

CERTIFICATE FOR ORDER

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

I, the undersigned officer of the Board of Directors of the North Fort Bend Water Authority, do hereby certify as follows:

1. The Board of Directors of the North Fort Bend Water Authority convened in regular session on the 16th day of December, 2021, and the roll was called of the members of the Board:

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|-----------------------|--------------------------|
| Peter Houghton | President |
| Robert Patton | Vice President |
| Melony Gay | Secretary |
| Robert Darden | Assistant Vice President |
| Bruce Fay | Assistant Secretary |
| Donald Abrahamson, II | Assistant Secretary |
| Dana Hollingsworth | Assistant Secretary |

and all of said persons were present except Director(s) Houghton and Gay, 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 Amended Rate Order be adopted; and, after due discussion, the motion, carrying with it the adoption of the Amended Rate Order, prevailed and carried unanimously.

2. A true, full, and correct copy of the aforesaid Amended Rate Order adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; the action approving the Amended Rate Order has been duly recorded in the Board's minutes of the meeting; that the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of the Board as indicated therein; 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 Amended Rate 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, 2021.



Bruce Fay
Asst Secretary, Board of Directors

(SEAL)

NORTH FORT BEND WATER AUTHORITY
AMENDED RATE ORDER

STATE OF TEXAS §

§

COUNTIES OF FORT BEND AND HARRIS §

WHEREAS, the North Fort Bend Water Authority (the "Authority") is a regional water authority created pursuant to Senate Bill 1798 of the 79th Legislature, as amended (the "Act"), which amended the Special District Local Laws Code by adding Chapter 8813 ("Section 8813"), and Article XVI, Section 59 of the Texas Constitution; and

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

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

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

WHEREAS, Section 8813.008 provides that the Authority may establish fees, user fees, rates, charges, or special assessments, that are necessary to pay for the costs of accomplishing the purposes of the Authority, including: (1) the reduction of groundwater withdrawals; (2) the facilitation of compliance with the requirements of the Fort Bend Subsidence District and the Harris Galveston Subsidence District, as applicable; and (3) the provision of services, facilities, and systems; and

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

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

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

NOW, THEREFORE, IT IS ORDERED BY THE BOARD OF DIRECTORS OF THE NORTH FORT BEND WATER AUTHORITY THAT:

ARTICLE I DEFINITIONS

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

"Act" means Senate Bill 1798 of the 79th Texas Legislature, as amended.

"AMI" means the Authority's Advanced Metering Infrastructure.

"Authority" means the North Fort Bend Water Authority.

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

"Authority Operator" means the operating company performing operations for the Authority (currently Inframark Water Infrastructure Operations), which may be changed from time to time by the Authority.

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

"Board" means the Board of Directors of the Authority.

"Chloramine System" is defined hereinafter.

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

“Control Valve Assembly” is defined hereinafter.

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

“Current Calendar Year” is defined hereinafter.

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

“Delivery Point” is defined hereinafter.

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

“FBSD” means the Fort Bend Subsidence District.

“GRP” means that certain groundwater reduction plan adopted by the Authority’s Board in March 2008, as amended; and all directives, determinations and requirements issued by the Authority (or the Authority Engineer or Authority Operator) pursuant to such plan, as all of same may be amended from time to time.

“GRP Fee” means the groundwater reduction plan fee/rate adopted by the Board pursuant to Section 8813.103 and set forth hereinafter.

“HGSD” means the Harris Galveston Subsidence District.

“Houston” means the City of Houston, Texas.

“Imported Water” means water of any type that is produced outside of the boundaries of the Authority and transported into the boundaries of the Authority for distribution to an end user within the boundaries of the Authority. The term “Imported Water” does not include Surface Water delivered through or by the Authority System.

“Imported Water Fee” means the imported water fee/rate adopted by the Board pursuant to Section 8813.103(h) of the Texas Special District Local Laws Code and set forth hereinafter.

“Interest Rate” is defined hereinafter.

“Maximum Daily Amount” is defined hereinafter.

“Minimum Daily Amount” is defined hereinafter.

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

“Non-Potable Water” means water other than potable Surface Water or other ground water, including but not limited to, rain water, storm water, and/or effluent reuse water.

“Online Reporting System” means the Authority’s online pumpage reporting system.

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

“Rate Order” means this Amended Rate Order.

“Realty Interest Document” means a written document (in a form acceptable to the Authority) that grants the following rights to the Authority across, along, under, over, and upon any property (whether or not a water plant site) owned by a Person, or in which a Person has any interest: (i) water line and/or water meter easement(s), (ii) consent to conveyance of Authority easement(s), (iii) subordination of a Person’s realty interests to the Authority’s rights under Authority easement(s), or (iv) any other property interest necessary or convenient for the Authority to provide and/or meter Surface Water delivered by the Authority to any Authority customers.

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

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

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

“Surface Water Fee” means the surface water fee/rate adopted by the Board pursuant to Section 8813.103 of the Act and set forth hereinafter.

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

“Water Importer” means a Person located, in whole or in part, within the Authority’s boundaries that uses or distributes Imported Water. The term “Water Importer” does not include an owner of an Exempt Well if, and only if, such owner does not own any Non-Exempt Wells.

“Water Line Tank Connection” is defined hereinafter.

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

Section 1.02. Interpretations. The article and section headings of this Rate Order are included herein for convenience of reference purposes only and shall not constitute a part of this Rate Order or affect its interpretation in any respect. Except where the context otherwise requires, words imparting the singular number shall include the plural and vice versa.

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

ARTICLE II FINDINGS

Section 2.01. Findings. Each of the recitals stated in this Rate Order are hereby adopted as a finding of the Board. All statutory requirements and conditions (including those of Section 8813.103) have been met for the establishment of those fees, user fees, rates and charges set forth in this Rate Order.

ARTICLE III RATES AND CHARGES

Section 3.01. GRP Fee. The Board hereby adopts a GRP Fee pursuant to Section 8813.103. The owner of each Non-Exempt Well within the Authority shall pay the Authority the GRP Fee for monthly pumpage, as provided in this Section. Effective January 1, 2022, the GRP Fee shall be equal to \$4.55 for each 1,000 gallons of water pumped from each Non-Exempt Well. Payment of the GRP Fee is due by the last day of

the month two months after which pumpage is required to be calculated (the "Due Date"). (For example, payment for January pumpage is due by March 31st; payment for February pumpage is due by April 30th; etc.) The Authority will not send invoices or billings to Non-Exempt Well owners for the amount of GRP Fees that are due. Each Non-Exempt Well owner shall be responsible for remitting to the Authority the GRP Fee on or before the Due Date. The GRP Fee for any billing period beginning on or after January 1, 2022, shall be calculated on the Online Reporting System, as further described in Section 4.01.

