

CERTIFICATE FOR ORDER

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

I, the undersigned officer of the Board of Directors of Horsepen Bayou Municipal Utility District of Harris County, Texas, hereby certify as follows:

1. The Board of Directors of Horsepen Bayou Municipal Utility District of Harris County, Texas convened in regular session on the 13th day of March, 2008, outside the boundaries of the District, and the roll was called of the duly constituted Board of Directors, to-wit:

Mark Janneck	President
Glenn Peters	Vice President
John Thompson	Secretary
James Wilson	Assistant Secretary
Ronnie J. Cutlip	Assistant Vice President

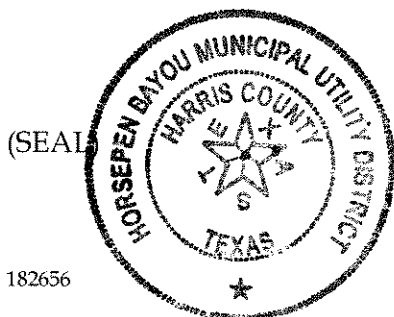
and all of said persons were present except Director(s) Wilson, thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting: a written

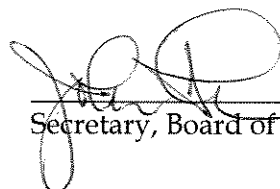
AMENDED RATE ORDER

was introduced for the consideration of the Board. It was then duly moved and seconded that the Order be adopted; and, after due discussion, the motion, carrying with it the adoption of the Order, prevailed and carried unanimously.

2. That a true, full and correct copy of the aforesaid Order adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the 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; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Order would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; that the meeting was open to the public as required by law; and that 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 13th day of March, 2008.




Secretary, Board of Directors

HORSEPEN BAYOU MUNICIPAL UTILITY
DISTRICT OF HARRIS COUNTY, TEXAS

AMENDED RATE ORDER
(Effective March 13, 2008)

SECTION 1: DEFINITIONS

- A. **"Single Family Residential User"** shall mean any user of the District's water and sewer system that consists of one residence designed for use and occupancy by a single family unit.
- B. **"Multi-Family Residential User"** shall mean any user of the District's water and sewer system, other than a Single Family Residential User or a Commercial User, that consists of a building designed for use and occupancy by multi-family units, including apartments, townhouses, and other multi-family dwelling units.
- C. **"Commercial User"** shall mean any user of the District's water and sewer system that is not a Single Family Residential User or a Multi-Family Residential User, including, but not limited to, commercial establishments, churches, and schools.

SECTION 2: TAP FEES

A. **Tap and Inspection Fees.**

- (1) **Single Family Residential User Water Tap.** Prior to connection to the District's water system, a tap fee in the following amount shall be paid to the District:
 - a. In the case of a 5/8 inch water meter, the tap fee shall be \$950.00 plus three (3) times the cost to the District of installing any necessary service lines and of repairing or restoring any yards, sidewalks, streets or other improvements affected by the installation.
 - b. In the case of a 1 inch water meter, the tap fee shall be \$1,050.00 plus three (3) times the cost to the District of installing any necessary service lines and of repairing or restoring any yards, sidewalks, streets or other improvements affected by the installation.
 - c. In the case of a water meter larger than 1 inch, a tap fee equal to three (3) times the District's actual cost of installing the tap, meter, and necessary service lines, and repairing or restoring any yards, sidewalks, streets or other improvements affected by the installation shall be paid to the District (the "Installation Costs"). The District's operator will produce an estimate for the Installation Costs, which will be approved by the Board of Directors and sent

to the User. The User shall pay the Installation Costs, plus 20%, prior to the installation of the tap. If the actual Installation Costs are greater than the estimated Installation Costs paid by the User, the difference must be paid by the User before the District will provide service to the User. If the actual Installation Costs are less than the estimated Installation Costs paid by the User, a refund for the difference shall be issued to the User.

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

(2) Multi-Family Residential and Commercial Users Water Tap. Prior to connection to the District's water system, a tap fee in the following amount shall be paid to the District:

- a. In the case of a 5/8 inch water meter, prior to connection to the District's water system, a tap fee equal to three (3) times the cost to the District of installing the tap, meter, and any necessary service lines and the cost of repairing or restoring any yards, sidewalks, streets or other improvements affected by the installation shall be paid to the District.
- b. In the case of a 1 inch water meter, a tap fee equal to three (3) times cost to the District of installing the tap, meter, and any necessary service lines and the cost of repairing or restoring any yards, sidewalks, streets or other improvements affected by the installation shall be paid to the District.
- c. In the case of a water meter larger than 1 inch, a tap fee equal to three (3) times the District's actual cost of installing the tap, meter, and necessary service lines, and repairing or restoring any yards, sidewalks, streets or other improvements affected by the installation shall be paid to the District (the "Installation Costs"). The District's operator will produce an estimate for the Installation Costs, which will be approved by the Board of Directors and sent to the User. The User shall pay the Installation Costs, plus 20%, prior to the installation of the tap. If the actual Installation Costs are greater than the estimated Installation Costs paid by the User, the difference must be paid by the User before the District will provide service to the User. If the actual Installation Costs are less than the estimated Installation Costs paid by the User, a refund for the difference shall be issued to the User.

