

SELECTED PROVISIONS OF
WESTLAKE MUNICIPAL UTILITY DISTRICT NO. 1
RATE ORDER

January 1, 2006

(For a complete copy of the Rate Order,
please contact the District's attorneys at (713) 623-4531)

Section 1. Definitions. For purposes of this Order, the following words or terms shall have the following meanings:

1.07. "Delinquent Bill" shall mean a bill for water and/or sanitary sewer service and/or other services, penalties and/or other charges of any nature hereunder imposed by the District, whether hereunder or pursuant to any Drought Contingency Plan or District order regulating waste, which has not been paid within twenty (20) days after the date of the bill.

Section 3. Rates and Fees for Water and Sanitary Sewer Services; Stuck Meter.

(a) Each prospective Customer desiring water and sanitary sewer service shall be required to provide appropriate information in order to obtain such service and shall pay an application fee.

(b) If a Customer's meter does not register any usage (a stuck meter), the Customer will be billed for water and sanitary

sewer service at the rates set forth below (including any associated assessments and fees as set forth in Section 3.09 below) based on the average of the Customer's prior three month's usage, and if three months of usage information is not available, an average of the maximum amount of usage information within the past three months will be used.

3.01. Application Fee. A non-refundable application fee of \$25.00 shall be charged for each Customer. Service shall be subject to termination unless such fee is paid within twenty (20) days from the date of the initial bill.

3.02. Monthly Rates for Residential Water Service. The following rates per month, or any part thereof, shall be charged for Residential water service furnished by the District to each Customer Connection in every instance in which a different charge is not expressly and clearly provided for herein:

- (a) Minimum monthly charge for up to 5,000 gallons of water metered \$ 9.00
- (b) For each 1,000 gallons of water metered over 5,000 gallons up to 10,000 gallons \$.80
- (c) For each 1,000 gallons of water metered over 10,000 gallons \$ 1.00

3.03. Monthly Rates for Residential Sanitary Sewer Service. The following rate per month, or any part thereof, shall be charged for Residential sanitary sewer service furnished by the District to each Customer Connection in every instance in

which a different charge is not expressly and clearly provided for herein:

- (a) Minimum monthly charge for up to 5,000 gallons of water metered \$12.00
- (b) For each 1,000 gallons of water metered over 5,000 gallons \$ 1.00

3.04. Monthly Rates for Commercial Water Service. The following rates per month, or any part thereof, shall be charged for Commercial water service furnished by the District to each Customer Connection in every instance in which a different charge is not expressly and clearly provided for herein:

- (a) Minimum monthly charge for up to 5,000 gallons of water metered \$10.00
- (b) For each 1,000 gallons of water metered over 5,000 gallons up to 10,000 gallons \$ 1.00
- (c) For each 1,000 gallons of water metered over 10,000 gallons up to 15,000 gallons \$ 1.50
- (d) For each 1,000 gallons of water metered over 15,000 gallons \$ 2.00

3.05. Monthly Rates for Commercial Sanitary Sewer Service. The following rates per month, or any part thereof, shall be charged for Commercial sanitary sewer service furnished by the District to each Customer Connection in every instance in which a different charge is not expressly provided for herein:

- (a) Minimum monthly charge for up to 5,000 gallons of water metered \$20.00
- (b) For each 1,000 gallons of water metered over 5,000 gallons up to 10,000 gallons \$ 1.00

- (c) For each 1,000 gallons of water metered over 10,000 gallons up to 15,000 gallons \$ 1.50
- (d) For each 1,000 gallons of water metered over 15,000 gallons \$ 2.00
- (e) For each grease trap installed, there shall be charged a monthly flat rate inspection fee of \$50.00
(Any reinspection required shall be charged at the same rate)

3.06. Monthly Rates for Water Service to Apartments.

The following rates per month, or any part thereof, shall be charged per unit for water service to Apartment units served by separate meters:

- (a) Minimum monthly charge for up to 5,000 gallons of water metered \$ 9.00
- (b) For each 1,000 gallons of water metered over 5,000 gallons up to 10,000 gallons \$.80
- (c) For each 1,000 gallons of water metered over 10,000 gallons \$ 1.00

Apartment units served by a master meter shall be charged as follows: The total number of gallons metered shall be divided by the number of apartment units to determine the average usage per unit. The average usage per unit shall be rounded up to the nearest 1,000 gallons for purposes of computing the amount to be charged hereunder. The rates specified above shall then be applied to such average usage to determine the charge per unit. The charge per unit shall then be multiplied by the applicable number of Apartment units to determine the total amount to be charged.

