

ORDER ADOPTING CONSOLIDATED RATE ORDER AND RULES AND REGULATIONS; ADOPTING A DROUGHT CONTINGENCY PLAN; ESTABLISHING A WASTEWATER CONTROL ORDER; ESTABLISHING CERTAIN OTHER POLICIES; AND PROVIDING PENALTIES FOR VIOLATION THEREOF

THE STATE OF TEXAS §
COUNTY OF HARRIS §
KLEINWOOD MUNICIPAL UTILITY DISTRICT §

WHEREAS, the Board of Directors (the "Board") of Kleinwood Municipal Utility District (the "District") has from time to time adopted certain orders ("Rate Order") and Rules and Regulations establishing the rates and conditions under which water and sanitary sewer service would be provided; and

WHEREAS, the Board of the District has determined that it is in the best interest of the District to amend and restate its Rate Order to revise the rates for churches and commercial accounts;

IT IS, THEREFORE, ORDERED BY THE BOARD OF DIRECTORS OF KLEINWOOD MUNICIPAL UTILITY DISTRICT THAT:

ARTICLE I
DEFINITIONS

For the purpose of this Order, the following terms shall have the meaning set out hereafter:

A. "Commercial" - shall mean any structure designed for business purposes including office buildings, hotels, retail stores, warehouses, service stations, churches, schools, recreational centers and all other establishments not generally considered as residential structures or defined herein as a residential structure.

B. "Customer" - shall mean any person, partnership, corporation, non-profit corporation, trust or other legal entity served by the District's System with water and/or sewer services to a residence or business establishment owned or occupied by such person, partnership, corporation, non-profit corporation, trust or legal entity.

C. "Domestic Waste" - shall mean liquid-carried sanitary sewage discharge which is normally discharged from residential food preparation and bathroom facilities.

D. "Esplanade Connection" - shall mean a water system connection serving public right-of-way or other public common areas.

E. "Multi-family Residential Connection" - shall mean all multiplex residential connections which are served by a master meter.

F. "Multi-family Units" - shall mean the individual dwelling units served through the Multi-family Residential Connection's master meter and shall include condominiums and all individual dwelling units served by a master meter.

G. "Non-taxable" - shall mean any entity not subject to property taxation pursuant to the provisions of the Texas Property Tax Code.

H. "Operator" - shall mean the person, company or corporation which is employed by or under contract with the District to operate the District's water and sewer system, collect amounts owed to the District for such services, report monthly to the District on the operations of the District's System and perform any additional services set out in its contract with the District.

I. "Rules and Regulations" - shall mean the Amended and Restated Rules and Regulations Governing Water and Sanitary Sewer Facilities, Service Lines, and Connections attached to this Order as Appendix "A" and incorporated herein for all purposes.

J. "Separate Connection" - shall mean each residential unit designed for occupancy by a separate family, including each separate unit located within a single multi-unit building, and each commercial unit designed for use by a separate business, including separate establishments within a single building.

K. "Single-family Residential" - shall mean any single- family structure within the District designed for occupation as a residence whether by the owner or by a renter or lessee, including any single-family residence, townhouse, multiplex, apartment building, or other structure generally considered to be and used solely for residential purposes and which is separately metered.

L. "System" - shall mean the water and/or sanitary sewer facilities of the District and all extensions and additions thereto, whether now in place or hereafter constructed.

ARTICLE II

APPLICATION FOR SERVICE /CONNECTION POLICY/INSPECTIONS/TAPE FEES

Section 2.01. Initiation of Water and Sanitary Sewer Connections. Each person desiring a water and sanitary sewer service connection to the District's System shall be required to pay such fees as set forth in this Order. No service shall be established or re-established until such fees are paid. All service connections are subject to the provisions of the District's Rules and Regulations and all other rules, regulations, and policies of the District. It shall be the policy of the District that no Customer shall receive water service without also taking sanitary sewer service from the District, except for irrigation connections. It shall be the policy of the District that no Customer shall receive sanitary sewer service without also taking water service from the District.

Section 2.02. Application for Service.

A. Service for Single Family Residential Service. Each Customer establishing a new account for single-family residential service and each Customer re-establishing an account for single-family residential service that has been terminated for non-payment shall be required to complete an Application for Service as set forth in Attachment 1 to this Rate Order.

