





the Authority's general powers and duties; and (8) satisfy all rate covenants relating to the issuance of notes, bonds, and other obligations; and

WHEREAS, prior to the Board's adoption of the GRP Fee, Surface Water Fee, and Imported Water Fee hereinafter set forth in this Amended Rate Order, the Board provided municipalities and districts within the Authority written notice of the date, time and location of the meeting at which the Board would adopt the GRP Fee, Surface Water Fee, and Imported Water Fee and the amount of said fees; and

WHEREAS, the Board has determined that the fees, user fees, rates and charges established in this Amended Rate Order are necessary to accomplish those purposes set forth in Section 4.03 (e) of the Act; and

WHEREAS, it is necessary that the Authority establish fees, user fees, rates, charges, and conditions and terms of service from the Authority System, the Authority's GRP and any other services provided by the Authority, and rules related thereto;

NOW, THEREFORE, IT IS ORDERED BY THE BOARD OF DIRECTORS OF THE WEST HARRIS COUNTY REGIONAL WATER AUTHORITY THAT:

## **ARTICLE I DEFINITIONS**

Section 1.01. Definitions. As used herein, the following terms shall have the respective meanings set forth or referred to below:

"Act" means House Bill 1842 of the 77th Texas Legislature, as amended.

"Authority" means the West Harris County Regional Water Authority.

"Authority Engineer" means the Authority's general operating engineer (currently Dannenbaum Engineering Corporation), which may be changed from time to time by the Authority.

"Authority Operator" means the operating company performing operations for the Authority (currently SWWC Services, Inc.), which may be changed from time to time by the Authority.

"Authority System" means the Authority's facilities, pipelines, storage tanks, conduits, canals, pumping stations, treatment plants, meters, valves, and any other construction, device, or related appurtenance or connection used to treat, transport or store Surface Water, including all easements, rights-of-way and sites owned or utilized by the Authority, together with all Authority rights related thereto.

“Baseline” means 5335.70, which was the Construction Index for January 2010.

“Board” means the Board of Directors of the Authority.

“Chloramine System” is defined hereinafter.

“Commission” means the Texas Commission on Environmental Quality, and any successor agency.

“Construction Index” means the Engineering News Record Construction Cost Index (Dallas), as issued by the Engineering News Record, or such other index as may be selected by the Authority from time to time.

“Construction Index Adjustment” is defined hereinafter.

“Control Valve Assembly” is defined hereinafter.

“Converted Customer” means a District (or other Authority customer) whose water supply facilities have been actually and directly connected to the Authority’s System and who is actually receiving Surface Water directly from the Authority’s System. A District that merely has a water interconnect with (or receives water through a water interconnect from) a Converted Customer is not considered a Converted Customer, unless said District’s own water supply facilities have been actually and directly connected to the Authority’s System and said District is itself actually receiving Surface Water directly from the Authority’s System.

“Current Calendar Year” is defined hereinafter.

“Day” means calendar day.

“District” means any district created pursuant to Article III, Section 52(b)(1), (2) or Article XVI, Section 59, Texas Constitution, regardless of the manner of creation other than a navigation district or a district governed by Chapter 36 of the Texas Water Code.

“Delivery Point” is defined hereinafter.

“Exempt Well” means a Well with a casing diameter of less than five inches that solely serves a single family dwelling, a Well that is regulated under Chapter 27 of the Texas Water Code, or a Well that is not subject to any groundwater reduction requirement imposed by the HGSD or FBSD (as appropriate).

“FBSD” means the Fort Bend Subsidence District.

“GRP” means that certain groundwater reduction plan adopted by the Authority’s Order Establishing Groundwater Reduction Plan and Related Rules, dated May 14, 2003, as amended; and all directives, determinations and requirements issued

by the Authority (or the Authority Engineer or Authority Operator) pursuant to such order, as all of same may be amended from time to time.

"GRP Fee" means the groundwater reduction plan fee/rate adopted by the Board pursuant to Section 4.03 (including Section 4.03(b)) of the Act and set forth hereinafter.

"Houston" means the City of Houston, Texas.

"HGSD" means the Harris Galveston Subsidence District.

"Imported Water" means water (whether surface water or groundwater) that is produced outside of the boundaries of the Authority and transported into the boundaries of the Authority for distribution to an end user within the boundaries of the Authority. The term "Imported Water" does not include Surface Water delivered through or by the Authority System.

"Imported Water Fee" means the imported water fee/rate adopted by the Board pursuant to Section 4.03 (including Section 4.03(g)) of the Act and set forth hereinafter.

"Interest Rate" is defined hereinafter.

"Maximum Chloramine Construction Reimbursement" (i) means \$190,000 if the Winning Bid Date for the Chloramine System construction project is (or was) prior to or during the year 2010; and (ii) means the revised figure established pursuant to the Construction Index Adjustment set forth in Section 5.19 of this Rate Order if the Winning Bid Date for the Chloramine System construction project is after the year 2010.

"Maximum Daily Amount" is defined hereinafter.

"Minimum Daily Amount" is defined hereinafter.

"Non-Exempt Well" means any Well within the Authority other than an Exempt Well.

"Person" means any individual, corporation, organization, government or governmental subdivision or agency, District, municipality, county, political subdivision, business trust, trust, estate, partnership, association, or any other legal entity.

"Rate Order" means this Amended Rate Order, as amended.

"Realty Interest Document" means a written document (in a form acceptable to the Authority) that grants the following rights to the Authority across, along, under, over and upon any property (whether or not a water plant site) owned by a Person, or

in which a Person has any interest: (i) water line and/or water meter easement(s), (ii) consent to conveyance of Authority easement(s), (iii) subordination of a Person's realty interests to the Authority's rights under Authority easement(s), or (iv) any other property interest necessary or convenient for the Authority to provide and/or meter Surface Water delivered by the Authority to any Authority customers.

"Shut-off Valve(s)" means the shutoff valve(s) installed by the Authority or the Person in the Surface Water line(s) on a Person's water plant site(s).

"Surface Water" means water (whether surface water, groundwater, or a blend of both) that is delivered through or by the Authority System.

"Surface Water Availability Date" means the date Surface Water is generally available to a Person, as determined by the sole discretion of the Authority

"Surface Water Fee" means the surface water fee/rate adopted by the Board pursuant to Section 4.03 (including Section 4.03(f)) of the Act and set forth hereinafter.

"Three Year Time-Period" means the three year time-period preceding the date Surface Water is generally available to a Person, as determined by the sole discretion of the Authority.

"Water Importer" means a Person located, in whole or in part, within the Authority's boundaries that: (i) uses or distributes Imported Water; and (ii) uses or distributes more than 10,000,000 gallons of water in a calendar year. The term "Water Importer" does not include an owner of an Exempt Well if, and only if, such owner does not own any Non-Exempt Wells.

"Water Line Segment" is defined hereinafter.

"Water Usage Reports" is defined hereinafter.

"Well" means a facility, device, or method used to withdraw groundwater: (i) from a groundwater source that is located within the boundaries of the Authority; or (ii) from a groundwater source that is located outside the boundaries of the Authority, but is part of the GRP pursuant to a written contract with the Authority.

"Winning Bid Date" means the date that the District receives the winning bid for construction of the Chloramine System. In the event of a dispute or uncertainty regarding the date of the Winning Bid Date, the Authority Board shall determine the date based on data provided by the Authority Engineer.

