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**PUC DOCKET NO. 57765
SOAH DOCKET NO. 473-25-20789.WS**

PETITION OF PREMIER AT KATY, LLC, PURSUANT TO TEXAS WATER CODE § 13.043 FOR REVIEW OF DECISION BY HARRIS-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3 TO CHANGE RATES AND REQUEST FOR INTERIM RATES	§ § § § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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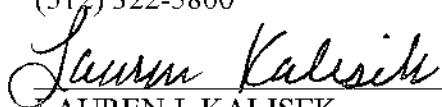
**HARRIS-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3'S
SUPPLEMENTAL RESPONSE TO PETITIONER'S REQUEST FOR INFORMATION**

Harris-Fort Bend Counties Municipal Utility District No. 3, of Harris and Fort Bend Counties, Texas (the District) files this Supplement to the District's Response to Premier at Katy, LLC's (Petitioner) First Request for Information (RFI) pursuant to Order No. 6 Granting Petitioner's Motion to Compel issued on May 22, 2025, requiring responses to the request for information and request for admission numbers 1-2, 1-3, 1-4, 1-5, 1-6, 1-7, 1-11, 1-12, 1-13, 1-14, 1-16, 1-17, 1-18, 1-19, 1-22, 1-23, 1-24, 1-25, and 1-31 to be submitted by June 5, 2025. Therefore, this Response is timely filed. Pursuant to 16 Texas Administrative Code § 22.144(c)(2)(F), this Response may be treated as if it was filed under oath. The District reserves the right to supplement its responses to Petitioner's RFI in the future. **The District files this Supplemental Response solely to comply with Order No. 6 and without waiving its jurisdictional and relevancy objections as previously argued in this Docket.**

Respectfully submitted,

**LLOYD, GOSSELINK ROCHELLE
& TOWNSEND, P.C.**

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**ATTORNEYS FOR HARRIS-FORT
BEND COUNTIES MUNICIPAL
UTILITY DISTRICT NO. 3**

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 June 5, 2025, in accordance with the Second Order Suspending Rules, issued in Project No. 50664.


LAUREN J. KALISEK

**HARRIS-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3'S
SUPPLEMENTAL RESPONSE TO PETITIONER'S REQUEST FOR INFORMATION
(DOCKET NO. 57765)**

PK 1-2 Please state the methodology the District used to establish (a) the water and sewer revenue requirements that were used to calculate the rates that are the subject of this appeal, and (b) the Nontaxable Entity Fee. In your response, please specify whether the District used the utility method or cash needs method, if applicable.

DISTRICT'S RESPONSE: (a) The District's water and sewer rates are not the subject of this appeal. However, without waiving its jurisdictional and relevancy objections as previously argued in this Docket, the District relied upon the Rate Order recommendations prepared by the District's contracting operator, Environmental Development Partners, LLC, the predecessor-in-interest to Inframark, LLC, in consultation with the District's attorney and financial advisor, when determining the most recent rate changes applicable to Petitioner, which occurred in January 2016 (Rate Order recommendations are attached hereto as Attachment A); and (b) The District determined the average taxable value per unit of all taxable apartments (1770 units) in the District for 2024 and multiplied that figure by 230 units at Premier at Katy to determine a valuation of \$39,257,780, and applied the District's 2024 tax rate (\$0.545) to determine the annual fee of \$213,954.90, resulting in a monthly fee of \$17,829.58.

PK 1-3 Please identify the 12-month period used to determine the water and sewer revenue requirements that were used to calculate rates that are the subject of this appeal.

DISTRICT'S RESPONSE: Without waiving its jurisdictional and relevancy objections as previously argued in this Docket, the 12-month period to determine water and sewer rates used to calculate the last change in the water and sewer rates applicable to Petitioner was January 2015 through December 2015.

PK 1-4 Please describe in detail the calculations used to determine the water rates that are the subject of this appeal. Provide the water usage and tiers, if applicable, used to determine each tiered gallonage rate.

DISTRICT'S RESPONSE: Without waiving its jurisdictional and relevancy objections as previously argued in this Docket, see Attachment A provided for PK 1-2(a).

PK 1-5 Please identify the revenue requirement, in native format with all formulae intact, that was used to calculate the water rates that are the subject of this appeal.

DISTRICT'S RESPONSE: Without waiving its jurisdictional and relevancy objections as previously argued in this Docket, see Attachment A provided for PK 1-2(a).

