

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

RATE ORDER

Dated Effective: May 19, 2011

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RATE ORDER
("Order")

WHEREAS, HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249 of Harris County, Texas (the "District") owns a water, sanitary sewer and storm sewer system designed to serve present and future inhabitants within the District; and

WHEREAS, it is necessary that fees, charges and conditions be ratified and established for providing service from the District's water and sanitary sewer system; 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 and protection of the District's water, sanitary sewer and storm sewer system; Now, Therefore,

BE IT ORDERED BY THE BOARD OF DIRECTORS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249 OF HARRIS COUNTY, TEXAS, THAT THE FOLLOWING ORDER IS HEREBY ADOPTED: Any Order, and amendments thereto, heretofore adopted by the Board establishing rates for water and sewer service and pertaining to related matters shall be revoked as of May 19, 2011, the effective date of this Order.

Section 1. Definitions. For purposes of this Order, the following words or terms shall have the following meanings:

1.01. Alternative Payment Programs 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, check or money order, and which programs are offered to Customers through third-party service providers and coordinated by the District's Operator. These Alternative Payment Programs may include, but are not necessarily limited to: (a) check by phone, (b) automatic monthly debit from Customer's account, (c) on-line payment by credit card, (d) on-line bill payment through Customer's bank and (e) payment by Customers at local retail outlets.

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

1.03. "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.

1.04. "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.

1.05. "Customer" shall mean the person, firm, corporation or other entity which receives District services for a Residential, Commercial, Apartment or other structure, whether the owner, renter, builder or lessee thereof. Inasmuch as this Order hereinafter makes it mandatory for each such structure to be connected to the District's System as soon as the District's System becomes operable, the term "Customer" shall mean and include the person, firm, corporation or other entity which requests District services for such structure at the time service becomes available to said structure.

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

1.07. "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".

1.08. "Delinquent Bill" shall mean a bill for water and/or sanitary sewer service and/or other services, penalties and/or other charges of any nature imposed by the District, whether hereunder or pursuant to any Drought Contingency Plan or District order regulating

waste including, without limitation, charges for solid waste collection and disposal services, for which payment in full (including, without limitation, all charges, penalties 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.

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

1.10. "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 District's System.

1.11. "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.

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

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

1.14. "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.

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

1.16. "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.

1.17. "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 within the District.

1.18. "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.

1.19. "System", as used herein, shall mean the water and/or sanitary sewer and/or storm sewer facilities of the District and all extensions and additions thereto, whether now in place or hereafter constructed.

Section 2. Initial Connections to the District's System ("Taps").

2.01. Requirement to Connect to the District's System. Each structure within the District requiring water and/or sanitary sewer services shall be physically connected to the District's System 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 sanitary sewer System and water System of the District. 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 District's water System and sanitary sewer System upon determination by the District that an acceptable alternative water source or wastewater treatment source 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 water connection must be made at the time water service becomes

available and the sanitary sewer connection must be made at the time sanitary sewer service becomes available.

2.02. Septic System and Private Water Supply Systems. The construction and operation of septic systems and private water supply systems within the District shall be prohibited, unless the prior written consent of the Board of Directors, on terms and conditions deemed acceptable to the Board of Directors in its discretion, is otherwise obtained and satisfactory arrangements are made with all regulatory agencies with jurisdiction over such matters.

2.03. Application for Water and Sanitary Sewer Connections. Each person desiring initial water and sanitary sewer service connections to the District's System shall notify the District's Operator and shall sign and complete an application for such service 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 District's System shall be made until such application has been completed and such fees have been paid.

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 District's System (which fees shall include the meter and meter box and installation thereof):

- | | | |
|-----|--|---|
| (a) | 3/4" by 5/8" Residential connection | \$ 750.00 |
| (b) | 1" Residential connection | \$1,200.00 |
| (c) | Nonstandard Residential connection (other than 3/4" by 5/8" or 1" water tap), Commercial and Apartment connections | District's cost of installation and materials, plus 200% of such costs. |
| (d) | Nontaxable Entity connection | District's cost of installation and materials, plus \$0.20 per square foot of land area, as reflected by the plat or other legal description of the tract |

to any Customer until (i) an acceptable sanitary sewer connection (except as to water service only Customers) has been made; (ii) all inspections required pursuant to Section 2.06 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 District's 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 District's 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 District's sanitary sewer System shall be made in accordance with the District's Policy Governing Sewer House Lines and Sewer Connections 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 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 or appurtenance connected with the water service, or any manhole, main, trunk or

appurtenance of the District's sanitary sewer or storm sewer System except by the written permission of the Board of Directors of the District.