Section 1.02. Interpretations. The article and section headings of this Rate Order are included herein for convenience of reference purposes only and shall not constitute a part of this Rate Order or affect its interpretation in any respect. Except where the

context otherwise requires, words imparting the singular number shall include the plural and vice versa.

Section 1.03. References, Etc. Any reference in this Rate Order to a document shall mean such document and all exhibits thereto as amended or supplemented from time to time.

## **ARTICLE II FINDINGS**

Section 2.01. Findings. Each of the recitals stated in this Rate Order are hereby adopted as a finding of the Board. All statutory requirements and conditions (including those of Section 4.03 of the Act) have been met for the establishment of those fees, user fees, rates and charges set forth in this Rate Order.

## **ARTICLE III RATES AND CHARGES**

Section 3.01. GRP Fee. The Board hereby adopts a GRP Fee pursuant to Section 4.03 (including Section 4.03(b)) of the Act. The owner of each Non-Exempt Well within the Authority shall pay the Authority the GRP Fee for monthly pumpage, as provided in this Section. Effective as of January 1, 2012, the GRP Fee shall be equal to \$1.75 for each 1,000 gallons of water pumped from each Non-Exempt Well. Payment of the GRP Fee is due by the 15th of the second month following the month for which pumpage is required to be calculated. (For example, payment for January pumpage is due by March 15th; payment for February pumpage is due by April 15th; etc.) The Authority will not send invoices or billings to Non-Exempt Well owners for the amount of GRP Fees that are due. Each Non-Exempt Well owner shall be responsible for remitting to the Authority the GRP Fee on or before the due date. The GRP Fee shall be calculated on the form promulgated by the Authority and attached hereto as Exhibit "A", which form shall be provided by the Non-Exempt Well owner to the Authority with the owner's monthly GRP Fee payment. Each Non-Exempt Well owner shall complete such form and provide it to the Authority monthly, even if the Non-Exempt Well owner's pumpage was zero. If the user had both Well pumpage and Surface Water usage during a month, then the user shall report the amount of each on the form promulgated by the Authority.

Section 3.02. Surface Water Fee. The Board hereby adopts a Surface Water Fee pursuant to Section 4.03 (including Section 4.03(f)) of the Act. Each Person that receives Surface Water from the Authority shall pay the Authority the Surface Water Fee for Surface Water received monthly, as provided in this Section. Effective as of January 1, 2012, the Surface Water Fee shall be equal to \$2.15 for each 1,000 gallons of Surface Water received. Payment of the Surface Water Fee is due by the 15th of the second month following the month for which Surface Water usage is required to be calculated.

(For example, payment for January Surface Water usage is due by March 15th; payment for February Surface Water usage is due by April 15th; etc.) The Authority will not send invoices or billings to Surface Water users for the amount of Surface Water Fees that are due. Each Surface Water user shall be responsible for remitting to the Authority the Surface Water Fee on or before the due date. The Surface Water Fee shall be calculated on the form promulgated by the Authority and attached hereto as Exhibit "A", which form shall be provided by the Surface Water user to the Authority with the user's monthly Surface Water Fee payment. Each Surface Water user shall complete such form and provide it to the Authority monthly, even if the user's Surface Water use was zero. If the user had both Well pumpage and Surface Water usage during a month, then the user shall report the amount of each on the form promulgated by the Authority.

Section 3.03. Imported Water Fee. The Board hereby adopts an Imported Water Fee pursuant to Section 4.03 (including Section 4.03(g)) of the Act. The Imported Water Fee shall be effective as of March 1, 2012. If a Water Importer obtains Imported Water to serve all or any portion of the property it serves, then such Water Importer must immediately notify the Authority in writing and must pay to the Authority monthly the following Imported Water Fee: (i) a fee equal to the then-current GRP Fee applied on all Imported Water, if the Authority's System has not been directly connected to the Water Importer's water supply facilities; or (ii) a fee equal to the then-current Surface Water Fee applied on all Imported Water, if the Authority's System has been directly connected to the Water Importer's water supply facilities. The Imported Water Fee is due and payable to the Authority monthly even if the Water Importer also pays another entity for the Imported Water and even if the Authority is not then providing Surface Water to the Water Importer. Notwithstanding any provision of this Section, a Water Importer shall not be required to pay the Imported Water Fee: (i) on Imported Water if the Authority has agreed in writing that no Imported Water Fee applies to the particular Imported Water; (ii) on Imported Water that the Water Importer receives during a period not to exceed 60 consecutive or inconsecutive days during any calendar year if, and only if, the Water Importer receives the Imported Water due to emergency conditions; or (iii) as provided in Section 4.03(g) of the Act, on water imported from a source located in Waller County that serves a municipality within the Authority.

Section 3.04. Payment of Fees. All fees payable to the Authority shall be paid in money which is legal tender in the United States of America. Payments will be accepted only by check or money order made payable to the "West Harris County Regional Water Authority" or by wire transfer according to written wiring instructions provided by the Authority. No cash will be accepted. All payments must be received by the bookkeeper of the Authority (currently, Myrtle Cruz, Inc., at 1621 Milam, 3rd Floor, Houston, Texas 77002-8017) by the due date. Written wire instructions are available upon request.

Section 3.05. Special Assessments. Section 4.05 of the Act allows the Board to impose special assessments. To date, the Board has not imposed such special assessments. The Board reserves the right to impose such special assessments at any time by adopting a resolution, rule, requirement, or order (or amendment to this Rate Order) that expressly provides for the imposition of such special assessments.

#### **ARTICLE IV WELL PUMPAGE AND OWNERSHIP**

Section 4.01. Self-Reporting. Each Non-Exempt Well owner shall be responsible for reading the meter which measures the amount of water pumped from each Non-Exempt Well at the end of each month. Such measurement (even if it shows zero pumpage for the month) shall be reported to the Authority on the reporting form promulgated by the Authority and attached hereto as Exhibit "A". Along with the owner's monthly GRP Fee payment, the owner shall provide the reporting form to the Authority no later than the 15th of the second month following the month for which pumpage is required to be calculated. (For example, the reporting form for January pumpage is due by March 15th; the reporting form for February pumpage is due by April 15th; etc.). All Persons shall provide their monthly reporting forms to the Authority electronically via the Authority's website and, if requested by the Authority, also by hard-copy. If the Authority determines in writing that internet access is not reasonably available to a Person, then the Authority may allow such Person to provide its monthly reporting forms to the Authority via hard-copy.

Section 4.02. Audits. The Authority shall have the right to audit the Well pumpage measurements submitted by the Well owner by reading the meter at the Well. In addition, the Authority, at its discretion, may read the meter for any other reason. If a Well owner reports an amount of pumpage to the Authority that differs from the amount of pumpage that the Authority determines occurred based on the Authority's reading of the meter, or if a well Owner reports an amount of pumpage to the HGSD or FBSD, as applicable, that differs from the amount of pumpage that the Well owner reports to the Authority, the Authority may utilize any of said amounts to determine the total GRP Fees due the Authority. If such Authority determination shows that the Well owner underpaid the Authority, then, in addition to all other remedies available to the Authority, the Authority may invoice the Well owner for the shortfall. (Any such invoice will be due to the Authority no later than the date provided in the invoice.) If such Authority determination shows that the Well owner overpaid the Authority, then the Authority may pay the Well owner the amount of the overage. Notwithstanding the previous two sentences, the Board may refrain from sending invoices for shortfalls and/or payments for overages that are below any threshold amount that is from time to time determined by the Board.