PK 1-6 Please identify the individual expenses that comprise the revenue requirement that was used to calculate the water rates that are the subject of this appeal.

DISTRICT'S RESPONSE: Without waiving its jurisdictional and relevancy objections as previously argued in this Docket, see Attachment A provided for PK 1-2(a).

PK 1-7 Please provide all documentation, such as general ledgers, approved budgets, contracts for services, invoices, etc. supporting the expenses included in the revenue requirement used to calculate the water rates that are the subject of this appeal.

DISTRICT'S RESPONSE: The District's sewer rates are not the subject of this appeal. However, without waiving its jurisdictional and relevancy objections as previously argued in this Docket, see Attachment A provided for PK 1-2(a), as well as the budgets previously provided for PK 1-20, and 1-26 through PK 1-28.

PK 1-11 Please describe in detail the calculations used to determine the sewer rates that are the subject of this appeal.

DISTRICT'S RESPONSE: Without waiving its jurisdictional and relevancy objections as previously argued in this Docket, see Attachment A provided for PK 1-2(a).

PK 1-12 Please provide the revenue requirement, in native format with all formulae intact, that was used to calculate the sewer rates that are the subject of this appeal.

DISTRICT'S RESPONSE: Without waiving its jurisdictional and relevancy objections as previously argued in this Docket, see Attachment A provided for PK 1-2(a).

PK 1-13 Please identify the individual expenses that comprise the revenue requirement that was used to calculate the sewer rates that are the subject of this appeal.

DISTRICT'S RESPONSE: Without waiving its jurisdictional and relevancy objections as previously argued in this Docket, see Attachment A provided for PK 1-2(a).

PK 1-14 Please provide all documentation, such as general ledgers, approved budgets, contracts for services, invoices, etc. supporting the expenses included in the revenue requirement used to calculate the sewer rates that are the subject of this appeal.

DISTRICT'S RESPONSE: Without waiving its jurisdictional and relevancy objections as previously argued in this Docket, see Attachment A provided for PK 1-2(a), as well as the budgets previously provided for PK 1-20, and 1-26 through PK 1-28.

PK 1-16 For any expenses that are not exclusively incurred to provide either water or sewer service, please explain how the District allocated these expenses between the revenue requirement used to calculate the appealed water rates and the revenue requirement used to calculate the appealed sewer rates.

DISTRICT'S RESPONSE: Without waiving its jurisdictional and relevancy objections as previously argued in this Docket, see Attachment A provided for PK 1-2(a), as well as the budgets previously provided for PK 1-20, 1-26 through PK 1-28.

PK 1-17 Please provide a copy of the budget that was in effect at the time the District adopted the rates that are the subject of this appeal.

DISTRICT'S RESPONSE: PK 1-17 was listed as an item for which the District needed to provide information; however, the District previously provided a copy of the District's Operating Budget for fiscal year ending December 31, 2025 in its Response to Petitioner's First RFI.

PK 1-18 Please provide a copy of historical budget information for the three years prior to the year in which the rate increases that are the subject of this appeal took effect.

DISTRICT'S RESPONSE: The District has not increased the water and sewer rates since 2016 (and had not adjusted its rates prior to 2016 since its original rate setting in 2005). The 2016 Rate Orders and District Board of Directors meeting minutes are attached herein as Attachment B. Further, the District has provided the three preceding years worth of budget information in its responses for PK 1-26 through PK 1-28.

PK 1-19 Please provide any and all information not provided in response to the preceding requests for information that was available to the District at the time that it made the decision to change its water and sewer rates and that was used to make the decision to change the rates that are the subject of this appeal.

DISTRICT'S RESPONSE: There are no documents responsive to this request for information.

PK 1-22 Please identify the amount of legal expenses included in the water and sewer revenue requirements used to calculate the rates that are the subject of this appeal that are one-time expenses and explain why it is appropriate to recover these expenses annually through rates.

DISTRICT'S RESPONSE: PK 1-22 was listed as an item for which the District needed to provide information; however, the District previously provided the budgets provided for PK 1-26 through PK 1-28.

PK 1-23 Please provide the billed sewer volume and tiers, if applicable, used to determine each tiered gallonage rate.

DISTRICT'S RESPONSE: The District is working to obtain the requested information and will supplement its response to this request as soon as the information has been obtained.

PK 1-24 Please provide the District's monthly billed water volumes (by tiers, if applicable) by meter size and class of customer, if any (*e.g.* retail, wholesale, residential, etc.) for the 36-month period preceding the adoption of the appealed rates.