(e) Submission of Plans for Commercial and Apartment Customer Connections. Each applicant for a Commercial or Apartment Customer Connection shall, not less than thirty (30) days prior to the requested connection date, submit to the District's Engineer or other party designated by the Board of Directors of the District, the following information:

(1) Engineering drawings (three sets for District purposes) signed and sealed by a Registered Professional Engineer of the State of Texas indicating details of building water distribution facilities, materials to be used and the location, size and number of proposed connections to the District's System;

(2) The legal description of the land to be served by the District's 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 District's 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 District's System. Customer shall be notified in writing as to the basis for rejection of its application. Failure to construct the facilities in accordance with approved drawings shall

constitute a basis for denial of District services. 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 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 District's System. Any unauthorized physical connection to the District's System may be removed without notice at the expense of the person or firm causing such connection to be made.

(f) Builder Damage Deposit. Upon first application for a Customer Connection, the applicant (whether property owner, builder or other) (the "Applicant") shall pay a security deposit in the amount of \$600.00 (which deposit shall apply to all connections of such Applicant, whether one or more) (the "Builder Deposit"). The Builder Deposit is solely to secure the payment of costs to repair any District facilities damaged by the Applicant or other parties during the construction of the house, building or other improvement on the applicable property ("Builder Damages") and is in addition to the security deposit to secure payment of service charges required to be paid by builders 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 District's System shall be permitted relative to any Applicant who has outstanding Builder Damages. If Applicant is building more than one house, building or other improvement with the District, the Builder Deposit shall remain at \$600.00 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 \$600.00 Builder Deposit.

The District shall refund the Builder Deposit upon completion of the last house, building or other improvement to be constructed within the District by the Applicant and final inspection by the District's Operator, and payment by the Builder of all fees, charges and damages due to the District under this Rate Order or otherwise. No interest will be paid by the District on the Builder Deposit. 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 \$80.00. 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 District's sanitary sewer system, and it shall be a violation of this Order to drain a swimming pool or hot tub into the District's storm drainage 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 \$75.00 for Residential Customer Connections and \$100.00 for Commercial, Nontaxable Entity and Apartment Customer Connections, payable at the time of application for connection to the District's System, shall be charged by the District for inspection of each sanitary sewer physical connection and service line. A fee of \$80.00 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. Sanitary sewer connections and service lines shall be inspected for strict compliance with the District's "Rules and Regulations Governing Sewer House Lines and Sewer Connections." Customer shall notify the District's Operator prior to any such connection being made. Customer shall again notify the District's Operator after the physical connection has been made and such District's Operator shall inspect and approve the connection prior to backfilling of the area and prior to the commencement of sanitary sewer service. Installations which fail to conform to said rules will be denied. Customer shall be notified in writing as to the basis for such denial. After noted deficiencies have been corrected, a sanitary sewer connection reinspection shall be made upon payment to the District of a reinspection fee of \$50.00 for Residential Customer Connections and \$100.00 for Commercial, Nontaxable Entity and Apartment Customer Connections. If subsequent reinspections are required before the sanitary sewer connection and service lines are found in compliance with the District's rules, an additional sanitary sewer reinspection fee of \$75.00 for Residential Customer Connections and \$100.00 for Commercial, Nontaxable Entity and Apartment Customer Connections, and \$80.00 for grease trap, sampling well or pretreatment unit inspection shall be charged for each such reinspection.

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

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

For Commercial (including Apartment) Customer Connections, the District's Operator shall perform the inspection and provide the necessary certification, and the District shall charge the Customer a fee of \$150.00.