Section 4.03. Failure to Read Meter. In the event a Non-Exempt Well owner fails to read the meter, which measures the amount of water pumped from its Well, the

Authority shall have the right to read the meter. The Authority may establish the Well owner's GRP Fee based on the Authority's reading, regardless of when the Authority reads the meter.

Section 4.04. Accuracy of Meters. (a) Each Non-Exempt Well owner, at its expense, shall be responsible to install and maintain a Well meter on each Non-Exempt Well that has an accuracy within the range of 97% to 103% of the actual flow. Such owner shall test the accuracy of each water meter as installed in place and submit a certificate (on the form available from the HGSD) of the test results to the Authority according to the following schedule: (i) every 3 years for meters less than 6 inches in size, and (ii) every year for meters 6 inches and larger in size. Only equipment capable of accuracy results of plus or minus one percent of actual flow with repeatable accuracy of  $\frac{1}{2}$  of 1 percent may be used to calibrate or test meters. If the test results indicate meter accuracy outside the range of 97% to 103% of the actual flow: (i) the Well owner shall take appropriate steps to remedy the inaccuracy range within 90 days from the date of the test to recalibrate the meter to 100% of actual flow, or to repair or replace the water meter, (iii) the Authority may, in its sole discretion, if the testing reveals that the accuracy was below 97%, require the owner to pay the Authority the GRP Fees for under-reported gallons, all as determined by the Authority, and (iv) the Authority may, in its sole discretion, if the testing reveals that the accuracy was above 103%, refund the owner the GRP Fees for over-reported gallons, all as determined by the Authority.

(b) If the Authority at any time believes that the meter accuracy is outside the range of 97% to 103% of the actual flow, it may notify the Well owner and require that such meter be independently tested and the results reported to the Authority. If the testing reveals that the meter accuracy is within the range of 97% to 103% of the actual flow, the Authority shall pay the cost of such testing and the cost of any necessary temporary meter used. If the testing reveals that the meter accuracy is outside the range of 97% to 103% of the actual flow: (i) the Well owner shall take appropriate steps to remedy the inaccuracy range within 90 days from the date of the test to recalibrate the meter to 100% of actual flow, or to repair or replace the water meter, (ii) the Well owner shall pay the cost of such testing and the cost of any necessary temporary meter used, (iii) the Authority may, in its sole discretion, if the testing reveals that the accuracy was below 97%, require the owner to pay the Authority the GRP Fees for under-reported gallons, all as determined by the Authority, and (iv) the Authority may, in its sole discretion, if the testing reveals that the accuracy was above 103%, refund the owner the GRP Fees for over-reported gallons, all as determined by the Authority. If the owner refuses to test the meter after the Authority requires it to do so, the Authority may remove the Well meter for independent testing and recalibration, and replace it with a temporary meter. The Authority shall pay for the cost of such testing and temporary meter, unless the results show that the meter was outside the range of 97% to 103% of the actual flow, in which case the Well owner shall be responsible for the cost of testing

and recalibration of the meter, the cost of the temporary meter, and payment to the Authority of the GRP Fees for unread gallons, as determined by the Authority.

(c) If a water meter or related piping or equipment is tampered with or damaged so that the measurement accuracy of the meter is impaired, the Authority may require the well owner, at the well owner's expense, to take appropriate steps to remedy the inaccuracy range, and to retest the water meter within 90 days from the date the problem is discovered.

(d) The Authority may install, repair, operate, modify, and/or read remote reading equipment on any Well meter.

(e) Prior to installing a new or replacement meter on a Non-Exempt Well, the well owner shall obtain from the Authority Engineer written approval of the type, make and model of the meter to be installed.

Section 4.05. Subsidence District Water Well Permitting. The HGSD has to date issued an aggregate water well permit to the Authority comprising all of the permitted groundwater production for the Authority's GRP. Each Non-Exempt Well owner shall provide the Authority data and information required by the Authority for the Authority to prepare and file documents with the HGSD or FBSD related to well permitting. Each Non-Exempt Well owner shall maintain: (i) ownership of its Well(s) and operational responsibility therefor, and (ii) subject to groundwater reduction requirements imposed by the Authority, the terms of the GRP, and any limitations imposed by the HGSD or FBSD, the right to pump from such Well(s) the amount of groundwater reasonably determined by such owner to be needed by such owner, for itself or for its customers, to provide water in accordance with at least the minimum regulatory requirements for pressure and supply, including, without limitation, during an emergency requiring immediate use of groundwater (such as for firefighting purposes) so long as such owner is not committing waste or being wasteful. For purposes of this provision "waste" and "wasteful" shall have the most restrictive meaning ascribed to such terms in the following: (i) the Special District Local Laws Code Chapter 8801 with respect to Non-Exempt Wells in the HGSD or Chapter 8834 with respect to Non-Exempt Wells in the FBSD, (ii) rules or requirements of the HGSD with respect to Non-Exempt Wells in the HGSD or rules or requirements of the FBSD with respect to Non-Exempt Wells in the FBSD, or (iii) the terms of the aggregate water well permit issued to the Authority. To encourage efficient use of water, the Authority may require Non-Exempt Well owners to approve and implement water conservation plans and measures that are consistent with the Texas Commission on Environmental Quality's requirements for Persons receiving Surface Water from the Authority.

Section 4.06. Change of Well Ownership. Any person who becomes the owner of a Non-Exempt Well must notify the Authority in writing of the name and contact

information for the new owner within 90 days after the date of the change in ownership.

Section 4.07. Water Usage Reports. Before January 31st of each year, each owner of a Non-Exempt Well shall submit to the Authority and to the HGSD (if the Well is located in the HGSD) a report, on a form available from the Authority (or available from the HGSD if the Well is located in the HGSD), stating the following: (1) name of the owner of the Non-Exempt Well(s); (2) the well number(s) of such Well(s); (3) the total amount of groundwater produced by such Well(s) during the immediately preceding calendar year; (4) the total amount of groundwater produced by such Well(s) during each separate month of the immediately preceding calendar year; (5) the purpose for which the groundwater was used; (6) the amount and source of water (except for groundwater) used by such owner; and (7) any other information requested by the HGSD or FBSD. In addition, each owner of a Non-Exempt Well shall (1) read the water meter for such Well between November 15<sup>th</sup> and December 15<sup>th</sup> of each year, and (2) report the reading in writing to the Authority by December 15<sup>th</sup> of each year. The reports required by the preceding two sentences are referred to herein as the "Water Usage Reports."

## **ARTICLE V SURFACE WATER USE AND CONVERSION**

Section 5.01. Self-Reporting. Each Surface Water user shall be responsible for reading the meter, which measures the amount of Surface Water delivered by the Authority, at the end of each month. Such measurement (even if it shows zero Surface Water usage for the month) shall be reported to the Authority on the reporting form promulgated by the Authority and attached hereto as Exhibit "A." Along with the user's monthly Surface Water Fee payment, the user shall provide the reporting form to the Authority no later than the 15<sup>th</sup> of the second month following the month for which Surface Water usage is required to be calculated. (For example, the reporting form for January Surface Water usage is due by March 15<sup>th</sup>; the reporting form for February Surface Water usage is due by April 15<sup>th</sup>; etc.) All Persons shall provide their monthly reporting forms to the Authority electronically via the Authority's website and, if requested by the Authority, also by hard-copy. If the Authority determines in writing that internet access is not reasonably available to a Person, then the Authority may allow such Person to provide its monthly reporting forms to the Authority via hard-copy.