Section 3.02. Surface Water Fee. The Board hereby adopts a Surface Water Fee pursuant to Section 8813.103. Each Person that receives Surface Water from the Authority shall pay the Authority the Surface Water Fee for Surface Water received monthly, as provided in this Section. Effective January 1, 2022, the Surface Water Fee shall be equal to \$4.90 for each 1,000 gallons of Surface Water received. Payment of the Surface Water Fee is due by the last day of the month two months after which Surface Water usage is required to be calculated, the Due Date. (For example, payment for January Surface Water usage is due by March 31st; payment for February Surface Water usage is due by April 30th; etc.) The Authority will not send invoices or billings to Surface Water users for the amount of Surface Water Fees that are due. Each Surface Water user shall be responsible for remitting to the Authority the Surface Water Fee on or before the due date. The Surface Water Fee for any billing period beginning on or after January 1, 2022, shall be calculated completed as further described in Section 4.01.

Section 3.03. Imported Water Fee.

(a) Adoption of Imported Water Fee. The Board hereby adopts an Imported Water Fee pursuant to Chapter 8813 (including Section 8813.103(h)) of the Texas Special District Local Laws Code. If a Water Importer obtains Imported Water to serve all or any portion of the property it serves, then such Water Importer must immediately notify the Authority in the method set forth below and must pay to the Authority monthly the following Imported Water Fee: (i) a fee equal to the then-current GRP Fee applied on all Imported Water if the Water Importer is not a Converted Customer; or (ii) a fee equal to the then-current Surface Water Fee applied on all Imported Water, if the Water Importer is a Converted Customer. Notification of interconnect use shall be requested through the Authority's Online Reporting System. Notification of Imported Water from any other source must be submitted in writing to the Authority. The Imported Water Fee is due and payable to the Authority monthly even if the Water Importer also pays another entity for the Imported Water and even if the Authority is not then providing Surface Water to the Water Importer.

(b) Imported Water Fee Payment. The Imported Water Fee is due and payable to the Authority monthly at the same time as the Water Importer's GRP Fee or Surface Water Fee payment, even if the Water Importer also pays another entity for the

Imported Water and even if the Authority is not then providing any water to the Water Importer. The Imported Water Fee for any billing period beginning on or after January 1, 2022, shall be calculated on the Online Reporting System.

(c) Emergency Situations. If the Water Importer is experiencing an emergency situation and receiving surface water from the Authority, then the Water Importer will be charged the Imported Water Fee unless a variance is granted in accordance with subsection (d) below. Notwithstanding the foregoing, if special circumstances exist, as determined in the sole discretion of the Authority pursuant to subsection (e) below, in which the Authority is unable to deliver water to the Water Importer, then the Imported Water Fee shall not be imposed for the time period in which the Authority cannot deliver surface water. If the Water Importer is experiencing an emergency situation, as determined in the sole discretion of the Authority, but is not receiving surface water from the Authority, then the Water Importer shall not be charged an Imported Water Fee on the Imported Water that it receives during a period not to exceed 60 consecutive or inconsecutive days during any calendar year. Such time period may be extended by the Authority, in its sole discretion and as appropriate, on a case by case basis considering the circumstances of the particular emergency.

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

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

Section 3.04. Payment of Fees. All fees payable to the Authority shall be paid in money which is legal tender in the United States of America. Payments will be accepted only by check or money order made payable to the "North Fort Bend Water Authority" or by wire transfer according to written wiring instructions provided by the Authority. No cash will be accepted. All payments must be received by the bookkeeper of the Authority (currently, Municipal Accounts & Consulting, L.P., 1281 Brittmoore Road, Houston, TX 77043) by the Due Date. Written wire instructions are available upon request.

Section 3.35. Special Assessments. Section 8813.105 allows the Board to impose special assessments. To date, the Board has not imposed such special assessments. The Board reserves the right to impose such special assessments at any time by adopting a resolution, rule, requirement, or order (or amendment to this Rate Order) that expressly provides for the imposition of such special assessments.

ARTICLE IV WELL PUMPAGE

Section 4.01. Self-Reporting. Each Non-Exempt Well owner shall be responsible for reading the meter which measures the amount of water pumped from each Non-Exempt Well at the end of each month. Such measurement (even if it shows zero pumpage for the month) shall be reported to the Authority: (i) through the Online Reporting System, or (ii) if the Authority determines that access to the Online Reporting System is not reasonably available to a Person, then reporting may be made via the non-electronic reporting form attached hereto as Exhibit "A," provided permission to use the non-electronic reporting form is obtained in writing from the Authority. Along with the owner's monthly GRP Fee payment, the owner shall report its usage to the Authority no later than the last day of the month following the month for which pumpage is required to be calculated. (For example, reporting for January pumpage is

due by February 28th; reporting for February pumpage is due by March 31st; etc.). The Authority reserves the right to request more frequent reporting, at its sole discretion.

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

Section 4.03. Failure to Read Meter. In the event a Non-Exempt Well owner fails to read the meter, which measures the amount of water pumped from its Well, the Authority shall have the right to read the meter. The Authority may establish the Well owner's GRP Fee based on the Authority's reading, regardless of when the Authority reads the meter.