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 total fee of \$120.00 shall be charged by the District to cover the costs 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 District's System without prior approval of the District, except for emergency fire-fighting purposes, is prohibited. The District's Operator shall be authorized to make a temporary connection to any fire hydrant or flushing valve upon request for temporary water service within the area of the District. Such temporary service shall be provided only through a District meter installed by the District's Operator. The applicant for temporary water service shall be required to post a deposit of \$500.00 which shall secure the payment for water supplied by the District, the installation fee, the safe return of the District's meter and fire hydrant wrench, and the cost of repair of any damage by a user of the hydrant. The fee for temporary water service shall be \$50.00 for costs of installation, plus \$1.00 per 1,000 gallons of water delivered through the meter. Temporary water service may be supplied outside the area of the District only with the express authorization of the Board of Directors of the District.

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

3.01. Application Fee and Security Deposit. A non-refundable application fee of \$25.00 shall be charged for each Customer (whether for new service or transfer of service). Each Residential Customer shall pay a security deposit of \$150.00; each Apartment Customer, for each Apartment served by a separate meter, shall pay a security deposit of \$150.00; each

Commercial Customer shall pay a security deposit of \$150.00; and each Apartment Customer, for Apartments served by a master meter, shall pay a security deposit equal to 100% of the estimated total monthly service charges to such Customer. Additionally, those Customers receiving services from any Customer Connection whose service has been terminated by the District for failure to pay a Delinquent Bill for services hereunder are hereby declared to compose a classification as to which the District, in consideration of the financial risk of provision of services to such classification, shall require an additional deposit of \$50.00 to secure payment for District services prior to the restoration of service. The District shall not require any additional deposit prior to the restoration of service if the Customer's total deposit balance exceeds \$300.00 at the time restoration of service is made. 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.

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

- | | | |
|-----|--|---------|
| (a) | Minimum monthly charge for up to 10,000 gallons of water metered | \$19.00 |
| (b) | For each 1,000 gallons of water metered over 10,000 gallons | \$ 0.50 |

3.03. Monthly Rates for Residential Sanitary Sewer Service and Solid Waste Collection and Disposal. The following rate per month, or any part thereof, shall be charged for Residential sanitary sewer and solid waste collection and disposal service furnished by the

District to each Customer Connection in every instance in which a different charge is not expressly and clearly provided for herein:

Monthly Flat Rate	\$23.76
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3.04. Monthly Rates for Commercial Water Service. The following rates per month, or any part thereof, shall be charged for Commercial water service furnished by the District to each Customer Connection in every instance in which a different charge is not expressly and clearly provided for herein:

- | | |
|--|---------|
| (a) Minimum monthly charge for up to 10,000 gallons of water metered | \$90.00 |
| (b) For each 1,000 gallons of water metered over 10,000 gallons | \$ 1.25 |

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

- | | |
|---|---------|
| (a) Minimum monthly charge for up to 10,000 gallons of water metered | \$15.00 |
| (b) For each 1,000 gallons of water metered over 10,000 gallons | \$ 0.50 |
| (c) For each grease trap installed, there shall be charged a bi-monthly flat rate inspection fee of (Any reinspection required shall be charged at the same rate) | \$80.00 |

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 10,000 gallons of water metered | \$15.00 |
|--|---------|

- (b) For each 1,000 gallons of water metered over 10,000 gallons \$ 0.50

Apartment units served by a master meter shall be charged as follows: The total number of gallons metered shall be divided by the number of apartment units to determine the average usage per unit. The average usage per unit shall be rounded up to the nearest 1,000 gallons for purposes of computing the amount to be charged hereunder. The rates specified above shall then be applied to such average usage to determine the charge per unit. The charge per unit shall then be multiplied by the applicable number of Apartment units to determine the total amount to be charged. Notwithstanding the foregoing, during the first three months after the date of initial connection to the District's System of Apartment units serviced by a master meter, the customer shall be charged for water usage at the rate of \$1.50/1,000 gallons. Beginning the first day of the next billing period after the third month, the following percentage of Apartment units planned ultimately to be served by such meter will conclusively be deemed to be completed and habitable and billing will be in accordance with the rates set forth above with each unit deemed completed and habitable being considered as one unit:

<u>Months After Tap</u>	<u>Percentage Habitable</u>
4	30%
5	50%
6	70%
7	90%
8 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: \$15.00

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 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:

\$0.50 per 1,000 gallons of water metered

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:

\$1.00 per 1,000 gallons of water metered

3.10. Regulatory Assessments and Fees. The regulatory assessments and fees imposed pursuant to this Section 3.10 shall be billed and collected in the manner set forth in this Rate 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) North Harris County Regional Water Authority Well Pumpage Fee. The District lies within the boundaries of the North Harris County Regional Water Authority (the

"Authority") and is subject to well pumpage 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 well pumpage fees, the District shall impose a fee of \$1.84 for each 1,000 gallons of water billed to each Customer of the District pursuant to this Rate Order, which fee shall be added to each Customers' bill. The water and sanitary sewer service rates set forth above in Sections 3.02 through 3.09, inclusive, do not include the fee imposed hereunder.

(c) Fees Associated with Alternative Payment Programs – Alternative Payment Programs which may be offered by the District are provided merely as a convenience to Customers and such programs may be discontinued by the District at any time in its sole discretion. All Alternative Payment Programs are administered by third-party service providers and certain fees for use of the programs may apply, which fees are set and charged by the service providers. Customer shall be provided notice of any applicable fees by the service provider 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, 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 Services.

(a) No Reduced Rates or Free Service. 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 reasonable classifications of Customers for which rates differing from the rates stated herein may be adopted.

(b) Entitlement. Customers are not guaranteed a specific quantity or pressure of water or specific capacity in sewer facilities for any purpose whatever; 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 or to collect solid waste.

(c) Unauthorized and Extraordinary Waste. The water and sewer service rates established herein are applicable for ordinary Domestic Waste normally considered to have a biological oxygen demand (five day) and total suspended solids of 200 milligrams per liter. Customers discharging, whether intentionally or unintentionally, non-Domestic Waste into the District's 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 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 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 System. All Customers of the District's 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 6 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, applicable to all Customers of the District:

(i) No direct connection between the District's water System and a potential source of contamination shall be permitted; potential sources of contamination shall be isolated from the District's 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 District's 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 District's water System shall be permitted;

(iv) No pipe or connection which allows water to be returned to the public drinking water supply is permitted;

(v) The use of pipes and pipe fittings that contain more than 8.0 percent lead, or solders and flux that contain more than 0.2 percent lead is prohibited for installation or repair of the District's water supply System and for installation or repair of any plumbing in any Residential or Commercial facility providing water for human consumption and connected to the District's water supply System. This requirement may be waived for lead 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. 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 District's water System. The existence of a serious threat to the integrity of the District's 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 District's 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 3.12(d). However, the Customer shall be subject to the same charge for restoration of service terminated pursuant to this Section 3.12(d) as is set forth in Section 4.02 hereof.

(e) Backflow Prevention Requirements. No water connection from the District's 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 District's 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 must also be tested and certified to be operating within specifications at least annually by a recognized backflow prevention assembly tester.

(iii) For each backflow prevention assembly required to be installed pursuant to this Order, it shall be the responsibility of the Customer to have such

assembly tested upon installation and periodically thereafter as required by Subsection (ii) above, and to submit to the District 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.; or

(iv) If a Customer fails to comply with the requirements of this Section 3.12(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.

Section 4. Delinquency in Payment; Penalty; Discontinuation and Termination of 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 \$12.00 shall also be added to a Customer's bill for each written notice of delinquency sent to a Customer. (No separate charge shall be imposed for the notice left on a Customer's front door.) If a Customer's bill, or any part thereof, becomes a Delinquent Bill, the Delinquent Bill plus the penalty thereon shall be immediately due and payable. A charge of \$30.00 shall be imposed for each returned check notice forwarded to a Customer as a result of a Customer's payment (whether made by check or via Alternative Payment Program(s) being returned by a bank or other third-party payor for any reason.

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 District's sanitary sewer System at any time after its bill becomes a Delinquent Bill or upon violation by the Customer 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 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. Such charge shall be in addition to the deposit required for restoration of service pursuant to Section 3.01 hereof. Payment of the unpaid account, including penalty and all other charges then due and owing, shall be paid in cash, cashier's check or money order prior to restoration of water service where service has been terminated because of the Customer's failure to pay a bill before it became a Delinquent Bill.