Section 5.02. Audits. The Authority shall have the right to audit the Surface Water usage measurements submitted by the Surface Water user by reading the Surface Water meter. In addition, the Authority, at its discretion, may read the meter for any other reason.

Section 5.03. Failure to Read Meter. In the event a Surface Water user fails to read the meter, which measures the amount of Surface Water delivered, the Authority shall have the right to read the meter. The Authority may establish the Surface Water user's Surface Water Fee based on the Authority's reading, regardless of when the Authority reads the meter.

Section 5.04. Delivery Point and Measuring and Control Equipment. The delivery point of water (the "Delivery Point") by the Authority to a Person receiving Surface Water shall be the output flange of the meter and control valve assembly (collectively, the "Control Valve Assembly") installed by the Authority to serve such Person. No Person shall connect to the Authority System, unless and until the Authority consents in writing to such connection. If the Authority, at its option, so consents, the connection shall be made in strict conformity with the terms and conditions of such Authority consent. The Authority shall furnish, install and operate, at its own expense, at the Delivery Point the necessary equipment and devices of standard type for measuring the quantity of Surface Water delivered by the Authority. Such Control Valve Assembly and other equipment installed by the Authority shall remain the property of the Authority.

Section 5.05. Testing of Measuring Equipment. The Authority will from time to time test the measuring equipment that measures the amount of Surface Water delivered by the Authority. Should the test of the measuring equipment show that the equipment has an accuracy outside the range of 97% to 103% of the water delivered, the total quantity of water delivered to the Person will be deemed to be the average daily consumption as measured by the measuring equipment when in working order, and the meter shall be corrected, repaired, or replaced by the Authority with accurate measuring equipment. In such event, the Person's payments for Surface Water to the Authority shall be adjusted (increased or decreased) for a period extending back to the time when the inaccuracy began, if such time is ascertainable; and if such time is not ascertainable, for a period extending back to the last test of the measuring equipment or 120 days, whichever is shorter.

Section 5.06. Delivery, Facilities and Title to Water. Each Person receiving Surface Water from the Authority shall be responsible to deliver water from the Delivery Point to and into the Person's water system. The Authority, and not the Person receiving Surface Water from the Authority, shall own, operate and maintain: (i) any sensor equipment installed by the Authority on the Person's ground storage tank facilities or other water plant facilities and related electrical and control connections by conduit pipe, or other means, connecting such sensor equipment to the Authority's facilities (the "Sensor Line and Equipment"); and (ii) the Control Valve Assembly installed by the Authority. The Person receiving Surface Water from the Authority, and not the Authority, shall own, operate and maintain all equipment, facilities, tanks, buildings, materials, wells, and lines downstream of the Control Valve Assembly, except for the Sensor Line and Equipment. Unless otherwise agreed to in writing by the

Authority, the Person receiving Surface Water from the Authority shall at all times, at the Person's expense, maintain an air gap, in accordance with a location and specifications approved by the Authority, downstream of the Delivery Point before the water delivered by the Authority enters the Person's ground storage tank(s); provided, however, the Authority, at its option, may provide an alternative backflow prevention procedure or mechanism. Title to, possession, and control of Surface Water shall remain with the Authority until it passes through the Control Valve Assembly, where title to, possession, and control of the Surface Water shall pass from the Authority to the Person receiving same.

Section 5.07. Chloramine Disinfection. Usually, Surface Water delivered by the Authority will be disinfected with chloramines. Each Converted Customer is required to: (i) convert its water treatment system to a chloramine disinfection system, or install a chloramine disinfection system, prior to becoming a Converted Customer and no later than the date required by the Authority; and (ii) maintain use of such chloramine disinfection system thereafter for so long as such Converted Customer is connected to the Authority's System and for so long as the Surface Water delivered by the Authority is disinfected with chloramines. It shall be the responsibility of each Converted Customer (and each Person that receives water from a Converted Customer, for example and without limitation, via a water interconnect), and not the Authority, to: (i) notify such Converted Customer's (or such Person's) water customers and water users about its conversion to and use of chloramine disinfection; and (ii) comply with any applicable United States Environmental Protection Agency and Commission (and other applicable agency) regulations and requirements, and applicable laws. Prior to completion of design (and commencement of construction) of the chloramine disinfection system required by this Section, the Person to be converted to Surface Water shall submit plans and specifications to the Authority's Engineer for review and approval. ANY SUCH APPROVAL DOES NOT RELIEVE THE PERSON, AND ITS ENGINEER, OF ADEQUATELY DESIGNING AND CONSTRUCTING THE FACILITIES AND ANY SUCH APPROVAL IS NOT AN ASSUMPTION BY THE AUTHORITY (OR THE AUTHORITY'S ENGINEER) OF RESPONSIBILITY OR LIABILITY FOR THE ADEQUACY (OR INADEQUACY) OF SUCH PLANS AND SPECIFICATIONS OR THE FACILITIES CONSTRUCTED THEREBY, ALL OF SAME BEING EXPRESSLY DISCLAIMED.

Section 5.08. Daily Amount. The Authority, the Authority Engineer, or the Authority Operator may from time to time designate a maximum daily amount of Surface Water (the "Maximum Daily Amount") to be taken by a Person and/or a minimum daily amount of Surface Water ("Minimum Daily Amount") to be taken by a Person. In such event, during any one day, no Person shall take from the Authority more than the Maximum Daily Amount nor less than the Minimum Daily Amount. The Authority may from time to time increase or decrease a Person's Maximum Daily Amount and/or Minimum Daily Amount, as determined necessary by the Authority,

the Authority Engineer or the Authority Operator. If in violation of this Rate Order, and in addition to all other remedies available to the Authority (including, without limitation, those set forth in this Rate Order), a Person takes more than its Maximum Daily Amount or less than its Minimum Daily Amount in any one day, the Person shall be responsible for payment for any damages suffered by the Authority and payment for any charges incurred by the Authority related thereto (including, without limitation, any charges or fees charged to the Authority by Houston or the HGSD).

Section 5.09. Quantity or Pressure of Water. Notwithstanding any provision of this Rate Order or act of the Authority, the Authority does not and will not guarantee to any Person a specific quantity or pressure of water for any purpose whatsoever. In no case shall the Authority be liable for the failure or refusal to furnish water or any particular amount or pressure of water.

Section 5.10. Interruptions in Service. The Authority shall use reasonable efforts to deliver to any Person with whom the Authority has entered into a written water supply commitment agreement a constant and uninterrupted supply of Surface Water in the amount provided in such agreement. Notwithstanding any provision of this Rate Order or any applicable agreement entered into by the Authority, the Authority may interrupt, reduce or cease deliveries of Surface Water if such interruption or reduction is necessary: (i) due to limitations in the Authority System or Houston's water system; (ii) in case of emergencies or breakdowns in the Authority System or Houston's water system; or (iii) for equipment installation, repairs, modifications, replacements, inspections, or maintenance on the Authority System or Houston's water system. In addition, the Authority may interrupt, reduce or cease deliveries of Surface Water if such interruption or reduction is necessary for purposes of the Authority's GRP. The Authority shall have no liability to any Person for any damages caused by any interruption in service or any failure (partial or total) to deliver Surface Water.