DISTRICT'S RESPONSE: The District is working to obtain the requested information and will supplement its response to this request as soon as the information has been obtained.

PK 1-25 Please provide the District's monthly billed wastewater or sewer volumes (by tiers, if applicable) by meter size and class of customer, if any (*e.g.* retail, wholesale, residential, etc.) for the 36-month period preceding the adoption of the appealed rates.

DISTRICT'S RESPONSE: The District is working to obtain the requested information and will supplement its response to this request as soon as the information has been obtained.

PK 1-31 Admit or deny that non-utility (*i.e.*, not related to water or sewer service) costs are specifically excluded from the District's water and sewer rates that are the subject of this appeal.

DISTRICT'S RESPONSE: Deny; without waiving its jurisdictional and relevancy objections as previously argued in this Docket.

Attachment A



Board of Directors
Harris-Fort Bend Counties M.U.D. No. 3

Rate Order Recommendations

There are 1416 apartment units.

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 to Apartment units served by separate meters:

- | | |
|---|----------------|
| (a) Minimum monthly charge for up to 5,000→2,500 gallons of water metered | \$18.00→\$9.00 |
| (b) For each 1,000 gallons of water metered over 5,000→2,500 gallons | \$ 2.00 |

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:

Monthly Flat Rate:	\$20.00→\$10.00
--------------------	-----------------

deposits have been received by the District in collected funds. 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
5,000 gallons of water metered | \$18.00 |
| (b) | For each 1,000 gallons of water
metered over 5,000 gallons | \$ 2.00 |

3.03. Monthly Rates for Residential Sanitary Sewer and Solid Waste Collection and Disposal Services. The following rate per month, or any part thereof, shall be charged for Residential sanitary sewer and solid waste and disposal services furnished by the District to each Customer Connection except as otherwise specified below:

Monthly Flat Rate	\$32.40
-------------------	---------

; and 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 within the Grand Enclave

subdivision in every instance in which a different charge is not expressly and clearly provided for herein:

Monthly Flat Rate	\$20.00
-------------------	---------

; provided, however, that neither of said rates shall 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 of the District.

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 5,000 gallons of water metered | \$30.00 |
| (b) | For each 1,000 gallons of water metered over 5,000 gallons | \$ 2.00 |

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 5,000 gallons of water metered | \$30.00 |
| (b) | For each 1,000 gallons of water metered over 5,000 gallons | \$ 2.00 |
| (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) | \$50.00 |

; 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 of the District.

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 to Apartment units served by separate meters:

- | | | |
|-----|--|---------|
| (a) | Minimum monthly charge for up to
5,000 gallons of water metered | \$18.00 |
| (b) | For each 1,000 gallons of water
metered over 5,000 gallons | \$ 2.00 |

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 (3) months after the date of initial connection to the District's System of Apartment units serviced by a master meter, the customer shall be charged for water usage at the rate of \$2.00/1,000 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>
3	40%
4	55%
5	70%
6	85%
7 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:

Monthly Flat Rate: \$20.00

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 three (3) months after the date of initial connection to the District's 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 third 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 Water Service to Park and Recreational Facilities. The following rate per month, or any part thereof, shall be charged for Park and Recreational Facilities water service furnished by the District in every instance in which a different charge is not expressly and clearly provided for herein:

\$2.00 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 Rates for Sanitary Sewer Services to Park and Recreational Facilities. The following rate per month, or any part thereof, shall be charged for Park and Recreational Facilities sanitary sewer service furnished by the District in every instance in which a different charge is not expressly and clearly provided for herein:

\$2.00 per 1,000 gallons of water metered

Attachment B

CERTIFICATE FOR
RATE ORDER

I, the undersigned Secretary of the Board of Directors (the "Board") of Harris-Fort Bend Counties Municipal Utility District No. 3, of Harris and Fort Bend Counties, Texas (the "District"), hereby certify as follows:

1. The Board convened in special session, open to the public, on January 25, 2016, at 1300 Post Oak Blvd., Suite 1400, Houston, Harris County, Texas, and the roll was called of the members of the Board, to-wit:

Ron Welch, President
Cyndal Porter, Vice-President
Marlene R. Schnick, Secretary
Derrell Witt, Assistant Secretary
Robert L. White, Director

All of the members of the Board were present, except Director White, thus constituting a quorum. Whereupon, among other business, the following was transacted at such meeting: A written

