

THE COLONY MUNICIPAL UTILITY DISTRICT NO. 1E

ORDER ESTABLISHING RATES AND CHARGES AND ADOPTING RULES AND POLICIES REGARDING THE DISTRICT'S UTILITY SYSTEMS

(Effective April 21, 2014)

Under Section 49.212, Texas Water Code, the Board of Directors (the "Board") of The Colony Municipal Utility District No. 1E (the "District") is authorized to adopt and enforce all necessary charges, fees, or rentals for providing District facilities or services.

Under Section 54.205, Texas Water Code, the Board is authorized to adopt and enforce reasonable rules and regulations to: (i) secure and maintain safe, sanitary, and adequate plumbing facilities as part of its sewer system; (ii) to preserve the sanitary condition of all water controlled by the District; (iii) prevent waste or the unauthorized use of water; or (iv) to regulate privileges on any land or easement controlled by the District; and (v) provide and regulate a safe and adequate freshwater distribution system.

IT IS, THEREFORE, ORDERED BY THE BOARD AS FOLLOWS:

I. General Policies.

A. Definitions. For purposes of this Order, the following terms have the meanings indicated:

1. "Aqua Contract" means the Amended and Restated Large Volume Service – to Area Outside Aqua's CCN No. 10294 Water Supply Agreement dated effective July 1, 2009 between Forestar (USA) Real Estate Group Inc., successor by merger to Sabine Investment Company, Aqua Water Supply Corporation, and The Colony Municipal Utility District No. 1A, as amended.

2. "Backflow Prevention Device" means an assembly or device that is designed to prevent backflow of water into the District's system and meets the testing standards accepted by the American Water Works Association or the University of Southern California Foundation for Cross Connection Control and Hydraulic Research.

3. "Board" has the meaning ascribed thereto in the recitals.

4. "Capacity Charges" means the Water Capacity Charge and the Wastewater Capacity Charge.

5. "Commission" or "TCEQ" means the Texas Commission on Environmental Quality, or its successor agency.

6. "Connection" means each residential unit occupied by a separate family, including separate apartments located within a single building, and each business unit occupied by a separate business, including separate establishments within a single building.

7. "Delinquency Date" has the meaning ascribed thereto in Article IX.D.

8. "District" has the meaning ascribed thereto in the recitals.

9. "District's representative" means the general manager of the District or another representative or employee of the District acting under the direction of the Board or the general manager.

10. "District Drainage System" means the District's drainage and water quality facilities.

11. "District's Systems" means the District's Water System, the District's Wastewater System, and the District's Drainage System.

12. "District Wastewater System" means the District's wastewater collection, treatment, and disposal system.

13. "District's Water System" means the District's water treatment and distribution system.

14. "Due Date" has the meaning ascribed thereto in Article IX.D.

15. "Fee Unit Equivalent" or "FUE" means one residential dwelling unit or, in the case of a commercial customer, its equivalent under the following schedule:

<u>Water Meter Size</u>	<u>Fee Unit Equivalent</u>
5/8" simple	1
3/4" simple	1
1" simple	1
1 1/2" simple	4.75
2" simple	7.5
2" compound	7.5
2" turbine	9.25
3" compound	14
3" turbine	21
4" compound	23.75
4" turbine	42.5
6" compound	48.75
6" turbine	118.5
8" compound	132.5
8" turbine	190

16. "Grinder Pump" means an on-site component that receives raw wastewater from a private wastewater service line, grinds the solids present in the raw wastewater to a slurry, and provides the motive force for transporting the raw wastewater to the terminus of the collection system.

17. "Inadmissible Waste" has the meaning ascribed thereto in Article VI.A.5.

18. "Industrial Waste" means waterborne liquid, gaseous, or solid substances that result from any process of industry, manufacturing, trade, or business, as described in the Wastewater Contract.

19. "List of Inadmissible Wastes" has the meaning ascribed thereto in Article VI.A.5.

20. "LUE" means (a) with respect to wastewater, the amount of wastewater capacity necessary to serve a single-family living unit or its equivalent, as determined under the Wastewater Contract; and (b) with respect to water capacity, the amount of water capacity necessary to serve a single-family living unit or its equivalent, as determined under the Aqua Contract.

21. "Non-Domestic Waste" means any wastewater or discharge other than ordinary domestic wastewater.

22. "Recognized Tester" has the meaning ascribed thereto in Article XIII.F.2.