Section 5.11. Maintenance of Groundwater Wells. In order to have an alternative water supply source in the event that the Authority's water service is interrupted or ceases for any reason, Persons that have converted, in whole or in part, to usage of Surface Water are strongly encouraged by the Authority to at all times: (i) maintain their existing groundwater well(s) and other groundwater facilities; and (ii) maintain water line interconnect(s) with other political subdivision(s) of this State that have functioning groundwater well facilities.

Section 5.12. Early Conversion. To the extent that a Person desires to purchase Surface Water for any reason in advance of the date that the Authority intends to provide Surface Water to such Person, such Person may submit a written request for Surface Water to the Authority, which request will be evaluated by the Authority, in its sole discretion, on economic feasibility, GRP cost, and other factors; and the Authority will determine, in its sole discretion, if such request can be satisfied, in what amount, and according to what time frame and terms.

Section 5.13. Compliance with GRP. Pursuant to the Act, the Authority is authorized to develop, prepare, revise, adopt, implement, enforce, manage or participate in the GRP. The GRP may specify the measures to be taken to reduce groundwater withdrawals and the dates and extent to which Persons shall reduce or terminate withdrawal of groundwater and instead receive water from alternative sources. The Authority, the Authority's Engineer and/or the Authority's Operator shall manage and enforce the GRP, including without limitation coordination with the HGSD and FBSD, monitoring compliance with the GRP, and enforcing the terms of the GRP. All Persons shall comply with the terms of the GRP and all other Authority orders and requirements (including, without limitation, those from the Authority Engineer or the Authority Operator) for the reduction of groundwater usage and the use of Surface Water. The Authority, the Authority Engineer and/or the Authority Operator may from time to time issue groundwater reduction requirements to Persons in order to: (a) comply with or exceed HGSD or FBSD groundwater reduction requirements; (b) satisfy the terms of the GRP; and/or (c) allocate Surface Water among Persons, including requiring Persons to from time to time take Surface Water from the Authority in amounts determined by the Authority. The Authority and/or the Authority Engineer may from time to time add or remove Persons (and their wells) from the GRP.

Section 5.14 Early-Conversion/Over-Conversion Credits. The Authority, and not the Person within the Authority's GRP, shall receive and be entitled to any early-conversion or over-conversion credits issued by the HGSD related to Surface Water (or any water other than groundwater) consumed or utilized by any Person within the Authority's GRP. No Person within the Authority's GRP shall obtain (or attempt to obtain) for such Person's own benefit or the benefit of anyone other than the Authority or sell (or attempt to sell), any such early-conversion or over-conversion credits. If requested by the Authority, Persons within the Authority's GRP shall cooperate with the Authority (including, without limitation, by amending their HGSD or FBSD well permits) in order to enable the Authority to receive such early-conversion or over-conversion credits.

Section 5.15. Inadequate Groundwater Facilities. Districts or users that need or desire Surface Water because they do not have adequate groundwater facilities (or for any other reason) may request a water supply commitment agreement from the Authority. At the Authority's discretion, the Authority may, according to terms and conditions acceptable to the Authority, enter into such an agreement.

Section 5.16. Water Conservation Program. All Persons receiving Surface Water from the Authority shall, prior to receiving Surface Water from the Authority, approve and implement a water conservation plan and measures, as required by the Texas Commission on Environmental Quality pursuant to 30 Texas Administrative Code § 288. If such Person intends to resell the Surface Water to a wholesale customer of such Person, then the Person shall require its wholesale customer to also implement water conservation measures pursuant to 30 Texas Administrative Code § 288.

Section 5.17. Compliance of Person's Water System. In order to protect the Authority's water system, each Person's water system that is receiving Surface Water from the Authority, shall be constructed and operated to comply with the rules promulgated by the Texas Commission on Environmental Quality, or any successor agency, and the policy requirements of the City of Houston regarding backflow prevention and cross connections. Should a condition in violation of these requirements be discovered, such Person shall promptly cure same. If determined necessary by the Authority or if the Person fails to promptly cure same, the Authority, in addition to all other remedies available to it (including, without limitation, those provided in this Rate Order), may cure same, at the cost and expense of the Person. The Authority may conduct inspections from time to time to determine that no conditions exist in such Person's water system and in connections to the Person's customers' premises which would or might adversely affect the Authority System.

Section 5.18. Termination and Reconnection of Service. The Authority may, in its discretion, disconnect service for failure to pay all charges, including penalties and interest, by the 50th day after the due date; provided, however, that prior to disconnecting services, the Authority shall send written notice by United States first class mail to the Person at the appropriate address and provide the Person with an opportunity to contest, explain or correct the charges, services, or disconnection, at a meeting of the Board of Directors of the Authority. The written notice shall inform the Person of the amount of the delinquent payment, the date service will be disconnected or additional service withheld if payment is not made, the date, time and place of the next scheduled meeting of the Board of Directors, and of the opportunity to contest, explain or correct the charges, services, or disconnection, by presenting in person or in writing such matter to the Board of Directors at the next scheduled meeting as shown on the notice. The date specified for disconnection shall be ten (10) days after the date of the next scheduled meeting of the Board of Directors as shown in the notice and the date for withholding additional service shall be ten (10) days after the date of that Board meeting. The notice shall be deposited, postpaid, in a post office or official depository under the care and custody of the United States Postal Service at least ten (10) days prior to the date of the scheduled meeting of the Board of Directors. A written statement by the Authority's operator that the notice was so mailed and a certificate of mailing by the United States Postal Service shall be prima facie evidence of delivery of same. If the Person appears before the Board in person or in writing, the Board shall hear and consider the matter and inform the Person of the Board's determination by sending written notice by United States first class mail to the Person at the appropriate address. If service to a Person is disconnected for nonpayment of a delinquent bill or for any cause legally authorized, a reconnection fee of \$500 shall be paid prior to service being restored. In the event that the Authority's operator removes a Person's meter due to unauthorized reconnection of service subsequent to its termination by the Authority, a reinstatement fee of \$500 shall be paid prior to service being restored, which fee is in addition to any other fees imposed (including, without limitation, the reconnection fee).

Section 5.19. Authority Reimbursement to a Converted Customer. In lieu of the Authority designing or installing the Water Line Segment or the Chloramine System (both defined below), the Authority has determined to require Persons that will become Converted Customers to design and install the Water Line Segment and the Chloramine System and to allow certain of the related costs incurred by Converted Customers to be eligible for potential reimbursement from the Authority, as provided in this Section. Nothing in this Section shall be construed as limiting the Authority's right to require a Person, at the Person's sole cost, to: (i) convert to Surface Water, or (ii) install the Water Line Segment or the Chloramine System. Unless agreed to otherwise in writing by the Board, the Converted Customer, and not the Authority, shall own, maintain, operate, and repair (and be responsible to obtain any appropriate insurance for) the Water Line Segment and Chloramine System and also the Converted Customer's water plant buildings, tanks, and water wells.