RATE ORDER

was duly introduced for the consideration of the Board. It was then duly moved and seconded that such Order be adopted, and, after due discussion, such motion, carrying with it the adoption of such Order, prevailed and carried by the following vote:

AYES: 4

NOES: 0

2. A true, full and correct copy of the aforesaid Order adopted at the meeting described in the above and foregoing paragraph is attached to said minutes and to this certificate; such Order has been duly recorded in the Board's minutes of such meeting; the above and foregoing paragraph is a true, full and correct copy excerpt from the Board's minutes of such meeting pertaining to the adoption of such Order; the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of such meeting, and that such Order would be introduced and considered for adoption at such meeting; and such meeting was open to the public, and public notice of the time, place and purpose of such meeting was given, all as required by Chapter 551, Texas Government Code and Section 49.063, Texas Water Code, as amended.

SIGNED AND SEALED this 25th day of January, 2016.



399316.1

Marlene R. Schnick
Marlene R. Schnick, Secretary
Board of Directors

HARRIS-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3,
OF HARRIS AND FORT BEND COUNTIES, TEXAS

RATE ORDER

Dated: January 25, 2016
Effective: February 1, 2016

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RATE ORDER

WHEREAS, HARRIS-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3, OF HARRIS AND FORT BEND COUNTIES, TEXAS (the "District") owns water, sanitary sewer and storm sewer systems 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 HARRIS-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3, OF HARRIS AND FORT BEND COUNTIES, TEXAS, THAT THE FOLLOWING 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, 2016, 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, (e) automatic monthly debit from Customer's account and (f) electronic funds transfers from Customers' accounts using the Automated Clearing House.

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

1.15. "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.

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

1.17. "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.

1.18. "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.

1.19. "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.

1.20. "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.

1.21. "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.

1.22. "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.

1.23. "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 ("Taps").

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) | 3/4" by 5/8" Residential connection | \$800.00 |
| (b) | 3/4" by 3/4" Residential connection | \$950.00 |
| (c) | 1" Residential connection | \$1,100.00 |
| (d) | Nonstandard Residential connection (other than 3/4" by 5/8" or 1" water tap), Commercial and Apartment connections | District's cost of installation (including labor and equipment charges) and 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 (3) 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.

- (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 systems, 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.

(g) Swimming Pool and Hot Tub Connections. Every Customer who constructs or installs a swimming pool or hot tub within the District shall notify the District's Operator prior to connection of same to the District's facilities and shall pay an inspection fee of \$50.00. For purposes of this Order, a swimming pool is defined as a pool having a capacity in excess of 10,000 gallons. After the notification, the Customer constructing or installing said swimming pool or hot tub shall ensure that any and all drains from the swimming pool or hot tub are connected to the Sanitary Sewer System, and it shall be a violation of this Order to drain a swimming pool or hot tub into the Storm Sewer System. After the drains have been installed and prior to backfilling of the area, the applicant shall notify the District's Operator, who shall make an inspection of any and all swimming pool or hot tub drains before water service is authorized for said swimming pool or hot tub.

2.06. Inspections.

(a) Sanitary Sewer Inspections. A sanitary sewer inspection fee of \$50.00 for Residential Customer Connections and \$50.00 for Commercial, Nontaxable Entity, Park and Recreation 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 \$50.00 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 \$50.00 for Residential Customer Connections and \$50.00 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 \$50.00 for Residential Customer Connections and \$50.00 for Commercial, Nontaxable Entity, Park and Recreation, 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 \$50.00.

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 100%.

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 \$50.00 shall be charged by the District to cover the costs of each of such inspections (both the pre-inspection and final inspection), 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 \$1,000.00 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 equal to the costs of installation (which shall be quoted based upon the specified facts and circumstances), plus \$2.50 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 and Recycling Collection and Disposal Services. Each prospective Customer desiring water and sanitary sewer service and solid waste and recycling 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 and recycling collection and disposal services are provided to every Residential Customer in the District with the exception of Residential Customers in the Grand Enclave Subdivision. The District does not provide solid waste and recycling collection and disposal services to Commercial or Apartment Customers.

3.01. Application Fee and Security Deposit. A non-refundable application fee of \$25.00 shall be charged for each Customer application, including for applications to transfer service from a Builder to a non-Builder Customer. If the Customer requests a confidentiality notice, an additional fee of \$25.00 shall be paid by the Customer. Each Customer shall pay the applicable security deposit as follows:

(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) \$100.00

(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) Commercial Customers served by a separate meter. \$300.00

(d) Each Apartment unit served by a separate meter. \$300.00

(e) Commercial Customers, Apartments served by a master meter, and Non-Taxable Entities.