23. "Rules" means all rules and regulations adopted by the District under Section 54.205 of the Texas Water Code or other applicable law, including those set forth in this Order.

24. "Uniform Plumbing Code" means the Uniform Plumbing Code, 2003 Edition, as published by the International Association of Plumbing and Mechanical Officials, as amended or superseded from time to time.

25. "Wastewater Capacity Charge" means the one-time fee for reservation of LUEs of wastewater capacity required to be collected by the District under the Wastewater Contract.

26. "Water Capacity Charge" means the one-time fee for reservation of LUEs of water capacity required to be collected by the District under the Aqua Contract.

27. "Wastewater Contract" means the Wastewater Treatment Facility Construction and Services Agreement Between Lower Colorado River Authority and Forestar (USA) Real Estate Group Inc., successor by merger to Sabine Investment Company dated effective September 21, 2004, as modified and affected by the Agreement Regarding Transfer and Renewal of Discharge Permit and Lease of Treatment Plant and Treatment Plant Site to Serve The Colony Municipal Utility Districts No. 1A Through 1G dated effective as of July 14,

2008 between The Colony Municipal Utility District No. 1A and Forestar (USA) Real Estate Group Inc., and The Assignment, Release and Permit Transfer and Renewal Agreement dated effective as of August 20, 2008 among the Lower Colorado River Authority, Forestar (USA) Real Estate Group Inc., and The Colony Municipal Utility District No. 1A, all as amended.

28. "Winter-averaging period" has the meaning ascribed thereto in Article IV.C.1.

B. All Services Required. Except as otherwise expressly authorized by the Board, no service may be provided through the Systems unless the applicant agrees to take both water and wastewater service; however, this will not apply to irrigation meters purchased solely for the purpose of irrigating with treated water. Separate irrigation meters are not available for residential customers.

C. All Services Charged. At no time will the District render services without charge to any person, firm, corporation, organization, or entity.

D. Damage to District Facilities by Third Parties. Before installing underground cables or other facilities or excavating in the area of the District's Systems, representatives of developers, contractors and/or utility companies are required to meet with the District's representative to file their construction plans and schedules and to review the engineering plans illustrating the location of the District's facilities. The developer, contractor and/or utility company must determine the location of all utilities and facilities in the work area and will be responsible for the immediate repair of any damage to the utilities, services, and facilities that may result from their work and all costs and expenses incurred by the District as a result of such damage. The utilities, facilities, and services to which this provision applies include, but are not limited to, street lights, electric lines, boxes and transformers, natural gas facilities, television cable facilities, water lines, wastewater lines, telephone facilities, curbs and concrete flat work, and irrigation systems.

E. Service Calls. If a customer requests that the District's operator make a service call to the customer's residence to investigate a leak, sewer back-up, or operational issue that, after investigation, is determined to be the customer's responsibility, the customer will be responsible for any costs incurred by the District in connection with the service call. The District may add the amount of any such costs to the customer's utility bill, or the District may deduct the amount of such costs from the customer's security deposit or any other amounts held by the District and may further require that the customer replenish the deposit by an equivalent amount.

II. Connections to the District's Systems; Construction of District's Systems.

A. Applications for Connections and Service Initiation.

1. Any party desiring to make a connection to the District's Systems must submit an application to the District's representative in the form approved by the Board. The applicant must, upon request, furnish the District's representative with evidence that the party

who will actually install the tap and connecting line has comprehensive general liability insurance in the minimum amounts of \$300,000 bodily injury and \$500,000 property damage, with an underground rider and a completed operations rider.

2. The District's representative will review all applications for connections to the District's Systems. If the District's representative finds that the material to be used and the procedures and methods to be followed in laying the line and making the connection are equal to or better than the standards established by the Uniform Plumbing Code and are in compliance with all terms and conditions of this Order, the District's representative may approve the application and the proposed connection, subject to such terms or conditions as the District's representative deems necessary or convenient to accomplish the purpose and objectives of this Order.

3. Any party desiring to receive service from the District's Systems must make an application for service to the District's representative in the form approved by the Board. All applications must be made by the resident, occupant, or owner of the property for which service is being requested.

