of service and/or assessment of penalties in accordance with the terms hereof.

(b) Entitlement. Customers are not guaranteed a specific quantity or pressure of water from the Water System or specific capacity in the Sanitary Sewer System for any purpose whatever and in no instance shall the District be liable for failure or refusal to furnish water or any particular amount or pressure of water from the Water System or to provide capacity in the Sanitary Sewer System or to collect solid waste.

(c) Unauthorized and Extraordinary Waste. The water and sewer service rates established herein are applicable for ordinary Domestic Waste normally considered to have a biological oxygen demand (five day) and total suspended solids of 200 milligrams per liter. Customers discharging, whether intentionally or unintentionally, non-Domestic Waste into the Sanitary Sewer System will be assessed additional charges as established by District based on the volume and concentration of the proposed waste, as well as costs of remediation and/or repairs to the Sanitary Sewer System occasioned as a consequence of such discharge, in addition to any other penalties set forth herein and in any order regulating waste heretofore or hereafter adopted by the District. Customers proposing to

discharge or discharging certain Commercial Waste, including Commercial Waste from food processing or other food handling establishments, will be required to install garbage grinders and may be required to install grease traps or pretreatment units when so ordered by the District following the evaluation of the effects of high concentrations of organics on the Sanitary Sewer System. Customers who are required to install garbage grinders, grease traps or other types of pretreatment units shall maintain same in good working condition, which shall include, but not be limited to, regular cleaning. The District shall have the right to inspect such pretreatment units, and, in order to protect the District's facilities, reserves the right, if Customer has failed to do so, to perform the required maintenance at Customer's expense and/or to discontinue service to Customer. The District's current waste discharge permit prohibits the introduction of Industrial Waste into the Sanitary Sewer System. All Customers of the Sanitary Sewer System shall be subject to the terms and conditions of any order regulating waste heretofore or hereafter adopted by the District, pursuant to the terms of which the District may establish rates and charges to produce revenues to pay such additional costs incurred by the District in connection with such Industrial Waste. Further, the District shall have the right to terminate service to any Customer which violates any such order regulating waste in accordance with Section 4.02 hereof and the penalties specified in Section 7 hereof shall apply, in addition to any other penalties or other charges specified in such order or herein. The District's Operator shall have rights of ingress and egress to Customer's property in order to carry out the provisions of this Section.

(d) Plumbing Regulations. The following plumbing regulations are pursuant to Texas Commission on Environmental Quality regulations and Section 1417 of the federal Safe Drinking Water Act, as amended by the federal Reduction of Lead in Drinking Water Act enacted on January 4, 2011 (and effective January 4, 2014), and any Environmental Protection Agency regulations adopted thereunder and are applicable to

all Customers of the District. The stricter of the standards in the above shall be met, notwithstanding anything below to the contrary.

(i) No direct connection between the Water System and a potential source of contamination shall be permitted; potential sources of contamination shall be isolated from the Water System by an air gap or an appropriate backflow prevention device in accordance with applicable Texas Commission on Environmental Quality requirements and/or as otherwise required by the District in its reasonable discretion;

(ii) No cross connection between the Water System and any private water system shall be permitted, and any potential threat of cross connection shall be eliminated at the service connection by the installation of an air gap or a reduced pressure-zone backflow prevention device;

(iii) No connection which allows water used for condensing, cooling or industrial processes, or water from any other system of nonpotable usage over which the District does not have sanitary control to be returned to the Water System shall be permitted;

(iv) No pipe or connection which allows water to be returned to the Water System is permitted;

(v) The use of pipes, pipe fittings, plumbing fittings, and fixtures that contain more than a weighted average of 0.25 percent lead, or solders and flux that contain more than 0.2 percent lead is prohibited for installation or repair of the Water System and for installation or repair of any plumbing in any Residential or Commercial facility providing water for human consumption and connected to the Water System. This requirement may be waived for leaded joints that are necessary for repairs to cast iron pipe; and

