

AMENDED RATE ORDER

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

WHEREAS, Cypress Forest Public Utility District, Harris County, Texas (the "District"), is in the process of constructing a water, sewer and drainage system to provide service to residential and commercial establishments within the District; and

WHEREAS, the Board of Directors deems it necessary to amend the rates and charges previously established for receiving water, sewer and drainage services from the District and to establish certain deposit requirements, based on reasonable classifications, to assure prompt payment of all charges for water and sewer services and to limit the number and amount of uncollectible charges for such service; and

WHEREAS, the Board of Directors has determined that it is in the best interests of the residents of the District to provide trash collection services and to establish a charge for such service; Now, Therefore,

BE IT ORDERED BY THE BOARD OF DIRECTORS OF CYPRESS FOREST PUBLIC UTILITY DISTRICT, HARRIS COUNTY, TEXAS, THAT:

Section 1. Definitions. The following words or phrases shall have the meanings indicated below:

- A. "Single Family Residential User" - means a user of the District's water and sewer system which consists of one residence designed for use and occupancy by a single family unit.
- B. "Multi-Family Residential User" - means any residential user of the District's water and sewer system other than a Single Family Residential User, including, but not limited to, apartments and multi-family dwelling units.
- C. "Commercial User" - means a user of the District's water and sewer system other than a Single Family Residential User, Multi-Family Residential User, Non-Taxable User or Irrigation User including but not limited to, commercial establishments, recreational facilities, and clubs.
- D. "Non-Taxable User" - means a user of the District's water and sewer system that is exempt from ad valorem taxation by the District under the

Property Tax Code, including, but not limited to, churches and schools.

- E. "Irrigation User" - means any user of the District's water system solely for irrigation purposes, other than a Public Irrigation User.
- F. "Public Irrigation User" - means any Homeowner's Association, developer, or individual or entity acting on behalf of a Homeowner's Association or developer using the District's water system solely for the purpose of irrigating public esplanades and public green spaces. The term Public Irrigation User does not include a user of the District's water system for the purpose of irrigating private esplanades and private green spaces.

Section 2. Tap Fees.

- A. Single Family Residential User. Prior to connection to the District's water system, a tap fee in the following amount shall be paid to the District to cover the cost of making said connection and the cost of providing the water meter:

- (1) In the case of a ¾ inch x 5/8 inch meter, the tap fee shall be \$900.00.
- (2) In case of a one-inch meter, the tap fee shall be \$1,200.00.
- (3) In case of a 1 1/2 or a two-inch meter, the tap fee shall be \$2,500.
- (4) In case of any meter larger than two-inch in diameter, a tap fee in the amount of three (3) times the operator's charge to the District for installing the tap, meter, any necessary service lines and the cost of repairing or restoring any yards, sidewalks, streets or other improvements affected by the installation, shall be paid to the District.

All connections to the District's system shall be made by the operator for the District.

- B. Multi-Family Residential Users. Prior to connection to the District's water system, a tap fee in the amount of three (3) times the operator's charge to the District for installing the tap, meter, any necessary service lines and the cost of repairing or restoring any yards, sidewalks, streets or other improvements affected by the installation, shall be paid to the District.
- C. Commercial Users. Prior to connection to the District's water system, a tap fee in the amount of three (3) times the operator's charge to the District for installing the tap, meter, any necessary service lines and the cost of

repairing or restoring any yards, sidewalks, streets or other improvements affected by the installation, shall be paid to the District.

D. Non-Taxable User.

- (1) Non-Taxable Users shall pay a tap fee equal to the District's actual cost of installing the tap, meter and any necessary service lines and the cost of repairing or restoring any yards, sidewalks, streets or other improvements affected by the installation (as determined by the District's operator) plus the User's pro rata share of the District's actual cost of the facilities necessary to provide District services to the non-taxable User that are financed or to be fully or partially financed by the District's tax bonds (as determined by the District's consultants and approved by the Board of Directors) (the "Installation Costs").
- (2) The District's operator, together with the District's consultants, will produce an estimate of the Installation Costs, which will then be approved by the Board of Directors and be sent to the User. The User shall pay the estimated Installation Costs, plus 20%, prior to installation of the tap. If the actual Installation Costs are greater than the estimated Installation Costs paid by the User, the difference must be paid by the User before the District will provide service to the User. If the actual Installation Costs are less than the estimated Installation Costs paid by the User, a refund for the difference shall be issued to the User.

E. Approval of Plans. All connections to the District's water system shall be made by the operator for the District. Before any Multi-Family Residential, Commercial or Non-Taxable connection is made to the District's water, sewage or drainage systems, or before any reconnection is made, the person requesting such connection shall submit to the District's engineer for review and approval the water, sewage and drainage plans for the property. Such plans shall clearly show the estimated volume of water, sewage and storm water, and the points of connection to the District's systems. A copy of such approved plans with the engineer's approval indicated thereon shall be submitted to the District's operator. Any modification of such plans shall require reapproval by the District's engineer. The District's operator shall inspect the water, sewage and drainage facilities to determine that they have been installed in substantial compliance with the approved plans and specifications prior to providing a water connection. The District reserves the right to require removal of any connection(s) made in violation of this section and to terminate water and sewer service until the water, sewage and drainage facilities have

been constructed and connections are made in accordance with the approved plans.

- F. Irrigation User. Tap fees for Irrigation Users shall be assessed as Single Family Residential User. A meter shall be installed on all irrigation taps.
- G. Public Irrigation User. Tap fees for Public Irrigation Users shall be assessed as Single Family Residential User. A meter shall be installed on all Public Irrigation taps.

Section 3. Sewer Connections. All connections to the District's sewer system shall be made in accordance with the provisions of the rules and regulations governing sewer house lines and sewer connections. All connections to the District's water system shall be inspected by a representative of the District prior to being covered in the ground. In the event a connection is made and covered without inspection by a representative of the District, water service at such location shall be terminated until the line is uncovered and so inspected. Water service shall not commence until the connection has been installed in accordance with such rules. An inspection fee of \$70.00 shall be paid to the District to cover the cost of making said inspection of a Single Family Residential connection. A fee of three times the operator's charge to the District for conducting said inspection shall be paid to the District to cover the cost of making said inspection for Multi-Family Residential Users and Commercial Users. A separate charge will be made in the event reinspection is required.

