CERTIFICATE FOR ORDER

THE STATE OF TEXAS §
§
COUNTIES OF HARRIS AND FORT BEND §

I, the undersigned officer of the Board of Directors of West Harris County Regional Water Authority, do hereby certify as follows:

1. The Board of Directors of West Harris County Regional Water Authority convened in regular session on the 9th day of November, 2022, inside the boundaries of the Authority, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Eric Hansen	President
Larry Weppler	Vice President
Douglas (Cam) Postle	Secretary
Gary Struzick	Assistant Vice President
Michael Thornhill	Assistant Secretary
Mark Janneck	Director
Karla Cannon	Director
Dennis Gorden	Director
John "Jay" Wheeler	Director

and all of said persons were present except Director(s) Postle and Gorden, thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting: a written

AMENDED RATE ORDER

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

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

SIGNED AND SEALED the 9th day of November, 2022.

(SEAL)

1056648

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY
TEXAS

Asst. Secretary, Board of Directors

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY
AMENDED RATE ORDER

STATE OF TEXAS §
§
COUNTIES OF HARRIS AND FORT BEND §

WHEREAS, the West Harris County Regional Water Authority (the "Authority") is a regional water authority created pursuant to House Bill 1842 of the 77th Legislature, as amended, (the "Act") and Article XVI, Section 59 of the Texas Constitution; and

WHEREAS, the Authority was created, among other purposes, to accomplish the purposes of Article XVI, Section 59 of the Texas Constitution, including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions; and

WHEREAS, the Act provides that the Authority may: (1) provide for the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and for the reduction of groundwater withdrawals as necessary to develop, implement, or enforce a groundwater reduction plan, in a manner consistent with the purposes of Article XVI, Section 59 of the Texas Constitution; and (2) acquire or develop surface water and groundwater supplies from sources inside or outside the boundaries of the Authority and may conserve, store, transport, treat, purify, distribute, sell, and deliver water to or among persons, corporations, municipalities, municipal corporations, political subdivisions of the state, and others, inside and outside the boundaries of the Authority, and allocate water among persons participating in the Authority's groundwater reduction plan whether they are located inside or outside the Authority's boundaries; and

WHEREAS, the Act authorizes the Authority to establish fees, user fees, rates and charges and classifications of fee and ratepayers, as necessary to enable the Authority to fulfill its purposes and regulatory functions provided in the Act; and

WHEREAS, Section 4.03(e) of the Act provides that the Authority may establish fees, user fees, rates and charges that are sufficient to: (1) achieve water conservation; (2) prevent waste of water; (3) serve as a disincentive to pumping groundwater; (4) develop, implement, or enforce a groundwater reduction plan; (5) accomplish the purposes of the Act, including making available alternative water supplies; (6) enable the Authority to meet operation and maintenance expenses; (7) pay the principal of and interest on notes,

bonds, and other obligations issued in connection with the exercise of 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; and

WHEREAS, the Board has determined that the rules adopted by the Authority in this Amended Rate Order are necessary to implement the Act and to implement and enforce the Authority's GRP and its delivery of Surface Water.

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 Inframark Water & Infrastructure Services), 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, remote meter reading

devices, 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.

"Day" means calendar day.

"District" means any district created pursuant to Article III, Section 52(b)(1), (2) or Article XVI, Section 59 of the 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: (i) a Well with a casing diameter of less than five inches that solely serves a single family dwelling, (ii) a Well that is regulated under Chapter 27 of the Texas Water Code, or (iii) a Well that is not subject to any groundwater reduction requirement imposed by the HGSD or FBSD (as applicable).

"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 of any type 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.

"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.

"Minimum Daily Amount" is defined hereinafter.

"Non-Exempt Well" means: (i) any Well within the Authority other than an Exempt Well, (ii) any Well located in the Authority or participating in its GRP by written contract that was subject, on or before February 1, 2013, to a groundwater reduction requirement imposed by the HGSD or FBSD (as applicable), or the regulatory provisions, permitting requirements, or jurisdiction of the HGSD or FBSD (as applicable), and (iii) any Well located in the Authority or participating in its GRP by written contract that belongs to a class of Wells that was subject, on or before February 1, 2013, to a groundwater reduction requirement imposed by the HGSD or FBSD (as applicable), or the regulatory provisions, permitting requirements, or jurisdiction of the HGSD or FBSD (as applicable).