B. Service for Commercial/Multi-Family Service. Each Customer establishing a new account or re-establishing an account for commercial or multi-family service shall be required to complete an Application for Service as set forth in Attachment 2 to this Rate Order. For commercial accounts with single meters serving multiple tenants ("Commercial Customer"), the Commercial Customer shall:

- (i) complete an Application for Service as set forth in Attachment 2 to this Rate Order.
- (ii) provide the District with a list of tenants annually on or before January 31 of each year.
- (iii) provide the District's Engineer and Operator for review and approval a copy of the plans and specifications of the leased space for each tenant prior to occupancy by tenant, along with an Application for Service as set forth in Attachment 3 to this Rate Order. For each Application for Service and set of plans and specifications provided to the District's Engineer and Operator, Commercial Customer shall pay an application fee of \$200.00 for applicants not requiring a grease trap, and \$500.00 for applicants requiring a grease trap. Each tenant will be required to install a sampling

well at the point of discharge into Commercial Customer's sanitary sewer system pursuant to Section 2.05 of this Rate Order. A request for service from a Commercial Customer and Tenant is deemed to grant the District the right of ingress and egress for purposes of inspections and compliance with this Rate Order and all appurtenant Appendices. Failure by the Commercial Customer and Tenant to provide the plans and specifications to the District's Engineer for review and approval, the Application for Service or the application fee will result in the termination for water service to the Commercial Customer's account in accordance with Section 4.01 hereof. Grease trap requirements and sampling well requirements are set forth in Section 2.05 of this Rate Order and Articles IV and V of the Rules and Regulations Concerning Domestic and Commercial Wastes, Appendix C to this Rate Order.

Section 2.03. Policies Governing Initial Connections.

A. Certification of System. Connections shall not be made to the District's System or portions of the System until the District's engineer has certified that the System or applicable portion thereof is operable.

B. Availability of Access/Obstructions. By application for connection to the District's System, the Customer shall be deemed to be granting to the District and its representatives a right of ingress and egress to and from the meter or point of service for such installation, for inspections to determine compliance with this Rate Order, maintenance and repair as the District, in its judgment, may deem reasonably necessary. The Customer shall also be deemed to be granting to the District and its representatives a right of ingress and egress to the Customer's property, including the interior and exterior of the Customer's premises, for the purpose of performing inspections required under this Rate order and completing the Customer Service Inspection Certifications required by the District's Rules and Regulations. Taps and connections will not be made when, in the opinion of the District's engineer or Operator, the work area is obstructed by building materials or other debris or the work area is not completed or finished to grade. When sidewalks, driveways or other improvements have been constructed prior to application for service, such application shall be construed and accepted as the Customer's waiver of a claim for any damages to such improvements resulting from the reasonable actions of the District's Operator in installation of the connection.

Section 2.04. Connections by District Operator. All connections to the District's sewer system shall be made in accordance with the District's Rules and Regulations. No person except the District's Operator or his authorized agent shall be permitted to tap or make any connection to the mains or distribution piping of the District's 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 connected with the water service or any manhole, main, trunk or appurtenance of the District's sanitary sewer system, unless otherwise specified by the Board of Directors of the District.

Section 2.05. Policies Governing Commercial Connections

A. Grease Traps/Sampling Wells. All Commercial Customers shall install a sampling well in accordance with the District's Engineer's specifications. A grease trap with sampling port when required by the District's Engineer and Operator shall be installed in accordance with the District's Engineer's specifications. If a grease trap is required, a minimum size of 500 gallons shall be installed, and the pavement above the grease trap is to be blocked out for 1,500 gallon grease trap in order to allow for expansion, if necessary. All flows, except restroom facilities shall be routed through the grease trap. The grease trap shall be cleaned at least once a month. Safeguards shall be taken against contamination of groundwater due to leakage from fuel tanks.

Each Commercial Customer requiring a grease trap shall (1) install such grease trap at the Commercial Customer's sole expense; (2) provide the District's Operator, prior to receiving service, with a copy of an effective and continuing contract between the customer and a licensed hauler, said contract to be for regular routine pumping and disposal of the grease trap; and (3) provide the District's Operator with

a copy of a hauler's manifest to evidence regular pumping and disposal within ten (10) days after receipt by the Commercial Customer.

B. Sand and Oil Interceptor for Gasoline Sales/Car Repair/Motorized Equipment Repair Facilities. All gasoline sales/car repair/motorized equipment repair facilities shall install a sand and oil interceptor in accordance with the District's Engineer's specifications. A minimum size of 500 gallons shall be installed. All flows, except restroom facilities shall be routed through the sand and oil interceptor. The sand and oil interceptors shall be cleaned at least once a month. Safeguards shall be taken against contamination of groundwater due to leakage from fuel tanks. All piping and tankage for both oil and grease pretreatment facilities and product storage shall be of double wall construction and shall include integral leak detection monitors to preclude contamination of groundwater.

Each Commercial Customer requiring a sand and oil interceptor shall (1) install such sand and oil interceptor at the Commercial Customer's sole expense; (2) provide the District's Operator, prior to receiving service, with a copy of an effective and continuing contract between the customer and a licensed hauler, said contract to be for regular routine pumping and disposal; and (3) provide the District's Operator with a copy of a hauler's manifest to evidence regular pumping and disposal within ten (10) days after receipt by the Commercial Customer.