Section 4. Utility Commitment Letters. Prior to any connection being made to the District's water system and/or sewer system by a Multi-Family Residential User, Commercial User, or Non-Taxable User ("Non-Single Family Residential User"), such user shall have complied with the requirements of this Section. Any Non-Single Family Residential User desiring water and sewer service or a commitment for water and sewer service shall present a written request to the Board of Directors stating the amount of capacity desired, identifying the tract for which service is desired including a scale plat thereof, describing the improvements to be constructed thereon, and shall also present schematic drawings of the proposed improvements. In addition, the party requesting the commitment shall pay the District's fees incurred by its attorney, engineer, operator and any other consultant in connection with the request. To secure payment of these fees, the requesting party shall deposit with the District the sum of \$1,500. Any deposit remaining after completion of service to the property shall be refunded, without interest. If the deposit is insufficient to pay all such fees, the District shall not allow service to the property until all such fees have been paid in full.

The Board may approve such request if it determines that allocation of the requested water and sewer capacity is in the best interests of the District, that the District has the amount of capacity requested and which is uncommitted, and the allocation of such capacity will not adversely affect the District's ability to provide

reasonable amounts of water and sewer capacity to other undeveloped land within the District. If the Board grants the request or a part thereof, the District's commitment shall be reflected in a letter executed by the President or Vice-President of the Board with standard provisions, including a provision that the commitment shall be valid for no longer than one (1) year unless the Non-Single Family Residential User actually commences construction of substantial improvements within said one (1) year period. The letter shall describe the improvements proposed to be constructed.

The Board shall not issue a letter unless it determines that (1) the property has been platted in accordance with the applicable subdivision ordinances, and (2) all District ad valorem taxes on the tract have been paid in full.

If a party who has received a commitment letter which has expired desires to obtain a new commitment letter or an extension of time, said party must repeat the entire process described herein, including the payment of fees.

Any Non-Single Family Residential User who has received a commitment letter shall submit to the District's Engineer a certificate prepared by an engineer or architect describing the proposed improvements and the estimated water and sewer capacity required for such improvements. If the District's Engineer determines that the estimated usage is reasonable, he shall issue a written certificate to that effect. If he finds that the estimate is not reasonable, he shall so state in writing.

Prior to any water tap or sewer connections being made, the District's Operator shall require:

- (1) a copy of the commitment letter issued by the Board which has not expired;
- (2) a copy of the District Engineer's Certificate stating that the estimated usage is reasonable;
- (3) that the estimated usage approved by the District's Engineer does not exceed the amount specified in the commitment letter;
- (4) a certificate from the District's Tax Assessor/ Collector that all District taxes on the property have been paid; and
- (5) a copy of the duly approved and recorded subdivision plat.

The District's engineer shall be responsible for administering the issuance of commitment letters as approved by the Board.

Section 5. This penalty shall be in addition to the other penalties, fees and charges provided by this Amended Rate Order and the laws of the State of Texas and in

addition to any other legal rights and remedies of the District as may be allowed by law.

Section 6. Plumbing Material Restrictions.

- A. Prohibition on Use of Specified Materials. The use of the following plumbing materials are prohibited in any and all newly installed improvements or materials used to repair existing improvements connected to the District's water system after August 2, 1994:
- (1) Any pipe or pipe fitting which contains more than 8.0% lead; and
 - (2) Any solder or flux which contains more than 0.2% lead.
- B. Certification of Compliance with Prohibition. Before the District will provide water and sewer service to any new improvement, a certificate of compliance, in the form attached as Exhibit "B," must be submitted to the District.

Section 7. Platting and Permit Requirements.

- A. Platting Requirement. Prior to initially connecting to the District's water, sewer or drainage systems, a Single-Family Residential User, Multi-Family Residential User, Commercial User or Non-Taxable User shall submit to the District's operator proof that the user's property has been platted in accordance with the subdivision ordinances of the City of Houston and an as-built survey showing the foundations of all building and other permanent improvements and the location of all dedicated easements. If such survey shows any encroachments into dedicated easements on the property, the operator shall not make any connection without express written approval of the Board of Directors. Acceptable proof of platting includes a copy of the recorded plat, or a certificate from the City of Houston that the property has been platted or that the property is legally exempt from the platting process.
- B. Permit Requirement. Before any connection is made to the District's System, the person requesting such connection shall provide to the District a copy of: (1) any necessary development or building permit from the appropriate municipality or county; or (2) a waiver for any development or building permit from the appropriate municipality or county.

Section 8. Swimming Pool Inspections and Fee. Every User who plans to construct or install a swimming pool within the District shall notify the District's operator in writing prior to commencing construction of the pool. Upon notification by the User of the intention to construct or install a swimming pool, the User shall pay an

inspection fee of \$70.00. After the notification is received, the District’s operator shall ensure that all drains from the swimming pool are connected to the District’s sanitary sewer system. After the drains have been installed, the User shall notify the District’s operator, who shall make an inspection of all swimming pool drains to verify that the proper connection is made, before service is authorized for said swimming pool.

Section 9. Regulatory Assessment. Pursuant to the Texas Water Code, each user of the District’s water and sanitary sewer system is hereby assessed a charge of one-half of one percent of the District’s charge for water and sewer service. This assessment is included in the rate schedules listed below and will be forwarded to the Texas Natural Resource Conservation Commission, as required by the Texas Water Code, and used to pay costs and expenses incurred in its regulation of water districts.

Section 10. Transfer Fees. A fee of \$29.00 shall be charged by the District to all users opening an account to cover the expense to the District for the transfer of water and sewer service from one user to the subsequent user.

Section 11. Water Rates.