Section 4.04. Accuracy of Meters. Each Non-Exempt Well owner shall be responsible to install and maintain a Well meter on each Non-Exempt Well that meets all FBSD requirements, including but not limited to, registering a meter accuracy within the range of 97% to 103% accuracy (the "Meter Accuracy Range"). In addition, effective January 1, 2022, each Non-Exempt Well owner installing a new Well meter is responsible for ensuring that such Well meter is compliant with the Authority's AMI. If the Authority at any time believes that the meter accuracy fails to fall within the Meter Accuracy Range, it may notify the Well owner and require that such meter be independently tested and the results reported to the Authority. If the testing reveals that the meter accuracy is within the Meter Accuracy Range, the Authority shall pay the cost of such testing and the cost of any necessary temporary meter used. If the testing reveals that the meter accuracy is not within the Meter Accuracy Range, then the Well owner shall pay the cost of such testing, the cost of any necessary temporary meter used, and the cost to recalibrate the meter such that the meter accuracy falls within the Meter Accuracy Range, and the owner shall be responsible for payment to the

Authority of the GRP Fee for unread gallons, as determined by the Authority. If the owner refuses to test the meter after the Authority requires it to do so, the Authority may remove the Well meter for independent testing and recalibration, and replace it with a temporary meter. The Authority shall pay for the cost of such testing and temporary meter, unless the results show that the meter accuracy was not within the Meter Accuracy Range, in which case the Well owner shall be responsible for the cost of testing and recalibration of the meter, the cost of the temporary meter, and payment to the Authority of the GRP Fee for unread gallons, as determined by the Authority. Payment of the GRP Fee under this Section, for unread gallons resulting from a meter with meter accuracy not in compliance with the Meter Accuracy Range, shall be due to the Authority within 45 days after the Authority submits an invoice to the Well owner for same.

Section 4.05. Fort Bend Subsidence District Water Well Permitting. The FBSD has issued an aggregate water well permit to the Authority comprising all of the permitted non-exempt groundwater production for the Authority's GRP within Fort Bend County. The Authority shall be responsible for all administrative matters related to the aggregate water well permit, including permit renewal, payment of permit fees, requests for permit rebates, and year-end pumpage reporting requirements. Each Well owner listed on the Authority's aggregate water well permit shall provide the Authority data and information required by the Authority for the Authority to prepare and file documents with the FBSD related to well permitting. Each Non-Exempt Well owner shall maintain: (i) ownership of its Well(s) and operational responsibility therefor, and (ii) subject to groundwater reduction requirements imposed by the Authority, the terms of the GRP, and any limitations imposed by the FBSD, the right to pump from such Well(s) the amount of groundwater reasonably determined by such owner to be needed by such owner, for itself or for its customers, to provide water in accordance with at least the minimum regulatory requirements for pressure and supply, including, without limitation, during an emergency requiring immediate use of groundwater (such as for firefighting purposes) so long as such owner is not committing waste or being wasteful. For purposes of this provision "waste" and "wasteful" shall have the most restrictive meaning ascribed to such terms in the following: (i) the Special District Local Laws Code Chapter 8834 with respect to Non-Exempt Wells in the FBSD, (ii) rules or requirements of the FBSD with respect to Non-Exempt Wells in the FBSD, or (iii) the terms of the aggregate water well permit issued to the Authority.

Section 4.06. Well Procedures. All requests for new Wells or changes in status to existing Wells subject to the Authority's GRP must first be submitted to the Authority and shall not be submitted directly to Fort Bend Subsidence District. Requests must be submitted to the Authority on the New Well or Activity Status Change Request form attached as Exhibit "B."

ARTICLE V
SURFACE WATER USE AND CONVERSION

Section 5.01. Self-Reporting. Each Surface Water user shall be responsible for reading the meter, which measures the amount of Surface Water delivered by the Authority, at the end of each month. Such measurement (even if it shows zero Surface Water usage for the month) shall be reported to the Authority: (i) through the Online Reporting System, or (ii) if the Authority determines that access to the Online Reporting System is not reasonably available to a Person, then reporting may be made via the non-electronic reporting form attached hereto as Exhibit "A," provided permission to use the non-electronic reporting form is obtained in writing from the Authority. Along with the user's monthly Surface Water Fee payment, the user shall report its usage to the Authority no later than the last day of the month following the month for which Surface Water usage is required to be calculated. (For example, the reporting form for January Surface Water usage is due by February 28th; the reporting form for February Surface Water usage is due by March 31st; etc.) The Authority reserves the right to request more frequent reporting, at its sole discretion.

Section 5.02. Audits. The Authority shall have the right to audit the Surface Water usage measurements submitted by the Surface Water user by reading the Surface Water meter. The Authority may also, at its discretion, read the meter for any other reason. In addition, upon reasonable notice, the Authority shall have the right to install necessary equipment or conduct repairs in order for the Authority to read the meter remotely.

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

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

Valve Assembly and other equipment installed by the Authority shall remain the property of the Authority.

Section 5.05. Testing of Measuring Equipment. The Authority may from time to time test the measuring equipment. Should the test of the measuring equipment show that the equipment is registering more than one hundred two percent (102%) or less than ninety-five percent (95%) of the water delivered, the total quantity of water delivered to the Person will be deemed to be the average daily consumption as measured by the measuring equipment when in working order, and the meter shall be corrected, repaired, or replaced by the Authority with accurate measuring equipment. In such event, the Person's payments for Surface Water to the Authority shall be adjusted (increased or decreased) for a period extending back to the time when the inaccuracy began, if such time is ascertainable; and if such time is not ascertainable, for a period extending back to the last test of the measuring equipment or 120 days, whichever is shorter.

Section 5.06. Delivery, Facilities and Title to Water. Each Person receiving Surface Water from the Authority shall be responsible to deliver water from the Delivery Point to and into the Person's water system. The Authority, and not the Person receiving Surface Water from the Authority, shall own, operate, and maintain: (i) any sensor equipment installed by the Authority on the Person's ground storage tank facilities or other water plant facilities and related electrical and control connections by conduit pipe, or other means, connecting such sensor equipment to the Authority's facilities (the "Sensor Line and Equipment"); and (ii) the Control Valve Assembly installed by the Authority. The Person receiving Surface Water from the Authority, and not the Authority, shall own, operate, and maintain all equipment, facilities, tanks, buildings, materials, wells, and lines downstream of the Control Valve Assembly, except for the Sensor Line and Equipment, and shall be responsible for any malfunctions of said items, including tank overflows. Unless otherwise agreed to in writing by the Authority, the Person receiving Surface Water from the Authority shall at all times, at the Person's expense, maintain an air gap, in accordance with a location and specifications approved by the Authority, downstream of the Delivery Point before the water delivered by the Authority enters the Person's ground storage tank(s); provided, however, the Authority, at its option, may provide an alternative backflow prevention procedure or mechanism. Title to, possession, and control of Surface Water shall remain with the Authority until it passes through the Control Valve Assembly, where title to, possession, and control of the Surface Water shall pass from the Authority to the Person receiving same.