Each Commercial Customer under this Section 2.05(B) will also be required to install a sampling well pursuant to Section 2.05(A) hereof.

C. Sand and Mud Interceptor for Car Wash Facilities. All car wash facilities shall install a sand and mud interceptor in accordance with the District's Engineer's specifications. A minimum size of 500 gallons shall be installed. All flows, except restroom facilities shall be routed through the sand and mud interceptor. All car wash facilities shall recycle the maximum amount of wash water through the best commercially available systems. Mud, sludge, and grease removal shall be required at least once a month. If the car wash facility has gasoline pump(s), then the car wash facility must also have floor drains in accordance with Section 2.05(B) of this Rate Order.

Each Commercial Customer requiring a sand and mud interceptor shall (1) install such sand and mud interceptor at the sole expense of the Commercial Customer; (2) provide the District's Operator, prior to receiving service, with a copy of an effective and continuing contract between the customer and a licensed hauler, said contract to be for regular routine pumping and disposal; and (3) provide the District's Operator with a copy of a hauler's manifest to evidence regular pumping and disposal within ten (10) days after receipt by the Commercial Customer.

Each Commercial Customer under this Section 2.05(C) will also be required to install a sampling well pursuant to Section 2.05(A) hereof.

D. Ground Water Monitoring Well Printing and Photo Processing. Printing and photo-processing facilities shall install a ground water monitoring well and shall discharge only domestic waste from sinks and restrooms. Unless waived in writing by the District, all printing and photo processing chemicals shall be collected in sealed containers and hauled away for reprocessing.

E. Lint Interceptor for Laundry/Dry Cleaning. Laundry and dry cleaning facilities shall install a ground water monitoring well and shall incorporate a lint interceptor in accordance with the District's Engineer's specifications. A minimum size of 500 gallons shall be installed. All flows, except restroom facilities shall be routed through the lint interceptor. The lint interceptors shall be cleaned at daily.

Each Commercial Customer requiring a lint interceptor shall (1) install such lint interceptor at the Commercial Customer's sole expense.

F. Landscaping/Nurseries. Landscaping and nurseries that use herbicides and pesticides shall install a ground water monitoring device and shall only discharge domestic waste from sinks and restrooms.

G. Pre-treatment of Discharge of Waters or Wastes Containing Toxic or Poisonous Substances; Submission of Written Statement. Where the operation of a person, firm, or corporation entails the discharge of water or wastes containing toxic or poisonous substances, a written statement setting forth the nature of the operation contemplated or presently carried on shall be filed with the District. The statement shall specify the amount of water that will be used and its source, the proposed point of discharge of wastes into the waste disposal system of the District, and the estimated amount to be discharged; the statement shall include a laboratory statement setting forth the expected bacterial, physical, chemical, and other known characteristics of said wastes. Within thirty (30) days from receipt of such statement, the District shall issue an order stating minimum restrictions necessary in the judgment of the District's Engineer to protect the District's systems.

Where pretreatment or control is required by the District, it shall review and approve the design and installation of the equipment and processes in conformity with all applicable laws and regulatory requirements. Any person responsible for discharges requiring such pretreatment or control facilities shall provide and maintain such facilities in effective operating conditions.

Section 2.06. Inspections and Fees.

A. Sewer Inspection and Fees. Sewer connections and house service lines shall be inspected by the District's Operator for compliance with the Rules and Regulations. An inspection fee of \$100.00 shall be charged for all residential connections. Installations which fail to conform at any time to the Rules and Regulations shall be disconnected. Any Customer whose connection is disconnected for such failure shall be notified as to the basis for such disconnection. After noted deficiencies have been corrected, a reinspection shall be made upon payment to the District of a reinspection fee of \$100.00. If subsequent re-inspections are required before the sewer connection and service lines are in compliance with the Rules and Regulations, a reinspection fee of \$100.00 shall be charged for each such reinspection.

An inspection fee of 150% of the District's cost shall be charged for all commercial connections. Installations which fail to conform at any time to the Rules and Regulations shall be disconnected. Any Commercial Customer whose connection is disconnected for such failure shall be notified as to the basis for such disconnection. After noted deficiencies have been corrected, a reinspection shall be made upon payment to the District of a reinspection fee of 150% of the District's cost. If subsequent re-inspections are required before the sewer connection and service lines are in compliance with the Rules and Regulations, a reinspection fee of \$100.00 shall be charged for each such reinspection.

B. Residential Customer Service Inspection Fees. If the District's Operator performs the inspection for residential connections and completes the Customer Service Inspection Certification required by Article III of the Rules and Regulations, the District shall charge the Customer a fee of \$100.00 to cover the costs of such inspection and certification.