- A. Builder Connections. During construction and prior to initial occupancy, a builder shall be charged a monthly flat rate of \$4.00 for water service whether or not there is any actual usage.
- B. User Connections. After initial occupancy, each user, whether Single Family Residential, Non-Taxable User, or Irrigation User within the District shall be charged for water service from the District on a monthly basis according to the water used in accordance with the following schedule:

<u>Amount of Payment</u>	<u>Water Usage</u>
\$13.60 (minimum monthly charge)	0 - 4,000 gallons
\$ 3.40 per 1,000 gallons	4,001 - 18,000 gallons
\$ 3.70 per 1,000 gallons	18,001 - 25,000 gallons
\$ 4.00 per 1,000 gallons	25,001 - 40,000 gallons
\$ 4.50 per 1,000 gallons	All over 40,000 gallons

- C. Multi-Family Residential Users. The following rates per month, or any part thereof, shall be charged for water service to apartment units served by a master meter:

<u>Amount of Payment</u>	<u>Water Usage</u>
\$13.60 minimum monthly charge per unit	0 - 4,000 gallons per unit

\$ 3.40 per 1,000 gallons per unit	4,001 - 18,000 gallons per unit
\$ 3.70 per 1,000 gallons per unit	18,001 - 25,000 gallons per unit
\$ 4.00 per 1,000 gallons per unit	25,001 - 40,000 gallons per unit
\$ 4.50 per 1,000 gallons per unit	All over 40,000 gallons per unit

D. Commercial Users.

<u>Amount of Payment</u>	<u>Water Usage</u>
\$13.60 (minimum monthly charge)	0 - 4,000 gallons
\$ 3.40 per 1,000 gallons	4,001 - 18,000 gallons
\$ 3.70 per 1,000 gallons	18,001 - 25,000 gallons
\$ 4.00 per 1,000 gallons	25,001 - 40,000 gallons
\$ 4.50 per 1,000 gallons	All over 40,000 gallons

E. Public Irrigation Users. Each Public Irrigation Users shall pay a \$0.60 per thousand gallons of actual usage, effective August 10, 2011.

F. Temporary Usage. No person shall make a temporary connection to the District's water system unless authorized by the District. If a person desires temporary water service the District may, at its option, authorize temporary usage in accordance with the following conditions.

- (1) The person desiring temporary service shall submit a written request to the District's operator stating:
 - a. the location of the proposed connection;
 - b. the estimated duration of the temporary service;
 - c. the estimated volume of usage;
 - d. the user's agreement to install a temporary meter; and
 - e. the user's agreement to be responsible for payment of all water used.
- (2) A meter shall be installed to determine the amount of water used during the duration of the temporary connection. The user shall deposit with the operator the costs of the meter and the installation thereof before the commencement of the temporary service.
- (3) The operator shall supervise the making and disconnecting of the temporary connection.
- (4) Each thirty (30) days or at the termination of the connection,

whichever occurs first, the operator shall bill the user for the water used. The water rates for a temporary connection shall be the same as provided in the section entitled Water Rates.

- (5) All bills for temporary connections are payable within twenty (20) days after the date of the statement. Bills shall become delinquent and subject to the same procedures as other bills owed to the District as provided in the section entitled Monthly Bills and Termination.
- (6) Upon payment for all charges owed to the District, disconnection of the temporary use, and return of the meter in undamaged condition, the District shall refund the deposits provided herein. The District may apply the deposit to the payment of any delinquent bill.

Section 12. Sewer Charges.

- A. Single Family Residential and Non-Taxable Users. Each Single Family Residential User within the District shall pay a flat monthly sewer service charge of \$40.00. Garbage collection charges are included in the flat monthly sewer service charge.
- B. Multi-Family Residential Users. Multi-Family Residential Users within the District shall pay a minimum monthly sewer service charge of \$21.50 per apartment unit and an additional charge of \$1.00 per 1,000 gallons of sewage discharged in excess of 4,000 gallons per apartment unit. The amount of sewage discharged shall be determined by the total amount of water billed per apartment unit to such user.
- C. Commercial User. Commercial Users within the District shall pay a monthly sewer charged according to the water used in accordance with the following schedule:

<u>Amount of Payment</u>	<u>Water Usage</u>
\$ 33.00 (minimum monthly charge)	0 - 8,000 gallons
\$ 66.00	8,001 - 18,000 gallons
\$ 99.00	18,001 - 25,000 gallons
\$130.00	25,001 - 40,000 gallons
\$165.00	All over 40,000 gallons

Section 13. Surcharge for Service In fairness to all Users of land within the District, and to honor its contractual obligations and commitments, the District has the right to monitor the use of water and the discharge of sewage to determine if Users are

exceeding the amount of capacity committed to serve their land or buildings. As one method of enforcement, the District has determined to reserve the right to impose a surcharge on any User who uses water or discharges sewage in excess of the amount reserved to such User or tract. Accordingly, in addition to the other charges specified herein, the District has the right to impose an additional charge of \$0.05 per gallon of water used in excess of one hundred ten percent (110%) of the amount of capacity reserved to the tract by any utility commitment letter.

Section 14. Garbage. The District will provide garbage collection, recycling and disposal services to all Single Family Residential Users. The cost of garbage collection is included in the flat monthly sewer service charge for Single Family Residential Users.

Section 15. Tap and Inspection Fees.

- A. Pre-Facility Inspection. All builders or property owners within the District must contact the operator, prior to starting any work on property within the District, to do an inspection to verify District facilities. If any District facility is either damaged or cannot be located, the operator will make necessary repairs or locate and make the facilities visible at the expense of the District. A copy of the inspection report will be given to the builder's or contractor's representative. After the inspection and any necessary work is completed, the builder or contractor will then be responsible for paying the costs of all damages, adjustments, relocations and repairs found during the Final Site Survey. The cost for each inspection is \$70.00 and is payable with the tap fee. The Pre-Facility Inspection includes inspection of easements.