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

(3) Non-Taxable Users Water Tap. Prior to connection to the District's water system, a tap fee in the following amount shall be paid to the District:

- a. A Commercial User that is exempt from the payment of ad valorem property taxes under Texas law, a tap fee equal to the District's actual cost of installing the tap, meter and any necessary service lines and the cost of repairing or restoring any yards, sidewalks, streets, or other improvements affected by the installation plus such User's pro rata share of the District's actual cost of the facilities necessary to provide District services to such User that are financed or to be fully or partially financed by the District's tax bonds (as determined by the District's consultants and approved by the Board of Directors) shall be paid to the District.

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

- (4) Irrigation User. Prior to connection to the District's water system, a tap fee equal to the District's actual cost for installation plus the cost of the meter shall be paid to the District for irrigation systems that have been authorized by the District and that are to be used solely for the purpose of providing irrigation water to landscaped areas within the District. All such connections to the District's system shall be made by a representative of the District.
- (5) Pre-Facility Inspection. All builders or contractors for property owners within the District must contact the operator, prior to starting any work on property within the District, to do an inspection to verify District facilities. If any District facility is either damaged or cannot be located, the operator will make necessary repairs or locate and make the facilities visible at the expense of the District. A copy of the inspection report will be given to the builder's or contractor's representative. After the inspection and any necessary work is completed, the builder or contractor will then be responsible for paying the costs of all damages, adjustments, relocations and repairs found during the Final Site Survey. The cost for each inspection is \$50.00 and is payable with the tap fee.
- (6) Facility Inspection. After construction has been completed on the property, but before service is transferred to a User, the District's operator will conduct a Final Site Survey to reinspect the water tap, meter and all other District facilities on the property for a fee in the amount of \$50.00. (The fee shall be collected at the time the tap fee is paid). The property owner, builder or contractor will be held responsible for any damages or adjustments to District facilities and the cost of repairing, adjusting or relocating the facilities (the "Backcharges") before service shall be initiated to a User. If any reinspections of the facilities are required to ensure that the District's facilities are repaired, relocated or adjusted, a fee in the amount of \$50.00 shall be charged for each such reinspection before service will be transferred to a subsequent User. Payment of the Backcharges, or any inspection or reinspection fees, shall be made on or before the 30th day after the date of the invoice for said charges. The District may withhold the provision of service to the property or to other property owned by any User, property owner, builder or contractor who has failed to timely pay for the Backcharges or any inspection or

reinspection fee, including specifically the provision of additional taps; provided, however, the District shall follow the notification procedures set forth in this Rate Order prior to withholding the provision of service.

- (7) Sewer Connection Inspections. All connections to the District's sewer system shall be made in accordance with the District's "Order Establishing Rules and Regulations Governing Water and Sanitary Sewer Facilities, Service Lines, and Connections" adopted on June 7, 1979, and as may be amended from time to time. No sewer connection or house lead shall be covered in the ground before a representative of the District has inspected the connection. A fee of \$50.00 shall be charged for each Single Family Residential sewer inspection and a fee of \$100.00 shall be charged for each Multi-Family Residential or Commercial sewer inspection made by the District. If a sewer connection fails an inspection, an additional inspection fee at the same rate shall be paid to the District prior to reinspection.
- (8) Grease Trap Inspections. Any User responsible for a discharge requiring a trap and sampling well shall provide equipment and facilities of a type and capacity approved by the District, locate the trap in a manner that provides ready and easy access for cleaning and inspection, and maintain the trap in effective operating condition. It shall be the responsibility of the User to maintain and service such User's traps. All traps shall be cleaned a minimum of once a month. For each grease trap installed, there shall be charged a flat rate inspection fee of \$35.00. If the operator is required to reinspect a grease trap, such reinspection shall be charged at the same \$35.00 rate.
- (9) Swimming Pool Inspections and Fee. Every User who plans to construct or install a swimming pool within the District shall notify the District's operator in writing prior to commencing construction of the pool. Upon notification by the User of the intention to construct or install a swimming pool, the User shall pay an inspection fee of \$50.00. After the notification is received, the District's operator shall ensure that all drains from the swimming pool are connected to the District's sanitary sewer system. After the drains have been installed, the User shall notify the District's operator, who shall make an inspection of all swimming pool drains to verify that the proper connection is made, before service is authorized for said swimming pool.