(a) If a written request for reimbursement is made by a Converted Customer to the Authority as set forth in this Section, then such Converted Customer may be eligible for Authority reimbursement of construction and engineering costs for the Water Line Segment and the Chloramine System as follows:

- (i) The Converted Customer may be eligible for reimbursement of the actual and reasonable construction and engineering costs incurred by the Converted Customer to construct a segment of water line ("Water Line Segment") from the Authority's water meter/vault facilities to such Customer's ground storage tank facilities (or other water plant facilities). A Converted Customer shall not be eligible for this reimbursement if the Converted Customer fails to execute a Realty Interest Document in favor of the Authority in a form and at the time required by the Authority, and at no expense to the Authority. The Authority may require that such Realty Interest Document, among other things, allow the Authority the right to: (i) install, own, operate and maintain water line and/or meter facilities and related appurtenances, and (ii) install, own, operate and maintain sensor equipment on such Customer's ground storage tank facilities (or other water plant facilities) and electrical and control connections by conduit pipe (or other means) connecting such sensor equipment to the Authority's System. No costs for repair, maintenance, operation, upgrade or replacement of the Water Line Segment shall be eligible for reimbursement from the Authority.
- (ii) The Converted Customer may be eligible for reimbursement of the actual and reasonable construction and engineering costs incurred by the Converted Customer to convert its water treatment system from a chlorine disinfection system to a chloramine disinfection system ("Chloramine System"). No costs for repair, maintenance, operation,

upgrade or replacement of a Chloramine System shall be eligible for reimbursement from the Authority. Notwithstanding any provision of this Rate Order, unless approved in writing by the Authority Engineer and the Board, the Authority shall not reimburse more than the Maximum Chloramine Construction Reimbursement for Chloramine System construction costs for each water plant of the Converted Customer.

Each year starting in 2011, the Authority (or Authority Engineer) will determine the amount that the Construction Index has increased or decreased during the prior calendar year and will adjust the Maximum Chloramine Construction Reimbursement accordingly for that calendar year. The adjusted figure shall apply to all Chloramine System construction projects that have a Winning Bid Date during that calendar year. (For example, if for January 2011, the Construction Index is 5,442.41, which would reflect a 2% increase in the Baseline, then the Maximum Chloramine Construction Reimbursement will be adjusted to \$193,800 on projects that have a Winning Bid during 2011; and if thereafter for January 2012, the Construction Index is 5,389.06, which would reflect a 1% increase in the Baseline, then the Maximum Chloramine Construction Reimbursement will be adjusted to \$191,900 on projects that have a Winning Bid Date during 2012.) In no event will the adjustment to the Maximum Chloramine Construction Reimbursement provided for in this paragraph cause the Maximum Chloramine Construction Reimbursement to be less than \$190,000. (The adjustment to the Maximum Chloramine Construction Reimbursement provided for in this paragraph is defined herein as the "Construction Index Adjustment.")

- (iii) The purpose of the reimbursement provided for in this Section is intended to reimburse for certain costs associated with modifying a pre-existing water plant. Accordingly, unless approved in writing by the Authority, no Person will be eligible for reimbursement of a Chloramine System or Water Line Segment on any new water plants constructed within the Three Year Time-Period or constructed after the Surface Water Availability Date.

(b) Actual and reasonable engineering costs will be eligible for reimbursement in an amount not to exceed 25% of the actual and reasonable construction costs that are eligible and approved by the Authority for reimbursement under this Section; provided, however, such engineering costs shall not exceed \$120,000 for each water plant of the Converted Customer unless the Board, in its discretion, approves an amount greater than \$120,000.

(c) Any reimbursement pursuant to this Section shall be subject to approval by the Authority's Engineer; and any such reimbursement shall be made in accordance with standards approved by the Authority's Engineer and the Board, which standards may change from time to time. Prior to completion of design (and commencement of construction) of the Water Line Segment and Chloramine System, the Person to be converted to Surface Water shall submit plans and specifications to the Authority's Engineer for review and approval. ANY SUCH APPROVAL DOES NOT RELIEVE THE PERSON, AND ITS ENGINEER, OF ADEQUATELY DESIGNING AND CONSTRUCTING THE FACILITIES AND ANY SUCH APPROVAL IS NOT AN ASSUMPTION BY THE AUTHORITY (OR THE AUTHORITY'S ENGINEER) OF RESPONSIBILITY OR LIABILITY FOR THE ADEQUACY (OR INADEQUACY) OF SUCH PLANS AND SPECIFICATIONS OR THE FACILITIES CONSTRUCTED THEREBY, ALL OF SAME BEING EXPRESSLY DISCLAIMED.

(d) Construction of the Water Line Segment and the Chloramine System shall be done pursuant to the competitive bidding requirements of Chapter 49, Texas Water Code, or, if applicable, the Commission emergency approval of negotiated contracts under Section 49.274, Texas Water Code. In the event the Water Line Segment and Chloramine System are constructed pursuant to a contract negotiated under said Section 49.274 (instead of a contract that was competitively bid pursuant to said Chapter 49), the Board may disapprove any amount of reimbursement sought by the Converted Customer if the Board determines that the reimbursement exceeds the costs that would have been incurred had the contract been competitively bid.

(e) Unless otherwise agreed to in writing by the Authority, the potential reimbursement eligibility set forth in this Section shall not be available until and after a Person becomes a Converted Customer. Accordingly, for example and without limitation, a Person that is not directly connected to the Authority's System but that receives water through a water interconnect with a Converted Customer shall not be eligible for the potential reimbursement described in this Section until and after such Person becomes a Converted Customer. In addition to and without limiting the other provisions of this Section, and in addition to any other remedies available to the Authority, some or all of the potential reimbursement eligible to a Converted Customer under this Section may be reduced or eliminated by the Board: (i) if the Converted Customer fails to install the Water Line Segment and Chloramine System and commence receiving Surface Water by the date that the Authority is able to deliver Surface Water; or (ii) if the Converted Customer fails to submit a written request for reimbursement (with adequate supporting documentation) to the Authority within 180 days after the Person becomes a Converted Customer. No interest or interest expenses shall be included in any potential reimbursement eligible under this Section.

(f) Any and all reimbursement pursuant to this Section shall be subject to Board approval, which approval may be granted or denied based on the Board's sole discretion. In addition, the Authority may deny reimbursement for facilities, work, or

services that the Authority or the Authority Engineer determines to be: (i) unnecessary for a Person's receipt of Surface Water; or (ii) excessive in scope or price. The Authority may require a Person to execute a receipt and release in a form acceptable to the Authority prior to receiving any reimbursement under this Section.

Section 5.20. Claims for Lost Water. Unless otherwise agreed to in writing by the Authority, the Authority will not consider a claim from a Converted Customer for reimbursement of water that the Converted Customer alleges was lost due to the fault or negligence of the Authority or the malfunction of Authority facilities unless the Converted Customer submits such claim in writing to the Authority within 90 days after the occurrence of the event giving rise to the claim. If submitted within such 90 day period, the Authority will consider such claim and determine whether to grant or deny the claim based on factors determined appropriate by the Authority.

## **ARTICLE VI COLLECTION OF FEES**

Section 6.01. Late Penalties and Interest. Payments of any fees, charges or rates received by the Authority after the due date will be subject to a late penalty of 5% of the fees, charges, or rates due, and such 5% penalty shall be due to the Authority on the first day such fees, charges, or rates are late. An additional 5% penalty (for a total penalty of 10%) shall be imposed if the payment is more than 30 days late, and such additional 5% penalty shall be due to the Authority on the 31<sup>st</sup> day such fees, charges, or rates are late. Additionally, overdue amounts (including late penalties) shall accrue interest, from the day after the due date until the day the overdue amount is paid to the Authority, at an annual interest rate ("Interest Rate") of 6%. Starting with 2009 and continuing each year thereafter, effective on September 1<sup>st</sup> of each calendar year (the "Current Calendar Year"), the Interest Rate shall automatically reset to the lesser of: (1) one percent plus the prime rate as published in the Wall Street Journal on the first day of July of the Current Calendar Year that does not fall on a Saturday or Sunday; or (2) one percent plus the prime rate as published in the Wall Street Journal on the first day of July of the year preceding the Current Calendar Year that does not fall on a Saturday or Sunday. (For example, if said prime rate were 5% on July 1, 2008 and 7% on July 1, 2009, then on September 1, 2009, the Interest Rate would have been 5% plus 1%, or 6% per annum. The prime rates reflected in the previous sentence represent hypothetical rates, which may or may not be the actual prime rates as published in the Wall Street Journal.)