C. Commercial Customer Service Inspection Fee. If the District's Operator perform the Customer Service Inspection for a commercial connection, and completes the Customer Service Inspection Certification required by Article III of the Rules and Regulations, the District shall charge the Commercial Customer 150% of the cost thereof to the District. If re-inspections are required before the sewer connection and service lines are in compliance with the Rules and Regulations, the District shall charge the Commercial Customer 150% of the cost thereof to the District for each re-inspection.

D. Inspections and Fees Applicable to Builders and Others Making Improvements and Starting Construction. Any person or entity proposing to make improvements or start construction on property within the District must notify the District's Operator prior to commencing any improvement or construction if such improvement, construction, or equipment used in the construction will be within easements, rights-of-way or property where District facilities are located. The District's Operator shall conduct an inspection prior to the commencement of construction to verify the condition of the District's facilities. The District's Operator shall conduct another inspection after completion of construction to again verify the condition of the District's facilities. If the Operator finds that the facilities have been damaged

as a result of the construction, the builder or other responsible party must reimburse the District for the costs of the repair before the District will initiate permanent service to the affected property. A fee of \$100.00 shall be charged by the District for (1) each pre-inspection and (2) each post-inspection. The inspection fees will be collected at the time the tap fee is paid.

E. Inspection of Yard and Other Drains. The District's Operator shall have the authority to inspect yard drains, roof drains, down spouts, and similar storm water drains located on a Customer's property for strict compliance with the District's Rules and Regulations. No such drains shall be connected to the District's sanitary sewer system. If the District's Operator discovers an unauthorized drain, the Operator will notify the Customer in writing of the actions required to correct the deficiency and shall give the Customer 30 days to take the necessary actions. The District's Operator will reinspect the Customer's property after 30 days to verify compliance. If the drain is still not in compliance with the District's Rules and Regulations, the District shall again notify the Customer of the corrective actions required and shall charge the Customer a reinspection fee of \$100.00. If subsequent reinspections are required before the drain is found in compliance with the District's Rules and Regulations, a reinspection fee of \$100.00 shall be charged for each such reinspection. The District's Operator shall have the authority to disconnect any drain which fails to conform to the District's Rules and Regulations, and the Customer shall be notified in writing of the basis for the disconnection and the corrective actions required.

F. Inspections of Grease Traps, Sand and Oil Interceptors, Lint Traps, Sand and Mud Interceptors. The District's Operator shall inspect on a monthly basis (and more frequently if required to insure compliance with this Rate Order) grease traps, sand and oil interceptors, lint traps, sand and mud interceptors. The cost of such inspections shall be \$100.00 and shall be billed to the customer. If the inspection reveals that the grease traps, sand and oil interceptors, lint traps, or sand and mud interceptors requiring cleaning, the Operator shall notify the Customer in writing to clean the grease traps, sand and oil interceptors, lint traps, or sand and mud interceptors. In the event the any customer fails to have the grease trap, sand and oil interceptors, lint traps, or sand and mud interceptors cleaned on a timely basis, following ten (10) days written notice, the District shall be authorized to clean the Customer's grease trap, sand and oil interceptor, lint trap, or sand and mud interceptor and such cost shall be billed to customer with the next monthly water bill. Failure to pay any charges described in this Section 2.06(F) shall result in the termination of water service in accordance with Article IV of this Rate Order.

G. Backflow Prevention Assembly Inspection and Fees. The backflow prevention assemblies required at all commercial establishments pursuant to Section 3.06 of the Rules and Regulations shall be tested upon installation and annually thereafter. The Customer is responsible for ensuring that all backflow prevention assemblies are tested upon installation by a recognized backflow prevention assembly tester. If this test is performed by the District's Operator or its subcontractor, a fee equivalent to 150% of cost shall be charged by the District to cover the cost of such inspections and shall be billed on the Customer's regular bill. The Customer shall be responsible for the cost of any repairs.

The backflow prevention assemblies for residential Customers shall be tested upon installation and annually thereafter. The Customer is responsible for ensuring that all backflow prevention assemblies are tested upon installation by a recognized backflow prevention assembly tester. If this test is performed by the District's Operator or its subcontractor, a fee of \$125 shall be charged by the District to cover the cost of such inspections and shall be billed on the Customer's regular bill. The Customer shall be responsible for the cost of any repairs.

At the Customer's request, the Operator shall perform an annual backflow prevention assembly inspection at a cost of 150% of the cost to the District if the Customer chooses not to engage a third party to perform the annual test.