"Non-Exempt Well Owner" means any Person that owns a Non-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.

"Surface Water User" means any Person that receives Surface Water.

"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.

"User" means any Non-Exempt Well Owner, Surface Water User, or Water Importer.

"Water Importer" means a Person located, in whole or in part, within the Authority's boundaries that uses or distributes Imported Water. 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.

"Well Owner" means any Person that owns a Well.

"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.

(a) The Board hereby adopts a GRP Fee pursuant to Section 4.03 (including Section 4.03(b)) of the Act. Each Non-Exempt Well Owner shall pay the Authority the GRP Fee for monthly pumpage, as provided in this Section. The current GRP Fee is equal to $3.70 for each 1,000 gallons of water pumped from each Non-Exempt Well. Effective as of January 1, 2023, the GRP Fee shall be equal to $3.95 for each 1,000 gallons of water pumped from each Non-Exempt Well.

(b) Each month, the Authority shall, via meter reading, determine the amount of groundwater pumped by Non-Exempt Well Owners. The Authority will invoice Non-Exempt Well Owners on a monthly basis for the amount of GRP Fees due for the period.

Section 3.02. Surface Water Fee.

(a) The Board hereby adopts a Surface Water Fee pursuant to Section 4.03 (including Section 4.03(f)) of the Act. Each Surface Water User shall pay the Authority the Surface Water Fee for Surface Water received monthly, as provided in this Section. The current Surface Water Fee is equal to $4.10 for each 1,000 gallons of Surface Water received. Effective as of January 1, 2023, the Surface Water Fee shall be equal to $4.35 for each 1,000 gallons of Surface Water received.

(b) Each month, the Authority shall, via meter reading, determine the amount of Surface Water received by Surface Water Users. The Authority will invoice Surface Water Users on a monthly basis for the amount of Surface Water Fees due for the period.

Section 3.03. Imported Water Fee.

(a) The Board hereby adopts an Imported Water Fee pursuant to Section 4.03 (including Section 4.03(g)) of the Act. 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. Notification of Imported Water from interconnect use shall be submitted to the Authority using the Authority's Interconnect Notification Form, which is available on the Authority's website. Notification of Imported Water from any other sources must be submitted to the Authority in writing.

(b) 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. The fees due pursuant to this section shall be calculated by the Authority based on the information provided by the Water Importer on the form provided by the Authority and attached hereto as Exhibit "A", which form shall be provided by the Water Importer to the Authority monthly. Each Water Importer shall complete such form and provide it to the Authority monthly, even if the Imported Water for such month is zero. Upon the Authority's receipt of such form, the Authority will invoice the Water Importer for the Imported Water Fee due for the period.

(c) If the Water Importer is experiencing an emergency situation, as determined in the sole discretion of the Authority, and is also a Surface Water User, then the Water Importer will be charged the Imported Water Fee unless a variance is granted in accordance with subsection (d) below or special circumstances exist in accordance with subsection (e) below. If the Water Importer is experiencing an emergency situation, as

determined in the sole discretion of the Authority, but is not a Surface Water User, then the Water Importer shall not be charged an Imported Water Fee on the Imported Water it receives during a period not to exceed 60 consecutive or inconsecutive days during any calendar year. Such time period may be extended by the Authority, in its sole discretion and as appropriate, on a case-by-case basis considering the circumstances of the particular emergency.