B. Construction of Connecting Facilities.

1. Before any connecting line or lines and any connections to the District's Systems are covered or enclosed with dirt or any other material, the District's representative must inspect the construction to confirm that the lines and connection have been properly installed in accordance with the requirements of this Order, the connection permit, and the Uniform Plumbing Code. The District's representative will also confirm whether the bedding materials used or to be used to cover or enclose the connecting line and connections are suitable under the standards required by this Order, the connection permit and the Uniform Plumbing Code. The person to whom the connection permit is issued is responsible for covering or enclosing the connecting line and connections with proper materials as authorized and approved by the District's representative.

2. The person making a tap or installing a service line must backfill any cuts made in paved streets. The cuts must be filled with sand, road base, and cement materials compacted to standard acceptable densities as established by the District's representative and covered with paving material in a manner acceptable to the District.

3. All water and wastewater connection lines and materials, except water meters, will be furnished by the party installing the lines and making the connections. Water meters will be required for all water connections and will be furnished by the District upon payment of all applicable fees and charges and will remain the property of the District.

C. Grinder Pumps.

1. All Grinder Pumps required for wastewater service to an individual customer must be installed by a contractor approved by the District at the customer's expense. The District's engineer must approve the plans for any such facility prior to the time

construction is initiated, and the customer who will be served by the facilities must enter into an agreement with the District prior to initiation of utility service that sets forth applicable inspection and maintenance requirements, includes the customer's agreement to pay all costs associated with the inspection, operation, maintenance, repair, or replacement of the facilities, and provides for continuing access to such facilities by the District's representative.

2. No modification or repair of any Grinder Pump or control panel may be made by the customer after installation. No third party may repair, modify, or replace any Grinder Pump within the District without express District authorization to do so.

3. Any pressurized sewer lines or other sewer lines located within the customer's house or on the customer's property up to and including the check valve at the street will not be a part of the grinder pump system and will be considered a part of the home plumbing. These sewer lines will not be inspected or maintained by the District, but will be the sole responsibility of the customer as to design, installation, maintenance, and operation.

D. Scheduling Meter and Grinder Pump Installation. An applicant must schedule any new water and wastewater utility connections by notifying the District and paying all required District fees a minimum of 15 business days before the date the connection is desired to be made. An applicant must schedule its water meter installation with the District's representative a minimum of 15 business days in advance of the date the installation is required. Installation of Grinder Pumps must be scheduled through the District's representative a minimum of 15 business days in advance of the date the installation is required.

E. Separate Irrigation Meter Required. A separate, dedicated irrigation meter is required for any irrigation system receiving water from the District's Systems. Irrigation meters are not available for residential customers.

F. Payment of Fees. Any party desiring to make a connection to the District's Systems must pay all applicable fees required by this Order and the Rules to the District's representative at the time the application for such connection is made. No connection may be made until all fees for the requested connection and any outstanding fees relating to any prior connections by the applicant are paid. In addition, any non-routine charges incurred by the District in connection with any water or wastewater tap and/or inspection will be the responsibility of the applicant for such connection and will be payable to the District upon demand. *Any applicant which has any outstanding fees due to the District will not be permitted to make any additional connections until all outstanding fees are paid.*

G. Manhole Coating Required. The interior surface of all wastewater manholes to be constructed as part of the District's Systems must be coated in accordance with the City of Austin's Standard Specifications Item No. 506, as amended or superseded from time to time, and must be included as a separate line item in the contract documents for the applicable construction project.

III. Fee Schedule.

A. Service Initiation and Online Customer Account Profile Fee. A party desiring to receive service from the District's Systems must pay a **\$5 application fee** to initiate service and to establish an online customer account profile with the District's online billing system. This fee will be assessed on the invoice for the month in which the customer applies for service.

B. System Usage and Drainage Fee. The District's system usage and **drainage fee is \$400 per Fee Unit Equivalent.** Each customer connecting to the District's Systems must pay the applicable system usage and drainage fee required by this Order. No connection may be made until this fee is paid.

C. Capacity Charges. All Capacity Charges must be paid prior to a customer's initial connection to the District's Systems. No tap will be issued until the required Capacity Charges for the connection or connections in question are paid. The District may require that these fees be paid by the developer at the time of approval of each subdivision plat or guaranteed by the developer through the deposit of a bond, guaranty, or other fiscal assurance acceptable to the Board. The Capacity Charges are as follows:

- 1. Water Capacity Charge: **\$3,500 per LUE**
- 2. Wastewater Capacity Charge: **\$1,700 per LUE**

D. Tap and Grinder Pump Installation and Inspection Fee Schedule.

1. The District's wastewater tap fees (including one inspection) are as follows:

<u>Meter Size</u>	<u>Tap Fee</u>
5/8" to 3/4"	\$400
1"	\$750
1 1/2"	\$1,000
Larger than 1 1/2"	To be determined based upon installation, three times cost.