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, or \$300.00, whichever is greater.

Upon final termination of service, such deposit shall be credited against amounts owed to the District and any balance refunded to the Customer within forty-five (45) 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) or an additional \$25.00 deposit (if such Customer had previously paid a security deposit) or any deficiency in the deposit as a result of application of the deposit to a Delinquent Bill before the Customer's service is restored, such deposit not to exceed \$250.00. No service shall be restored until such fees and deposits have been received by the District in collected funds. 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 5,000 gallons of water metered | \$18.00 |
| (b) | For each 1,000 gallons of water metered over 5,000 gallons | \$ 2.00 |

3.03. Monthly Rates for Residential Sanitary Sewer Service and Solid Waste and Recycling Collection and Disposal Services. The following rate per month, or any part thereof,

shall be charged for Residential sanitary sewer service and solid waste and recycling collection and disposal services furnished by the District to each Customer Connection except as otherwise specified below:

Monthly Flat Rate	\$33.95
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; and 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 within the Grand Enclave subdivision 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 neither of said rates shall 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 5,000 gallons of water metered | \$30.00 |
| (b) | For each 1,000 gallons of water metered over 5,000 gallons | \$ 2.00 |

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 5,000 gallons of water metered | \$30.00 |
| (b) | For each 1,000 gallons of water | |

metered over 5,000 gallons \$ 2.00

- (c) For each grease trap installed,
there shall be charged a monthly
flat rate inspection fee of \$50.00
(Any reinspection required shall
be charged at the same rate)

; 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) Minimum monthly charge for up to
2,500 gallons of water metered \$9.00
- (b) For each 1,000 gallons of water
metered over 2,500 gallons \$ 2.00

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 (3) months after the date of initial connection to the Water Systems of Apartment units serviced by a master meter, the customer shall be charged for water usage at the rate of \$2.00/1,000 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>
3	40%
4	55%
5	70%
6	85%
7 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 furnished by the District to Apartment units served by separate meters:

Monthly Flat Rate: \$10.00

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 three (3) 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 third month, the above-described schedule of habitability shall apply and billing will be in accordance with the rate 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 rates 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:

\$2.00 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:

\$2.00 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 Assessments and Other Fees. The regulatory assessments 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, 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) West Harris County Regional Water Authority Groundwater Reduction Plan Fee. The District lies within the boundaries of the West Harris County Regional Water Authority (the "Authority") and is subject to groundwater reduction plan fees imposed by the Authority for each 1,000 gallons of water pumped from the District's water well(s). In order to collect from the District's Customers sufficient funds to pay the Authority's groundwater reduction plan fees, the District hereby imposes a fee of \$2.25 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, 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 fees imposed hereunder.

(c) 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 subject to future rate increases or decreases by the bank. 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.

3.11. 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.

3.12. 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.

3.13. 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 or recycling.

(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, 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 3.13(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 by a Residential Customer pursuant to this Order, it shall be the responsibility of the Residential Customer to have such assembly tested upon installation and 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;

(iv) At the option of a non-Residential Customer, the non-Residential Customer or the District's Operator shall install any backflow prevention assembly required to be installed pursuant to this Order; provided that the District's Operator shall test any such backflow prevention assembly and shall complete and retain in the District's files for recordkeeping purposes an original Backflow Prevention Assembly Test and Maintenance Report ("Test Report"), in the form attached to this Order as Exhibit "B". The District shall charge the non-Residential Customer for the District's actual cost of the labor, materials and installation of the backflow prevention assembly and the initial test thereof, and \$100.00 for each annual test performed on such assembly;

(v) If a Customer fails to comply with the requirements of this Section 3.13(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;

(vi) For any inspections performed by the District's Operator under this Section 3.13(e), the Residential Customer shall be charged a fee of \$50.00 and the non-Residential Customer shall be charged a fee equal to the District's cost of time and materials.

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, or cashier's check, or an Alternative Payment Service.