(vi) Notwithstanding anything to the contrary contained herein, the District reserves the right to inspect each Customer's property at any time for

possible cross connections and other potential contamination hazards in violation of this Order, including, without limitation, irrigation and swimming pool connections. The Customer shall, upon receipt of notice from the District, immediately correct any potential contamination hazard existing on his premises to prevent possible contamination of the Water System. The existence of a serious threat to the integrity of the Water System shall be considered sufficient grounds for immediate termination of water service. Water service will be restored only when the source of potential contamination no longer exists, or when sufficient additional safeguards have been taken to protect the Water System from contamination, and a Customer Service Inspection Certification confirming the correction of a potential contamination hazard has been submitted to the District. The District shall not be required to follow the procedures set forth in Section 4.02 hereof when terminating water service to a Customer under this Section 3.14(d). However, the Customer shall be subject to the same charge for restoration of service terminated pursuant to this Section 3.14(d) as is set forth in Section 4.02 hereof.

(e) Backflow Prevention Requirements. No connection to the Water System shall be allowed to any Customer Connection where the District, in its sole discretion, has reason to believe that an actual or potential contamination hazard exists unless the Water System is protected from contamination. The following backflow prevention requirements are applicable to all Customers of the District:

(i) Backflow prevention assemblies shall be installed, tested and maintained, at the Customer's expense, at any Customer Connection in accordance with applicable Texas Commission on Environmental Quality requirements and/or as otherwise required by the District in its reasonable discretion.

The use of a backflow prevention device at the service connection shall be considered additional backflow protection and shall not negate the use of backflow prevention on the internal hazards of any Customer Connection as outlined and enforced by applicable Texas Commission on Environmental Quality regulations and/or local plumbing codes.

(ii) All backflow prevention assemblies installed at any Customer Connection shall be tested upon installation by a recognized backflow prevention assembly tester (pursuant to Texas Commission on Environmental Quality regulations) and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against a Health Hazard (as defined in 30 T.A.C. Sec. 290.38) must also be tested and certified to be operating within specifications at least annually by a recognized backflow prevention assembly tester.

(iii) For each backflow prevention assembly required to be installed pursuant to this Order, it shall be the responsibility of the Customer to have such assembly installed, tested upon installation, and tested periodically thereafter as required by Subsection (ii) above, and to submit to the District's Operator for recordkeeping purposes within seven (7) days after each such test a signed and dated original Backflow Prevention Assembly Test and Maintenance Report ("Test Report"), in the form attached to this Order as Exhibit "B", completed by a recognized backflow prevention assembly tester. An annual fee of \$101.00 for each backflow prevention assembly required to be installed pursuant to this Order shall be charged by the District to cover the costs of administering the backflow prevention assembly testing and record keeping program, which fee will be due and payable during the July billing period.

(iv) If a Customer fails to comply with the requirements of this Section 3.15(e), the District may terminate service to the Customer or the District may

instruct the District's Operator to properly install, test and maintain the necessary backflow prevention assembly and bill the Customer for all expenses incurred in connection therewith.

(f) Proration of Certain Bills for Residential Customers. Residential Customers receiving water and/or sanitary sewer services from the District for a period of less than a full calendar month shall be entitled to a proration of the monthly charge for such services set forth in Section 3.02, Section 3.03 and Section 3.10 above, provided the Customer's usage for such period does not exceed the minimum monthly usage set forth therein. In the event the Customer's actual usage during such period exceeds the minimum monthly usage set forth in Section 3.02, Section 3.03 and Section 3.10 above, the Customer's bill shall be calculated in the manner set forth in such Sections.

Section 4. Method of Payment; Delinquency in Payment; Penalty; Discontinuation and Termination of Service. Except as set forth in Section 4.01 below, all payments made under this Order shall be subject to and in accordance with procedures adopted by the District's Operator as to acceptable forms of payment, which may, at the District's Operator's discretion, include one or more of the following: cash, check, money order, cashier's check, or an Alternative Payment Service.