2. The District's water tap fees (including one inspection) are as follows:

<u>Meter Size</u>	<u>Tap Fee</u>
Meter Charge	Cost of meter
5/8" to 3/4"	\$400
1"	\$750
1 1/2"	\$1,000
Larger than 1 1/2"	To be determined based upon installation,

three times cost.

3. Water and Wastewater Tap Re-Inspection Fees. If more than one inspection is required before a tap is approved by the District, the fee for each additional inspection will be **\$75 for commercial connections and \$50 for residential connections.**

4. Grinder Pump Installation Fees. The charge for each Grinder Pump, including installation of the Grinder Pump and control panel and up to 100 feet of electrical wiring from the control panel to the Grinder Pump, and one inspection, will be **\$2,200**. If the control panel is located more than 100 feet from the Grinder Pump, an additional wiring fee of **\$100** will be assessed, which will be assessed at the time of the installation.

5. Grinder Pump Inspection Fees. The fee for the first inspection of a Grinder Pump is **\$50**. The fee for any additional inspections is **\$50** for each inspection, which must be paid to the District's representative at the time the inspection is requested.

E. Plumbing Inspections Fees. The District will conduct five inspections of new residential and commercial plumbing construction as required by The Plumbing License Law, Chapter 1301, *Texas Occupations Code*. An inspection will be conducted at the time the service line is constructed, at the time of plumbing rough-in, for copper, at top-out, and upon completion of construction. The fee for these inspections, which will be performed by an independent plumbing inspector retained by the District, will be as follows:

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|----|---|---|
| 1. | <u>Single-family residential inspections:</u> | \$375 |
| 2. | <u>Other:</u> | To be determined by the District's representative based upon the size and scope of the project |
| 3. | <u>Irrigation:</u> | \$75 |

The applicable inspection fees will be conducted at the time of purchase of the water and wastewater tap for the new construction. If an inspection is failed, a fee of **\$50** will be assessed for each re-inspection that is required. If the property is not accessible for inspection at the time an inspection is scheduled, the inspection will be deemed to have been failed and a re-inspection fee will be assessed.

F. Cross Connection Inspection Fees. If any existing customer constructs additional plumbing improvements, a cross-connection inspection will be required. The fee for each cross-connection inspection will be **\$75**.

G. Charges for Reconnection of Service. In the event of any discontinuation of service, whether because of customer's delinquency or upon a customer's request, the customer will be required to pay all past-due amounts, plus the applicable reconnect fee, prior to service being reconnected. A reconnect fee will be charged if the customer is given notice of

disconnection and all past-due amounts are not paid by the time and date specified on the notice of disconnection, regardless of whether or not service has been physically disconnected. Service will be reconnected on the same day if payment is made prior to 2:00 p.m. If payment is tendered after 2:00 p.m., the customer will be required to pay the after-hours reconnect fee in order to obtain same-day reconnection of service. The following fees will apply:

1. Water System
 - a. When meter not removed \$50
 - b. After-hours reconnect fee \$75
(when reconnection is made after 5:00 p.m. on a weekday or when request is made after 2:00 p.m.)
 - c. Weekend and holiday reconnect fee \$150
(when reconnection is made on a holiday or weekend)
 - d. When meter removed \$100
2. Wastewater System **Two times the cost to the District.**

H. Additional Charges. Any non-routine charges incurred by the District in connection with any tap and/or inspection will be the responsibility of the applicant for such connection and will be payable to the District upon demand.

