

AMENDED RATE ORDER

WHEREAS, Harris County Municipal Utility District No. 18 of Harris County, Texas (the "District"), owns a water, sanitary sewer and storm sewer and drainage system designed to serve present and future inhabitants within the District; and

WHEREAS, the Board of Directors deems it necessary to adopt an amended rate order; Therefore,

BE IT ORDERED BY THE BOARD OF DIRECTORS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 18 OF 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. "Non-Single Family Residential User" - means any user of the District's water and sewer system other than a Single Family Residential User including, but not limited to, commercial establishments, apartments, recreational facilities, clubs and multi-family dwelling units.

C. "Non-Taxable User" means a user that is exempt from ad valorem taxation by the District under the Property Tax Code, including, but not limited to, schools and churches.

D. "Public Space User" means any user of the District's System for public or homeowner association esplanades, lakes, recreational areas or green spaces ("Public Spaces").

Section 2: Inspection Fee. All connections to the District's water and sewer system shall be made in accordance with the District's rules and regulations. No sewer connection or house lead shall be covered in the ground before a representative of the District has inspected the connection. The charge for making such inspection for a Single Family Residential User shall be \$65.00. The charge for making such inspection for a Non-Single Family Residential User shall be determined by the District's operator at the time the inspection is requested.

Section 3: Tap Fees.

A. Single Family Residential User Water Tap. Prior to connection to the District's System, a tap fee in the following amount shall be paid to the District.

- (1) In the case of a 5/8 or 3/4 inch meter, the tap fee shall be \$1,100.00.
- (2) In the case of a 1 inch water meter, the tap fee shall be \$1,500.00.

Connections to the District's water system shall not be allowed prior to an approved sewer inspection, and all such connections shall be inspected by the District's operator or its subcontractor.

B. Non-Single Family Residential Users. Prior to connection to the District's water system, a tap fee in the following amount shall be paid to the District: a tap fee equal to three (3) times the District's actual cost of installing the tap, meter, and necessary service lines, and repairing or restoring any yards, sidewalks, streets or other improvements affected by the installation (the "Installation Costs"). The District's operator will produce an estimate for the Installation Costs, which will be sent to the User. The User shall pay the Installation Costs, plus 20%, prior to the 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.

Connections to the District's water system shall not be allowed prior to an approved sewer inspection, and all such connections shall be inspected by the District's operator or its subcontractor.

C. Non-Taxable Users.

- (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 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.

D. General Provisions. Only single taps shall be made to the District's system.

Meters shall be installed at the time a connection is made to the District's water system.

Commercial Non-Single Family Residential Users shall be required to comply with the District's Application for Service.

All taps shall be made by or under the supervision of the District's water and sewer system operator. In the event unauthorized taps are made to the District's system, the above tap fees shall be increased by twenty percent (20%) in each instance to cover the District's expense in correcting such taps.

All water systems on public esplanades must be connected to a meter. Any such irrigation connections without meters shall be required to have meters installed. Such Users shall be charged the District's actual cost for installing the meter. Failure to pay the cost of the meter installation within the time periods set forth in Section 15 shall subject the User to disconnection in accordance with the provisions of Section 15.

Section 4: Drainage System Connection. Before any Non-Single Family Residential User 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 drainage plans for the property for which the connection is sought. Such plans shall clearly show the estimated volume of water and the points of connection to the District's drainage system. A copy of such approved drainage plan with the engineer's approval indicated thereon shall be submitted to the District's operator. Any modification of such drainage plan shall require re-approval by the District's engineer. The District reserves the right to require removal of any connection made in violation of this Section.

Section 5: Pre-Facility Inspection. All builders or contractors for 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 visible at the expense of the District. A copy of the inspection 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 \$65.00.

Section 6: 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 of \$65.00. (The \$65.00 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 re-inspections of the facilities are required to ensure that the District's facilities are repaired, relocated or adjusted, a fee of \$65.00 shall be charged for each such re-inspection before service will be transferred to a subsequent User. Payment of the Backcharges, or any \$65.00 inspection or re-inspection 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 the Backcharges or any \$65.00 inspection or re-inspection fee, including specifically the provision of additional taps; provided, however, the District shall follow the notification procedures set forth in Section 15 prior to withholding the provision of service.