Section 5.07. Chloramine Disinfection. Usually, Surface Water delivered by the Authority will be disinfected with chloramines. Each Converted Customer is required to: (i) convert its water treatment system to a chloramine disinfection system, or install a chloramine disinfection system, prior to becoming a Converted Customer and no later than the date required by the Authority; and (ii) maintain use of such chloramine

disinfection system thereafter for so long as such Converted Customer is connected to the Authority System and for so long as the Surface Water delivered by the Authority is disinfected with chloramines. The Authority shall provide notice to each Person to be Converted to Surface Water of the required conversion to chloramines. It shall be the responsibility of each Converted Customer (and each Person that receives water from a Converted Customer, for example and without limitation, via a water interconnect), and not the Authority, to: (i) notify such Converted Customer's (or such Person's) water customers and water users about its conversion to and use of chloramine disinfection; (ii) comply with any applicable United States Environmental Protection Agency and Commission (and other applicable agency) regulations and requirements, and applicable laws; and (iii) comply with any applicable Commission regulations and requirements, including the variance process for chloramines conversion and approval for interconnections. Prior to completion of design (and commencement of construction) of the chloramine disinfection system required by this Section, the Person to be converted to Surface Water shall submit plans and specifications to the Authority Engineer for review and approval. ANY SUCH APPROVAL DOES NOT RELIEVE THE PERSON, AND ITS ENGINEER, OF ADEQUATELY DESIGNING AND CONSTRUCTING THE FACILITIES AND ANY SUCH APPROVAL IS NOT AN ASSUMPTION BY THE AUTHORITY (OR THE AUTHORITY ENGINEER) OF RESPONSIBILITY OR LIABILITY FOR THE ADEQUACY (OR INADEQUACY) OF SUCH PLANS AND SPECIFICATIONS OR THE FACILITIES CONSTRUCTED THEREBY, ALL OF SAME BEING EXPRESSLY DISCLAIMED.

Section 5.08. Daily Amount. The Authority, the Authority Engineer, or the Authority Operator may from time to time designate a maximum daily amount of Surface Water (the "Maximum Daily Amount") to be taken by a Person and/or a minimum daily amount of Surface Water ("Minimum Daily Amount") to be taken by a Person. In such event, during any one day, no Person shall take from the Authority more than either the Maximum Daily Amount or less than the Minimum Daily Amount. The Authority may from time to time increase or decrease a Person's Maximum Daily Amount and/or Minimum Daily Amount, as determined necessary by the Authority, the Authority Engineer, or the Authority Operator. If in violation of this Rate Order, and in addition to all other remedies available to the Authority (including, without limitation, those set forth in this Rate Order), a Person takes more than its Maximum Daily Amount or less than its Minimum Daily Amount in any one day, the Person shall be responsible for payment for any damages suffered by the Authority and payment for any charges incurred by the Authority related thereto (including, without limitation, any charges or fees charged to the Authority by Houston, the FBSD, or the HGSD).

Section 5.09. Quantity or Pressure of Water. Notwithstanding any provision of this Rate Order, and unless otherwise specified in a water supply commitment agreement, the Authority does not and will not guarantee to any Person a specific

quantity or pressure of water for any purpose whatsoever. Unless such a water supply commitment agreement is in place, the above limitations on quantity and pressure may be inadequate to fulfill the Commission's regulations and requirements for capacity and water quality. In no case shall the Authority be liable for the failure or refusal to furnish water or any particular amount or pressure of water.

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

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

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

Section 5.13. Compliance with GRP. Pursuant to the Act, the Authority is authorized to develop, prepare, revise, adopt, implement, enforce, manage, or participate in the GRP. The GRP may specify the measures to be taken to reduce groundwater withdrawals and the dates and extent to which Persons shall reduce or terminate withdrawal of groundwater and instead receive water from alternative sources. The Authority, the Authority Engineer, and/or the Authority Operator shall manage and enforce the GRP, including without limitation coordination with the FBSD

or HGSD, monitoring compliance with the GRP, and enforcing the terms of the GRP. All Persons shall comply with the terms of the GRP and all other Authority orders and requirements (including, without limitation, those from the Authority Engineer or the Authority Operator) for the reduction of groundwater usage and the allocation of Surface Water. The Authority, the Authority Engineer, and/or the Authority Operator may from time to time issue groundwater reduction requirements to Persons in order to: (a) comply with or exceed FBSD or HGSD groundwater reduction requirements; (b) satisfy the terms of the GRP; and/or (c) allocate Surface Water among Persons, including requiring Persons to from time to time timely take Surface Water from the Authority in amounts determined by the Authority.

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

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

Section 5.16. Compliance of Person's Water System. In order to protect the Authority's System, each Person's water system that is receiving Surface Water from the Authority, shall be constructed and operated to comply with the rules promulgated by the Commission, or any successor agency, and the policy requirements of Houston regarding backflow prevention and cross connections. Should a condition in violation of these requirements be discovered, such Person shall promptly cure same. If determined necessary by the Authority or if the Person fails to promptly cure same, the Authority, in addition to all other remedies available to it (including, without limitation, those provided in this Rate Order), may cure same, at the cost and expense of the Person. The Authority may conduct inspections from time to time to determine that no conditions exist in such Person's water system and in connections to the Person's customers' premises which would or might adversely affect the Authority System.

Section 5.17. Termination and Reconnection of Service. The Authority may, in its discretion, disconnect service for failure to pay all charges, including penalties and interest, by the 50th day after the Due Date; provided, however, that prior to disconnecting services, the Authority shall send written notice by United States first class mail to the Person at the appropriate address and provide the Person with an opportunity to contest, explain, or correct the charges, services, or disconnection, at a meeting of the Board. The written notice shall inform the Person of the amount of the delinquent payment, the date service will be disconnected or additional service withheld if payment is not made, the date, time, and place of the next scheduled meeting of the Board, 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 at the next scheduled meeting as shown on the notice. The date specified for disconnection shall be ten (10) days after the date of the next scheduled meeting of the Board as shown in the notice, and the date for withholding additional service shall be ten (10) days after the date of that Board meeting. The notice shall be deposited, postpaid, in a post office or official depository under the care and custody of the United States Postal Service at least ten (10) days prior to the date of the scheduled meeting of the Board. A written statement by the Authority Operator that the notice was so mailed and a certificate of mailing by the United States Postal Service shall be prima facie evidence of delivery of same. If the Person appears before the Board in person or in writing, the Board shall hear and consider the matter and inform the Person of the Board's determination by sending written notice by United States first class mail to the Person at the appropriate address. If service to a Person is disconnected for nonpayment of a delinquent bill or for any cause legally authorized, a reconnection fee of \$500 shall be paid prior to service being restored. In the event that the Authority Operator removes a Person's meter due to unauthorized reconnection of service subsequent to its termination by the Authority, a reinstallation fee of \$500 shall be paid prior to service being restored, which fee is in addition to any other fees imposed (including, without limitation, the reconnection fee).