SECTION 3: BUILDER RESPONSIBILITIES

A. Street Cleaning. The builder will be responsible for ensuring that the street in front of its lots and its back lot lines stay free from the accumulation of trash, sediment, dirt, concrete, and all other debris. Street cleaning will be done by street scraping or by using a vacuum sweeper. Washing sediments into the sewer inlets is prohibited by the District and the regulations of the U.S. Environmental Protection Agency.

B. Concrete Wash-Out Site. Each builder will provide a single, dedicated concrete wash-out site on one of the builder's reserved lots, for use during construction. The site selected will be reviewed with the District and developer, and an identification sign must be erected on the site by the builder prior to use.

- (1) The builder will clean and maintain the site as necessary and is responsible for the proper and legal disposal of concrete. Silt fencing must be installed along the curb in front of the wash-out site as well as an access pad.
- (2) The builder will inform its subcontractors of the location and purpose of the concrete wash-out site.

C. **Other Builder Responsibilities.** The builder is responsible for observing all signs and for enforcing the District's Rate Order with all employees, suppliers, and subcontractors. Builders are responsible for conducting regular inspections of their erosion control measures to insure they are functioning properly.

- (1) The builder will be responsible for ensuring that all of the property owned by the District stays free from the accumulation of trash, sediment, dirt, concrete, and all other debris.
- (2) **Failure to Comply.** Failure of a builder to comply with these builder responsibilities will be considered a violation of this Rate Order and will subject the builder to penalties in this Order. Further, the District, at its sole option, may perform or have performed any of the builder's responsibilities and backcharge the builder for the cost. Failure to timely pay a backcharge or to comply with these responsibilities will subject the builder to termination of service in accordance with Section 10 or withholding of taps in accordance with this Order.

SECTION 4: REGULATORY ASSESSMENT

As required by the Texas Water Code, each User of the District's water and sanitary sewer system is hereby assessed a charge of one-half of one percent of the District's charge for water and sewer service. This assessment is included in the rate schedules listed below and will be forwarded to the Texas Natural Resource Conservation Commission for use in paying costs and expenses incurred in its regulation of water districts.

SECTION 5: NO GUARANTEE OF SPECIFIC QUANTITY OR PRESSURE OF WATER

The District does not guarantee any User any specific quantity or pressure of water for any purpose whatsoever, and all Users understand and agree that the District is not liable for failure or refusal to furnish any particular amount or pressure of water to any User at any time.

SECTION 6: WATER

A. Monthly Rates.

- (1) Single Family Residential Users. Single Family Residential Users shall be charged monthly for water as follows:

First 6,000 gals.	\$12.00 (minimum)
6,001 to 14,000 gals.	\$1.25 per 1,000 gals.
All over 14,000 gals.	\$2.50 per 1,000 gals.

- (2) Multi-Family Residential Users.

a. Single Meter: Each multi-family building that is served by a single meter shall be charged monthly for water at the minimum rate applicable to Single Family Residential Users times the number of units within the building. Water usage in excess of 6,000 gallons per unit per month shall be charged at the rates quoted above for Single Family Residential Users.

b. Multiple Meters: If a multi-family building is served by more than one meter, water delivered through each meter shall be charged the minimum rate for Single Family Residential Users times the number of units served through such meter, with consumption over the minimum charged at the rates quoted above for Single Family Residential Users.

- (3) Commercial Users. Each commercial user shall be charged at the rates quoted above for Single Family Residential Users.

- (4) Homeowners' Association Facilities, Property Owners' Association Facilities, and Irrigation Systems. Metered water connections authorized by the District and established solely for the purpose of providing water to irrigation systems shall be charged monthly for water usage at the following rates:

First 6,000 gallons	\$12.00
Over 6,000 gallons	\$ 0.85 per 1,000 gallons

There shall be no sewer service charge for irrigation meters.

- (5) West Harris County Regional Water Authority ("WHCRWA") Fee. The WHCRWA assesses a fee to the District for each 1,000 gallons of groundwater withdrawn by the District. Each User of District water for any purpose, whether builder, Single Family Residential, Multi-Family Residential, Commercial, or any other type of User, shall be billed, in addition to the water rates set forth above, a separate amount for each 1,000 gallons of water delivered to such User in a billing cycle times the amount charged to the District by the WHCRWA for each 1,000 gallons of water for that period plus a fee of \$1.00 for each 1,000 gallons of water for that period.