3.07. Monthly Rates for Sanitary Sewer Service to Apartments. The following rates per month, or any part thereof, shall be charged per unit for sanitary sewer service to Apartment units served by separate meters:

- (a) Minimum monthly charge for up to 10,000 gallons of water metered \$12.00
- (b) For each 1,000 gallons of water metered over 10,000 gallons \$.50

Apartment units served by a master meter shall be charged as follows: The total number of gallons metered shall be divided by the number of apartment units to determine the average usage per unit. The average usage per unit shall be rounded up to the nearest 1,000 gallons for purposes of computing the amount to be charged hereunder. The rates specified above shall then be applied to such average usage to determine the charge per unit. The charge per unit shall then be multiplied by the applicable number of Apartment units to determine the total amount to be charged.

3.08. Monthly Rates for Water and Sanitary Sewer Services to Park and Recreational, Civic Associations and Fire Department Customers. (i) The following rate per month, or any part thereof, shall be charged for each Customer connection (meter or connection) to which the District is furnishing water service to a Park and Recreational facility, Civic Association or to the Westlake Volunteer Fire Department:

- (a) Minimum monthly charge for up to 10,000 gallons of water metered \$10.00

(b) For each 1,000 gallons of water metered over 10,000 gallons \$.40

(ii) The following rate per month, or any part thereof, shall be charged for each Customer connection (meter or connection) to which the District is furnishing sanitary sewer service to a Park and Recreational facility, Civic Association or to the Westlake Volunteer Fire Department, and which connection is not receiving water service only:

Flat rate: \$10.00

3.09. Regulatory Assessments and Fees. The regulatory assessments and fees imposed pursuant to this Section 3.09 shall be billed and collected in the manner set forth in this Rate Order and all Customers of the District shall be subject to penalties and/or termination of service for failure to pay said regulatory assessments and fees when due in the manner set forth herein.

(a) Texas Commission on Environmental Quality Assessment. The water and sanitary sewer service rates set forth above in Sections 3.02 through 3.08, inclusive include a regulatory assessment equal to one-half of one-percent of the charge for water and/or sewer service, as provided by Section 5.235(n), Texas Water Code, as amended.

(b) West Harris County Regional Water Authority Groundwater Reduction Plan Fee. The District lies within the boundaries of the West Harris County Regional Water Authority (the "Authority") and is subject to groundwater reduction plan

fees imposed by the Authority for each 1,000 gallons of water pumped from the District's water well(s). In order to collect from the District's Customers sufficient funds to pay the Authority's groundwater reduction plan fees, the District shall impose a fee of \$0.72 for each 1,000 gallons of water billed to each Customer of the District pursuant to this Rate Order, which fee shall be added to each Customer's bill. The water and sanitary sewer service rates set forth above in Sections 3.02 through 3.08, inclusive, do not include the fee imposed hereunder.

3.10. Drought Contingency Plan. The water and sanitary sewer rates set forth above in Sections 3.02 through 3.08, inclusive, do not include any additional fees or charges imposed by the District during any drought response stage pursuant to the Drought Contingency Plan. Any such additional fees and charges, and any penalties under the Drought Contingency Plan, shall be billed and imposed by the District in accordance with the Drought Contingency Plan and shall be in addition to fees or charges under this Order, unless otherwise set forth in the Drought Contingency Plan.

3.12. Policies Governing Services.

(a) No Reduced Rates or Free Service. All Customers receiving services from the District shall be subject to the provisions of this Order and shall be charged the rates

established in this Order, and no reduced rate or free service shall be furnished to any Customer; provided, however, this provision shall not prohibit the District, upon good cause shown, from establishing reasonable classifications of Customers for which rates differing from the rates stated herein may be adopted.