Section 5.18. Authority Reimbursement to a Converted Customer. In lieu of the Authority designing or installing the Water Line Tank Connection or the Chloramine System (both defined below), the Authority has determined to require Persons that will become Converted Customers to design and install the Water Line Tank Connection and the Chloramine System and to allow certain of the related costs incurred by Converted Customers to be eligible for potential reimbursement from the Authority, as provided in this Section. Nothing in this Section shall be construed as limiting the Authority's right to require a Person, at the Person's sole cost, to: (i) convert to Surface Water, or (ii) install the Water Line Tank Connection or the Chloramine System. Unless agreed to otherwise in writing by the Board, the Converted Customer, and not the Authority, shall own, maintain, operate, and repair (and be responsible to obtain any appropriate insurance for) the Water Line Tank Connection and Chloramine System and also the Converted Customer's water plant buildings, tanks, and water wells.

Notwithstanding the foregoing, nothing in this Section shall be construed as limited the Converted Customer's obligations as the receiving system to comply with Commission regulations and requirements. For example, in the event of a violation, the Commission will hold the Converted Customer responsible for any problems associated with the connection or chloramines system.

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

- (i) The Converted Customer may be eligible for reimbursement of the actual and reasonable construction and engineering costs incurred by the Converted Customer to construct a segment of water line ("Water Line Tank Connection") from the Authority's water meter/vault facilities to such Customer's ground storage tank facilities (or other water plant facilities). A Converted Customer shall not be eligible for this reimbursement if the Converted Customer fails to execute a Realty Interest Document in favor of the Authority in a form and at the time required by the Authority, and at no expense to the Authority. The Authority may require that such Realty Interest Document, among other things, allow the Authority the right to: (i) install, own, operate, and maintain water line and/or meter facilities and related appurtenances, and (ii) install, own, operate, and maintain sensor equipment on such Customer's ground storage tank facilities (or other water plant facilities) and electrical and control connections by conduit pipe (or other means) connecting such sensor equipment to the Authority System. No costs for repair, maintenance, operation, upgrade, or replacement of the Water Line Tank Connection shall be eligible for reimbursement from the Authority. Such items that are ineligible for reimbursement include, but are not limited to, painting of water tanks beyond those areas that are affected by the conversion to chloramines disinfection system, modifications to a Converted Customer's facilities downstream of its water tanks, building modifications, and access modifications.
- (ii) The Converted Customer may be eligible for reimbursement of the actual and reasonable construction and engineering costs incurred by the Converted Customer to convert its water treatment system from a chlorine disinfection system to a chloramine disinfection system ("Chloramine System"), including but not limited to adding ammonia storage and feed facilities, modifying chlorine storage and feed facilities, making control system modifications, and installing all necessary appurtenances thereto.

(iii) The purpose of this reimbursement is intended for costs associated with converting a pre-existing disinfection system to a chloramines disinfection system. Accordingly, unless approved in writing by the Authority, Persons scheduled by the Authority to become Converted Customers will not be eligible for a Chloramine System reimbursement on any new water plants constructed within three years before such time as Surface Water is generally available from the Authority, as determined by the sole discretion of the Authority. No costs for repair, maintenance, operation, upgrade, or replacement of a Chloramine System shall be eligible for reimbursement from the Authority. Such items that are ineligible for reimbursement include, but are not limited to, painting of water tanks beyond those areas that are affected by the conversion to chloramines disinfection system, modifications to a Converted Customer's facilities downstream of its water tanks, building modifications, and access modifications. In addition to the foregoing, in the event that a Converted Customer annexes additional land into the boundaries of the Converted Customer, whether contiguous or otherwise, costs related to the Chloramine System on any new water plants constructed by the previously Converted Customer shall not be eligible for reimbursement by the Authority. The foregoing sentence shall apply regardless of the timeline on which the Authority may deliver Surface Water to the property annexed by the Converted Customer.

(b) Actual and reasonable engineering costs will be eligible for reimbursement by the Authority under this Section, in a maximum amount determined by the Board at the Board's sole discretion.

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

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

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

(f) A Converted Customer shall not be eligible for the reimbursement described in this Section if the Converted Customer fails to obtain approval of its plans and specifications by the Authority Engineer in accordance with the provisions above.

(g) Any and all reimbursement pursuant to this Section shall be subject to Board approval, which approval may be granted or denied based on the Board's sole discretion. Any requests for variances from the reimbursement procedures and policies contained in this Section must be submitted to the Board in writing prior to a Person commencing the design of the Water Line Tank Connection or the Chloramine System. The Authority may require a Person to execute a receipt and release in a form acceptable to the Authority prior to receiving any reimbursement under this Section.

Section 5.19. Realty Interest Documents. During the course of constructing the facilities necessary to serve an intended Converted Customer with Surface Water, the Authority will need certain realty interests to provide and/or meter Surface Water delivered by the Authority to the intended Converted Customer. An intended Converted Customer shall execute any Realty Interest Documents in favor of the

Authority in a form and at the time required by the Authority, and at no expense to the Authority, necessary to provide the intended Converted Customer with Surface Water, as determined by the Authority in its sole and reasonable discretion.