- B. **Pressure of Water.** The District agrees to use all reasonable efforts to supply adequate pressure of water to any User. The District does not and will not guarantee to any User a specific quantity or pressure of water for any purpose whatsoever. The District is required only to furnish a connection to its water system and in no case shall the District be liable for the failure or refusal to furnish water or any particular amount or pressure of water; however, the District shall use reasonable efforts to supply water to all Users at an acceptable minimum pressure.
- C. **Sale or Use of Water.** It shall be an unauthorized use of District services or facilities for any person, firm, or entity to sell or use water from the District's water system without having a direct connection to the District's water system, unless such sale or use of water is to or by Users having common ownership or tenancy of the land being served by the District's water system or with the written consent of the Board of Directors.

SECTION 7: SEWER

A. **Monthly Rates.**

- (1) Single Family Residential Users. \$19.00 per month per connection.
- (2) Multi-Family Residential Users. \$14.50 per month per unit.
- (3) Commercial Users. \$14.50 per month plus \$2.00 per 1,000 gallons water consumption in excess of 6,000 gallons.

B. **Quality of Sewage.**

- (1) Domestic Waste. Only ordinary liquid and water-carried waste from domestic activities that is amenable to biological treatment and that is discharged from sanitary conveniences of buildings connected to a public sanitary sewer system shall be discharged into the District's sanitary sewer lines. Waste resulting from any process of commerce or industry may not be discharged into the District's sanitary sewer lines except as authorized pursuant to subsection (2) below.
- (2) Commercial and Industrial Waste. All discharges other than waste described in subsection (1) are prohibited unless the user has applied to and received written authorization from the District for such discharge. The applicant must file a statement with the District containing the following information:
 - a. Name and address of applicant;
 - b. Type of industry, business, activity, or other waste-creative process;
 - c. Quantity of waste to be discharged;
 - d. Typical analysis of the waste;
 - e. Type of pretreatment proposed; and
 - f. Such other information as the District may request in writing.

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

- (3) National Categorical Pretreatment Standard. If a user is subject to a national categorical pretreatment standard pursuant to regulations promulgated by the Environmental Protection Agency under Section 307 of the federal Clean Water Act, the user is prohibited from discharging pollutants into the District's sanitary sewer system in violation of applicable categorical pretreatment standards.
- (4) District Testing; Pretreatment. The District shall have the right to sample and test any user's discharge at the discretion of the District's operator, with no limit as to the frequency of the tests, and to charge the user for the District's cost of such sampling and testing. The District also shall have the right to require pretreatment, at the user's expense, of any discharge of non-domestic waste if the District determines in its sole discretion that pretreatment of such waste is necessary to protect the District's sanitary sewer system or the environment, even if pretreatment is not otherwise required pursuant to subsection (3) above.

SECTION 8: GARBAGE

The District will provide a curbside recycling service and garbage collection and disposal service to all Single Family Residential Users. There shall be no charge for such service.

SECTION 9: LATE PAYMENTS

- A. Late Payment Charge. A late payment charge of ten percent (10%) of the unpaid balance will be due the District for any monthly water or sewer bill that is not paid on or before the due date shown on the bill in order to cover the District's costs of collection of such delinquent amount. All accounts not paid by the due date shall be considered delinquent.
- B. Delinquent Letter Fee. A fee of \$6.00 shall be charged by the District for each notice of delinquency mailed to an account to cover the District's costs associated with such notice.

SECTION 10: TERMINATION AND RECONNECTION OF SERVICE

- A. **Termination for Delinquent Accounts.** Charges for services performed shall be billed monthly. All bills shall be payable on the 20th day after the date of the statement for said charges. Unless payment of the monthly bill is received on or before the 20th day after the date of said statement or unless payment of any Backcharges is received on or before the 20th day after the date of the invoice, such account shall be considered delinquent and a one time late charge equal to ten percent (10%) of the unpaid balance shall be charged. The District may, in its discretion, disconnect service for failure to pay all charges and Backcharges, including any late charge, by the due date; provided, however, that prior to disconnecting services, the District shall send written notice by United States first class mail to the User or entity at the appropriate address and provide the User or entity with an opportunity to contest, explain or correct the charges, services, or disconnection, at a meeting of the Board of Directors of the District. The written notice shall inform the User or entity of the amount of the delinquent payment, the date service will be disconnected or additional service withheld if payment is not made, the date, time and place of the next scheduled meeting of the Board of Directors, and of the opportunity to contest, explain or correct the charges, services, or disconnection, by presenting in person or in writing such matter to the Board of Directors at the next scheduled meeting as shown on the notice. The date specified for disconnection shall be after the date of the next scheduled meeting of the Board of Directors as shown in the notice and the date for withholding additional service shall be the date of that Board meeting. The notice shall be deposited, postpaid, in a post office or official depository under the care and custody of the United States Postal Service prior to the date of the scheduled meeting of the Board of Directors. A written statement by the District's operator that the notice was so mailed and a certificate of mailing by the United States Postal Service shall be prima facie evidence of delivery of same. If the User or entity appears before the Board in person or in writing, the Board shall hear and consider the matter and inform the User or entity of the Board's determination by sending written notice by United States first class mail to the User or entity at the appropriate address.
- B. **Termination for Rate Order Violations.** Any User who violates any provision of this Rate Order, in addition to being subject to the penalties described in this Rate Order, shall be subject to having water, sewer, and garbage service terminated; provided, however, that prior to disconnecting service for such violation, the District shall give written notice, by first class United States mail or otherwise, to such User of the pending disconnection and shall give such User the opportunity to contest, explain, or correct the violation of the Rate Order at a meeting of the Board of Directors of the District.
- C. **Reconnection.** If service to a User is disconnected for any cause, a reconnection fee of \$50.00 shall be paid to the District before service is again commenced at such location. In addition, if such User has not previously paid a security deposit as required by Section 10 of this Order, the security deposit shall be collected before service is reconnected. Payment of all amounts under this Section must be in the form of cash, cashier's check, or money order.