IV. Water and Wastewater Rates.

A. Monthly Water Rates.

1. Base Customer Charge: **\$21.25** per FUE

2. Water Commodity Charge:

a. Standard Service (per 1,000 gallons) (includes Lost Pines Groundwater Conservation District production fee of \$0.12)

<u>Meter Size</u>	<u>1-10,000 Gallons</u>	<u>10,001-20,000 Gallons</u>	<u>+20,001 Gallons</u>
5/8" simple	\$3.57	\$4.77	\$5.97
3/4" simple	\$3.57	\$4.77	\$5.97
1" simple	\$3.57	\$4.77	\$5.97

b. Large Volume Service

<u>Meter Size</u>	<u>Per 1,000 Gallons</u>
Over 1"	\$4.62

B. Monthly Wastewater Rates.

1. Base Customer Charge: \$21 per FUE
(includes 2,000 gallons of usage)
2. Wastewater Commodity Charge:
(gallorage charge for all usage over 2,000/month)
 - a. In-District Customers: \$3.10 per 1,000 gallons
 - b. Out-of District Customers: \$3.88 per 1,000 gallons

3. Additional Charges and Fees for Out-of District Customers.

- a. Out-of District Connection Charges. Prior to the completion of construction of any wastewater line or lines proposed to connect any property to out-of-district wastewater service, the owner of the property must pay its pro rata share of the capital costs for wastewater service to that property, including costs associated with any trunk lines, lift stations, force mains, and joint or shared facilities and any applicable rates, fees, and charges arising under the Wastewater Contract, as determined by the District's engineer in accordance with the conversion criteria set forth on Exhibit A, as applicable.
- b. Pump and Haul Pass-Through Cost: Each out-of-District wastewater customer must also pay its pro rata share of the actual costs for pump and haul wastewater service incurred by the District, if any.

C. Calculation of Wastewater Charges.

1. Bills for residential wastewater service will be computed: (a) on the basis of the average amount of water used by the customer during the winter season based upon the average of the monthly readings of the customer's water meter for the preceding **December, January, February, and March** (excluding the month with the highest usage) unless another winter-averaging period is established by the Board (the "*winter-averaging period*"); or (b) on the basis of the customer's current monthly water bill, whichever is less; however, any customer who did not have an approved wastewater connection during the prior winter averaging period will not be entitled to use the winter-averaging method and will be billed on the basis of the lesser of: (i) the customer's current monthly water usage; or (ii) 8,000 gallons of water usage per FUE per month.

2. Bills for non-residential wastewater service, including wastewater service to an apartment complex, will be computed on the basis of the lesser of: (a) the average of the monthly readings of the customer's water meter during the winter-averaging period, or (b) the customer's current monthly water bill; however, if a nonresidential customer did not have an approved wastewater connection during the prior winter averaging period, the customer's monthly wastewater charges will, at the District's option, be calculated: (i) based upon the customer's current monthly water usage; or (ii) by measuring actual sewage volume, on a basis acceptable to the District, at the expense of the customer.

3. No wastewater charges will be assessed for water utilized through a dedicated irrigation meter approved by the District.

D. Regulatory Assessments. A regulatory assessment of ½% of retail water and sewer charges will be added to each customer's monthly billing. These assessments are remitted by the District to the Commission and used by the Commission in performing its regulatory duties and in providing technical assistance and training to utilities.

V. Security Deposits.

A. Customer. Each customer must pay a security deposit of \$100 per FUE to the District's representative prior to initiation of service to the customer. Security deposits will not be transferable and will be held by the District to assure the prompt payment of all bills for services to the customer. At its option, the District may apply all or any part of a customer's security deposit against any delinquent bill of the customer. Upon discontinuation of service, whether because of the customer's delinquency or upon the customer's request, the deposit will be applied against any amounts due to the District, including any disconnection fees or other charges. Any portion of the deposit remaining after deduction of amounts due to the District will be refunded to the customer. In no event will any security deposit bear interest for the benefit of the customer.

B. Builder. Each builder must make a one-time \$1,000 deposit covering all houses the builder is building or intends to build within the District. The District's representative will carefully monitor the status of construction to ensure that the water and wastewater service connection at each house is inspected and approved prior to its being covered. If this procedure is not followed, the District's representative may require the builder to uncover the service connection so that it may be inspected. Any cost to the District for additional inspections, work resulting from a builder's covering a connection prior to inspection, damages caused by the builder or its employers or contractors, or other costs incurred by the District which are attributable to the builder will be deducted from the security deposit and the builder will be billed any amount necessary to fully restore the original deposit amount. The District's representative will not approve any additional connections for a builder until the builder's security deposit has been established or reestablished at the full amount. The security deposit will be refunded when the builder completes its building program within the District. In no event will any security deposit bear interest for the benefit of the builder.

