



January 7, 2019

TO: Utility Districts, the City of Fulshear, Texas, and Non-District/Non-City Well Owners Located Within the North Fort Bend Water Authority

FROM: North Fort Bend Water Authority (the "NFBWA")

RE: Notice of Adoption of Amended Rate Order

At the NFBWA's Board of Directors meeting held on December 20, 2018, at 6:00 p.m., at the Willow Fork Country Club, 21055 Westheimer Parkway, Katy, Texas 77450, the NFBWA adopted an Amended Rate Order (the "Order"). The Order established a Surface Water Fee of \$4.00 per 1,000 gallons of surface water received and a Groundwater Reduction Plan Fee of \$3.65 per 1,000 gallons of water pumped (which increases the corresponding Imported Water Fees), **effective January 1, 2019**.

These fees will be utilized to fund the cost of constructing, operating, and maintaining the NFBWA's current surface water supply system, as well as the capital costs associated with constructing the additional large-scale infrastructure projects needed to meet the Fort Bend Subsidence District's (the "FBSD") groundwater reduction requirements. The NFBWA timely met the FBSD's requirement to convert 30% of the water usage within its boundaries to surface water by 2014 and is currently in the planning and design stages to meet the FBSD's requirement to convert 60% of the water usage within its boundaries to surface water supply by 2025. The key infrastructure necessary to meet the FBSD's 2025 conversion requirement is substantial and costly. In order to secure the necessary surface water and deliver it to consumers within the NFBWA's boundaries, the NFBWA is partnering with other regional water providers to construct the following projects:

- **Luce Bayou Inter-basin Transfer (the "Luce Bayou")**: The NFBWA, the other regional water authorities, and the City of Houston (the "City") are partners in the construction of the Coastal Water Authority's Luce Bayou project. Once completed, Luce Bayou will provide an additional 500 million gallons per day of surface water transferred from the Trinity River into Lake Houston. This project is being constructed to supply the necessary surface water to be treated by the Northeast Water Purification Plant (the "NEWPP"). The Luce Bayou project is currently projected to cost \$300 million.

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- **Northeast Water Purification Plant:** The NFBWA and other regional water authorities are also partnering with the City to expand the City's NEWPP. Once expanded, the NEWPP will treat over 320 million gallons of surface water every day from Lake Houston. The NEWPP expansion project is currently projected to cost \$1.831 billion.
- **Surface Water Supply Project (the "SWSP"):** To bring the treated surface water from the NEWPP to consumers within the NFBWA's boundaries, the NFBWA is partnering with the West Harris County Regional Water Authority to construct the SWSP. The SWSP will consist of approximately 39 miles of 65 to 96-inch diameter pipeline beginning at the NEWPP on the east side of Harris County and running through the heart of the City to Fort Bend County. Once this surface water reaches the NFBWA, it will be distributed throughout the NFBWA via the NFBWA's internal distribution lines. The SWSP is currently projected to cost \$1.236 billion.

Following completion of these massive infrastructure projects, the NFBWA will have both the surface water and the distribution system in place to meet the FBSD's 2025 conversion requirement of 60%.

The NFBWA would also like to remind you that the Order contains procedures for new water wells, as well as changes to existing water wells, and includes a New Well or Activity Status Change Request Form, to be used for all wells subject to the NFBWA's Groundwater Reduction Plan. Further, please remember to continue submitting District Registration Forms, any interconnect agreements, and any new water conservation plans or water conservation plan annual reports as required under the Order.

For more information regarding the NFBWA, its purpose, and its ongoing capital improvement projects, please visit www.nfbwa.com. An electronic copy of the Order may be viewed on the NFBWA's website, or a hard copy of the Order can be obtained by forwarding a written request to the NFBWA at the following address: c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.