SECTION 11: RETURNED CHECKS

In the event that a User's check is returned unpaid by User's bank for any cause, a charge of \$25.00 shall be added to such User's bill to cover the District's cost of handling. If such User's account is also more than thirty (30) days delinquent, the account shall be scheduled for termination and notice thereof shall be given as provided in Section 8(A) above. In such event, payment for the amount due on such account must be in the form of cash, cashier's check, or money order.

SECTION 12: ADDITIONAL PAYMENT OPTIONS

Any User may pay the monthly water and sewer bill via the payment options provided through the District and its operator including but not limited to, online check and credit card payments, check and credit card payments processed over the telephone, and payment through various area retail locations. Certain payment options are made available through service providers who may charge Users a convenience fee in connection with some payment options. Such convenience fees are the sole responsibility of the User and are separate from any amount owed by the User to the District. Non-payment of any such convenience fee shall subject the User to termination of service in accordance with this Order. If any User payment is refused or returned by the processing financial institution, the District will charge the User a return item fee of \$25.00. Acceptable payment methods for delinquent accounts may be restricted as specified elsewhere in this Order.

SECTION 13: SECURITY DEPOSITS

- A. **Security Deposits.** A deposit of \$50.00 shall be charged to all new Single Family Residential Users in the District. A deposit equal to three times the average monthly utility bill, as determined by the District's operator, shall be required of all other Users in the District. Such sums shall be required prior to service being initiated and shall be held by the District as a deposit to assure prompt payment of all charges for utility service. No interest will be allowed on such deposits.
- B. **Deposit Transfers.** Security deposits may not be transferred from one User to another; provided, however, that a User who moves from one address to another within the District may have the security deposit from the account at the previous address transferred to the account at the new address.
- C. **Builder Deposits.** A \$2,500.00 deposit shall be required of a builder at the time a request for each initial water tap is made for a residence, commercial building, or other structure in the District. The deposit described herein may be applied by the District to the cost of repair of any damage caused to District property by the builder or builder's agent, whereupon it will be the builder's responsibility to reinstate the original amount of the deposit prior to the District's operator making any additional water taps for said builder. Said deposit will be refunded by the District upon transfer of the account from such builder to an initial User; provided, however, that the deposit shall be forfeited as a penalty in the event any provision of this Rate Order or the District's "Order Establishing Rules and Regulations Governing Water and Sanitary Sewer Facilities, Service Lines and Connections", as may be amended from time to time, is violated.

SECTION 14: REQUIREMENTS FOR SERVICE

- A. **Platting Requirement.** Prior to initial connection to the District's water, sewer, or drainage system, a User shall submit to the District's operator proof that the User's property has been platted in accordance with the subdivision ordinances of the City of Houston. Acceptable proof of platting includes a copy of the recorded plat or a certificate from the City of Houston that the property has been platted or that the property is legally exempt from the platting process.
- B. **Permits.** Any applicant requesting connection to the District's system must have obtained all necessary permits from the County. The District may require proof that a permit has been obtained or that the County has waived the requirement for such permit.
- C. **Plumbing Material Restrictions.**
- (1) **Prohibition on Use of Specified Materials.** The use of the following plumbing materials are prohibited in any and all improvements connected to the District's water system after July 7, 1994:
- a. Any pipe or pipe fitting which contains more than 8.0% lead; and
 - b. Any solder or flux which contains more than 0.2% lead.
- D. **Plumbing Regulations; Prohibition against Cross-Connections and Unacceptable Plumbing Practices; Penalty for Violation.**

Pursuant to Chapter 290 of the Texas Administrative Code, the District adopts the following plumbing regulations, which apply to all users of the District's potable water distribution system.