Section 7: Use of Lead. The use of pipes and pipe fittings that contain more than 8.0 percent lead or solders and flux that contain more than 0.2 percent is prohibited for installation or repair of the District's water supply system and for installation or repair of any plumbing in a residential or nonresidential facility providing water for human consumption and connected to the District's water supply system. This requirement may be waived for lead joints that are necessary for repairs to cast iron pipe.

Section 8: 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 "A".

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. 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 Commission on Environmental Quality ("TCEQ") 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. A list of certified backflow prevention assembly inspectors can be obtained from the local office of the TCEQ.

The User is responsible for insuring that all backflow prevention assemblies are tested upon installation by the District's operator at a fee of \$150.00. 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 "B" has been 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. The User must arrange for the District's operator to perform a "Backflow Prevention Assembly Test and Maintenance Report" in the form attached to

this Rate Order as Exhibit "B" 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 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 and must be performed by the District's Operator, who is a certified waterworks operator holding an endorsement from the TCEQ. The cost will be \$100.00 for single family residential Users and 10% plus the operator's actual charge to the District 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 in connection with new construction, the fee will be collected with the tap fee.

Prior to initiating continuous service to new construction or buildings containing new plumbing fixtures, the User must provide the District's operator with a signed and dated "Customer Service Inspection Certification" in the form attached to this Amended Rate Order as Exhibit "C". The District's operator will retain such inspection certifications for a minimum of ten (10) years. 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 Amended 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 TCEQ. 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. Grease Trap Inspections. For each grease trap installed, there shall be charged an initial inspection fee of \$100.00 and every other month a flat rate inspection fee of \$65.00. If the operator is required to reinspect the grease trap, such reinspection shall be charged at the same \$65.00 rate.

I. 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 Section 25 of this Rate Order, 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 9: Permit and Platting Requirement. Prior to initially connecting to the District's water, sewer or drainage systems, a Single Family Residential User or Non-Single Family Residential User shall submit to the District's operator proof that the user's property has been (1) fully permitted with all applicable permits and (1) platted in accordance with the subdivision ordinances of the City of Houston. Acceptable proof of permitting includes a copy of all permits and of platting including 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.

Section 10: Maintenance and Repair. It shall be the responsibility of each user to maintain the water, sanitary sewer and storm sewer lines from the point of connection to the District's water and sewer system to the building served. Meters will be maintained by the District.

Section 11: Set Up Fee and Rates. A fee of \$20.00 shall be charged by the District to each User for the establishment of an account for water and sewer service. Charges for service should be billed monthly. All bills shall be due and payable on the 10th day after the date of the statement for such charge. Unless payment is received on or before the 11th day after the date of such statement, the account shall be considered delinquent and a late charge of ten percent (10%) of the unpaid balance shall be assessed against the account. Monthly rates for service are hereby established as follows:

WATER

User Rates

Commencing with the installation of the water meter, each user, whether Single Family Residential or Non-Single Family Residential (including townhouses), shall be billed in accordance with the schedule set forth below. The minimum charge includes a \$0.10 regulatory assessment fee to be paid by all users and submitted to the TCEQ. There shall be no proration for partial monthly use.

\$12.00 No usage (per equivalent single family residential connection as determined by the District's engineer)

First 8,000 gallons	no additional cost
Next 7,000 gallons	\$1.00 per 1,000 gallons to 15,000 gallons
Next 5,000 gallons	\$1.25 per 1,000 gallons to 20,000 gallons
Next 10,000 gallons	\$1.50 per 1,000 gallons to 30,000 gallons
Next 10,000 gallons	\$2.50 per 1,000 gallons to 40,000 gallons
All over 40,000 gallons	\$3.50 per 1,000 gallons

Multi-Family Buildings

a. Single Meter: Each multi-family building which is served by a single meter shall be billed for water at the minimum rate times the number of living units within the building. Use of water above the minimum thus provided for will be billed at the rates quoted above. There shall be no proration for partial monthly use.

b. Multiple Meters: If a multi-family building is served by more than one meter, then water delivered through each meter shall be billed at the minimum rate times the number of living units served through such meter, with consumption over the

minimum charged at the rates quoted above. There shall be no proration for partial monthly use.