Section 6.02. Collection Costs. If the Authority is required to incur costs to collect an overdue account, all such costs, including court costs, reasonable attorney's fees, and expenses, shall be paid by the delinquent Person, and the Authority shall be entitled to collect such costs in any suit for collection of a delinquent account.

Section 6.03. Expulsion from GRP. The Board may exclude a Person, or any territory or Well owned or controlled by a Person, from the GRP for failure to make a complete or timely payment to the Authority of fees, user fees, rates, penalties, interest or any other charges due to the Authority.

## **ARTICLE VII AUTHORITY RULES**

Section 7.01. Self-Reporting Violations. Each Non-Exempt Well owner and Surface Water user shall be responsible for reading the meter(s) to measure the amount of water pumped from each Non-Exempt Well and the amount of Surface Water received at the end of each month and for accurately reporting, in the manner provided in this Rate Order, such measurements (even if the measurements show zero pumpage or zero Surface Water usage) to the Authority on the form promulgated by the Authority on or before the due date. Each Non-Exempt Well owner shall be responsible to provide the Water Usage Reports by the due date and to the appropriate party, as required by this Rate Order. Each Water Importer that obtains Imported Water to serve all or any portion of the property it serves shall be responsible to immediately notify the Authority in writing. Failure to make the measurements required by this paragraph, failure to accurately or timely report them to the Authority, failure to provide the Water Usage Reports to the appropriate party by the due date, and failure to provide notice of Imported Water shall be a violation of the Authority's rules. If a Person reports higher pumpage or higher Surface Water usage to the HGSD or FBSD than the Person reported to the Authority, the Authority shall be entitled to find that such Person did not accurately report to the Authority and therefore violated the Authority's rules.

Section 7.02. Failure to Comply with Measurement Requirements. Each Non-Exempt Well owner and Surface Water user is required to comply with the provisions of this Rate Order, including without limitation, allowing the Authority the right to: (1) audit Well pumpage and Surface Water usage; (2) read the Well owner's meter and the Surface Water meter; (3) enter the Well owner's land to audit and/or measure Well pumpage and Surface Water usage; (4) test and recalibrate, if necessary, the Well owner's meter and the Surface Water meter. Failure of the Well owner to comply with such provisions, or any other provision of this Rate Order, shall be a violation of the Authority's rules.

Section 7.03. Calibration of Meters. Each Non-Exempt Well owner is responsible for keeping its Well meter within the accuracy range of 97% to 103% of actual flow, as required by this Rate Order. It shall be a violation of the Authority's rules for any Well owner who knows or should reasonably know that its Well meter is outside such accuracy range to fail to promptly correct such meter and to correct any reports previously made to the Authority of inaccurate data. It shall be a violation of the Authority's rules for any Person to fail to perform and/or report meter accuracy testing as required by this Rate Order. It shall be a violation of the Authority's rules for any

Person to modify or tamper with a water meter on a Non-Exempt Well or a water meter that measures the amount of Surface Water delivered by the Authority, or related piping or equipment, so that the measurement accuracy of the meter is impaired.

Section 7.04. Payment Violations. Each Person shall be responsible for paying the Authority the GRP Fees, Surface Water Fees, Imported Water Fees, and any other charges (including, without limitation, any penalties and interest) due the Authority on or before the due date. Failure to make such payment when due, regardless of whether the Authority has made demand for payment, shall be a violation of the Authority's rules.

Section 7.05. GRP. Each Person shall be responsible to promptly comply with the GRP and all directives and requirements issued by the Authority, the Authority Engineer or the Authority Operator for the purposes of or related to the GRP, including, without limitation, all requirements that the Person: (i) take (or refrain from taking) amount(s) of Surface Water from time to time required by the Authority; and (ii) install the Water Line Segment and Chloramine System by the date the Authority is able to deliver Surface Water to the Person. In addition, no Person shall utilize the Shut-off Valve(s) to control the rate of flow of Surface Water being delivered by the Authority, as such Shut-off Valves are intended only to be used in the event a waterline needs to be taken out of service. Failure to comply with the provisions of this Section shall be a violation of the Authority's rules.

Section 7.06. Daily Amount. If the Authority, Authority Engineer or Authority Operator has designated a Maximum Daily Amount or Minimum Daily Amount for a Person connected to the Authority System, then such Person shall be responsible to take no more than its Maximum Daily Amount and no less than its Minimum Daily Amount during any one day. Failure to so comply shall be a violation of the Authority's rules.

Section 7.07. Right of Entry. Each Person shall be responsible: (1) to timely comply with the Section of this Rate Order entitled "Right to Enter Land"; and (2) to not prevent or hinder the Authority's rights under the Section of this Rate Order entitled "Right to Enter Land." Failure to do so shall be a violation of the Authority's rules.

Section 7.08. Authority Rules and Orders. All requirements set forth in this Article VII are adopted as rules of the Authority. All requirements and rules set forth in any part of this Rate Order shall be considered orders of the Authority.

## **ARTICLE VIII CIVIL PENALTIES AND MISCELLANEOUS**

Section 8.01. Civil Penalty. A Person is subject to a civil penalty of up to \$5,000 for each violation or each day of a continuing violation if the Person: (i) violates any provision of this Rate Order, the GRP, any rules contained in either of same, or any

other order or rule of the Authority, (ii) makes unauthorized use of Authority services or facilities, or (iii) causes damage to Authority facilities by using such facilities in a manner or for a purpose contrary to the purpose for which such facilities were designed. The Board may set the penalty based on (all as determined by the Board): (i) the severity of the offense; (ii) whether such violation was willful, knowing, reckless or inadvertent; (iii) the history of conduct by such Person; (iv) the damages sustained by the Authority; (v) the risk or damage to the GRP; and (vi) any other factors determined appropriate by the Board. The Authority may bring an action to recover the penalty in a district court in the county where the violation occurred. The penalty shall be paid to the Authority.

Section 8.02. Termination for Rate Order or GRP Violations. Any Person who violates any provision of this Rate Order or the GRP in addition to being subject to the penalties described in this Rate Order, shall be subject to having service terminated; provided, however, that prior to disconnecting service for violations that do not constitute a hazard to health or safety or endanger the integrity of the Authority's system or adversely affect the Authority's GRP, the Authority shall give written notice by first class mail or otherwise, to such Person of the pending disconnection, and shall give such Person the opportunity to contest, explain or correct the violation at a meeting of the Board of Directors of the Authority. Such disconnection shall be in addition to penalties that may be imposed by the Authority under this Rate Order and remedies that may otherwise be available to the Authority.