- (1) **Service Agreements.** Prior to receiving service from the District to new construction or to buildings containing new plumbing fixtures, or prior to having service reconnected to any building after termination of water service, a User must execute a Service Agreement in the form attached to this Rate Order as Exhibit "A". The administrative cost of a Service Agreement for all Users is \$25.00.
- (2) **Plumbing Fixtures.** A User is not permitted to install any plumbing fixture which is not in compliance with a state approved plumbing code and the plumbing code, if any, required by the city in whose jurisdiction the District is located.
- (3) **Prohibition Against Water Contamination.** No direct connection between the District's potable water distribution system and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the District's potable water distribution system by the installation of an air-gap or an appropriate backflow prevention device in accordance with state plumbing regulations. In addition, all pressure relief valves and thermal expansion devices must be in accordance with state plumbing codes and the plumbing code, if any, required by the city in whose jurisdiction the District is located.

- (4) Backflow Prevention Assemblies. All sprinkler systems, spas and pools must have backflow prevention assemblies installed by the User at the User's sole cost and expense. All existing sprinkler systems, spas and pools also will be inspected for compliance with this Rate Order. If such existing facilities are determined to require the installation of a backflow prevention assembly, the User must install such backflow prevention assembly within five (5) working days after receipt of written notice from the District that such assembly must be installed and must provide the District's operator with a signed and dated original of a "Backflow Prevention Assembly Test and Maintenance Report" in the form attached to this Rate Order as Exhibit "B" within three (3) working days of the installation of the backflow prevention assembly and within three (3) working days of any subsequent repair, maintenance or testing of such assembly. In addition, the District, in its sole discretion, may require a non single family residential User to install a backflow prevention assembly at any meter(s) servicing such a User's property. The District, in its sole discretion, also may require any User to install other backflow prevention assemblies at any fixture in order to prevent contamination of the District's potable water distribution system or if the User's plumbing system poses a high health hazard. A high health hazard is defined by the Texas Natural Resource Conservation Commission as a "cross-connection, potential cross-connection, or other situation involving any substance that could cause death, illness, spread of disease, or has a high probability of causing such effects if introduced into the potable drinking water supply." If the District determines that a User must install a backflow prevention assembly as a protection against a high health hazard, the backflow prevention assembly used must comply with a state approved plumbing code and the plumbing code, if any, required by the city in whose jurisdiction the District is located, and must be tested and certified at least annually by a recognized backflow prevention assembly tester. A list of certified backflow prevention assembly inspectors can be obtained from the local office of the Texas Natural Resource Conservation Commission.

The User is responsible for insuring that all backflow prevention assemblies are tested upon installation by a recognized backflow prevention assembly tester. A list of certified backflow prevention assembly inspectors can be obtained from the local office of the Texas Natural Resource Conservation Commission. The annual administrative cost for locations with backflow prevention assemblies will be \$25.00, which is due and payable upon notification. The User is solely responsible for the cost of this test. If the District requires the installation of a backflow prevention assembly in order to prevent a serious threat to the District's public water supply, then the District, in its sole discretion, may immediately terminate service to the User. In that event, service will not be restored until the backflow prevention assembly has been installed and tested and a signed and dated original of a "Backflow Prevention Assembly Test and Maintenance Report" in the form attached to this Rate Order as Exhibit "B" has been provided to the District's operator.

If the District determines that a backflow prevention assembly must be installed pursuant to this Rate Order for reasons other than to eliminate a serious threat to the

District's public water system, the User must install the backflow prevention assembly within five (5) working days after receipt of notice from the District that such installation is required. In addition, the User must provide the District's operator with a signed and dated original of a "Backflow Prevention Assembly Test and Maintenance Report" in the form attached to this Rate Order as Exhibit "B" within three (3) working days of the installation of the backflow prevention assembly and within three (3) working days of any subsequent repair, maintenance or testing of such assembly. If the User fails to provide the testing certificate within this time, the District, in its discretion, may terminate service to the User pursuant to the terms of this Rate Order. The District's operator will retain such reports for a minimum of three (3) years.

- (5) Customer Service Inspection Certifications. A customer service inspection certification is required prior to the time the District (i) provides continuous water service to new construction, (ii) provides water service to private plumbing facilities that have been added to existing construction or materially improved or corrected, or (iii) continues service to a User when the District has reason to believe that cross-connections or other unacceptable plumbing practices exist. The District will accept a customer service inspection certificate only from those individuals qualified to issue same pursuant to Chapter 290 as amended. The District shall further charge \$50.00 to each applicant to administer and maintain the single-family residential customer service certifications, all others will be determined on an individual basis. All fees relating to the customer service inspection shall be paid by the User prior to the inspection, and if the inspection is made in connection with new construction, the fee will be collected with the tap fee.