Construction Period

During construction and prior to initial occupancy, a builder shall be charged a monthly flat rate of \$20.00 for water service. During construction and prior to initial occupancy, no charge shall be made for sewer service.

Public Space Users

Water service will be provided to the public esplanades, lakes, recreational areas or green spaces within the District for irrigation purposes at a monthly rate of \$1.25 per 1,000 gallons used per connection. In order to promote conservation of the District's water supply, however, Public Space users will pay an increased rate to be set by the District if the District determines that the Public Space User's water usage is excessive, inefficient, and/or wasteful.

Temporary Water Service

a. The District's operator shall be authorized to make a temporary connection to any fire hydrant or flushing valve upon receipt of a written request for temporary water service. Such temporary service shall be supplied only through a District meter installed by the District's operator.

b. The person applying for temporary water service shall be required to deposit \$800.00 with the District to secure the payment for water supplied by the District and the safe return of the District's meter. Upon receipt of full payment for temporary water used and return of the meter in good condition, the deposit will be returned; provided, however, any damage to the meter or unpaid balances will be paid from the deposit.

c. The fee for temporary water service shall be \$50.00 for costs of installation plus \$2.50 per 1,000 gallons of water used, plus the North Harris County Regional Water Authority ("NHCRWA") fees per 1,000 gallons of water delivered through the meter.

Esplanades

Water service will be provided to the public esplanades within the District for irrigation purposes at a monthly rate of \$.95 per 1,000 gallons used per connection.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

All Users shall be billed monthly a per 1,000 gallons of water charge equal to 108% (rounded up to the nearest whole number) of the per 1,000 water pumpage gallon fee imposed on the District by the NHCRWA.

Sale or Use of Water Without a Connection

It shall be an unauthorized use of District services or facilities for any person, firm or entity to use or sell water from the District's water system to serve any tract that does not have a direct connection to the District's water system. Notwithstanding the above, a person, firm or entity may petition the District for temporary service in the manner described in this Section.

SEWER

Users shall be billed in accordance with the schedule set forth below. The minimum charge includes a \$0.10 regulatory assessment fee to be paid by all users and submitted to the TCEQ. There shall be no proration for partial monthly use.

Single Family Residential Users	\$15.00 per month flat rate
Multi-Family	\$15.00 per month per unit
Non-Single Family Residential Users	\$15.00 per month per equivalent single family residential connection as determined by the District's engineer plus \$1.00 per 1,000 gallons in excess of first 15,000 gallons used

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 or sewage discharged in excess of one hundred ten percent (110%) of the amount of capacity reserved to the tract by any utility commitment letter.

Section 12: 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 \$25.00. Acceptable payment methods for delinquent accounts may be restricted as specified elsewhere in this Order.

Section 13: Returned Check Fee. The District will charge a fee in the amount of \$30.00 to any customer for each check given to the District for payment that must be returned for any reason. Payments attempted to be made by a check which is returned shall be considered delinquent unless cash or certified funds are presented to the District for payment within the time period required by this Rate Order.

Section 14: Security Deposits.

A. Security Deposits. A deposit of \$50.00 shall be required of all Single Family Residential User accounts opened after July 12, 1999, including specifically all new accounts and transfers in current billing accounts. In addition, Single Family Residential Users who have been disconnected in accordance with Section 15 shall be required to have a \$50.00 deposit in place. Such sum shall be held by the District to assure prompt payment of all charges for water and sewer service. Each time service is disconnected an additional \$50.00 deposit will be due until a total of \$150.00 deposit is on hand. A deposit equal to three months of average usage shall be required of all Non-Single Family Residential User accounts. If any such Non-Single Family Residential Users do not have a deposit in this amount as of May 14, 2001 they shall be billed such amounts, due in three installment payments, with their next water bill. New Non-Single Family Residential Users shall pay their deposit upon connection, based on estimated usage. After one year of actual usage, the deposit shall be adjusted as necessary and any deficit shall be added to the next water bill. Any overage shall be held as additional security deposit up to six months usage. No interest will be allowed on such deposits. The deposit shall be returned, less any amount owed for services or damages to District facilities, at the request of the customer when the account is closed.