Section 2.07. Builder's Deposit. Each builder of a residence, commercial building or other structure shall, at the time a request for a water tap is made, pay a deposit of \$2,500 for the first lot for which a water tap has been requested and \$100 for each additional lot thereafter. The deposit shall be refunded within ninety (90) days after the builder certifies the sale of its last residence, commercial building or other structure within the District, less any amounts forfeited as provided herein. The District shall deduct from

the deposit the cost to repair any damage caused to the District's property by the builder or the builder's employees, contractors, subcontractors or agents and shall deduct any delinquent water and sewer service bills of the builder. In the event any amounts are so deducted from the builder's deposit, it will be incumbent on the builder to reinstate the original amount of the deposit, and failure to do so will result in the suspension of any additional water taps for the builder.

Section 2.08. Temporary Water Service.

A. Temporary Connections. 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. All temporary service shall be metered and billed to the temporary Customer as provided herein. All unauthorized withdrawal of water from flushing valves, fire hydrants, or other appurtenances of the District's System without prior approval of the District, except for emergency fire-fighting purposes, is prohibited.

B. Application and Deposit. Each temporary Customer desiring temporary water service shall be required to execute an application for such temporary service and shall provide a minimum security deposit of \$2,500. The deposit shall be made by cashier's check or money order payable to the District. The deposit shall be used by the District to secure the payment for temporary water supplied by the District, the installation fee, and the cost of repair of any damages caused by the temporary Customer. The balance of the security deposit, if any, shall be refunded after disconnection from the District's System.

C. Fees and Rates. A fee of \$50.00 for costs of installation, plus the cost of the metered water, shall be charged for temporary water service. The following rates for the sale of water for each temporary water service connection shall be in effect from the effective date hereof until such time as the Board amends said rates:

<u>Gallons Used</u>	<u>Rate</u>
0 - 10,000 gallons	\$1.50 per each 1,000 gallons
10,001 gallons & above	\$1.50 per each 1,000 gallons

Section 2.09. Service to Out-of-District Customers. All requests for water and sewer service from parties located outside the boundaries of the District shall be considered on a case by case basis and governed by separate agreement.

Section 2.10. Water Taps. The following charges for the tap of water lines shall be in effect within the District from and after the effective date hereof until amended by the Board of the District:

Residential taps:	Three (3) times the actual and reasonable cost to the District
Commercial:	Three (3) times the actual and reasonable cost to the District
Non-taxable:	The actual cost to the District, including the costs of all facilities necessary to provide District services to such non-taxable entity where such facilities are financed or to be financed by tax-supported bonds of the District
Esplanade Sprinklers:	actual cost to the District

Section 2.11. Title to Facilities. Title to all water meters, water and sewer taps, and all other appurtenances, including meter boxes, shall lie in the District.

ARTICLE III
SERVICE RATES

The water rates set forth in Section 3.01 through Section 3.08 are further subject to the Assessment set forth in Section 3.12 hereof.

Section 3.01. Single Family Water and Sewer Service Rates.

A. Single-Family Water Rates

1. During construction and prior to initial occupancy, a fee of \$5.00 per month shall be charged for each single-family home, provided that less than 5,000 gallons per month are used; otherwise the regular rate shall apply.

2. After the initial occupancy, single-family homes shall be billed as follows:

First 5,000 gallons or less	\$7.50 minimum
5,001 to 10,000 gallons	\$1.30 per 1,000 gallons
10,001 to 15,000 gallons	\$1.50 per 1,000 gallons
15,001 to 20,000 gallons	\$1.70 per 1,000 gallons
20,001 to 30,000 gallons	\$1.90 per 1,000 gallons
30,001 to 40,000 gallons	\$2.09 per 1,000 gallons
All over 40,000 gallons	\$2.25 per 1,000 gallons

B. Single-Family Sewer Rates

\$10.00 per month flat rate

Section 3.02. Commercial Water and Sewer Service Rates.

A. Water Rates for Commercial Buildings, Including Clubs and Schools.

0 to 30,000 gallons	\$40.00 minimum
30,001 to 40,000 gallons	\$ 2.40 per 1,000 gallons
40,001 to 100,000 gallons	\$ 2.55 per 1,000 gallons
100,001 to 200,000 gallons	\$ 2.90 per 1,000 gallons
200,001 to 300,000 gallons	\$ 3.60 per 1,000 gallons
All over 300,000 gallons	\$ 4.40 per 1,000 gallons

Single Meter. Each unit within service of a single meter, as identified by a public sign, shall be the basis for billing. Each unit shall be considered to be serviced by a one-inch (1") meter and the rate schedule set forth in paragraph A above shall apply.

B. Sewer Rates for Commercial Buildings, Including Clubs and Schools

Each commercial unit served by a separate meter shall be billed at the rate of \$1.75 per 1,000 gallons of water used.