Section 8.03. Injunction. The Authority may bring an action for injunctive relief in a district court in the county where a violation of an authority rule or order occurs or is threatened to occur. The Authority may bring an action for a civil penalty and injunctive relief in the same proceeding

Section 8.04. Right to Enter Land. In addition to any other rights that the Authority may have (by easement or otherwise), the Authority and its representatives shall have the authority to enter upon any public property (including, without limitation, property owned by a District) or private property within the Authority's boundaries or property adjacent to any property owned by the Authority (and enter upon any property owned by a District included in the Authority's GRP by contract) at any reasonable time in order to: (1) inspect, repair, install, test, maintain or operate any Authority facilities or meters on Wells; (2) test or monitor the Surface Water delivered by the Authority; (3) audit Well pumpage or Surface Water measurements submitted by a Person to the Authority; (4) measure Well pumpage or Surface Water usage; (5) inspect and investigate conditions relating to the quality of water in the State of Texas; and/or (6) investigate compliance with any Authority rule, regulation, permit or order. If requested by the Authority or Authority Operator, a Person shall immediately cooperate with the Authority or Authority Operator to allow the Authority or Authority Operator to enter such site(s) for any of such purposes. Authority representatives entering private property pursuant to this Section shall observe the establishment's

rules and regulations concerning safety, internal security, and fire protection and shall notify any occupant or management of their presence and shall exhibit proper credentials.

Section 8.05. Groundwater Reduction Plan Participation Agreements. Any Person that is a member or participant of the Authority's GRP through a written contract with the Authority shall be subject to all of the terms, provisions, rules, requirements, and penalties of this Rate Order and all other orders, resolutions and requirements of the Authority, to the extent they are not inconsistent with the terms and provisions of such written contract.

Section 8.06. Prior Resolutions Establishing Groundwater Reduction Plan Fees and Rate Orders. The Authority retains all of its rights and remedies under all prior Authority Resolutions Establishing Groundwater Reduction Plan Fee, as amended, and all prior Authority rate orders, as amended.

Section 8.07. Amendments to Rate Order and GRP. As determined necessary by the Authority, the Authority reserves the right to modify from time to time: (1) the rates, charges and fees contained in this Rate Order; (2) any other terms and provisions of this Rate Order; and (3) its GRP.

Section 8.08. Authority Designee. The Authority hereby designates the Board President, Board Vice President, Board Assistant Vice President, the Authority Engineer and/or the Authority Operator to exercise the Authority's powers under its GRP and this Rate Order.

Section 8.09. Refusal to Add Persons to GRP. The Board, at its discretion, may refuse to add Persons (and their wells) to the GRP, including, without limitation, any Person seeking to be re-admitted to the GRP who was previously in the GRP.

Section 8.10. No Waiver. The failure of the Authority to insist, in any one or more instances, upon a Person's performance of any of the terms, requirements or conditions of this Rate Order shall not be construed as a waiver or relinquishment of the future performance of any such term, requirement or condition by that Person or any other Person.

Section 8.11. Lien. Pursuant to Section 4.03(i) of the Act, fees and user fees imposed by the Authority under 4.03(b) of the Act, and any related penalties, interest, collection expenses, and reasonable attorney's fees incurred by the Authority are a first and prior lien against the well to which the fees or user fees apply. The Authority may enforce said lien in any manner provided by the Act or other law.

[EXECUTION PAGE FOLLOWS]

ADOPTED AND EFFECTIVE THIS 14th DAY OF DECEMBER, 2011.

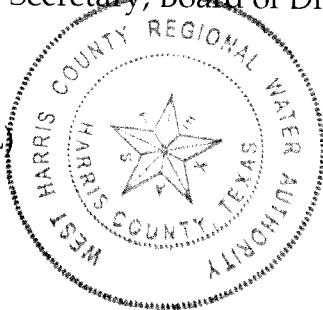
WEST HARRIS COUNTY REGIONAL WATER  
AUTHORITY

By:   
President, Board of Directors

ATTEST:

By:   
Secretary, Board of Directors

(SEAL)



**EXHIBIT A**  
**WEST HARRIS COUNTY REGIONAL WATER AUTHORITY**  
**Pumpage/Surface Water and Billing Form**

Name of Well Owner or Recipient of Surface Water: \_\_\_\_\_  
 Identify: Well #1: \_\_\_\_\_; Well #2: \_\_\_\_\_; Well #3: \_\_\_\_\_; Well #4: \_\_\_\_\_  
 Identify: Meter #1: \_\_\_\_\_; Meter #2: \_\_\_\_\_; Meter #3: \_\_\_\_\_; Meter #4: \_\_\_\_\_

*Check the billing period for which this report is being filed*

	<i>Billing Period</i>	<i>Rate</i>	<i>Due Date</i>
<input type="checkbox"/>	January 1-31, 20__	\$1.75 pumpage/ \$2.15 surface	March 15, 20__
<input type="checkbox"/>	February 1-28/29, 20__	\$1.75 pumpage/ \$2.15 surface	April 15, 20__
<input type="checkbox"/>	March 1-31, 20__	\$1.75 pumpage/ \$2.15 surface	May 15, 20__
<input type="checkbox"/>	April 1-30, 20__	\$1.75 pumpage/ \$2.15 surface	June 15, 20__
<input type="checkbox"/>	May 1-31, 20__	\$1.75 pumpage/ \$2.15 surface	July 15, 20__
<input type="checkbox"/>	June 1-30, 20__	\$1.75 pumpage/ \$2.15 surface	August 15, 20__
<input type="checkbox"/>	July 1-31, 20__	\$1.75 pumpage/ \$2.15 surface	September 15, 20__
<input type="checkbox"/>	August 1-31, 20__	\$1.75 pumpage/ \$2.15 surface	October 15, 20__
<input type="checkbox"/>	September 1-30, 20__	\$1.75 pumpage/ \$2.15 surface	November 15, 20__
<input type="checkbox"/>	October 1-31, 20__	\$1.75 pumpage/ \$2.15 surface	December 15, 20__
<input type="checkbox"/>	November 1-30, 20__	\$1.75 pumpage/ \$2.15 surface	January 15, 20__
<input type="checkbox"/>	December 1-31, 20__	\$1.75 pumpage/ \$2.15 surface	February 15, 20__

*Gallons of Water Pumped for Billing Period*

	Start Meter Reading	End Meter Reading	Total
Well #1			
Well #2			
Well #3			
Well #4			
For additional wells, attach a second reporting form and put total from all wells below.			
ALL			

*Gallons of Surface Water Received for Billing Period*

	Start Meter Reading	End Meter Reading	Total
Meter #1			
Meter #2			
Meter #3			
Meter #4			
For additional meters, attach a second reporting form and put total from all meters below.			
ALL			

1	Enter total gallons of water pumped	
2	Divide by 1,000	
3	Total pumpage fee due (multiply line 2 x 1.75)	
4	Enter total gallons of surface water received	
5	Divide by 1,000	
6	Total surface water fee due (multiply line 5 x 2.15)	
7	LESS APPLICABLE CREDIT DUE FROM CAPITAL CONTRIBUTION	
8	Total due (add lines 3, 6, and 7 )	

I declare that the above information is true and correct to the best of my knowledge and belief.

Dated: \_\_\_\_\_ By: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

**If your payment is received late, the Authority will send you an invoice for the late penalties and interest set forth in the Authority's Amended Rate Order.**

Make check payable to: West Harris County Regional Water Authority; c/o Mary Jarmon; Myrtle Cruz, Inc., 1621 Milam, 3rd Floor, Houston, Texas 77002-8017 **(rates effective 1/1/2012)**