B. Builder Deposits. A \$500.00 deposit shall be required of builders at the time a request for an initial water tap is made for each residence, commercial building, or other structure in the District. Said deposit will be refunded by the District upon a builder's written request if such builder is no longer building in the District; provided, however, that the deposit shall be forfeited as a penalty in the event any provision of this Order or the District's Rules and Regulations Governing Sewer Lines and Sewer Connections, as may be amended from time to time, is violated. The deposit described herein may be applied by the District to the cost of repair of any damage caused to District property by the builder or builder's agent, whereupon it will 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.

Section 15: Disconnection.

A. Charges for service shall be billed monthly. All bills shall be payable on the 20th day after the date of the statement for said charges. Unless payment of the monthly bill is received on or before the 21st day after the date of said statement or unless payment of any Backcharges is received on or before the 30th day after the date of the invoice, such account shall be considered delinquent and a one-time late charge equal to ten percent (10%) of the unpaid balance shall be charged. The District may, in its discretion, disconnect service for failure to pay all charges and backcharges 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 in the notice. The date specified for disconnection shall be 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 shall be prima facie evidence of delivery of same. **The user shall be charged a fee of \$10.00 for the notice.** 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. **Prior to the termination of service, a final notice will be left on the door of the residence of the User and a fee of \$15.00 will be charged to the User for this notice.** If service to a user or entity is disconnected for any cause, there shall be charged a reconnection fee of \$75.00 before service is again commenced to such user. Any reconnection must be made by the District's operator. In the event that an unauthorized reconnection is made, the Operator shall be authorized to remove the customer's meter.

B. Any person, corporation or other entity who violates any provision of this Rate Order, in addition to being subject to the penalties described in Section 25, 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 such 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 Section 25.

Section 16: Easements. Before service is begun to any user or, once begun, before reconnection is made, the person requesting such service shall grant an easement of ingress and egress to and from District facilities for such maintenance and repair as the District, in its judgment, may deem necessary.

Section 17: No Free Service. No free service shall be granted to any user for services furnished by the District's systems whether such user be a charitable or eleemosynary institution, a political subdivision, or a municipal corporation, and all charges for service shall be made as required herein.

Section 18: Out-of-District Service Charges. Customers outside the District's boundaries which have been connected to the District's water and sewer system shall be billed at a rate of three times the stated rates charged customers within the District for service from the District's water and sewer system. Fees for connection to the District's water system shall be billed at a rate one and one-half times the rate charged for connections made within the District.

Section 19: Required Service. No person shall receive service from the District's sanitary sewer system unless such person is also a customer of the District's water system.

Section 20: 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 21: 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 \$100.00. 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 22: 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 23: Prohibited Discharges and Unauthorized Materials.

A. Sanitary Sewer Facilities. 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:

- (1) Injure or interfere with the processes or physical properties or facilities of the District's sanitary sewer system;
- (2) Constitute a hazard to humans or animals; or
- (3) Create a hazard in receiving waters of the effluent of the sanitary sewer system.

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.

B. Drainage Facilities. No discharges shall be made into the District's storm sewer system, other than storm sewer water run-off. For the purpose of providing drainage capacity and services to drain the land located within its boundaries, the District has constructed, owns and operates a drainage and storm sewer system (collectively, the "Drainage Facilities"). It is essential that the District maintain the Drainage Facilities and ensure that they are kept clear of any objects or debris that may block them and interfere with their intended purpose. The District's Drainage Facilities are solely allowed to carry storm water rainfall and anything deposited into such system shall be unauthorized. Any individual who disposes, or is responsible for the disposal, of trash, household or other hazardous materials, construction materials or debris, chemicals, other debris, or grass, tree and yard clippings, or anything else prohibited under regulations implemented pursuant to the Federal Water Pollution Control Act or any state equivalent act, or that might potentially impede the free flow of storm water runoff ("Unauthorized Materials") in the Drainage Facilities or the District's Right-of-Way will be responsible for (1) removing such Unauthorized Materials and restoring the Drainage Facilities to their prior condition or (2) reimbursing the District for all costs of removal and restoration if the District opts, at its sole discretion, to perform such work. In addition to or in place of the foregoing, the District may assess a penalty or disconnect the customer's water service to collect such penalty for such violation under Section 25 of this Order.