- B. Facility Inspection. After construction has been completed on the property, but before service is transferred to a User, the District's operator will conduct a Final Site Survey to reinspect the water tap, meter and all other District facilities on the property for a fee in the amount of \$70.00. The fee shall be collected at the time the tap fee is paid. The property owner, builder or contractor will be held responsible for any damages or adjustments to District facilities and the cost of repairing, adjusting or relocating the facilities (the "Backcharges") before service shall be initiated to a User. If any reinspections of the facilities are required to ensure that the District's facilities are repaired, relocated or adjusted, a fee in the amount shown of \$70.00 shall be charged for each such reinspection before service will be transferred to a subsequent User. Payment of the Backcharges, or any inspection or reinspection fees, shall be made on or before the 30th day after the date of the invoice for said charges. The District may withhold the provision of service to the property or to other property owned by any User, property owner, builder or contractor who

has failed to timely pay for the Backcharges or any inspection or reinspection fee, including specifically the provision of additional taps; provided, however, the District shall follow the notification procedures set forth in this Rate Order prior to withholding the provision of service.

Section 16. Grease Traps. The District shall require the owner of any establishment that discharges certain types of waste into the District's sanitary sewer system to install a trap to prevent the entry of the discharge into the system and a sampling well to allow for periodic sampling of the discharge from the establishment. Discharges requiring a trap and sampling well include, but are not limited to, grease, oil, sand, or flammable waste. Other discharges requiring a trap and sampling well shall be determined by the District's operator and engineer on a case-by-case basis based on the operator's and engineer's conclusion that the discharge in question will harm the District's facilities if allowed to enter the District's system.

Any person responsible for a discharge requiring a trap and sampling well shall provide equipment and facilities of a type and capacity approved by the District, locate the trap in a manner that provides ready and easy access for cleaning and inspection, and maintain the trap in effective operating condition. For restaurants and similar developments, the District will require as a minimum one trap and one sampling well per restaurant. Each trap and sampling well required to be installed hereunder shall be subject to initial inspection and approval by a District representative; the fee for this initial inspection shall be \$60.00.

It shall be the responsibility of the owner of the property to maintain and service the trap(s). All traps shall be cleaned a minimum of once a month. Any time an owner files a "Liquid Waste Manifest" form with the City of Houston Health and Human Services Department, a copy of the form shall be sent to the District.

The District's operator may inspect the traps and may take samples and flow measurements from the sampling wells with no limit as to the frequency of the tests. A surcharge of \$50.00 per month will be added to the District's commercial sanitary sewer rates for each trap installed; provided, however, a dry cleaning business which performs dry cleaning on site within the District shall pay a surcharge of \$100 per month in addition to the District's commercial sanitary sewer rates for each tap installed. The surcharge will cover the cost of routine inspection, sampling, and testing. If a trap is found in violation of this Rate Order during a routine inspection, reinspection, sampling, and testing at the District's sole discretion as to time and frequency will be billed to the owner of the property as follows:

Reinspection: \$75 each trip

Sampling: \$25 each time

Lab analysis: Cost + 15%

The District has the right, in its sole discretion, to require the owner to pretreat discharge at the owner's expense.

Section 17. Builder Responsibilities.

- A. Street Cleaning. The builder and developer will be responsible for ensuring that the street in front of their lots stays free from the accumulation of trash, sediment, dirt, and all other debris. Street cleaning will be done by street scraping or by using a vacuum sweeper. Washing sediments into the sewer inlets is prohibited by the District and the EPA.
- B. Concrete Wash-Out Site. Each builder will provide a single, dedicated concrete wash-out site on one of the builder reserved lots, for use during construction. The site selected will be reviewed with the District and developer, and an identification sign must be erected on the site by the builder prior to use.

The builder will clean and maintain the site as necessary and is responsible for the proper and legal disposal of concrete. Silt fencing must be installed along the curb in front of the wash-out site as well as an access pad.

The builder will inform its subcontractors of the location and purpose of the concrete wash-out site.

- C. Other Builder Responsibilities. The builder is responsible for observing all signs and for enforcing the District's Rate Order [and Regulations Regarding Water and Sewer Lines and Connections] with all employees, suppliers, and subcontractors. Builders are responsible for conducting regular inspections of their erosion control measures to insure they are functioning properly.
- D. Failure to Comply. Failure of a builder to comply with these builder responsibilities will be considered a violation of this Rate Order and will subject the builder to the penalties set forth in the section entitled Penalties for Violation. Further, the District, at its sole option, may perform or have performed any of the builder's responsibilities and backcharge the builder for the cost. Failure to timely pay a backcharge or to comply with these responsibilities will subject the builder to termination of service in accordance with the Monthly Billing and Termination section of this Rate Order.

Section 18. Monthly Bills and Termination.

- A. Charges for services performed shall be billed monthly. All bills shall be payable on the 20th day after the date of mailing the statement for said charges. Unless payment of the monthly bill is received on or before the 20th day after the date of mailing of said statement or unless payment of any Backcharges is received on or before the 30th day after the date of the mailing or presenting of the invoice, such account shall be considered delinquent and a one time late charge equal to fifteen percent (15%) of the unpaid balance shall be charged. The District may, in its discretion, disconnect service for failure to pay all charges and Backcharges, including any late charge, by the 50th day after the due date; provided, however, that prior to disconnecting services, the District shall send written notice by United States first class mail to the User or entity at the appropriate address and provide the User or entity with an opportunity to contest, explain or correct the charges, services, or disconnection, at a meeting of the Board of Directors of the District. The written notice shall inform the User or entity 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. There shall be charged a fee of \$25.00 for such written 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 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 District'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 User or entity appears before the Board in person or in writing, the Board shall hear and consider the matter and inform the User or entity of the Board's determination by sending written notice by United States first class mail to the User or entity at the appropriate address.
- B. Notice of Termination. Any person, corporation or other entity who violates any provision of this Rate Order, in addition to being subject to the penalties described elsewhere in this Rate Order, shall be subject to having service terminated; provided, however, that prior to disconnecting

service for such violations, the District shall give written notice by first class mail or otherwise to such person, corporation or other entity, of the pending disconnection, and shall give each person, corporation or other entity the opportunity to contest, explain or correct the violation of the Rate Order at a meeting of the Board of Directors of the District. Such disconnection shall be in addition to penalties that may be imposed by the District under this Rate Order.