4.01. Penalty for Failure to Pay Bill Before Delinquency. A charge of ten per cent (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 \$5.00 shall also be added to a Customer's bill for each written notice of delinquency sent to a Customer. A separate charge of \$5.00 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. Prior to termination of service, a Delinquent Bill, plus the penalty thereon and all other charges imposed by the District shall be 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, plus the penalty thereon, all other charges imposed by the District, and any required deposit, shall be 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. All such amounts shall be paid in full prior to the restoration of service where service has been terminated because of a Customer's failure to pay a bill before it became a Delinquent Bill. A charge of \$25.00 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 Services) 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 \$50.00 shall be imposed for the restoration of service discontinued pursuant to this section.

4.03. Discontinuing Service Upon Request of a Customer: After Hours Service. 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, except as set forth below. A charge of \$25.00 shall be made for discontinuation of service and a charge of \$25.00 shall be made for restoring service (between 8:00 a.m. and 5:00 p.m. on weekdays excluding state or national holidays) 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. Temporary discontinuation and restoration of service (between 8:00 a.m. and 5:00 p.m. on weekdays excluding state or national holidays) requested by a Customer to enable Customer to make plumbing repairs within the facility served shall be performed by the District for a charge of \$25.00 to the Customer. Notwithstanding the foregoing, when a Customer of the District requests service to be discontinued or turned on (whether for new or transferred service or plumbing repairs or after discontinuation as set forth in this Order) prior to 8:00 a.m. or after 4:00 p.m. on weekdays (excluding state or national holidays) or on weekends or state or national holidays, a charge of \$50.00 shall be imposed.

Section 5. Storm Sewer System. 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 this Section 5 and the requirements of any federal, state or local agency with jurisdiction over storm drainage and flood control.

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, with respect to the areas of the District located within

Harris County, the "Harris County Storm Water Management Handbook for Construction Activities, 2006 Edition," as amended, excluding Chapter 3, Chapter 5, and Appendix D therein, and with respect to the areas of the District located within Fort Bend County, the provisions of the TPDES General Permit for Fort Bend County, the provisions of the TPDES General Permit for Small Municipal Separate Storm Sewer Systems (TXR0400000), 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. Non Residential Customers and owners of non-Residential property within the District shall be responsible for constructing, installing, operating and maintain on-site private storm water detention facilities at no cost or expense to the District and in accordance with the requirements of any federal, state or local agency with jurisdiction over storm drainage and flood control. 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. § 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, with respect to the area of the District located within Harris County, proper erosion control devices shall be designed, installed, and maintained in accordance with "Harris County Storm Water Management Handbook for Construction Activities, 2006 Edition," as amended, excluding Chapter 3, Chapter 5, and Appendix D therein, and, with respect to the areas of the District located within Fort Bend County, "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 TXR150000 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 and any penalties assessed under Section 7 of this Order, the District shall assess (i) a fee of \$50.00 for the removal and reinstallation of a meter under this Section 6.01, and (ii) any repair costs incurred by the District hereunder, and (iii) a damage fee of \$100.00.

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 Customer without prior notice, and to assess against 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 or written agreements 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; Accuracy of Meters. (a) 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.

(b) If a Customer requests that a water meter which serves the Customer be removed for testing to verify the accuracy of same, the following charges shall apply:

(1) If the test of the meter reflects that it measures more than 105% (or less than 95%) of the water actually delivered, the District shall not charge the Customer for testing or replacement of the meter.

(2) If the test of the meter reflects that it measures between 95% and 105% of the water actually delivered, the Customer shall be charged \$25.00 for testing plus the District's actual cost to replace the meter. In no event shall an adjustment be made to Customer's bills prior to the request for testing of the meter unless the District, in its sole judgment, can ascertain with reasonable certainty when the inaccuracy began.

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.

Passed and adopted this 25th day of January, 2016, to be effective as of February 1, 2016.

ATTEST:

/s/ Ron Welch
President, Board of Directors

/s/ Marlene Schnick
Secretary, Board of Directors

(SEAL)

400162.2

EXHIBIT "A"

Service Inspection Certification Form

Harris-Fort Bend Counties Municipal Utility District No. 3

District's I.D. #6001527

Location of Service _____

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

- | | <u>Compliance</u> | <u>Non-Compliance</u> |
|---|--------------------------|--------------------------|
| (1) No direct 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 TCEQ regulations and the provisions of the District's Rate Order. | <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-zone backflow prevention assembly is properly installed and a service agreement exists for annual inspection and testing by a certified backflow prevention device tester. | <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, pipe fitting, plumbing fitting or fixture which contains more than a weighted average of 0.25% lead exists in private plumbing facilities installed on or after January 4, 2014. | <input type="checkbox"/> | <input type="checkbox"/> |
| (5) No solder or flux which contains more than 0.2% lead exists in private plumbing facilities installed on or after July 1, 1988. | <input type="checkbox"/> | <input type="checkbox"/> |

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

Service line	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"/>

I recognize that this document shall become an official record of Harris-Fort Bend Counties Municipal Utility District No. 3 and that I am legally responsible for the validity of the information I have provided.