(d) If the Water Importer is obtaining Imported Water due to other special circumstances, including but not limited to system repairs, the Water Importer may submit a variance request to the Authority detailing the special circumstances and any supporting reasons for which the Imported Water Fee should not be assessed in that particular situation. Such variance request must be submitted within 30 days of the earlier of: (i) the date on which the Water Importer receives written notification from the Authority that an Imported Water Fee will be charged to the Water Importer; (ii) the date on which the Water Importer self-reported receiving Imported Water in accordance with this Rate Order; or (iii) 30 days before any scheduled system repairs or maintenance creating the possible need for Imported Water by the Water Importer. The Authority will consider the variance request and advise the Water Importer of its decision. The Authority's decision shall be final, and should the Authority deny the variance request, all outstanding amounts due related to the Imported Water Fee shall be due and payable to the Authority within 30 days of written notification from the Authority alerting the Water Importer of the variance denial. Any Imported Water Fees incurred by the Water Importer following the delivery of the written notification of the Authority's determination will become due and payable as otherwise set forth in subsection (b) above. Once granted a variance by the Authority, a Water Importer shall not be required to pay the Imported Water Fee on Imported Water for the time period that the Authority has agreed in writing that no Imported Water Fee applies to the particular Imported Water. Such time period may be extended by the Authority, in its sole discretion and as appropriate, on a case-by-case basis considering the circumstances of the particular situation.

(e) In the event that the Authority is otherwise regularly delivering Surface Water to a Surface Water User and special circumstances exist in which the Authority is unable to deliver such Surface Water, as determined in the sole discretion of the Authority, to the Surface Water user, then the Imported Water Fee shall not be imposed during the period in which the Authority determines it was unable to deliver Surface Water to the Surface Water User. The foregoing sentence shall not apply in instances in which the Surface Water User annexes additional property, whether contiguous or otherwise, into the boundaries of the Surface Water User following the Authority's initial conversion of such Surface Water User, where the Authority is not currently providing Surface Water to the property annexed into the Surface Water User. The Imported Water Fee for Imported Water related to such annexed property shall be equal to the Authority's then-current Surface Water Fee.

(f) 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; or (ii) 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. Manual Meter Reading Fee. The Authority shall charge any User $170.00 per month for each meter the Authority Operator must read manually if: (i) such User has failed to provide a written right of entry agreement in a form acceptable to the Authority for the installation of the Authority's remote meter reading device on a Non-Exempt Well meter (provided, however, for new Non-Exempt Wells, such $170.00 charge shall not apply during the 3-month period after the Non-Exempt Well becomes operational); (ii) such User has prevented the Authority from installing, maintaining, modifying, repairing, operating, and/or replacing the Authority's remote meter reading device on a Non-Exempt Well meter or a Surface Water meter; or (iii) such User has prevented the Authority Operator from obtaining information from the Authority's remote meter reading device on a Non-Exempt Well meter or a Surface Water meter.

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.

Section 3.06. Payment of Amounts Due to the Authority.

(a) All fees, rates, charges, or other amounts payable to the Authority shall be paid in money which is legal tender in the United States of America.

(b) The Authority will invoice a User for all fees, rates, charges, or other amounts due to the Authority pursuant to this Rate Order on a monthly basis and as otherwise needed. All invoices shall be payable on the 45th day after the date of the invoice for said amount. Payments shall be made either by: (i) check made payable to "West Harris County Regional Water Authority;" (ii) automated clearing house ("ACH"); or (iii) credit card. No cash or other forms of payment will be accepted. The ACH and credit card payment options are made available to Users through service providers who charge a convenience fee per transaction. Such convenience fees are the sole responsibility of the User and are separate from any amount owed by the User to the Authority. Non-payment of any such convenience fee by a User may result in that User's account being considered delinquent and subject to penalties in accordance with this Rate Order. All payments must be received by the due date at the payment address provided on the invoice. Payments received after the due date shall be considered delinquent and are subject to penalties in accordance with this Rate Order. If any User's payment is refused

or returned by the processing financial institution, the Authority will charge the User a return item fee of $25.00 per check and $7.50 per ACH payment.

ARTICLE IV
WELL PUMPAGE AND OWNERSHIP

Section 4.01. Self-Reporting.

(a) A Non-Exempt Well Owner shall notify the Authority of any new Non-Exempt Well before such Well is operational by completing and submitting to the Authority the Authority's Contact Information Request Form, which is available on the Authority's website.

(b) If a Non-Exempt Well Owner plans to utilize, or is utilizing, an interconnection to receive water from another Person (regardless of whether that Person is located within the boundaries of the Authority), such Non-Exempt Well Owner shall notify the Authority of such usage by completing and submitting to the Authority the Authority's Interconnect Notification Form, which is available on the Authority's website.