3.13. Deposit to Secure Payment. The Board of Directors of the District has considered the District's possible financial loss in failing to obtain payments for water and sanitary sewer services from a certain classification of Customers. Those Customers renting or leasing any structure receiving services from any Residential or Commercial connection and who are responsible for monthly water and sewer service payments, and those Customers who are the owner of any structure receiving services from any Residential connection and whose service has been terminated by the District for failure to pay a delinquent bill for services hereunder, are hereby declared to compose a classification for which the District, in consideration of the financial risk of provision of services to such classification, shall pay a deposit to secure payment for District services. Such persons requesting water and/or sewer service from the District from and after the date of this Order shall post the following deposit with

the District's Operator for each connection to the District's System:

Residential lessee or renter	\$ 100.00
Commercial lessee or renter	\$ 500.00
Terminated Residential owner	\$ 100.00

Any Customer who shall offer proof of ownership of the property for which District services are requested shall be refunded said deposit, unless service has previously been terminated to such Customer by the District for failure to pay a delinquent bill for services hereunder.

Such deposit is solely to secure the payment of charges established by this Order. Upon termination of service, the District shall apply the deposit on hand to the unpaid service charges of the Customer and the excess, if any, will be paid to the Customer. No interest will be paid by the District on said deposit.

Section 4. Delinquency in Payment; Penalty; Discontinuation and Termination of Service.

4.01. Penalty for Failure to Pay Bill Before Delinquency. A charge of ten percent (10%) of the amount of the Customer's bill shall be added to the Customer's bill when such Customer has failed to pay any bill before it becomes a Delinquent Bill. A separate charge of \$10.00 shall be imposed for the notice left on a Customer's front door. If a Customer's bill, or any part thereof, becomes a Delinquent Bill, the Delinquent Bill plus the penalty thereon shall be immediately due and payable. A charge of \$25.00 shall be imposed for each

returned check notice forwarded to a Customer as a result of a Customer's check being returned by a bank for any reason.

4.02. Termination of Service. The District shall have the right to terminate service and cut off the supply of water to a Customer and/or a Customer's access to the District's sanitary sewer System at any time after its bill becomes a Delinquent Bill or upon violation by the Customer of any order regulating waste heretofore or hereafter adopted by the District. The Customer shall, by written notice mailed to the Customer's address as reflected in the records of the District, be notified of the delinquency or violation and the date on which service shall be terminated if the account (including delinquent charges and penalty) is not paid in full or the violation corrected, which date shall not be less than five (5) days from the date such notice is sent. With respect to a Delinquent Bill, such notice shall state the place and time at which the account may be paid and that any errors in the bill may be corrected by contacting the billing company, whose telephone number shall also be given in such notice. All notices of termination shall state that the Customer has the right to appeal such termination to the Board of Directors of the District. The notice shall also be left by the District's Operator on the front door at the address to which the service in question was provided at least twenty-four (24) hours prior to the time at which service shall be terminated. If the delinquent account (including any non-delinquent portion thereof), including penalty and all other charges then due and owing, has not been paid in full or the violation corrected by

the proposed termination date, service shall then be discontinued unless otherwise agreed by the Board of Directors of the District. A charge of \$50.00 shall be imposed for the restoration of service discontinued pursuant to this section. In addition, if restoration of service is requested after normal business hours, an additional charge of \$40.00 shall be imposed by the District. Notwithstanding the immediately preceding sentences, if the District must remove the water meter in order to discontinue service to a Customer, a charge of \$100.00 shall be imposed for restoration of service to such Customer. Payment of the unpaid account, including penalty and all other charges then due and owing, plus any required deposit, shall be paid in cash, cashier's check or money order prior to restoration of water service where service has been terminated because of the Customer's failure to pay a bill before it became a Delinquent Bill.

4.03. Discontinuing Service Upon Request of a Customer. Whenever a Customer of the District requests that water and sewer service be temporarily discontinued, Customer shall notify the District's Operator at least two days prior to the time that such service discontinuation is desired. A charge of \$30.00 shall be made for restoring water service when such service is discontinued and restored at the request of the Customer and he is not delinquent in the payment of any bill at the time of either request. An additional charge of \$40.00 shall be imposed by the District if a customer requests restoration of service after normal business hours.

Section 5. Damage to District Facilities.