- C. Reconnection Charge. If either water and sewer service or trash collection service to a user is disconnected or terminated for any cause, there shall be charged a reconnection or reinstatement fee of \$100.00 before service is again commenced to such user. If charges for both water and sewer services and trash services are delinquent, termination of both services may be processed jointly.
- D. Date of Payment. If a user remits payment for any District bill by check, the bill shall not be considered paid until the check has been honored by the bank on which the check is drawn.
- E. Returned Checks. In the event a user pays monthly service fees, reconnection charges, or other District bills by check and said check is returned unpaid by user's bank for any reason not due to negligence of the District, the user shall be required to pay the outstanding bill in cash, or cashier's check or money order, and additionally, shall be required to pay a service charge in the amount of \$30.00 to compensate the District in its expense in processing the dishonored check.

The District shall give any user whose check is returned notice that such check has been returned unpaid by posting a notice on the user's front door. Such notice shall state the place and time at which the account may be paid and the billing company's telephone number.

If the District has not given written notice of termination prior to the time of receipt of a check subsequently dishonored, the District shall proceed with termination as provided above, except for posting notice on the user's front door, charging the \$30.00 for its expense of processing the dishonored check and requiring payment by U.S. currency (coins in denomination of less than \$1.00 will be accepted for only the portion of the bill which is less than \$1.00), cashier's check or money order.

If the District has given written notice of termination prior to the time of receipt of a check subsequently dishonored, the District shall terminate service at the later of (a) the date of termination previously specified or (b) forty-eight (48) hours from the time of posting notice as provided above,

unless the bill is paid in full in U.S. currency (coins in denomination of less than \$1.00 will be accepted for only the portion of the bill which is less than \$1.00), cashier's check or money order.

- F. Termination of Service Upon Request of User. Whenever a User of District services temporarily or permanently abandons the structure or building receiving service and no longer wishes to be serviced, he or she shall notify the District's Operator at least two days prior to the time he or she desires service to be discontinued. The District shall charge such User \$50.00 for discontinuing and \$50.00 for restoring service if such service is discontinued or restored at the request of the user and he or she is not delinquent in the payment of any bill at the time of the request.
- G. Additional Payment Options. Any User may pay the monthly water and sewer bill via the payment options provided through the District and its operator including but not limited to, online check and credit card payments, check and credit card payments processed over the telephone, and payment through various area retail locations. Certain payment options are made available through service providers who may charge Users a convenience fee in connection with some payment options. Such convenience fees are the sole responsibility of the User and are separate from any amount owed by the User to the District. Non-payment of any such convenience fee shall subject the User to termination of service in accordance with this Order. If any User payment is refused or returned by the processing financial institution, the District will charge the User a return item fee of \$30.00. Acceptable payment methods for delinquent accounts may be restricted as specified elsewhere in this Order.

Section 19. Responsibility for Payment of Fees on Rental Property. Whenever a Single Family Residence, which is connected to the District's system, is leased or rented, the lessee or tenant shall have the water, sewer and trash service account transferred into the name of the lessee or tenant and shall be responsible for the payment of all water, sewer and trash collection charges incurred after the earlier of the date that the account is transferred or the date that the residence is first occupied by the lessee or tenant. The lessee or tenant shall be responsible for the payment of all water, sewer and trash collection charges incurred after the date of occupancy by the lessee or tenant regardless of whether said account is transferred. There shall be charged a fee of \$25.00 for such account transfer.

Section 20. Rental Deposit. When a Single Family Residence, which is connected to the District's system, is leased or rented, a deposit of \$100.00 shall be required of the lessee or tenant. Deposits shall be held by the District in escrow to assure prompt payment of all charges for water, sewer and trash collection service. No interest will be allowed on such deposits.

Section 21. Security Deposit. For Users who have been disconnected in accordance with this Rate Order, a one-time non-interest bearing deposit in the amount of \$50.00 per equivalent single family residential connection shall be required to be paid prior to service being restored. Once a user has paid a deposit, such user shall not be required to pay another deposit if the user is subsequently disconnected. The security deposit shall be held by the District as a deposit to assure prompt payment of all charges for service in the future. When the account is closed, the District will refund the deposit (less final bill) if such amount to be refunded is \$5.00 or greater. Deposit balances of less than \$5.00 shall be retained by the District to cover the costs of closing the account.

Section 22. Builder Deposits. A non-interest bearing deposit in the amount of \$1,500.00 shall be required of each builder prior to the District's Operator making any water taps for said builder. The deposit shall be paid by the builder when the request for the first water tap is made. The deposit described herein may be applied by the District to the cost of repair of any damage caused to the District's property by a builder or builder's agent or subcontractor. If at any time the deposit falls below \$1,500.00 due to the payment of any charges or backcharges to the District, it shall be the builder's responsibility to reinstate the original amount of the deposit prior to the District's Operator making any additional water taps for said builder. The District will refund the deposit within 30 days after the approval of the builder's final water and sewer connection by the District's Operator; provided however, the deposit shall be forfeited as a penalty in the event the builder violates any provision of this Rate Order or the District's Rules and Regulations Governing Sewer Lines, Sewer Connections and Water Main Connections, as amended from time to time

Section 23. No Free Service. No free service shall be provided by the District to any person, organization or institution, including charitable institutions.

Section 24. No Guarantee of Specific Quantity or Pressure of Water. The District does not guarantee any User any specific quantity or pressure of water for any purpose whatsoever, and all Users understand and agree that the District is not liable for failure or refusal to furnish any particular amount or pressure of water to any User at any time.

Section 25. Quality of Sewage.

- A. Domestic Waste. Only ordinary liquid and water-carried waste from domestic activities that is amenable to biological treatment and that is discharged from sanitary conveniences of buildings connected to a public sanitary sewer system shall be discharged into the District's sanitary sewer lines. Waste resulting from any process of commerce or industry may not be discharged into the District's sanitary sewer lines except as authorized pursuant to subsection B below.

B. Commercial and Industrial Waste. All discharges other than waste described in subsection A are prohibited unless the user has applied to and received written authorization from the District for such discharge. The applicant must file a statement with the District containing the following information:

- (1) Name and address of applicant;
- (2) Type of industry, business, activity, or other waste-creative process;
- (3) Quantity of waste to be discharged;
- (4) Typical analysis of the waste;
- (5) Type of pretreatment proposed; and
- (6) Such other information as the District may request in writing.