C. Developer Deposit. Each developer of a commercial project, including an apartment complex, or a residential subdivision within the District, must deposit the sum of \$2,000 with the District's representative. This deposit will be placed in a separate account and will be refunded, without interest, to the developer on completion of the developer's project within the District.

D. Use of Builder and Developer Security Deposits. The cost of any repairs to the District's Systems caused by a builder's or developer's negligence or intentional acts, or due to the negligence or intentional acts of any contractor or subcontractor performing work associated with the builder's or developer's projects; the costs of any professional services incurred by the District due to builder or contractor damage, dumping or violations of the District's Rules; and the cost of connections, inspection services, water service, and wastewater service rendered to a builder or developer will be billed by the District's representative to the responsible builder or developer, and will be due and payable upon demand. If, at any time, a builder or developer is delinquent in paying these bills for a period of 30 days, or is responsible for outstanding bills in the amount of \$200 or more, the District may transfer all or any part of its builder or developer deposit to the District's operating fund to pay these outstanding or delinquent bills and may require: (a) that the deposit be replenished by the builder or developer by the amount transferred; or (b) that, for a homebuilder, an increased deposit of \$300 multiplied by the number of estimated starts by the builder over three months or \$5,000, whichever is more, or, for a developer, that an increased deposit of \$5,000, be made. No additional water or sewer taps will be sold nor will any other approvals be issued to a builder or developer who is delinquent in the payment of any sums due to the District.

E. Fire Hydrant Meter and Deposit. **Withdrawal of water from flushing valves, fire hydrants, or other appurtenances of the District's Systems without prior approval of the District, except for emergency firefighting purposes, is absolutely prohibited.** Every builder or contractor must obtain and utilize a fire hydrant meter from the District prior to initiating its construction or building program within the District and any water withdrawn by the builder or contractor from the District's Systems must be measured through the assigned fire hydrant meter. **The use of unmetered water by any contractor or builder constitutes theft and will be prosecuted as such.** No builder, developer, contractor, or other person or entity may temporarily connect to the District's Systems or withdraw water from the District's Systems through a fire hydrant unless it utilizes a fire hydrant meter assigned to it by the District. Any fire hydrant meter must be attached directly to the fire hydrant and must be used when making any temporary water connection for construction, street cleaning, or any other construction-related activities. In addition, each builder, developer, contractor, or other person utilizing water from the District's Systems through a temporary connection must install a reduced pressure Backflow Prevention Device or a Uniform Plumbing Code-approved air gap approved by the District's representative as to design, location and installation. At the time a fire hydrant meter is issued, a security deposit of \$1,200 must be paid to the District's representative, which will be refunded to the customer at the time the meter is returned in good working order, less any amounts deducted due for damage to the meter and water use charges. No fire hydrant deposit will be required if the contractor is constructing improvements for the District and the use of a fire hydrant for water is required by the contractor's construction

agreement with the District; however, a fire hydrant meter must be obtained by the contractor and the measuring of all water utilized by the contractor through the fire hydrant meter is still required. Any party who fails to obtain a fire hydrant meter from the District, fails to utilize the assigned fire hydrant meter when taking water from a District fire hydrant, fails to install the required Backflow Prevention Device or Uniform Plumbing Code-approved air gap, or takes water from an unmetered fire hydrant or other unauthorized connection to the District's Systems will be subject to a penalty in the amount of \$5,000 per violation; each day of which will constitute a separate violation, and will also be liable for all attorney's fees incurred by the District and costs of court. The District may deduct the amount of any penalties or costs imposed as a result of a builder's, developer's, or contractor's violation of this subsection from its meter deposit or any other deposits held by the District and may further require that the builder, developer, or contractor replenish the deposit by an equivalent amount.

VI. Industrial Waste Regulations; Non-Domestic Waste Fees.

A. Prohibited Waste.

1. Non-Biodegradable Material. No waste material that is not biologically degradable may be discharged into the District's Wastewater System, including mud and debris accumulated during construction.

2. Surface Runoff; Storm Water. No surface runoff water or storm water may be discharged into the District's Wastewater System, including downspouts and yard or area drain runoff.

3. Swimming Pool Water. Swimming pool water may not be discharged into the District's Wastewater System unless specifically approved in writing by the Board.