ARTICLE VI COLLECTION OF FEES

Section 6.01. Late Penalties and Interest. Payments of any fees, charges, or rates shall be considered delinquent if they are received more than 10 days after the Due Date (the "Delinquent Date"). A payment postmarked after the Delinquent Date shall be deemed delinquent. Payments of any fees, charges or rates received by the Authority after the Delinquent Date will be subject to a late penalty of 2% of the fees, charges, or rates due, and such 2% penalty shall be due to the Authority on the first day such fees, charges, or rates are late. Notwithstanding the foregoing, the 2% late penalty shall not exceed an amount of \$2,000. An additional 5% penalty (for a total penalty of the lesser of 7% or \$2,000 plus 5%) shall be imposed if the payment is received more than 30 days after the Due Date, and such additional 5% penalty shall be due to the Authority on the 31st day after the Due Date. Additionally, overdue amounts (including late penalties) shall accrue interest, from the day after the Delinquent Date until the day the overdue amount is paid to the Authority, at an annual interest rate ("Interest Rate") of 4.25%. On September 1st of each calendar year (the "Current Calendar Year"), the Interest Rate shall automatically reset to the lesser of: (1) one percent plus the prime rate as published in the Wall Street Journal on the first day of July of the current calendar year that does not fall on a Saturday or Sunday; or (2) one percent plus the prime rate as published in the Wall Street Journal on the first day of July of the year preceding the current calendar year that does not fall on a Saturday or Sunday. (For example, if said prime rate was 5.5% on July 1, 2020 and is 3.25% on July 1, 2021, then on September 1, 2021, the Interest Rate shall be 3.25% plus 1%, or 4.25% per annum. The prime rates reflected in the previous sentence represent hypothetical rates, which may or may not be the actual prime rates as published in the Wall Street Journal.)

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

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

ARTICLE VII AUTHORITY RULES

Section 7.01. Self-Reporting Violations. Each Non-Exempt Well owner and Surface Water user shall be responsible for reading the meter(s) to measure the amount of water pumped from each Non-Exempt Well and the amount of Surface Water received at the end of each month and for accurately reporting, in the manner provided in this Rate Order, such measurements (even if the measurements show zero pumpage or zero Surface Water usage) to the Authority through the Online Reporting System on or before the due date. The Authority reserves the right to request more frequent reporting, at its sole discretion. Failure to make such measurements, or failure to accurately or timely report them to the Authority, shall be a violation of the Authority's rules. If a Person reports higher pumpage or higher Surface Water usage to the FBSD or HGSD than the Person reported to the Authority, the Authority shall be entitled to find that such Person did not accurately report to the Authority and therefore violated the Authority's rules.

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

Section 7.03. Calibration of Meters. Each Non-Exempt Well owner is responsible for keeping its Well meter within the Meter Accuracy Range (as defined in Section 4.04 above). It shall be a violation of the Authority's rules for any Well owner who knows or should reasonably know that its Well meter's accuracy is not within the Meter Accuracy Range to fail to promptly correct such meter and to correct any reports previously made to the Authority of inaccurate data. In addition to the foregoing, each Non-Exempt Well owner shall be required to conduct a meter calibration test, at its sole cost and expense, on each Non-Exempt Well once per calendar year. Notwithstanding anything to the contrary in the FBSD's requirements related to meter calibration, the requirement set forth in the preceding sentence shall apply to all Non-Exempt Wells regardless of meter diameter. Only equipment capable of accuracy results of plus or minus one percent of actual flow with repeatable accuracy of ½ of 1 percent may be used to calibrate or test meters. A copy of the accuracy verification report must be submitted to the Authority on or before December 31st of each calendar year confirming that the meter accuracy is within the Meter Accuracy Range.

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

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

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

Section 7.07. Water Conservation Program. To encourage efficient use of water, the Authority requires Non-Exempt Well owners and/or Persons receiving Surface Water to (i) submit a water conservation plan meeting or exceeding the minimum State requirements for retail water providers with 3,300 or more connections prior to receiving Surface Water, and (ii) submit Annual Reports documenting the implementation of the water conservation plan to the Authority by May 1st of each year on the Annual Report form promulgated by the Texas Water Development Board. If such Person intends to resell the Surface Water to a wholesale customer of such Person, then the Person shall require its wholesale customer to also implement water conservation measures pursuant to 30 Texas Administrative Code § 288.

Section 7.08. Right of Entry. Each Person shall be responsible: (1) to timely comply with the Section of this Rate Order entitled "Right to Enter Land"; and (2) to not prevent or hinder the Authority's rights under the Section of this Rate Order entitled "Right to Enter Land." Failure to do so shall be a violation of the Authority's rules.

Section 7.09. Authority Rules and Orders. All requirements set forth in this Article VII are adopted as rules of the Authority. All requirements and rules set forth in any part of this Rate Order shall be considered orders of the Authority.

Section 7.10. Interconnect Agreements. In order for the Authority to maintain an accurate inventory of the interconnects for all of the Non-Exempt Well owners and/or Persons within its boundaries, each Non-Exempt Well owner and/or Person that is a party to an interconnect agreement, regardless of whether or not the other party is located within the boundaries of the Authority, must submit copies of all interconnect agreements currently in effect or entered into in the future to the Authority. Copies of interconnect agreements entered into by all Non-Exempt Well owners and/or Persons within the Authority's boundaries must be submitted within 30 days of execution. Any new interconnects constructed for the benefit of a Non-Exempt Well owner and/or Person located within the Authority's boundaries with parties located outside of the Authority's boundaries must be metered; provided, however, interconnects in which all parties are located within the Authority's boundaries or interconnects that were constructed prior to October 1, 2012 with parties outside of the Authority's boundaries shall not be subject to this requirement.

Section 7.11. Regional System Agreements. If a Non-Exempt Well is part of a regional system, the Non-Exempt Well owner must submit the agreement relating to such regional system, including the regional system's participating entities and/or persons, to the Authority within 30 days of execution. Additionally, if any new agreements and/or amendments relating to Non-Exempt Wells within regional systems are entered into, such agreement and/or amendment must be submitted to the Authority within 30 days of execution.

Section 7.12. Contact Information Submission. In order to have accurate contact information to be able to readily contact all Non-Exempt Well owners in the case of an emergency or to transmit other necessary communication, each Non-Exempt Well owner has the responsibility to inform the Authority of the key persons involved with their system, including, as applicable, the Non-Exempt Well owner's operator, engineer, bookkeeper, attorney, and management company. Should the contact information for any of the foregoing persons change, the Non-Exempt Well owner should submit notification to the Authority as soon as reasonably practicable.

ARTICLE VIII CIVIL PENALTIES AND MISCELLANEOUS

Section 8.01. Civil Penalty. A Person is subject to a civil penalty of up to \$10,000 for each violation or each day of a continuing violation if the Person: (i) violates any provision of this Rate Order, the GRP, any rules contained in either of same, or any other order or rule of the Authority, (ii) makes unauthorized use of Authority services or facilities, or (iii) causes damage to Authority facilities by using such facilities in a manner or for a purpose contrary to the purpose for which such facilities were designed. The Board may set the penalty based on (all as determined by the Board): (i) the severity of the offense; (ii) whether such violation was willful, knowing, reckless, or inadvertent; (iii) the history of conduct by such Person; (iv) the damages sustained by

the Authority; (v) the risk or damage to the GRP; and (vi) any other factors determined appropriate by the Board. The Authority may bring an action to recover the penalty in a district court in the county where the violation occurred. The penalty shall be paid to the Authority.