Section 3.03. Water Rates for Klein Independent School District

For tracts located outside the District, Klein Independent School District ("Klein") shall be billed in accordance with the Water Supply Agreement between Klein and the District dated 18 September 1982, the Addendum to Water Supply Agreement between Klein and the District dated 26 April 1990, the Second Addendum to Water Supply Agreement dated 27 August 1992, and the Third Addendum to Water Supply Agreement dated 26 January 1995, and any subsequent amendments thereto. For tracts located

inside the District, Klein shall be billed in accordance with the rates charged to other non-taxable entities within the District pursuant to the provisions of this Rate Order.

Section 3.04. Water and Sewer Rates for Meyer Park (Harris County)

For water and sanitary sewer service to Meyer Park North and Meyer Park South, Harris County shall be billed in accordance with the Letter Agreement dated 22 January 1987 between the District and Harris County, and any amendments thereto, as follows:

- A. For the first 84,000 gallons of monthly water usage to Meyer Park North, Harris County shall be billed for such usage at the same rate as Commercial customers within the District. Monthly water usage in excess of 84,000 gallons shall be charged at three times the Commercial Rate.
- B. For the first 84,000 gallons of monthly water usage to Meyer Park South, Harris County shall be billed for such usage at the same rate as Commercial customers within the District. Monthly water usage in excess of 84,000 gallons shall be charged at three times the Commercial Rate.
- C. For sanitary sewer service to Meyer Park North and Meyer Park South, the County shall be charged at the same rate as Commercial customers within the District.

Section 3.05. Car Wash Water and Sewer Service Rates

A. Water Rates for Car Washes.

0 to 25,000 gallons	\$66.66 minimum
25,001 to 100,000 gallons	\$ 2.55 per 1,000 gallons
100,001 to 200,000 gallons	\$ 3.95 per 1,000 gallons
200,001 to 300,000 gallons	\$ 5.43 per 1,000 gallons
All over 300,000 gallons	\$ 7.27 per 1,000 gallons

B. Sewer Rates for Car Washes.

Each car wash shall be billed at the rate of \$1.75 per 1,000 gallons of water usage.

Section 3.06. Water/Sewer Rates for Multi-Family Buildings.

A. Water Rates for Multi-Family Buildings.

1. Single Meter. Each multi-family building that is served by a single meter shall be billed for water at the following rates, provided that before a building reaches initial occupancy of 85% of capacity, the rates set forth below shall be based on the number of occupied residential units in the building. When a building's occupancy has reached 85% of capacity, and at all times thereafter, the rates set forth below shall be based on the total number of residential units in the building.

First 5,000 gallons or less	\$6.00 minimum per residential unit
All over 5,000 gallons	\$1.47 per 1,000 gallons per residential unit

2. Multiple Meters. If a multi-family building is served by individual meters, then water delivered through each meter shall be billed as follows:

First 5,000 gallons or less	\$6.00 minimum
All over 5,000 gallons	\$1.47 per 1,000 gallons

B. Sewer Rates for Multi-Family Buildings.

Each rental unit in a multi-family building shall be billed at a flat rate of \$7.50 per month per unit, provided that before a building reaches initial occupancy of 85%, the flat rate of \$7.50 shall be based on the number of occupied units in the building and once a building's occupancy reaches 85% occupancy, and at all times thereafter, the District's Operator shall calculate the amount due for a building based on the total number of rental units in the building.

Section 3.07. Water Rates for Sprinkler for Esplanade.

Sprinkler for Esplanade. For any sprinkler connection in the esplanade, the rate to be billed shall be \$0.80 per 1,000 gallons and the regulatory assessment levied by the North Harris County Regional Water Authority (the "NHCRWA Fee").

Section 3.08. Water/Sewer Rates for Non-Taxable Entities.

Non-taxable entities shall be billed at a rate of \$2.00 per 1,000 gallons for water and \$2.00 per 1,000 gallons for sewer, plus the NHCRWA Fee.

Section 3.09 Customer Service Agreements. Prior to the District providing continuous water service, each Customer must execute and deliver to the District's Operator a Customer Service Agreement substantially in the form attached as Exhibit "4" to Appendix "A" attached hereto. A fee of \$25.00 shall be charged to each Customer for the cost to the District to handle and process the Customer Service Agreement.

Section 3.10. No Reduced Rates or Free Service. All Customers receiving water and/or sewer service 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 from establishing reasonable classifications of customers for which rates differing from the rates stated herein may be adopted.

Section 3.11. Regulatory Assessment. Pursuant to Section 5.35 Texas Water Code, as amended, and 30 T.A.C. 291.76, the District shall pay by January 31 of each year a regulatory assessment to the Texas Commission on Environmental Quality in the amount required by law based on the total charges for retail water and sewer service collected from its retail customers in the prior twelve months.