4.01. Penalty for Failure to Pay Bill Before Delinquency. A charge of ten percent (10%) of the amount of the Customer's bill shall be added to the Customer's bill when such Customer has failed to pay any bill before it becomes a Delinquent Bill. A charge of \$10.00 shall also be added to a Customer's bill for each written notice of delinquency sent to a Customer. (No separate charge shall be imposed for the notice left on a Customer's front door.) If a Customer's bill, or any part thereof, becomes a Delinquent Bill, the Delinquent Bill, plus the penalty thereon and all other charges imposed by the District shall be immediately due and payable. A charge of \$30.00 shall be imposed for each notice forwarded to a Customer as a result of a Customer's payment (whether made by check or via one or more Alternative Payment Service) being returned by a bank or other third-party payor for any reason. In addition, should a

payment (whether by check or via one or more Alternative Payment Service) have been returned by a bank or other third-party payor then the returned payment shall be replaced with either money order or cashier's check, or, if accepted by the District's Operator, cash, all subject to and in accordance with procedures adopted by the District's Operator as to acceptable forms of payment presented at the office of the District's Operator. This provision shall apply regardless of whether Customer's bill is a Delinquent Bill at the time the payment is returned.

4.02. Termination of Service. The District shall have the right to terminate service and cut off the supply of water to a Customer and/or a Customer's access to the Systems at any time after its bill becomes a Delinquent Bill or upon violation by the Customer of this Order or of any order regulating waste heretofore or hereafter adopted by the District. The Customer shall, by written notice mailed to the Customer's address as reflected in the records of the District, be notified of the delinquency or violation and the date on which service shall be terminated if the account (including delinquent charges and penalty) is not paid in full or the violation corrected, which date shall not be less than five (5) days from the date such notice is sent. With respect to a Delinquent Bill, such notice shall state the place and time at which the account may be paid and the method by which it must be paid as set forth in Section 4.01 above and that any errors in the bill may be corrected by contacting the billing company, whose telephone number shall also be given in such notice. All notices of termination shall state that the Customer has the right to appeal such termination to the Board of Directors of the District. The notice shall also be left by the District's Operator on the front door at the address to which the service in question was provided at least twenty-four (24) hours prior to the time at which service shall be terminated. If the delinquent account (including any non-delinquent portion thereof), including penalty and all other charges then due and owing, has not been paid in full or the violation corrected by the proposed termination date, service shall then be discontinued unless otherwise agreed by the Board of Directors of the District. A charge of \$70.00 shall be imposed for the restoration of service discontinued pursuant to this section. Payment of the unpaid account, including penalty and all other charges then due and owing plus any required

deposit, shall be paid in cash, cashier's check or money order prior to restoration of water service has been terminated because of the Customer's failure to pay a bill before it became a Delinquent Bill.

4.03. Payment of Bills and Continuation of Service During Extreme Weather Emergency. During an Extreme Weather Emergency, and notwithstanding any provisions to the contrary herein, including, but not limited to Sections 4.01 and 4.02, a Customer may not be charged any late fees or penalties, nor may a Customer's service be terminated, for failure to timely pay a bill that is due during an Extreme Weather Emergency. The imposition of late fees and penalties and the termination of service for failure to pay a Delinquent Bill that is due during an Extreme Weather Emergency shall resume upon the cessation of the Extreme Weather Emergency. A Customer may submit to the District's Operator within 30 days of the end of the Extreme Weather Emergency, a request for a payment plan for any Delinquent Bill that is or was due during an Extreme Weather Emergency. A request for a payment plan shall either be submitted by Customer in writing or presented by Customer in person to the Board of Directors of the District during a public meeting, which request shall, subject to the terms hereof, be granted by the District's Board of Directors at its next meeting. The District's Board of Directors may determine, in its sole discretion, the schedule and terms of the payment plan, including (i) the total amount due, (ii) the number of installments (whether one or more), (iii) the amount of any finance charge, not to exceed an annual rate of ten percent (10%) simple interest, (iv) the deadline for each installment, (v) the dates of the Extreme Weather Emergency, and (vi) the due dates and amounts of any bills that were due during the Extreme Weather Emergency. The District shall send written notice of the terms of the payment plan to the requesting Customer, after which the Customer shall have seven (7) business days to accept or reject, in writing, the payment plan offered by the District. If the District does not receive written notice of a Customer's acceptance of an offered payment plan within seven (7) business days, it shall be deemed rejected. A Customer that violates the terms of any payment plan extended by the