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

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

Section 8.04. Right to Enter Land. In addition to any other rights that the Authority may have (by easement or otherwise), the Authority and its representatives shall have the authority to enter upon any public property (including, without limitation, property owned by a District) or private property within the Authority's boundaries or property adjacent to any property owned by the Authority (and enter upon any property owned by a Person included in the Authority's GRP by contract) at any reasonable time in order to: (1) inspect, repair, install, test, maintain, or operate any Authority facilities or to test or monitor the Surface Water delivered by the Authority; (2) upon reasonable notice, access a Well meter to replace, retrofit, or install a cellular endpoint for remote meter reading; (3) audit Well pumpage or Surface Water measurements submitted by a Person to the Authority; (4) measure Well pumpage or Surface Water usage; (5) inspect and investigate conditions relating to the quality of water in the State of Texas; and/or (6) investigate compliance with any Authority rule, regulation, permit, or order. If requested by the Authority or Authority Operator, a Person shall immediately cooperate with the Authority or Authority Operator to allow the Authority or Authority Operator to enter such site(s) for any of such purposes. Authority representatives entering private property pursuant to this Section shall observe the establishment's rules and regulations concerning safety, internal security, and fire protection and shall notify any occupant or management of their presence and shall exhibit proper credentials.

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

Section 8.06. Non-Potable Water Agreements. The Authority from time to time may enter into written contracts governing the purchase and/or use of Non-Potable Water and/or related infrastructure. All such contracts shall be subject to all of the terms, provisions, rules, requirements, and penalties of this Rate Order and all other orders, resolutions, and requirements of the Authority, to the extent that they are not inconsistent with the terms and provisions of such written contract. Necessary reporting for all metered Non-Potable Water required pursuant to the terms of each contract shall be reported to the Authority on the reporting form promulgated by the Authority (i) available electronically on the Online Reporting System, or (ii) if the Authority determines that access to the Online Reporting System is not reasonably available to a Person, then reporting may be made via the non-electronic reporting form attached hereto as Exhibit "C," provided permission to use the non-electronic reporting form is obtained in writing from the Authority. If in the sole and reasonable discretion of the Authority, it is determined that neither of the foregoing reporting methods are suitable for the specific project, the Authority may request direct reporting to the Authority Engineer. Such reporting shall be provided to the Authority no later than the last day of the second month following the month for which Non-Potable Water usage is required to be calculated. (For example, the reporting form for January pumpage is due by February 28th; the reporting form for February pumpage is due by March 31st; etc.). The Authority reserves the right to request more frequent reporting, at its sole discretion.

Section 8.07. Prior Resolutions Establishing Groundwater Reduction Plan Fees and Rate Orders. The Authority retains all of its rights and remedies under all prior Authority Resolutions Establishing Groundwater Reduction Plan Fee, as amended.

Section 8.08. Amendments to Rate Order and GRP. As determined necessary by the Authority, the Authority reserves the right to modify from time to time: (1) the rates, charges, and fees contained in this Rate Order; (2) any other terms and provisions of this Rate Order; and (3) its GRP.

Section 8.09. Authority Designee. The Authority hereby designates the Board President, Board Vice President, Board Assistant Vice President, the Authority Engineer, and/or the Authority Operator to exercise the Authority's powers under its GRP and this Rate Order.

Section 8.10. Refusal to Add Persons to GRP. The Board, at its discretion, may refuse to add Persons (and their wells) to the GRP, including, without limitation, any Person seeking to be re-admitted to the GRP who at any time had been removed from the GRP because the Person's groundwater pumpage reduced below the amount required for the Person to be subject to FBSD or HGSD groundwater reduction requirements.

Section 8.11. No Waiver. The failure of the Authority to insist, in any one or more instances, upon a Person's performance of any of the terms, requirements, or conditions of this Rate Order shall not be construed as a waiver or relinquishment of the future performance of any such term, requirement, or condition by that Person or any other Person.

Section 8.12. Lien. Pursuant to Section 8813.108, fees and user fees imposed by the Authority under Section 8813.103(b), any related penalties and interest, collection expenses, and reasonable attorney's fees incurred by the Authority are a first and prior lien against the well to which the fees or user fees apply. The Authority may enforce said lien in any manner provided by the Act or other law.

[EXECUTION PAGE FOLLOWS]

ADOPTED THIS 16th DAY OF DECEMBER, 2021.

NORTH FORT BEND WATER AUTHORITY

By: 
President, Board of Directors

ATTEST:

By: 
Asst Secretary, Board of Directors



(SEAL)

EXHIBIT A
NORTH FORT BEND WATER AUTHORITY
Pumpage/Surface Water and Billing Form Effective January 1, 2022

Name of Well Owner or Recipient of Surface Water: _____

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

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

Check the billing period for which this report is being filed

	<i>Billing Period</i>	<i>Rate</i>	<i>Due Date</i>
<input type="checkbox"/>	January 1-31, 20__	\$4.55 pumpage/ \$4.90 surface	February 28, 20__
<input type="checkbox"/>	February 1-28/29, 20__	\$4.55 pumpage/ \$4.90 surface	March 31, 20__
<input type="checkbox"/>	March 1-31, 20__	\$4.55 pumpage/ \$4.90 surface	April 30, 20__
<input type="checkbox"/>	April 1-30, 20__	\$4.55 pumpage/ \$4.90 surface	May 31, 20__
<input type="checkbox"/>	May 1-31, 20__	\$4.55 pumpage/ \$4.90 surface	June 30, 20__
<input type="checkbox"/>	June 1-30, 20__	\$4.55 pumpage/ \$4.90 surface	July 31, 20__
<input type="checkbox"/>	July 1-31, 20__	\$4.55 pumpage/ \$4.90 surface	August 31, 20__
<input type="checkbox"/>	August 1-31, 20__	\$4.55 pumpage/ \$4.90 surface	September 30, 20__
<input type="checkbox"/>	September 1-30, 20__	\$4.55 pumpage/ \$4.90 surface	October 31, 20__
<input type="checkbox"/>	October 1-31, 20__	\$4.55 pumpage/ \$4.90 surface	November 30, 20__
<input type="checkbox"/>	November 1-30, 20__	\$4.55 pumpage/ \$4.90 surface	December 31, 20__
<input type="checkbox"/>	December 1-31, 20__	\$4.55 pumpage/ \$4.90 surface	January 31, 20__