(c) If requested by the Authority, a Non-Exempt Well Owner shall be responsible for (i) reading the meter which measures the amount of groundwater pumped from each Non-Exempt Well owned by such owner, and (ii) reporting such measurement to the Authority (even if it shows zero pumpage for the month) on the reporting form provided by the Authority. All Persons shall provide requested reporting forms to the Authority in the manner required by the Authority.

Section 4.02. Audits. The Authority shall have the right to audit any Well pumpage measurements submitted by the Well Owner by reading the meter at such 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 when required by this Rate Order to timely or properly read the meter which measures the amount of water pumped from its Well, the Authority may read the meter. The Authority may establish the Non-Exempt 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 ½ 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 Non-Exempt 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 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 (iii) 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 Non-Exempt 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 Non-Exempt 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 Non-Exempt 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 such 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 such owner the GRP Fees for over-reported gallons, all as determined by the Authority. If such 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 Non-Exempt 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) Notwithstanding Sections 4.04(a) and (b) above, 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 Non-Exempt Well Owner, at the Non-Exempt Well Owner's expense, to take appropriate steps to remedy the inaccuracy range, and to retest the water meter within 30 days from the date the problem is discovered.

(d) The Authority may install, maintain, modify, repair, operate, and/or replace remote meter reading devices on any Non-Exempt Well meter. In the event the Authority installs or replaces such devices, the Authority shall own, maintain, and operate same. The Authority's installation or replacement of a remote meter reading device on any Non-Exempt Well does not modify or remove the Non-Exempt Well Owner's duty to self-report water pumpage in accordance with this Rate Order.

(e) Each Non-Exempt Well Owner, and not the Authority, shall own, maintain, and operate the Well meter, regardless of whether the Well meter was installed by the Authority or the Non-Exempt Well Owner. Each new Non-Exempt Well must have its own Well meter. Prior to installing a new or replacement meter on a Non-Exempt Well, the Non-Exempt Well Owner shall obtain from the Authority Engineer written approval of the type, make, and model of the meter to be installed. Should a Non-Exempt Well Owner fail to obtain such written approval of the Authority Engineer and install a meter that is incompatible with the remote meter reading devices installed by the Authority, such Non-Exempt Well Owner shall be responsible for all costs (including the Authority's costs if the Authority performs the work) to replace such meter with a meter that has been approved in writing by the Authority Engineer and is compatible with the remote meter reading devices installed by the Authority.

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.

Section 4.06. Change of Well Ownership; Change of Contact Information. 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. In addition, each Non-Exempt Well Owner has the responsibility to inform the Authority of key persons involved with their system, including, as applicable, the Non-Exempt Well Owner's operator, engineer, bookkeeper, attorney, and management company. Should the contact information for any of the foregoing persons change, the Non-Exempt Well Owner should notify the Authority of such change as soon as reasonably practicable. A Non-Exempt Well Owner may provide contact information by completing and submitting to the Authority the Authority's Contact Information Request Form, which is available on the Authority's website.

Section 4.07. Water Usage Reports. Before January 31st of each year, each Non-Exempt Well Owner shall submit to the Authority a report, on a form available from the Authority, 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 Authority, HGSD, or FBSD. In addition, each Non-Exempt Well Owner shall (1) read the water meter for such Well between December 15th and January 15th of each year, and (2) report the reading in writing to the Authority by January 15th 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.

(a) If a Surface Water User plans to utilize, or is utilizing, an interconnection to receive water from another Person (regardless of whether that Person is located within the boundaries of the Authority), such Surface Water User shall notify the Authority of

such usage by completing and submitting to the Authority the Authority's Interconnect Notification Form, which is available on the Authority's website.

(b) If a Person within the Authority's GRP plans to utilize, or is utilizing surface water of the State of Texas or surface water received from a source other than the Authority or an interconnection, such Person shall notify the Authority of such usage in writing and provide to the Authority information requested about such usage.

(c) If requested by the Authority, each Surface Water User shall be responsible for (i) reading the meter which measures the amount of Surface Water delivered by the Authority to such user, and (ii) reporting such measurement to the Authority (even if it shows zero Surface Water usage for the month) on the reporting form provided by the Authority. All Persons shall provide requested reporting forms to the Authority in the manner required by the Authority.