Prior to initiating service to new construction or buildings containing new plumbing fixtures, the User must provide the District's operator with a signed and dated "Customer Service Inspection Certification" in the form attached to this Rate Order as Exhibit "C". The District's operator will retain such inspection certifications for a minimum of ten (10) years. The User will need to obtain a final inspection certificate from the District's operator prior to receiving service. In connection with this final plumbing inspection, the User shall allow its property to be inspected by the District's operator or its subcontractors during normal business hours for possible cross-connections and other unacceptable plumbing practices which violate this Rate Order. The District's operator or its subcontractors may, at the discretion of the District and/or the District's operator, periodically inspect a User's plumbing system during normal business hours for the purpose of identifying possible cross-connections and other unacceptable plumbing practices which violate this Rate Order.

- (6) Prohibition Against Cross-Connections. No cross-connection between the District's potable water distribution system and a private water system is permitted. Where an actual air gap is not maintained between the public water supply and a private water supply, an approved reduced pressure-zone backflow prevention assembly must be properly installed and such assembly must be annually inspected and tested by a certified backflow prevention device tester. A list of certified backflow

prevention device testers may be obtained from the local office of the Texas Natural Resource Conservation Commission. By accepting service from the District, all Users agree to allow such annual inspection and testing of backflow prevention assemblies to take place during normal business hours. If any User refuses to allow such annual inspection and testing, service to such User will be discontinued until such inspection and testing is completed.

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

- (7) Notice of Unacceptable Plumbing Practices. The District shall notify the User in writing of any cross-connection or other unacceptable plumbing practice which has been identified during the customer's service inspection, the final plumbing inspection, any periodic reinspection, or any other inspection. At its sole cost and expense, the User shall immediately correct any unacceptable plumbing practice on its premises and properly install, test and maintain any backflow prevention device required by the District within two (2) working days of receipt of notice of the improper cross-connection. The User shall provide copies of all testing and maintenance records on such devices to the District within three (3) working days of the testing or maintenance. If the User fails to correct the noted unacceptable plumbing practice, the District may immediately terminate water service or, at the User's sole cost and expense, eliminate the cross-connection or correct the unacceptable plumbing practice.
- (8) Penalty for Violation. The failure of a User to comply with the terms of this Section will be considered a violation of this Rate Order. If such a violation occurs, or if the District determines the existence of a serious threat to the integrity of the District's water supply, the District, in its sole option, may, in addition to all other legal remedies available to it, including those remedies set out in this Rate Order, immediately terminate service or, at the User's sole cost and expense, install the plumbing fixtures or assemblies necessary to correct the unacceptable plumbing practice. If the District terminates service in order to preserve the integrity of the District's water supply, service will be restored only when the source of the potential contamination no longer exists or until additional safeguards have been taken. Any and all expenses associated with the enforcement of this Section shall be billed to the User.

- E. Approval of Plans. Before any connection, other than a Single Family Residential User connection, is made to the District's water, sewer, or drainage system, or before any reconnection is made, the person requesting such connection shall submit to the District's engineer for review and approval the water, sanitary sewer, and drainage plans and specifications for the property for which the connection is sought. Such plans shall clearly show the estimated volumes of water or effluent and the proposed points of connection to

the District's system. The District shall charge a fee for review of the plans by the District's engineer which fee shall be determined on an individual basis. A copy of such approved plans, with the engineer's approval indicated thereon, shall be submitted to the District's operator. Any modification of such plans shall require reapproval by the District's engineer. The District reserves the right to require removal of any connection made in violation of this Section.

- F. **Easements.** Before service is commenced to any User, the person requesting such service shall grant an easement of ingress and egress to and from the meter for such maintenance and repair as the District, in its judgment, may deem necessary.
- G. **Required Service.** No service shall be given from the District's sewer and water system unless such User agrees to take both water and sewer service.

SECTION 15: MISCELLANEOUS PROVISIONS

- A. **Future Adjustments.** The District reserves the right to increase rates and fees from time to time when, in the opinion of the Board of Directors, such increases are required to cover the costs of administration, efficient operation, and adequate maintenance of the District's facilities.
- B. **No Free Service.** No free service shall be granted to any User for water or sewer services furnished by the District, whether such User be a charitable or eleemosynary institution, a political subdivision, or a municipal corporation, and all charges for water and sewer service shall be made as required herein.
- C. **Water Well Prohibition.** No water wells shall be allowed in the District.
- D. **Penalties for Violation.** Any User who:
 - (1) violates any Section of this Order; or
 - (2) makes unauthorized use of District services or facilities; or
 - (3) causes damage to District facilities by using such facilities in a manner or for a purpose contrary to the purpose for which such facilities were designed; or
 - (4) uses or permits the use of any septic tank or holding tank within the District; or
 - (5) violates the District's "Order Establishing Rules and Regulations Governing Water and Sanitary Sewer Facilities, Service Lines, and Connections";
 - (6) constructs facilities or buildings which are not included in the approved plans for development described in this Amended Rate Order; or
 - (7) violates the District's "Order Adopting Drought Contingency Plan";

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

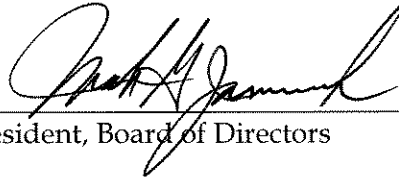
This penalty shall be in addition to the other penalties, fees and charges provided by this Amended Rate Order and the laws of the State of Texas and in addition to any other legal rights and remedies of the District as may be allowed by law.