The District shall have the right to reject any application for discharge of non-domestic waste into the District's sanitary sewer lines if the District determines in its sole discretion that the proposed discharge may be harmful to the District's sanitary sewer system or the environment. The District also shall have the right in approving any application for the discharge of non-domestic waste to impose any limitations on such discharge that the District determines in its sole discretion to be necessary to protect the District's sanitary sewer system or the environment.

C. National Categorical Pretreatment Standard. If a user is subject to a national categorical pretreatment standard pursuant to regulations promulgated by the Environmental Protection Agency under Section 307 of the federal Clean Water Act, the user is prohibited from discharging pollutants into the District's sanitary sewer system in violation of applicable categorical pretreatment standards.

D. District Testing; Pretreatment. The District shall have the right to sample and test any user's discharge at the discretion of the District's operator, with no limit as to the frequency of the tests, and to charge the user for the District's cost of such sampling and testing. The District also shall have the right to require pretreatment, at the user's expense, of any discharge of non-domestic waste if the District determines in its sole discretion that pretreatment of such waste is necessary to protect the District's sanitary sewer system or the environment, even if pretreatment is not otherwise required pursuant to subsection C above.

Section 26. Prohibited Discharge. No discharges shall be made into the

District's storm sewer system, other than storm sewer water run-off. All waste discharged into the District's sanitary sewer system shall conform to the requirements hereof and shall consist only of waste amenable to biological treatment or other processes employed by the District from time to time. No person may discharge into the District's sanitary sewer system any waste which by itself or by interaction with any other waste may:

- A. Injure or interfere with the processes or physical properties or facilities of the District's sanitary sewer system;
- B. Constitute a hazard to humans or animals;
- C. Create a hazard in receiving waters of the effluent of the sanitary sewer system; or
- D. Cause the District to be unable to comply with the terms of any discharge permit.

Discharges prohibited by the foregoing parameters include, but are not limited to, materials which exert or cause: excessive discoloration or concentrations of suspended solids, or chlorine demands in excess of the ability of the sanitary sewer system to adequately treat and dispose of such waste in compliance with applicable regulatory requirements. Prohibited discharges also include, but are not limited to, the following materials which, if present in sufficient quantities, may cause or result in a violation of the foregoing parameters: ashes, cinders, sand, mud, grass clippings, straw, shavings, metal, glass, rags, tar, plastic, wood or wood products, oil, grease, garbage (other than properly shredded garbage), paper or paper products, chemicals, paint residues, or bulk solids.

If a User discharges prohibited materials into the District's sanitary sewage facilities, the District has the right to either fine the resident or disconnect water service pursuant to the section of this Rate Order pursuant to Texas Water Code §49.212(c) and as stated in the section entitled Penalties for Violation.

Section 27. Obstructions. After any District facility has been set, the User shall at all times keep the area in, around and upon the District facility and District's easements and property under customer's control free from rubbish or obstructions of any kind. Failure to keep the District facilities and the District's easements and property under User's control free from rubbish or obstructions shall result in the disconnection of water service and/or the assessment of charges to remove said obstructions.

Section 28. Plumbing Regulations; Prohibition against Cross-Connections and Unacceptable Plumbing Practices; Penalty for Violation. Pursuant to Chapter 290 of the Texas Administrative Code, the District adopts the following plumbing regulations, which apply to all users of the District's potable water distribution system.

- A. Service Agreements. Prior to receiving service from the District to new construction or to buildings containing new plumbing fixtures, or prior to having service reconnected to any building after termination of water service, a user must execute a Service Agreement in the form attached to this Rate Order as Exhibit "B."
- B. Plumbing Fixtures. A User is not permitted to install any plumbing fixture which is not in compliance with a state approved plumbing code and the plumbing code, if any, required by the city in whose jurisdiction the District is located.
- C. Prohibition Against Water Contamination. No direct connection between the District's potable water distribution system and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the District's potable water distribution system by the installation of an air-gap or an appropriate backflow prevention device in accordance with state plumbing regulations. In addition, all pressure relief valves and thermal expansion devices must be in accordance with state plumbing codes and the plumbing code, if any, required by the city in whose jurisdiction the District is located.
- D. Backflow Prevention Assemblies. All sprinkler systems, spas and pools must have backflow prevention assemblies installed by the User at the User's sole cost and expense. Any existing sprinkler systems, spas and pools will also be inspected for compliance with this Rate Order if the District, in its sole discretion, determines that such systems pose a serious risk of contamination. If such existing facilities are determined to require the installation of a backflow prevention assembly, the User must install such backflow prevention assembly within five (5) working days after receipt of written notice from the District that such assembly must be installed and must provide the District's operator with or must request the District's operator to prepare a signed and dated original of a "Backflow Prevention Assembly Test and Maintenance Report" in the form attached to this Rate Order as Exhibit "A" within three (3) working days of the installation of the backflow prevention assembly and within three (3) working days of any subsequent repair, maintenance or testing of such assembly. In addition, the District, in its sole discretion, may require a Non-Single Family Residential User to install a backflow prevention assembly at any meter(s) servicing such a User's property. The District, in

its sole discretion, also may require any User to install other backflow prevention assemblies at any fixture in order to prevent contamination of the District's potable water distribution system or if the User's plumbing system poses a high health hazard. A high health hazard is defined by the Texas Natural Resource Conservation Commission as a "cross-connection, potential cross-connection, or other situation involving any substance that could cause death, illness, spread of disease, or has a high probability of causing such effects if introduced into the potable drinking water supply." If the District determines that a User must install a backflow prevention assembly as a protection against a high health hazard, the backflow prevention assembly used must comply with a state approved plumbing code and the plumbing code, if any, required by the city in whose jurisdiction the District is located, and must be tested and certified at least annually by a recognized backflow prevention assembly tester. The District's operator or its subcontractor qualify as certified backflow prevention assembly inspectors or, a list of certified backflow prevention assembly inspectors can be obtained from the local office of the Texas Natural Resource Conservation Commission.