Section 5.02. Audits. The Authority shall have the right to audit any 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 when required by this Rate Order to timely or properly read the meter which measures the amount of Surface Water delivered, the Authority may 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 equipment and devices 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 Authority may deem that the total quantity of water delivered to the Person is 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 Authority may adjust (increase or decrease) the Person's payments for Surface Water to the Authority 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 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 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 to any Person 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 receive Surface Water are strongly encouraged by the Authority to at all times: (i) maintain their 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 Engineer and/or the Authority 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 or non-use of Surface Water. The Authority, the Authority Engineer and/or the Authority Operator may from time to time issue groundwater reduction requirements or Surface Water usage or non-usage 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 from time to time to take more or less 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 (including untreated surface water, rain or stormwater, or effluent reuse) 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 Commission 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 of the Commission 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, which the Authority shall charge such cost and expense to such 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 for Failure to Pay and Reconnection of Service. The Authority may, in its discretion, disconnect service to a Person for failure to pay all amounts due to the Authority, including without limitation penalties, 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 Operator that the notice was so mailed 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, both a disconnection fee of $500 and a reconnection fee of $500 shall be paid to the Authority prior to service being restored. Reductions in the delivery of Surface Water that the Authority implements in connection with its allocation of water pursuant to its GRP are not considered a termination to a Person for failure to pay under this Section and, accordingly, the provisions of this Section shall not apply to such reductions.

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 Engineer; and any such reimbursement shall be made in accordance with standards approved by the Authority 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 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 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 AMOUNTS DUE TO AUTHORITY

Section 6.01. Late Penalties and Interest. Payments of any fees, rates, charges, or other amounts due to the Authority that are received by the Authority after the due date

will be subject to a late penalty of 5% of the fees, rates, charges, or amounts due, and such 5% penalty shall be due to the Authority on the first day such fees, rates, charges, or amounts 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 31st day such fees, rates, charges, or amounts are late.

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.

ARTICLE VII
AUTHORITY RULES

Section 7.01. Self-Reporting Violations. Each Non-Exempt Well Owner and Surface Water User shall be responsible, when required pursuant to this Rate Order, for reading the meter(s) to measure the amount of water pumped from each Non-Exempt Well and the amount of Surface Water received in the manner provided in this Rate Order and reporting such measurements (even if the measurements show zero pumpage or zero Surface Water usage) to the Authority on the form provided 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 Non-Exempt Well Owner shall be responsible to notify the Authority of new Non-Exempt Wells and changes to well ownership and contact information 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, to measure the amount of Imported Water, and to report such measurement to the Authority on the form provided by the Authority. Each Non-Exempt Well Owner, Surface Water User, and Water Importer shall be responsible for reporting the receipt of water through an interconnect. Failure to make the measurements required by this Rate Order, failure to accurately or timely report required measurements to the Authority, failure to provide the Water Usage Reports to the appropriate party by the due date, failure to notify the Authority regarding new Non-Exempt Wells, failure to provide updated well ownership and contact information for Non-Exempt Wells, failure to notify the Authority of receiving water through an interconnect, failure to notify the Authority of utilizing surface water received from other sources as required by this Rate Order, 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, obtaining written approval of the Authority Engineer of the type, make, and model of a Non-Exempt Well meter and allowing the Authority the right to: (1) audit and/or measure Well pumpage and Surface Water usage; (2) read the Well Owner's meter and the Surface Water meter, including without limitation by the Authority installing, repairing, maintaining, and operating remote meter reading devices on Surface Water meters and, if allowed by a written right of entry, on Non-Exempt Well meters; (3) enter the Well Owner's land to audit and/or measure Well pumpage and Surface Water usage; and (4) test and recalibrate, if necessary, the Well Owner's meter and the Surface Water meter. Failure of the Well Owner or Surface Water User 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 remove, modify, tamper with, or take any action which affects a water meter or a remote meter reading device on a Non-Exempt Well or a water meter or a remote meter reading device that measures the amount of Surface Water delivered by the Authority, or related piping or equipment, so that the measurement accuracy of the meter or the functionality of the remote meter reading device is impaired.