- E. **Maintenance and Repair.** It shall be the responsibility of each User to maintain the water and sewer lines from the building served to the point of connection to the District's system.
- F. **Out-of-District Service.** The Board of Directors shall determine whether to provide any utility service to areas outside of the District and the terms and conditions for such service.

SECTION 16: SUPERSEDING ORDER

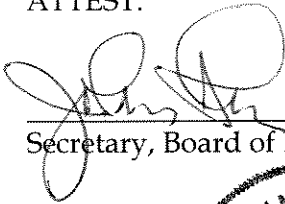
This Amended Rate Order supersedes all previous Rate Orders adopted by the Board of Directors of the District.

PASSED AND APPROVED the 13th day of March, 2008.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(SEAL)

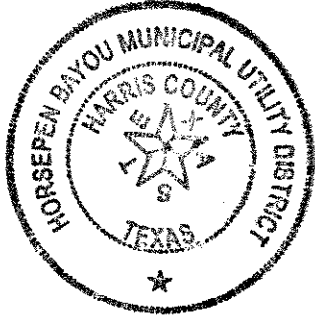


EXHIBIT "A"

SERVICE AGREEMENT

- I. PURPOSE. Horsepen Bayou Municipal Utility District of Harris County, Texas (the "District") is responsible for protecting the drinking water supply from contamination or pollution which could result from improper plumbing practices. The purpose of this service agreement is to notify each customer of the plumbing restrictions which are in place to provide this protection. The District enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the District will begin service. In addition, when service to an existing connection has been suspended or terminated, the District will not re-establish service unless it has a signed copy of this agreement.
- II. PLUMBING RESTRICTIONS. The following unacceptable plumbing practices are prohibited by State regulations.
 - A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
 - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
 - C. No connection which allows water to be returned to the public drinking water supply is permitted.
 - D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
 - E. No solder or flux which contains more than 0.2 percent lead can be used for the installation or repair of plumbing at any connection which provides water for human use.
- III. SERVICE AGREEMENT. The following are the terms of the service agreement between Horsepen Bayou Municipal Utility District of Harris County, Texas (the "District") and _____ (the "Customer").
 - A. The District will maintain a copy of this agreement as long as Customer and/or the premises is connected to the District's water system.
 - B. Customer shall allow his/her property to be inspected for possible cross-connections and other unacceptable plumbing practices. These inspections shall be conducted by the District or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other unacceptable plumbing practices exist; or after any major changes to the private plumbing facilities. The inspections shall be conducted during the District's normal business hours.

- C. The District shall notify Customer in writing of any cross-connection or other unacceptable plumbing practice which has been identified during the initial inspection or the periodic reinspection.
- D. Customer shall immediately correct any unacceptable plumbing practice on his/her premises.
- E. Customer shall, at his/her expense, properly install, test, and maintain any backflow prevention device required by the District. Copies of all testing and maintenance records shall be provided to the District.
- F. Customer understands and agrees that the District does not guarantee any specific quantity or pressure of water for any purpose whatsoever and that the District is not liable to customer for failure or refusal to furnish any particular amount or pressure of water to Customer at any time.

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

CUSTOMER'S SIGNATURE: _____

DATE: _____

ADDRESS: _____

EXHIBIT "B"
Backflow Prevention Assembly Test and Maintenance Report

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

BACKFLOW PREVENTION ASSEMBLY TEST AND MAINTENANCE REPORT

NAME OF PWS: _____

PWS I.D. #: _____

LOCATION OF SERVICE: _____

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

Not needed at this address

TYPE OF ASSEMBLY

Reduced Pressure Principle
 Double Check Valve

Pressure Vacuum Breaker
 Atmosphere Vacuum Breaker

Manufacturer: _____

Size: _____

Model Number: _____

Located At: _____

Serial Number: _____

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

The above is certified to be true.

Firm name: _____

Certified Tester: _____

Firm Address: _____

Cert. Tester No. _____

Date: _____

EXHIBIT "C"

Customer Service Inspection Certification

Name of PWS: _____

PWS I.D. #: _____

Location of Service: _____

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

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

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

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

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

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

Signature of Inspector _____ Registration Number _____

Title _____ Type of Registration _____

Date _____ License Expiration Date _____