Gallons of Water Pumped, Imported, or Purchased for Billing Period

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

1	Enter total gallons of water pumped	
2	Divide by 1,000	
3	Total pumpage fee due (multiply line 2 x 4.55)	
4	Enter total gallons of surface water received	
5	Divide by 1,000	
6	Total surface water fee due (multiply line 5 x 4.90)	
7	Enter total gallons of water imported	
8	Divide by 1,000	
9	Total import fee due (multiply line 8 x 4.55 or 4.90)	
10	LESS APPLICABLE CREDIT DUE FROM CAPITAL CONTRIBUTION	
11	Total due (add lines 3, 6, and 9 then subtract line 10)	

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

Dated: _____

By: _____

Name: _____

Title: _____

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

Make check payable to: North Fort Bend Water Authority; c/o Municipal Accounts & Consulting, L.P., 1281 Brittonmoore Road, Houston, TX 77043 (rates effective 1/1/2022)

NOTE: This Form is to be used only in the event that the Authority's Online Reporting System is unavailable.

EXHIBIT B
NEW WELL OR ACTIVITY STATUS CHANGE REQUEST FORM

Date of Request _____



NEW WELL REQUEST OR CHANGE OF WELL STATUS REQUEST

Request Type

- New Well (Complete Sections 1 through 3)
- Change Existing Well Status (Complete Sections 1 and 4)

1. Well Owner Information

Well Owner Name _____
Mailing Address _____
Email _____ Phone _____

2. Pumpage Reporting

Requirements for water usage reporting are detailed in the NFBWA Rate Order and on [our website](#).

Contact Name for Pumpage Reporting _____
Company _____
Mailing Address _____
Email _____ Phone _____

3. Well Information

Well Location Address _____
Well Coordinates Latitude: _____ Longitude: _____
Date Pumpage to Begin _____ Well Capacity (gpm) _____
Casing Diameter (in) _____ Aquifer _____
Location Located at Water Plant Remote Well
Proposed Disinfectant Chlorine Chloramine Other: _____

Intended Well Use (See Page 2 for Definitions)

<input type="checkbox"/> Agricultural Irrigation	<input type="checkbox"/> Industrial	<input type="checkbox"/> Public Supply
<input type="checkbox"/> Commercial/Domestic	<input type="checkbox"/> Irrigation	<input type="checkbox"/> Single-Family Dwelling
<input type="checkbox"/> Geothermal	<input type="checkbox"/> Lake/Pond/Pool	<input type="checkbox"/> Single-Family Irrigation
<input type="checkbox"/> Other: _____		

4. Change in Existing Well Status

Well Number	_____	Effective Date of Change	_____
Change Status to	<input type="checkbox"/> Active / Add to NFBWA Permit <input type="checkbox"/> Abandoned / Remove from NFBWA Permit	<input type="checkbox"/> Exempt from GRP Requirement / Remove from NFBWA Permit	
Comments:	_____		

Intended Use Definitions

- Agricultural Irrigation: Wells used in production of food or fiber commodities grown for resale or commercial purposes. Includes wholesale nursery growers.
- Commercial/Domestic: Wells used by commercial or business establishments for potable or sanitary needs. (Examples: offices, warehouse, churches, schools, duplexes, etc.)
- Geothermal: Wells used for a geothermal heat exchanger. Specify whether closed-loop, reinjection, or pump and dump.
- Industrial: Wells used as part of an industrial process or in the manufacturing of a product. (Examples: boiler feed, paper manufacturing, chemical process feed, etc.)
- Irrigation: Wells used only for non-exempt irrigation purposes such as irrigation of golf courses, landscapes, parks, etc.
- Lake/Pond/Pool: Wells used to file or maintain the level of lakes, ponds, or pools.
- Public Supply: Wells used for retail or wholesale water supply. (Example: cities, water districts, private utilities, apartments, mobile home parks, etc.)
- Single-Family Dwelling: Wells connected to one single-family dwelling and used for typical domestic and sanitary needs.
- Single-Family Irrigation: Wells used for landscape irrigation at one single family residence, but not connected to and serving the dwelling.
- Other: Wells used for other non-exempt uses such as livestock watering, etc.

EXHIBIT C
NORTH FORT BEND WATER AUTHORITY
Non-Potable Water and Billing Form Effective January 1, 2022

Name of Non-Potable Water System: _____

Billing Period: _____

Incentive Type

- Credit of \$0.75 per 1,000 gallons (i.e., the system is not owned by the NFBWA)
 Reduced fee of \$3.80 per 1,000 gallons (i.e., the system is owned by the NFBWA)

System Type

- Effluent Reuse (**fill out Section A only**)
 Stormwater and/or Rainwater Capture System (**fill out Section B only**)

Section A: Effluent Reuse

Meter Type	Start Meter Reading (gallons)	End Meter Reading (gallons)	Total Effluent Reuse (gallons)
1	Enter total gallons of effluent reuse		
2	Divide line 1 by 1,000		
3	Enter \$0.75 credit or \$3.80 reduced fee see Incentive Type		
4	Total credit earned or fee owed (multiply line 2 by line 3)		

**If you need additional space, please fill out a second form*

Section B: Stormwater and/or Rainwater Capture System

Meter Description	Start Meter Reading (gallons)	End Meter Reading (gallons)	Total Metered (gallons)
1	Enter total metered usage from Irrigation Meters (gallons)		
2	Enter total pumpage from Make-Up Wells (gallons)		
3	Subtract line 2 from line 1 (enter 0 if negative)		
4	Divide line 3 by 1,000		
5	Enter \$0.75 credit or \$3.80 reduced fee see Incentive Type		
6	Total credit earned or fee owed (multiply line 4 by line 5)		

**If you need additional space, please fill out a second form*

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

Dated: _____

By: _____

Signature: _____

Title: _____

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

Make check payable to: North Fort Bend Water Authority; c/o Municipal Accounts & Consulting, L.P. 1281 Brittmoore Rd. Houston, TX 77043.

Submit to NFBWA@bgeinc.com