District shall be subject to the provisions of this Rate Order regarding delinquent payment of bills and discontinuation of service.

The District shall suspend any preexisting disconnection notices issued to a Customer for nonpayment of a bill due during an Extreme Weather Emergency upon receipt of a timely request for a payment plan. If a Customer violates the terms of any payment plan extended by the District or does not timely respond to the District's offer of same, the District may (i) pursue disconnection of service pursuant to the terms of this Rate Order, or (ii) reinstate the terms of a disconnection notice delivered to the Customer prior to the Extreme Weather Emergency.

4.04. Discontinuing Service Upon Request of a Customer. Whenever a Customer of the District requests that service be temporarily discontinued, Customer shall notify the District's Operator at least two days prior to the time that such service discontinuation is desired, unless discontinuation is requested sooner to enable emergency plumbing repairs. A charge of \$25.00 shall be made for restoring service when such service is discontinued and restored at the request of the Customer and Customer is not delinquent in the payment of any bill at the time of either request.

Section 5. Storm Sewer System; Storm Water Guidance Manual. The District owns, operates and maintains all or a portion of the Storm Sewer System in order to furnish storm water drainage service to the land located within its boundaries. Storm water drainage may be discharged by Customers and property owners within the District to the Storm Sewer System, subject to the provisions of the Storm Water Guidance Manual described hereinafter, the provisions of this Section 5 and the requirements of any federal, state or local agency the with jurisdiction over storm drainage and flood control. All persons shall take notice that the District has a Storm Water Management Program ("SWMP") in force and effect. As part of the SWMP, the District has adopted a Storm Water Guidance Manual. The terms and provisions of the Storm Water Guidance Manual are incorporated herein by reference for all purposes as if same were set out in full below. The following provisions of this Section 5 shall be understood to implement and provide for the enforcement of the SWMP, including the Storm Water Guidance

Manual. Non-compliance with the Storm Water Guidance Manual Shall constitute a violation of this Order. In the event of a conflict between the following provision of this Section and the Storm Water Guidance Manual, the Storm Water Guidance Manual shall control and prevail.

5.01. Connection to Storm Sewer System. Residential Customers may discharge storm water flows to the curb and gutter system. Otherwise, no physical connection to the Storm Sewer System shall be made by Residential Customers without the prior written consent of the Board of Directors of the District. The Board of Directors may grant, deny or condition such consent in its sole discretion. Physical connection to the Storm Sewer System by a Residential Customer shall at all times be subject to such terms and conditions as may be specified by the Board of Directors, if and to the extent consent for same is given. Physical connection to the Storm Sewer System may be made by non-Residential Customers, subject to compliance with the remaining provisions of this Section. For purposes of the remainder of this Section 5.01 and Section 5.02 only, the term "physical connection" means and refers to a controlled conveyance of storm water by pipe, line, drainage ditch or swale or other improvements or facilities, and excludes the uncontrolled sheet flow of storm water.