The User is responsible for insuring that all backflow prevention assemblies are tested upon installation by a recognized backflow prevention assembly tester. The District's operator or its subcontractor qualify as certified backflow prevention assembly inspectors or, a list of certified backflow prevention assembly inspectors can be obtained from the local office of the Texas Natural Resource Conservation Commission. If this test is performed by the District's operator or its subcontractor, the cost will be \$70.00, which is due and payable prior to the test. The User is solely responsible for the cost of this test. If the District requires the installation of a backflow prevention assembly in order to prevent a serious threat to the District's public water supply, then the District, in its sole discretion, may immediately terminate service to the User. In that event, service will not be restored until the backflow prevention assembly has been installed and tested and a signed and dated original of a "Backflow Prevention Assembly Test and Maintenance Report" in the form attached to this Rate Order as Exhibit "A" has been requested from or provided to the District's operator.

If the District determines that a backflow prevention assembly must be installed pursuant to this Rate Order for reasons other than to eliminate a serious threat to the District's public water system, the User must install the backflow prevention assembly within five (5) working days after receipt of notice from the District that such installation is required. In addition, the User must request from or provide to the District's operator,

a signed and dated original of a "Backflow Prevention Assembly Test and Maintenance Report" in the form attached to this Rate Order as Exhibit "A" within three (3) working days of the installation of the backflow prevention assembly and within three (3) working days of any subsequent repair, maintenance or testing of such assembly. If the User fails to request the District's operator to provide or fails to provide the testing certificate within this time, the District, in its discretion, may terminate service to the User pursuant to the terms of this Rate Order. The District's operator will retain such reports for a minimum of three (3) years.

- E. Customer Service Inspections. A customer service inspection is required prior to the time the District (i) provides continuous water service to new construction, (ii) provides water service to private plumbing facilities that have been added to existing construction or materially improved or corrected, or (iii) continues service to a User when the District has reason to believe that cross-connections or other unacceptable plumbing practices exist. The cost of such customer service inspection will be the sole responsibility of the User. The District's operator, or its subcontractor is qualified to perform the inspection. The customer service inspection will be performed by the District's operator, the cost will be \$70.00 for Single Family Residential Users and will be determined on an individual basis for other Users. All fees relating to the customer service inspection shall be paid by the User prior to the inspection, and if the inspection is made by the District's operator in connection with new construction, the fee will be collected with the tap fee. Reinspections are performed at the same cost as the original inspection.

Prior to initiating service to new construction or buildings containing new plumbing fixtures, the User must request the District's operator to provide a signed and dated "Customer Service Inspection Certification" in the form attached to this Rate Order as Exhibit "B". The District's operator will retain such inspection certifications for a minimum of ten (10) years. If the District's operator does not perform the initial customer service inspection, the User will need to obtain a final inspection certificate from the District's operator prior to receiving service. In connection with this final plumbing inspection, the User shall allow its property to be inspected by the District's operator or its subcontractors during normal business hours for possible cross-connections and other unacceptable plumbing practices which violate this Rate Order. The cost of this final plumbing inspection shall be \$60.00 for Single Family Residential Users and will be determined on an individual basis for other Users. The cost of this final inspection shall be paid by the User prior to the final plumbing inspection. Thereafter, the District's operator or its subcontractors may, at

the discretion of the District and/or the District's operator, periodically inspect a User's plumbing system during normal business hours for the purpose of identifying possible cross-connections and other unacceptable plumbing practices which violate this Rate Order.

- F. Prohibition Against Cross-Connections. No cross-connection between the District's potable water distribution system and a private water system is permitted. Where an actual air gap is not maintained between the public water supply and a private water supply, an approved reduced pressure-zone backflow prevention assembly must be properly installed and such assembly must be annually inspected and tested by a certified backflow prevention device tester. A list of certified backflow prevention device testers may be obtained from the local office of the Texas Natural Resource Conservation Commission. By accepting service from the District, all Users agree to allow such annual inspection and testing of backflow prevention assemblies to take place during normal business hours. If any User refuses to allow such annual inspection and testing, service to such User will be discontinued until such inspection and testing is completed.

No connection which allows water to be returned to the District's potable water distribution system is permitted. This includes, but is not limited to, any device pursuant to which water is removed from the District's potable water distribution system, circulated through a User's system for condensing, cooling and heating of fluids or industrial processes, including but not limited to a heat exchange system, and routed back to the District's potable water distribution system.

- G. Notice of Unacceptable Plumbing Practices. The District shall notify the User in writing of any cross-connection or other unacceptable plumbing practice which has been identified during the customers service inspection, the final plumbing inspection, any periodic reinspection, or any other inspection. At its sole cost and expense, the User shall immediately correct any unacceptable plumbing practice on its premises and properly install, test and maintain any backflow prevention device required by the District within two (2) working days of receipt of notice of the improper cross-connection. The User shall provide copies of all testing and maintenance records on such devices to the District within three (3) working days of the testing or maintenance. If the User fails to correct the noted unacceptable plumbing practice, the District may immediately terminate water service or, at the User's sole cost and expense, eliminate the cross-connection or correct the unacceptable plumbing practice.

H. Penalty for Violation. The failure of a User to comply with the terms of this Section will be considered a violation of this Rate Order. If such a violation occurs, or if the District determines the existence of a serious threat to the integrity of the District's water supply, the District, in its sole option, may, in addition to all other legal remedies available to it, including those remedies set out in the section entitled Penalties for Violation, immediately terminate service or, at the User's sole cost and expense, install the plumbing fixtures or assemblies necessary to correct the unacceptable plumbing practice. If the District terminates service in order to preserve the integrity of the District's water supply, service will be restored only when the source of the potential contamination no longer exists or until additional safeguards have been taken. Any and all expenses associated with the enforcement of this Section shall be billed to the User.

Section 29. Prohibition of Septic Tanks and Holding Tanks. No septic tanks or holding tanks shall be permitted or used within the District.

Section 30. Title to Meters. Title to all District facilities including water meters, water and sewer taps, and all other meter boxes, shall vest in the District.