At the end of each calendar year, the Operator shall prepare a written statement indicating the (i) the total charges collected for retail water and sewer service for the year; and (ii) the regulatory assessment due and payable to the Texas Commission on Environmental Quality, The Operator shall deliver the written statement to the District's Bookkeeper for payment.

Section 3.12. North Harris County Regional Water Authority Regulatory Assessment.

Pursuant to the Groundwater Reduction Plan adopted by the North Harris County Regional Water Authority ("NHCRWA"), the District is required to pay a monthly fee to the NHCRWA based on the total amount of ground water pumped at the District's water wells and/or the total amount of surface water delivered to the District by the NHCRWA (the "NHCRWA Water Fee").

To cover the NHCRWA Water Fee assessed to the District, the District hereby imposes a monthly charge (the "NHCRWA Charge") equivalent to the NHCRWA's then current surface water rate per 1,000 gallons of metered water usage. The Operator shall list the NHCRWA Charge on the Customer's bill as a separate line item and shall collect the NHCRWA Charge in addition to other charges. Failure by a Customer to pay the NHCRWA Charge shall result in the termination of water and sewer service in accordance with the provisions of this Rate Order.

At the end of each month, the Operator shall prepare a written statement indicating the total pumpage at each of the District's water wells and/or the surface water delivered to the District by the NHCRWA for the month, and the amount due to the NHCRWA. The Operator shall deliver the written statement to the District's Bookkeeper for payment.

ARTICLE IV
SERVICE POLICY

Section 4.01. Billing Procedures. All accounts shall be billed in accordance with the following procedures:

A. Due Date and Delinquency. Payment shall be due on or before the due date shown on the bill. After such date, a late charge of ten percent (10%) will be assessed on the unpaid balance on the water and sewer bill. All accounts not paid by the due date shall be deemed delinquent and failure to make payment within sixty (60) days thereafter may result in the termination of water and sewer service.

B. Notice and Appeal. Prior to termination of service, a Customer who is delinquent in payment shall be sent a notice that service will be discontinued unless payment in full is received. Notice shall be sent by first class United States mail and will provide the Customer with an opportunity to appear in person or by written correspondence at a scheduled meeting of the Board of the District to contest, explain, or correct the charges, services, or disconnection. The notice shall inform the Customer of the amount of the delinquent bill, the date service will be disconnected if payment is not made, and of the right to contest, explain, or correct the charges, services, or disconnection. Service shall not be disconnected where a Customer has informed the District or the District's Operator of his or her desire to contest or explain his bill. If the Customer appears before the Board, in person or by written correspondence, the Board shall hear and consider the matter and inform the Customer of the Board's determination by sending written notice to the Customer by first class United States mail stating whether service will be continued or disconnected. If service is discontinued, it shall be reinstated only upon payment in full of all amounts due, including any late charges, and a reinstatement charge of \$35.00. Payment of the amounts due, late charges, and reinstatement charge must be in the form of a cashier's check, money order, or credit card. If the District's Operator must make a service call to disconnect a customer, the fee to the customer for such service call shall be \$25.00. If it is necessary for the District's Operator to remove a customer's meter to stop the unauthorized use of District water, there shall be a \$75.00 replacement fee to the customer.

C. Returned Checks. A \$25.00 charge will be charged to the Customer's account for any check returned by the bank. Any amounts due on an account which have been paid with a check that has been returned by the bank must be paid in full by cash, cashier's check or money order, including all late charges and returned check charges, within five (5) days from the day the Operator hangs a notice on the Customer's door or otherwise notifies the Customer that the check has been returned by the bank.

D. Fee for Disconnection Notice. The District shall charge the Customer a fee of \$8.00 each time the Operator issues a termination letter to the Customer, as described in Section 4.01B. above, and a fee of \$8.00 each time the Operator hangs a disconnection notice on the door of the Customer's residence or place of business.

Section 4.02. Security Deposits. Security deposits shall be required as follows:

A. Commercial/Multi-Family Deposits. Each customer establishing a Commercial or a Multi-Family account and each customer re-establishing a Commercial or Multi-Family account that has been terminated for non-payment, shall be required to make a security deposit equal to three (3) times the average monthly bill for that connection for the most recent 12 month period with a \$75.00 minimum. All deposits will be posted by the customer prior to service being established.

B. Full Payment Required. Service shall be initiated upon payment of the security deposit and all other fees and charges.

C. Refund of Deposit. Following payment of the final bill and payment of all fees and charges, the balance of the security deposit, if any, shall be refunded by check mailed to the Customer. No interest shall be payable to the Customer on any security deposit.

Section 4.03. Entitlement. Customers are not guaranteed a specific quantity or pressure of water or specific capacity in sewer facilities for any purpose whatsoever; furthermore, in no instance shall the District be liable for failure or refusal to furnish water or any particular amount or pressure of water or to provide capacity in sewer facilities.