An application for a physical connection to the Storm Sewer System by a non-Residential Customer may be made at the same time, or separate from, an application for a physical connection to the Water System or Sanitary Sewer System under Section 2.05 hereof. Each such applicant for a physical connection to the Storm Sewer System or an applicant with an existing physical connection to the Storm Sewer System that has proposed changes to and/or construction within its site that would require an additional connection of its internal storm sewer lines to the Storm Sewer System, shall, not less than thirty (30) days prior to the requested connection date or thirty (30) days prior to the proposed change and/or construction date, as applicable, submit to the District's Engineer or other party designated by the Board of Directors of the District, the following information:

- (a) Engineering plans (three sets for District purposes) signed and sealed by a Registered Professional Engineer of the State of Texas indicating details of building

internal storm sewer collection and detention facilities, materials to be used and the location, size and number of proposed connections to the District's Storm Sewer System or applicant's existing internal storm sewer system, as applicable;

(b) The legal description of the land to be served by the Storm Sewer System and a copy of the recorded plat of same; and

(c) A general description of the type of proposed improvements to be served by the Storm Sewer System, calculations of square footage of proposed impervious cover, and, if applicable, a description of the special measures taken in order to prevent any discharges to the Storm Sewer System in violation of this Order.

In recognition of the District's obligation to protect and maintain public health and the District's obligation to regulate discharges to the Storm Sewer System under federal, state and local laws and regulations, including, without limitation the National Pollutant Discharge Elimination System adopted under Title 40, Part 22 of the Code of Federal Regulations, as amended, the Clean Water Act, 33 U.S.C. § 1251 *et seq.*, as amended, the Texas Pollutant Discharge Elimination System ("TPDES"), and the provisions of the TPDES General Permit for Small Municipal Separate Storm Sewer Systems (TXR040000), and the "Construction Site and Post-Construction Runoff Controls Storm Water Permit and Storm Water Quality Plan Guidelines - Fort Bend County," as amended, excluding Section 1 therein, the District's Engineer or other party designated by the Board of Directors of the District shall review the information presented and may approve or reject the application, request that further information be submitted prior to approval of the application, or require modifications to be made to the plans, including without limitation, requiring the installation of physical control measures to prevent unauthorized discharges to the Storm Sewer System. The Customer shall be responsible for payment of all costs in connection with the review of said information. Customer shall be notified in writing as to the basis for rejection of its application. Failure to construct the facilities in accordance with approved plans shall constitute a basis for denial of District services or a basis for removal or suspension of District services, as applicable. If the application information is not timely

provided, the District shall not be held responsible for delays in the installation of water and sanitary sewer connections or the provision of District services. Payment of any tap fees under Section 2.04 or Section 5.02(b), as applicable, prior to the approval of plans shall not be considered approval of said plans or approval for connection to the Storm Sewer System or applicant's internal storm sewer system, as applicable. Any unauthorized physical connection to the Storm Sewer System or applicant's existing internal storm sewer system, as applicable, may be removed without notice at the expense of the Customer or person or firm causing such connection to be made.

5.02. Storm Water Detention.

(a) Detention Capacity. The Storm Sewer System furnishes or will be constructed to furnish post-development storm water detention capacity for all the Customers and owners of property within the boundaries of the District.

(b) Tap Fee for Nontaxable Entity. In addition to any tap fee which may be due for a physical connection to the Water System or Sanitary Sewer System under Section 2.04 hereof, a Nontaxable Entity which requires or will otherwise utilize detention capacity provided by the Storm Sewer System shall pay an additional tap fee equal to the applicant's proportionate share of actual or estimated costs to the District for all facilities that are necessary to provide such detention capacity and that are financed or are to be financed in whole or in part by tax-supported bonds of the District. Unless otherwise approved by the Board of Directors of the District, such fee shall be paid within thirty (30) days following the date of an invoice from the District therefor. Notwithstanding any provision in this Order to the contrary, should a tract and/or the improvements thereon become owned and/or occupied by a Nontaxable Entity after physical connection to the Storm Sewer System such that ad valorem taxes are not due to the District with respect thereto, said Nontaxable Entity shall pay the fee specified in this Subsection (b) within thirty (30) days following the date of an invoice from the District therefor. Also notwithstanding any provision in this Order to the contrary, should a