5.01. Damage to Meters and Appurtenances. No person other than a duly authorized agent of the District shall open any meter box, repair, alter, adjust, remove, make connections or additions to or in any other way take any action which affects any meter, meter box, service line or other water and/or sewer System appurtenance. The District reserves the right to immediately and without notice remove the meter or disconnect water service to any Customer whose meter, meter box, service line or other System appurtenance has been tampered with or altered in any way, or who has reconnected service which was terminated by the District. The District shall assess repair costs to Customer plus a damage fee of \$50.00.

5.03. Obstructions. After a water meter has been set, the Customer shall at all times keep the area in, around and upon the meter and box and District easements and property under Customer's control free from rubbish or obstructions of any kind. Failure to keep the meter and box and District easements and property under Customer's control free from rubbish or obstructions may result in disconnection of water services and/or the assessment of charges necessary to remove said obstructions. Customers are prohibited from introducing material into the District's sanitary sewer System which would cause obstruction of said System. In the event that an inspection by the District's

Engineer or District's Operator reveals damage to the sanitary sewer System resulting from a Customer's failure to prevent obstructions from entering said System, the District reserves the right to immediately and without notice remove the obstruction. Any District costs for removal of obstructions, including the cleaning of grease traps or other pretreatment units, plus a District administration fee of fifty percent (50%) of said costs, shall be assessed to Customer. The District's Operator shall have rights of ingress and egress to Customer's property in order to carry out the provisions of this Section.

Section 5.04. Storm Sewer System. The use of the District's storm sewer System is limited solely to storm waters. No other liquids or solids, including but not limited to, grass or yard clippings, trash, construction materials, oils or grease, shall be introduced into the District's storm sewer System. It shall be a violation of this Order to introduce unauthorized material, whether liquid or solid, into the District's storm sewer System and the District reserves the right to assess such penalties as provided in this Order to any person, corporation, or other entity who makes such unauthorized use of the District's storm sewer System.

Section 6. Penalties for Violation; Attorney's Fees and Court Costs. Any person, corporation or other entity who:

- (1) violates any section of this Order or any order regulating waste heretofore or hereafter adopted by the District, including the Waste Order; or

- (2) makes unauthorized use of District services or facilities; or
- (3) violates the District's Rules and Regulations Governing Sewer Lines and Sewer Connections or any other rules or regulations of the District;

shall be subject to a civil penalty of not less than \$200.00, and in no event to exceed \$5,000, for each breach of the foregoing provisions. Each day that a breach continues shall be considered a separate breach. The amount of any penalty levied by the District pursuant to this Section 6 shall be established by the District's Board of Directors after reasonable notice to the violator and a public hearing relative to such matter before the Board of Directors.

Penalties levied under this Section 6 shall be in addition to such other penalties as are provided in this Order or any order regulating waste heretofore or hereafter adopted by the District, any other penalties provided under the laws of the State of Texas, and any other right of recovery that the District may have for damages or otherwise under applicable law. Notwithstanding the foregoing, in no event shall the District levy a penalty that is in excess of the jurisdictional limit of the justice court as provided by Section 27.031, Texas Government Code, as amended. In addition to the enforcement provisions set forth in this Order, the provisions of this Order, including any penalties levied hereunder, may be enforced by complaints filed in the appropriate court of jurisdiction in the county in which the District's principal office or meeting place is located. If

the District prevails in any suit to enforce its rules, it may, in the same action, recover reasonable fees for attorneys, expert witnesses and other costs incurred by the District before the court. The amount of attorney's fees shall be fixed by the court.

Section 7. Appeal. Any determination by District's Operator or District's Engineer or authorized agent of the District or any dispute regarding the terms and provisions of this Order may be appealed to the Board of Directors of the District which shall conduct a hearing on the matter. All appeals shall either be submitted by Customer in writing or presented by Customer in person to the Board of Directors of the District at its regular meeting. In order to maintain service during the pendency of any such appeal in connection with fees or charges assessed hereunder, Customer shall pay all amounts, including service charges, penalties and other charges, due and payable to the District. Any amounts which are paid by the Customer and subsequently determined by the Board of Directors not to have been due shall be refunded to the Customer or credited against future bills, at the discretion of the District. The District's Operator and/or attorney shall provide Customer with information regarding appeals and hearing procedures upon Customer's request.