4.03. Discontinuing Service Upon Request of a Customer. Whenever a Customer of the District requests that water and sewer 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. A charge of \$50.00 shall be made for restoring water service when such service is discontinued and restored at the request of the Customer and he is not delinquent in the payment of any bill at the time of either request.

Section 5. Damage to District Facilities; Tampering.

5.01. Damage to and Tampering with Meters 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 or in any other way take any action which affects any meter, meter box, service line or other water and/or sewer System appurtenance. The District reserves the right to immediately and without notice remove the meter or disconnect water service to any Customer whose meter, meter box, service line or other System appurtenance has been tampered with or altered in any way, or who has reconnected service which was terminated by the District. The District shall assess repair costs to Customer plus a damage fee of \$50.00.

5.02. 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 District's System and appurtenances 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 System so damaged.

5.03. 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 water services and/or the assessment of charges necessary to remove said obstructions. Customers are prohibited from introducing material into the District's 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 obstructions 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.

5.04. Storm Sewer System. The use of the storm sewer System within the District is limited solely to storm waters. No other liquids or solids, including but not limited to, grass or yard clippings, trash, construction materials, oils or grease, shall be introduced into the storm sewer System within the District. It shall be a violation of this Order to introduce unauthorized material, whether liquid or solid, into the storm sewer System within the District and the District reserves the right to assess such penalties as provided in this Order to any person, corporation, or other entity who makes such unauthorized use of the storm sewer System within the District.

Section 6. 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, including the Waste Order; or
- (2) makes unauthorized use of District services or facilities; or
- (3) violates the District's Rules and Regulations Governing Sewer Lines and Sewer Connections or any other rules or regulations of the District;

shall be subject to a civil penalty of not less than \$200.00, and in no event to exceed \$10,000, for each breach of the foregoing provisions. Each day that a breach continues shall be considered a separate breach. The amount of any penalty levied by the District pursuant to this Section 6 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 6 shall be in addition to such other penalties as are provided in this Order or any order regulating waste 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 7. Appeal. Any determination by District's Operator or District's Engineer or authorized agent of the District or any dispute regarding the terms and provisions of this Order may be appealed to the Board of Directors of the District which shall conduct a hearing on the matter. All appeals shall either be submitted by Customer in writing or presented by Customer in person to the Board of Directors of the District at its regular meeting. In order to maintain service during the pendency of any such appeal in connection with fees or charges assessed hereunder, Customer shall pay all amounts, including service charges, penalties and other charges, due and payable to the District. Any amounts which are paid by the Customer and subsequently determined by the Board of Directors not to have been due shall be refunded to the Customer or credited against future bills, at the discretion of the District. The District's Operator and/or attorney shall provide Customer with information regarding appeals and hearing procedures upon Customer's request.

Section 8. 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 9. 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 is authorized to attest this Order on behalf of the Board and the District.

Passed and adopted this 19th day of May 2011, to be effective May 19, 2011.

ATTEST:

/s/ Norman C. Adamek
President

/s/ Daniel E. Stage
Secretary

(SEAL)

EXHIBIT "A"

Service Inspection Certification Form

Harris County MUD No. 249

District's I.D. #1013135

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 or pipe fitting which contains more than 8.0% lead exists in private plumbing facilities installed on or after July 1, 1988. | <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 checked="" type="checkbox"/>	Copper	<input checked="" type="checkbox"/>	PVC	<input checked="" type="checkbox"/>	Other	<input checked="" type="checkbox"/>
Solder	Lead	<input checked="" type="checkbox"/>	Lead Free	<input checked="" type="checkbox"/>	Solvent Weld	<input checked="" type="checkbox"/>	Other	<input checked="" type="checkbox"/>

I recognize that this document shall become an official record of [Name of District] 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

HARRIS COUNTY MUD NO. 249

DISTRICT IDENTIFICATION NO. 1013135

MAILING ADDRESS: _____

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"/> | Reduced Pressure Principle-Detector |
| <input type="checkbox"/> | Double Check Valve | <input type="checkbox"/> | Double Check-Detector |
| <input type="checkbox"/> | Pressure Vacuum Breaker | <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	Held at ____ psid Closed Tight <input type="checkbox"/>	Opened at ____ psid Did not open <input type="checkbox"/>		

	<input type="checkbox"/>	Leaked <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: _____