Section 7.04. Damage to Authority Property. No Person other than the Authority Operator or duly authorized representative of the Authority shall repair, alter, tamper with, remove, interfere with, make connections or additions to, or in any way take any action which affects the Authority System, any meter owned by the Authority, and any remote meter reading device owned by the Authority without the express written approval of the Authority. The Authority reserves the right to immediately, and without notice, disconnect any Person who repairs, alters, tampers with, removes, interferes with, makes connections or additions to, or in any way takes any action which affects the Authority System, any meter owned by the Authority, and any remote meter reading device owned by the Authority or reconnects service which was terminated by the Authority. The Authority reserves the right to repair any damage to Authority property related to a Person's violation of this section, and the cost of such repair shall be due from such Person to the Authority. In addition, the Authority reserves the right to assess against any Person such penalties as are provided by law and/or this Rate Order, including the right to file any available legal and/or criminal charges against any Person. These charges and remedies are in addition to all remedies available to the Authority under law or in equity.

Section 7.05. 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 fees, user fees, rates, charges, or penalties) due to 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 7.06. 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 7.07. 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 7.08. 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 7.09. 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, property, or facilities, or (iii) causes damage to Authority property or facilities by using them in a manner or for a purpose contrary to the purpose for which they 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 of Service and Expulsion from GRP.

(a) Termination of Service. 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 and any other remedies available to the Authority, shall be subject to having service terminated. Provided, however, 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. The provisions of the preceding sentence do not apply to reductions in delivery of Surface Water that the Authority implements in connection with its allocation of water pursuant to its GRP.

(b) Expulsion from GRP. The Board may exclude a Person, or any territory or Well owned or controlled by a Person, from the GRP for violation of any provisions of this Rate Order or the GRP, in addition to such Person being subject to the penalties described in this Rate Order and any other remedies available to the Authority. Provided, however, prior to excluding a Person, or any territory or Well owned or controlled by a Person, pursuant to this subsection 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 exclusion, 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.

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 to recover unpaid fees and unpaid user fees imposed by the Authority under Section 4.03(b) of the Act, including any related penalties, interest, collection expenses, and reasonable attorney's fees incurred by the Authority, 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, including without limitation by the Authority installing, repairing, maintaining, and operating remote meter reading devices on Surface Water meters and, if allowed by a written right of entry, on Non-Exempt Well meters; (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 9th DAY OF NOVEMBER, 2022.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

By: _____
President, Board of Directors

ATTEST:

By: _____
Asst. Secretary, Board of Directors

(SEAL)

1056648

EXHIBIT A
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY
Imported Water Billing Form

Name of Water Importer:_____

Identify: Meter #1: _____; Meter #2: _____; Meter #3: _____; Meter #4: _____

Identify: Meter #5: _____; Meter #6: _____; Meter #7: _____; Meter #8: _____

Check the billing period for which this report is being filed

	Billing Period	*Due Date*
☐	January 1-31, 20	March 15, 20
☐	February 1-28/29, 20	April 15, 20
☐	March 1-31, 20	May 15, 20
☐	April 1-30, 20	June 15, 20
☐	May 1-31, 20	July 15, 20
☐	June 1-30, 20	August 15, 20
☐	July 1-31, 20	September 15, 20
☐	August 1-31, 20	October 15, 20
☐	September 1-30, 20	November 15, 20
☐	October 1-31, 20	December 15, 20
☐	November 1-30, 20	January 15, 20
☐	December 1-31, 20	February 15, 20

PART A: Gallons of Imported Water subject to GRP Fee for Billing Period

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

PART B: Gallons of Imported Water subject to Surface Water Fee for Billing Period

	Start Meter Reading	End Meter Reading	Total
Meter #5			
Meter #6			
Meter #7			
Meter #8			
For additional meters subject to Surface Water Fee, attach a second reporting form and put total from all meters below.			
ALL			

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

Dated: _____ By: _____

Name: _____ Title: _____

Please mail the completed form to: West Harris County Regional Water Authority, c/o Inframark, 2002 W. Grand Parkway North, Suite 100, Katy, Texas 77449.