Section 24: 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 Environmental Protection Agency.

B. Concrete Wash-Out Site. Each builder will provide a single, dedicated concrete wash-out site on one of the builder's 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 this Order 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 Order and will subject the builder to penalties set forth in this Order. 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 or withholding of taps in accordance with this Order.

Section 25: 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
- 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. reconnects to the District's system after termination of service by the District without having paid all outstanding charges due to the District; or

E. uses or permits the use of any septic tank or holding tank within the District; or

F. violates the District's Rules and Regulations Governing Sewer Lines and Sewer Connections; or

G. violates the District's Order Adopting a Drought Contingency Plan;

shall be subject to a penalty of \$5,000.00 for each breach of the foregoing provisions. Each day that a breach of any provision hereof continues shall be considered a separate breach. Failure to pay these fines shall result in violator being subject to disconnection of water service in accordance with Section 15. A schedule of penalties for violations of Section 23 is included in Exhibit "D".

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

Section 26: Superseding Orders. This Order supersedes all prior orders, resolutions and other actions of the Board concerning fees and charges for water and sewer services.

APPROVED AND ADOPTED this 16th day of December, 2008.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(SEAL)

LIST OF EXHIBITS

- Exhibit "A" - Service Agreement
- Exhibit "B" - Backflow Prevention Assembly Test and Maintenance Report
- Exhibit "C" - Customer Service Inspection Certification
- Exhibit "D" - Schedule of Fines and Penalties for Violation of Section 23

CERTIFICATION

I, the undersigned officer of the Board of Directors of Harris County Municipal Utility District No. 18 of Harris County, Texas, do hereby certify that the foregoing is a true and correct copy of the water and sewer rate order approved by the Board of Directors of said District on December 16, 2008, and said rates and rules are currently in effect.

Witness my hand and seal of the District the 16th day of December, 2008.

Secretary, Board of Directors

(SEAL)

CERTIFICATE FOR ORDER

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

I, the undersigned officer of the Board of Directors of Harris County Municipal Utility District No. 18, hereby certify as follows:

1. The Board of Directors of Harris County Municipal Utility District No. 18 convened in special session on the 16th day of December, 2008, outside the boundaries of the District, and the roll was called of the members of the Board:

Arved White	President
Roy A. Beversdorf	Vice President
Michael L. Murr	Secretary
Robert A. Bernardini	Assistant Vice President
Vacant Assistant	Secretary

and all of said persons were present except Director(s) _____, 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. 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; the action approving the order has been duly recorded in the Board’s minutes of the meeting; 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; 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; the meeting was open to the public as required by law; and 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 16th day of December, 2008.

Secretary, Board of Directors

(SEAL)

EXHIBIT "A"

SERVICE AGREEMENT

- I. **PURPOSE.** The Harris County Municipal Utility District No. 18 of Harris County, Texas ("District") is responsible for protecting the drinking water supply from contamination or pollution which could result from improper plumbing practices. The purpose of this service agreement is to notify each customer of the plumbing restrictions which are in place to provide this protection. The District enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the District will begin service. In addition, when service to an existing connection has been suspended or terminated, the District will not re-establish service unless it has a signed copy of this agreement.