Section 4.04. Unauthorized and Extraordinary Waste. The rates established herein are applicable for Domestic Waste as defined herein. Customers proposing to generate other types of waste will be assessed additional charges as established by the District.

Section 4.05. Damage to District Facilities.

A. Damage to Meter and Appurtenances. No person other than a duly authorized agent of the District shall open a meter box, tamper with or in any way interfere with a meter, meter box, service line or other water and/or sewer system appurtenance. The District reserves the right, immediately and without notice, to remove the meter or disconnect water service to any Customer whose meter has been tampered with and to assess repair charges to the Customer, plus a damage fee of \$75.00.

B. Right to Repair. The District reserves the right to repair any damage to the District's System and appurtenances without prior notice and to assess against any Customer such penalties as are provided by law and such penalties provided for in this Rate Order in addition to those charges necessary to repair the portion of the System so damaged.

ARTICLE V
ADOPTION OF RULES AND REGULATIONS CONCERNING
WATERWORKS AND SANITARY SEWER SYSTEM

To preserve the sanitary condition of all water controlled by the District, to prevent waste or the unauthorized use of water controlled by the District, and to secure and maintain safe, sanitary and adequate plumbing installation, connections and appurtenances, the Board of the District hereby adopts the Amended and Restated Rules and Regulations Governing Water and Sanitary Sewer Facilities, Service Lines, and Connections attached hereto as Appendix "A" and incorporated herein for all purposes.

ARTICLE VI
DROUGHT CONTINGENCY PLAN

The Board of the District hereby adopts the Drought Contingency Plan attached hereto as Appendix "B" and incorporated herein for all purposes.

ARTICLE VII
ENFORCEMENT/CIVIL PENALTIES

Section 7.01. Enforcement.

A. Civil Penalties. The Board hereby imposes the following civil penalties for breach of any rule of the District: The violator shall pay the District twice the costs the District has sustained due to the violation up to \$5,000. A penalty under this Section is in addition to any other penalty provided by the laws of this State and 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 any reasonable fees for attorneys, expert witnesses, and other costs incurred by the District before the court. The amount of the attorneys' fees shall be fixed by the court.

B. Liability for Costs. Any person violating any of the provisions of this Order and/or the Rules and Regulations Governing Water and Sanitary Sewer Facilities, Service Lines, and Connections shall become liable to the District for any expense, loss or damage occasioned by the District by reason of such violation, and enforcement thereof shall be in accordance with Section 8.01(A) of this Order and Article X of the Rules and Regulations.

Section 7.02. Non-waiver. The failure on the part of the District to enforce any section, clause, sentence, or provision of this Order shall not constitute a waiver of the right of the District later to enforce any section, clause, sentence, or provision of this Order.

Section 7.03. Appeal. Any determination by the District's Operator or the District's engineer or any authorized agent of the District of any dispute regarding the terms and provisions of this Order may be appealed to the Board of the District, which shall conduct a hearing on the matter. The District's Operator and/or attorney shall provide the Customer with information regarding appeals and hearing procedures upon the Customer's request.

ARTICLE VIII SOLID WASTE

The District may contract with an independent contractor to provide for solid waste and trash collection within the District. If the Board of the District determines that it is in the best interest of the District to contract for solid waste and trash collection, the fee for such service, as established by contract, shall be included on the water and sewer service bill. Failure to pay the solid waste and trash collection service on or before the due date indicated on the water and sewer service bill shall result in the assessment of a 10% penalty on the unpaid balance of the bill for solid waste and trash collection as well as termination of service under the provisions of Article IV this Order.

ARTICLE IX MISCELLANEOUS

Section 9.01. Amendments. The Board of the District has and specifically reserves the right to change, alter or amend any rate or provision of this Order at any time.

Section 9.02. 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 circumstance 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.

Section 9.03. Headings. The section and paragraph headings used herein are for reference only and are not to be construed as part of the text of the section or paragraph.

ARTICLE X REPEAL OF PREVIOUS ORDERS

All previous Orders adopted by the Board of Directors pertaining to the subject matter hereof are each hereby repealed in their entirety as of the effective date hereof.

ARTICLE XI EFFECTIVE DATE

This Order shall be effective as of the first full billing cycle following 23 January 2020.

The President or Vice President is authorized to execute and the Secretary or any Assistant Secretary is authorized to attest this Order on behalf of the Board and to do all things necessary and proper to carry out the purpose and intent hereof.

PASSED, ADOPTED, ORDERED and APPROVED this 23rd day of January, 2020.

/s/ David C. Guerrero
President, Board of Directors

ATTEST:

/s/ Joseph T. Fratangelo
Secretary/Treasurer, Board of Directors