Section 31. Unauthorized Service. Only the District's Operator or its designated agent is authorized to connect or reconnect service to the District's potable water distribution system, and the User is strictly prohibited from making such connection or reconnection. Any User who violates this subsection shall be responsible for all expenses or additional operating costs attributable to such violation.

Section 32. Damage to Meters and Appurtenances. No person other than a duly authorized agent of the District shall open any meter box, repair, alter, adjust, remove, make connections or additions to or in any other way take any action which affects any meter, meter box, service line or other water and/or sewer system appurtenance. The District reserves the right to immediately and without notice remove the meter or disconnect water service to any user who has removed, tampered with or altered in any way a meter, meter box, service line or other water and/or sewer system appurtenance or who has reconnected service which was terminated by the District and to assess repair charges to the user.

Section 33. Maintenance and Repair. It shall be the responsibility of each User to maintain water and sewer lines from the point of connection to the District's water and sewer system to the building served. If for any reason the User does not maintain the water and sewer lines and requests that the District do so, the District, at its discretion, may do so and charge the User.

Section 34. Easements. Before service is commenced to any User, or, once

begun but before the reconnection is made, the person requesting such service shall grant, at no cost to the District, an easement of ingress and egress to and from the meter for such maintenance and repairs as the District may, in its judgment, may deem necessary.

Section 35. Requirements for Service. No Service shall be given from the District's System unless such User Agrees to take both water and sewer service, except to Irrigation Users and those instances where the Board of Directors determines that both services are not necessary for the preservation of sanitary water within the District.

Section 36. Penalties for Violation. Any person, corporation or other entity who:

- A. violates any Section of this Order; or
- B. makes unauthorized use of District services or facilities or allows any other person, corporation or other entity to make an unauthorized use of District services or facilities; or
- C. causes damage to District facilities by using such facilities in a manner or for a purpose contrary to the purpose for which such facilities were designed; or
- D. uses or permits the use of any septic tank or holding tank within the District;
- E. violates the District's Industrial Waste Order, if any;
- F. violates the District's Rules and Regulations Governing Sewer Lines and Sewer Connections; or
- G. violates the District's Drought Contingency Plan; or
- H. constructs facilities or buildings which are not included in the approved plans for development under the section of this Rate Order entitled Tap Fees;
- I. disposes of unauthorized material into the District's storm sewer system or sanitary sewer system

shall be subject to a penalty of up to \$5,000.00 and/or disconnection of water service for each breach of each one of the foregoing provisions. Each day that a breach of any provision hereof continues shall be considered a separate breach.

This penalty shall be in addition to the other penalties, fees and charges provided

by this Amended Rate Order and the laws of the State of Texas and in addition to any other legal rights and remedies of the District as may be allowed by law.

Section 37. Amendments. The District's Board of Directors has and specifically reserves the right to change, alter or amend any rate or provision of this Rate Order at any time.

Section 38. Superseding Orders. This resolution supersedes all prior orders, resolutions and other actions of the Board concerning fees and charges for water, sewer and trash collection services.

Section 39. Provisions Severable. The provisions of this Rate Order are severable, and if any provision or part of this Rate Order or the application thereof to any person or any circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Rate Order and the application of such provision or part of this Rate Order to other persons or circumstances shall not be affected thereby.

Section 40. Effective Date. This Rate Order is effective as of August 10, 2011.

PASSED AND APPROVED on the 15th day of September, 2011.

/s/ Fred P. Jones
President, Board of Directors

ATTEST:

/s/ Michael J. Lynch, Jr.
Secretary, Board of Directors

(SEAL)

EXHIBIT "A"

BACKFLOW PREVENTION ASSEMBLY TEST AND MAINTENANCE REPORT

The following form must be completed for each assembly tested. A signed and dated original must be submitted to the public water supplier for recordkeeping purposes.

NAME OF PWS: _____

PWS I.D. #: _____

LOCATION OF SERVICE: _____

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

Not needed at this address

TYPE OF ASSEMBLY

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

Manufacturer: _____

Size: _____

Model Number: _____

Located At: _____

Serial Number: _____

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

The above is certified to be true.

Firm name: _____

Certified Tester: _____

Firm Address: _____

Cert. Tester No.: _____

Date: _____

License Expiration Date: _____

EXHIBIT "B"

CUSTOMER SERVICE INSPECTION CERTIFICATION

Name of PWS

PWS I.D. #

Location of Service

I, , upon inspection of the private plumbing facilities connected to the aforementioned public water supply do hereby certify that, to the best of my knowledge:

- | | Compliance | Non-Compliance |
|-----|---|----------------|
| (1) | No direct connection between the public water supply and a potential source of contamination exists. Potential sources of contamination are isolated from the public water system by an air gap or an appropriate backflow prevention assembly in accordance with state plumbing regulations. Additionally, all pressure relief valves and thermal expansion devices are in compliance with state plumbing codes. | * * |
| (2) | No cross-connection between the public drinking water supply and a private water system exists. Where an actual air gap is not maintained between the public water supply and a private water supply, an approved reduced pressure zone backflow prevention assembly is properly installed and a service agreement exists for annual inspection and testing by a certified backflow prevention device tester. | * * |
| (3) | No connection exists which would allow the return of water used for condensing, cooling or industrial processes back to the public water supply. | * * |
| (4) | No pipe or pipe fitting which contains more than 8.0% lead exists in private plumbing facilities installed on or after July 1, 1988. | * * |
| (5) | No solder or flux which contains more than 0.2% lead exists in private plumbing facilities installed on or after July 1, 1988. | * * |
| (6) | No plumbing fixture is installed which is not in compliance with a state approved plumbing code. | * * |

Water service shall not be provided or restored to the private plumbing facilities until the above conditions are determined to be in compliance.

I further certify that the following materials were used in the installation of the plumbing facilities:

Service Lines: Lead * Copper * PVC * Other *
Solder: Lead * Lead Free * Solvent Weld* Other *

I recognize that this document shall become a permanent record of the aforementioned Public Water System and that I am legally responsible for the validity of the information I have provided.

Signature of Inspector

Registration Number

Title

Type of Registration

Date

License Expiration Date