- II. **PLUMBING RESTRICTIONS.** The following unacceptable plumbing practices are prohibited by State regulations.
 - A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
 - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
 - C. No connection which allows water to be returned to the public drinking water supply is permitted.
 - D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
 - E. No solder or flux which contains more than 0.2 percent lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

- III. **SERVICE AGREEMENT.** The following are the terms of the service agreement between the Harris County Municipal Utility District No. 18 of Harris County, Texas (the "District") and [NAME OF CUSTOMER] (the "Customer").
 - A. The District will maintain a copy of this agreement as long as Customer and/or the premises is connected to the District's water system.
 - B. Customer shall allow his/her property to be inspected for possible cross-connections and other unacceptable plumbing practices. These inspections shall be conducted by the District or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other unacceptable plumbing practices exist; or after any major changes to the private plumbing facilities. The inspections shall be conducted during the District's normal business hours.
 - C. The District shall notify Customer in writing of any cross-connection or other unacceptable plumbing practice which has been identified during the initial inspection or the periodic reinspection.
 - D. Customer shall immediately correct any unacceptable plumbing practice on his/her premises.
 - E. Customer shall, at his/her expense, properly install, test, and maintain any backflow prevention device required by the District. Copies of all testing and maintenance records shall be provided to the District.

F. Customer understands and agrees that the District does not guarantee any specific quantity or pressure of water for any purpose whatsoever and that the District is not liable to customer for failure or refusal to furnish any particular amount or pressure of water to Customer at any time.

IV. **ENFORCEMENT.** If Customer fails to comply with the terms of the Service Agreement, the District shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this Service Agreement shall be billed to Customer.

CUSTOMER'S SIGNATURE: _____

DATE: _____

ADDRESS: _____

EXHIBIT "B"

Backflow Prevention Assembly Test and Maintenance Report

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

BACKFLOW PREVENTION ASSEMBLY TEST AND MAINTENANCE REPORT

NAME OF PWS: _____

PWS I.D. #: _____

LOCATION OF SERVICE: _____

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

Not needed at this address

TYPE OF ASSEMBLY

Reduced Pressure Principle
 Double Check Valve

Pressure Vacuum Breaker
 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: _____

EXHIBIT "C"

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. | <input type="checkbox"/> | <input type="checkbox"/> |
| (2) No cross-connection between the public drinking water supply and a private water system exists. Where an actual air gap is not maintained between the public water supply and a private water supply, an approved reduced pressure zone backflow prevention assembly is properly installed and a service agreement exists for annual inspection and testing by a certified backflow prevention device tester. | <input type="checkbox"/> | <input type="checkbox"/> |
| (3) No connection exists which would allow the return of water used for condensing, cooling or industrial processes back to the public water supply. | <input type="checkbox"/> | <input type="checkbox"/> |
| (4) No pipe or pipe fitting which contains more than 8.0% lead exists in private plumbing facilities installed on or after July 1, 1988. | <input type="checkbox"/> | <input type="checkbox"/> |
| (5) No solder or flux which contains more than 0.2% lead exists in private plumbing facilities installed on or after July 1, 1988. | <input type="checkbox"/> | <input type="checkbox"/> |
| (6) No plumbing fixture is installed which is not in compliance with a state approved plumbing code. | <input type="checkbox"/> | <input type="checkbox"/> |

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 <input type="checkbox"/>	Copper <input type="checkbox"/>	PVC <input type="checkbox"/>	Other <input type="checkbox"/>
Solder:	Lead <input type="checkbox"/>	Lead Free <input type="checkbox"/>	Solvent Weld <input type="checkbox"/>	Other <input type="checkbox"/>

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

EXHIBIT "D"

Schedule of Fines and Penalties for Violation of Section 23

First violation (unless it results in damage to persons or property)	Warning
Second violation	\$50 per day*
Third violation	\$250 per day*
Subsequent	\$1,000 per day*

Failure to pay these fines shall result in violator being subject to disconnection of water service in accordance with Section 15. In addition to these fines, the District has the right to remedy the situation resulting in the violation and to the extent costs are incurred, they will be in addition to these fines. However, any violation that the District, in its sole discretion, determines may result in damage to persons or property (including the District's facilities or property), the maximum fine of up to \$5,000 per day will be imposed, in addition to any remedial costs.

* Each day that a breach of any provision hereof continues shall be considered a separate violation.