Signature of Inspector

Registration Number

Title

Type of Registration

Date

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 District for recordkeeping purposes.

BACKFLOW PREVENTION ASSEMBLY TEST AND MAINTENANCE REPORT

NAME OF DISTRICT: Harris-Fort Bend Counties Municipal Utility District No. 3

DISTRICT IDENTIFICATION NO. 6001527

MAILING ADDRESS: 1300 Post Oak Boulevard, Suite 1400, Houston, Texas 77056

CONTACT PERSON: _____

LOCATION OF SERVICE: _____

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

TYPE OF ASSEMBLY

- | | |
|--|--|
| <input type="checkbox"/> Reduced Pressure Principle
<input type="checkbox"/> Double Check Valve
<input type="checkbox"/> Pressure Vacuum Breaker | <input type="checkbox"/> Reduced Pressure Principle-Detector
<input type="checkbox"/> Double Check-Detector
<input type="checkbox"/> Spill-Resistant Pressure Vacuum Breaker |
|--|--|

Manufacturer: _____ Size: _____

Model Number: _____ Located At: _____

Serial Number: _____

Is the assembly installed in accordance with manufacturer recommendations and/or local codes? _____

	Reduced Pressure Principle Assembly			Pressure Vacuum Breaker	
	Double Check Valve Assembly		Relief Valve	Air Inlet	Check Valve
	1st Check	2nd Check		Opened at ____ psid Did not Open <input type="checkbox"/>	____ psid Leaked <input type="checkbox"/>
Initial Test	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"/>		
Repairs and Materials Used					
Test After Repair	Held at ____ psid Closed Tight <input type="checkbox"/>	Held at ____ psid Closed Tight <input type="checkbox"/>	Opened at ____ psid	Opened at ____ psid	____ psid

Testing gauge used: Make/Model: _____ SN: _____ Calibration Date: _____

Remarks: _____

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

Firm Name: _____

Certified Tester: _____

Firm Address: _____

Cert. Tester No.: _____

Firm Phone No.: _____

Date: _____

HARRIS-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3,
OF HARRIS AND FORT BEND COUNTIES, TEXAS

RATE ORDER

Dated: January 25, 2016
Effective: February 1, 2016

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RATE ORDER

WHEREAS, HARRIS-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3, OF HARRIS AND FORT BEND COUNTIES, TEXAS (the "District") owns water, sanitary sewer and storm sewer systems 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 HARRIS-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3, OF HARRIS AND FORT BEND COUNTIES, TEXAS, THAT THE FOLLOWING 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, 2016, 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, (e) automatic monthly debit from Customer's account and (f) electronic funds transfers from Customers' accounts using the Automated Clearing House.

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

1.15. "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.

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

1.17. "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.

1.18. "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.

1.19. "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.

1.20. "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.

1.21. "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.

1.22. "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.

1.23. "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 ("Taps").

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) | 3/4" by 5/8" Residential connection | \$800.00 |
| (b) | 3/4" by 3/4" Residential connection | \$950.00 |
| (c) | 1" Residential connection | \$1,100.00 |
| (d) | Nonstandard Residential connection (other than 3/4" by 5/8" or 1" water tap), Commercial and Apartment connections | District's cost of installation (including labor and equipment charges) and 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 (3) 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.

- (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 systems, 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.

(g) Swimming Pool and Hot Tub Connections. Every Customer who constructs or installs a swimming pool or hot tub within the District shall notify the District's Operator prior to connection of same to the District's facilities and shall pay an inspection fee of \$50.00. For purposes of this Order, a swimming pool is defined as a pool having a capacity in excess of 10,000 gallons. After the notification, the Customer constructing or installing said swimming pool or hot tub shall ensure that any and all drains from the swimming pool or hot tub are connected to the Sanitary Sewer System, and it shall be a violation of this Order to drain a swimming pool or hot tub into the Storm Sewer System. After the drains have been installed and prior to backfilling of the area, the applicant shall notify the District's Operator, who shall make an inspection of any and all swimming pool or hot tub drains before water service is authorized for said swimming pool or hot tub.