4. Industrial Waste. No Industrial Waste may be discharged into the District's Wastewater System.

5. Inadmissible Wastes. Only wastewater that is amenable to biological treatment may be passed through to or received by the District's Wastewater System. The District may, from time to time, establish, revise, and provide to the Developer a list of wastes that are not admissible to the District's wastewater collection system under applicable regulatory requirements (the "List of Inadmissible Wastes"). The current List of Inadmissible Wastes is attached as **Exhibit B**. Any waste identified on the List of Inadmissible Wastes is referred to herein as an "Inadmissible Waste". No Inadmissible Waste may be discharged into the District's Wastewater System.

6. Non-Domestic Waste. No Non-Domestic Waste may be discharged into the District's Wastewater System without the prior approval of the District's representative. The District's representative will review each application to discharge Non-Domestic Waste and make a recommendation to the Board as to approval or denial of the application. If an application is approved, the Board will establish rates and charges that cover, but are not limited to, the cost of waste treatment, taking into account the volume and character of the

Non-Domestic Waste and all other waste treated, any special techniques of treatment or operation required for the Non-Domestic Waste, and any administrative expenses incurred by the District. These rates and charges must be at least sufficient to provide an equitable system of cost recovery that is sufficient to produce revenues, in proportion to the percentage of Non-Domestic Waste to be treated relative to the total waste load to be treated by the District, so as to provide for operation and maintenance of the treatment works, for the amortization of the District indebtedness for the cost of its waste collection and treatment system, and for any additional costs necessary to provide adequate waste treatment to meet the waste discharge requirements applicable to the District on a continuing basis. If, in the opinion of the District's representative, pretreatment of any Non-Domestic Waste is necessary to prevent harm to the District's waste collection and treatment system or to prevent interference with the proper and efficient operation and maintenance of each system, pretreatment will be required as a condition to the District's receipt and treatment of the Non-Domestic Waste. If the District's engineer recommends against accepting the Non-Domestic Waste into the District's wastewater system under any conditions, the District's representative will deny the application.

B. Prohibited Discharges. If the District determines that there has been a prohibited discharge under the District's Rules or this Order, the violator will be assessed and required to pay for all reasonable expenses of the District incurred in connection with the violation, any testing of the waste associated with such violation, and for any damage to the District's sanitary sewer system.

VII. District Approvals; Escrow for Expenses.

Applicants for service commitments, out-of-district service, construction plan review, and/or inspection, subdivision plan review and/or inspection, or other types of District approvals, including utility construction agreements or other types of development agreements, are responsible for the payment of all legal, engineering, and/or management fees incurred by the District in reviewing their application and negotiating or preparing any related approvals or agreements. The District's representative will establish a deposit amount equivalent to the estimated consultant fees that are expected to be incurred in connection with the application, and the applicant must deposit this amount with the District prior to any review or processing work being initiated. All consultant fees associated with the application incurred by the District will be charged against the deposit. Upon completion of the review process, the applicant must pay any fees incurred by the District in excess of the deposit. Any excess deposit remaining after payment of all fees will be returned to the applicant. No service commitment or plan approval will be issued or agreement will be effective by the District until all fees are paid.

VIII. Metering.

A. Meter requirements.

1. Use of Meter. All water sold by the District will be charged for by meter measurements.

2. Installation by District. The District will provide and install and will continue to own and maintain all meters necessary for the measurement of water to its customers.

3. Standard Type. The District will not furnish, set up, or put in use any meter that is not reliable and of a standard type that meets industry standards. Special meters not necessarily conforming to such standard types may be used for investigation or experimental purposes.

B. Meter Readings.

1. Meter Unit Indication. In general, each meter will indicate clearly the gallons of water or other units of service for which charge is made to the customer.

2. Reading of Meters. As a matter of general practice, service meters will be read at monthly intervals, and as nearly as possible on the corresponding day of each meter-reading period, but may be read at other than monthly intervals if the circumstances warrant.

C. Meter Tampering. For purposes of this Order, meter tampering, bypass, or diversion means tampering with a District's meter or other equipment, causing damage or unnecessary expense to the meter, bypassing a meter, reconnecting service without authorization to do so, whether the disconnection was due to non-payment or for any other reason, or any other instance of diversion or bypass, such as physically disorienting the meter, attaching objects to the meter to divert service or to bypass, inserting objects into the meter, electrical and mechanical means of tampering with, bypassing, or diverting District service, failing to have a meter installed, or covering or physically obstructing the location of the meter. Meter tampering, bypass or diversion is prohibited. Reconnecting service without authorization will be prosecuted as theft of service. Any party who tampers with a District meter or takes water from an unmetered or other unauthorized connection to the District's Systems will be subject to a penalty in an amount not to exceed \$5,000 per violation, each day of which will constitute a separate violation, and will also be liable for all attorney's fees incurred by the District and costs of court. The District may offset a customer's deposit against the amount of any penalties or costs imposed as a result of a violation of this section and may further require that the deposit be replaced and any unpaid penalties and costs paid before service is reconnected.