2.06. Inspections.

(a) Sanitary Sewer Inspections. A sanitary sewer inspection fee of \$50.00 for Residential Customer Connections and \$50.00 for Commercial, Nontaxable Entity, Park and Recreation 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 \$50.00 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 \$50.00 for Residential Customer Connections and \$50.00 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 \$50.00 for Residential Customer Connections and \$50.00 for Commercial, Nontaxable Entity, Park and Recreation, 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 \$50.00.

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 100%.

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 \$50.00 shall be charged by the District to cover the costs of each of such inspections (both the pre-inspection and final inspection), 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 \$1,000.00 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 equal to the costs of installation (which shall be quoted based upon the specified facts and circumstances), plus \$2.50 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 and Recycling Collection and Disposal Services. Each prospective Customer desiring water and sanitary sewer service and solid waste and recycling 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 and recycling collection and disposal services are provided to every Residential Customer in the District with the exception of Residential Customers in the Grand Enclave Subdivision. The District does not provide solid waste and recycling collection and disposal services to Commercial or Apartment Customers.

3.01. Application Fee and Security Deposit. A non-refundable application fee of \$25.00 shall be charged for each Customer application, including for applications to transfer service from a Builder to a non-Builder Customer. If the Customer requests a confidentiality notice, an additional fee of \$25.00 shall be paid by the Customer. Each Customer shall pay the applicable security deposit as follows:

(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) \$100.00

(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) Commercial Customers served by a separate meter. \$300.00

(d) Each Apartment unit served by a separate meter. \$300.00

(e) Commercial Customers, Apartments served by a master meter, and Non-Taxable Entities.

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, or \$300.00, whichever is greater.

Upon final termination of service, such deposit shall be credited against amounts owed to the District and any balance refunded to the Customer within forty-five (45) 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) or an additional \$25.00 deposit (if such Customer had previously paid a security deposit) or any deficiency in the deposit as a result of application of the deposit to a Delinquent Bill before the Customer's service is restored, such deposit not to exceed \$250.00. No service shall be restored until such fees and deposits have been received by the District in collected funds. 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 5,000 gallons of water metered | \$18.00 |
| (b) | For each 1,000 gallons of water metered over 5,000 gallons | \$ 2.00 |

3.03. Monthly Rates for Residential Sanitary Sewer Service and Solid Waste and Recycling Collection and Disposal Services. The following rate per month, or any part thereof,

shall be charged for Residential sanitary sewer service and solid waste and recycling collection and disposal services furnished by the District to each Customer Connection except as otherwise specified below:

Monthly Flat Rate	\$33.95
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; and 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 within the Grand Enclave subdivision 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 neither of said rates shall 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 5,000 gallons of water metered | \$30.00 |
| (b) | For each 1,000 gallons of water metered over 5,000 gallons | \$ 2.00 |

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 5,000 gallons of water metered | \$30.00 |
| (b) | For each 1,000 gallons of water | |

	metered over 5,000 gallons	\$ 2.00
(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)	\$50.00

; 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)	Minimum monthly charge for up to 2,500 gallons of water metered	\$9.00
(b)	For each 1,000 gallons of water metered over 2,500 gallons	\$ 2.00

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 (3) months after the date of initial connection to the Water Systems of Apartment units serviced by a master meter, the customer shall be charged for water usage at the rate of \$2.00/1,000 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>
3	40%
4	55%
5	70%
6	85%
7 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 furnished by the District to Apartment units served by separate meters:

Monthly Flat Rate: \$10.00

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 three (3) 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 third month, the above-described schedule of habitability shall apply and billing will be in accordance with the rate 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 rates 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:

\$2.00 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:

\$2.00 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 Assessments and Other Fees. The regulatory assessments 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, 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) West Harris County Regional Water Authority Groundwater Reduction Plan Fee. The District lies within the boundaries of the West Harris County Regional Water Authority (the "Authority") and is subject to groundwater reduction plan fees imposed by the Authority for each 1,000 gallons of water pumped from the District's water well(s). In order to collect from the District's Customers sufficient funds to pay the Authority's groundwater reduction plan fees, the District hereby imposes a fee of \$2.36 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, 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 fees imposed hereunder.

(c) 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 subject to future rate increases or decreases by the bank. 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.

3.11. 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.

3.12. 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.

3.13. 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 or recycling.

(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, 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 3.13(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 by a Residential Customer pursuant to this Order, it shall be the responsibility of the Residential Customer to have such assembly tested upon installation and 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