D. Meter Re-reads and Meter Tests.

1. The District's representative will, upon request of a customer, re-read the customer's meter. Upon receipt of a request, the District's representative will advise the customer that, if the meter reading proves accurate, the customer will be billed for the cost of the meter re-read. If, upon re-reading the meter, the original reading is found to have been correct, the District will charge the customer a fee as specified in the Rate Order to cover the cost of the re-read. If the original reading is found to have been incorrect, there will be no charge to the customer.

2. The District's representative will, upon request of a customer, "field-test" the accuracy of the customer's meter. Upon receipt of any such request, the District's representative will advise the customer that, if the meter test proves accurate, the customer will be billed for the cost of the test. If, upon testing the meter, the meter is found to be accurate, the District will charge the customer a fee to cover the cost of the test. If the meter is found to have been inaccurate, there will be no charge to the customer.

3. If a customer requests that a meter be pulled and tested for accuracy, the customer will be responsible for all costs incurred by the District in removing and testing the meter unless the meter registers more than two percent above the test result under reasonable flow quantities, in which event the costs will be borne by the District. The customer may obtain a copy of the test report upon request.

E. Leaks; Water Leak Adjustment Policy. Failure to repair a controllable leak within a reasonable time (not exceeding 30 days) after notice from the District to repair the leak will constitute a violation of the District's rules. If a customer experiences a water leak, the customer may submit a written leak adjustment request detailing the circumstances of the leak. All requests must be accompanied by a copy of all invoices and documentation evidencing the leak and confirming that the leak has been repaired. Upon receipt of a complete request, the customer's usage will be recalculated based upon the customer's prior history, as determined by the District's representative. Water usage for the period in which the leak occurred that exceeds the base established by the customer's prior history will be presumed to be attributable to the leak and will be billed at the rate for the lowest tier of usage specified in Article IV.A.2.(a) above. The remaining portion of the customer's water usage will be billed at the District's normal and customary rates under this Order. If the leak occurred during the winter-averaging period, the District's representative may establish an alternative winter-averaging period for this customer.

IX. Rendering and Form of Bills.

A. Rendering of Bills. Bills for service will be rendered monthly. Service initiated less than one week before the next billing cycle may be billed with the following month's bill. One bill will be rendered for each connection.

B. Information to be Included on the Bill. The customer's bill will show the total amount due for service and any surcharge, the due date of the bill, the total amount due as penalty for nonpayment within a designated period, and the local telephone number or toll free number where the District's representative can be reached.

C. Payment Obligation. If a customer does not receive a bill or bills, his obligation to make payment for services rendered is not diminished or released.

D. Delinquency. All bills will be considered past due if not paid by the tenth day after the date of issuance ("Due Date"). The customer will be subject to termination of service, if full payment, including any applicable late fee, is not received by "Delinquency Date" which will be the 26th day of the month. If the Due Date or the Delinquency Date falls on a Saturday,

Sunday or legal holiday on which banks are required to close in the State of Texas, the applicable period will be extended to the next business day.

E. Overbilling and Underbilling. If billings for District services are found to differ from the District's rates for the services, or if the District fails to bill the customer for services, a billing adjustment will be calculated by the District. If the customer is due a refund, an adjustment will be made for the entire period of the overcharges. If the customer was undercharged, the District will backbill the customer for the amount of the service actually used by the customer. If the underbilling is \$25 or more, the District will offer the customer a deferred payment plan option for the same length of time as that of the underbilling.

F. Prorated Charges. When a bill is issued for a period of less than one month, the basic charge will be prorated based on the period during which service was rendered.

G. Disputed Bills.

1. A customer may advise the District that a bill is in dispute by written notice to the District's representative. A dispute must be registered with the District prior to the date of proposed discontinuance in order for the customer to avoid discontinuance of service as provided by this Order.

2. Notwithstanding any other provision of this Order, a customer will not be required to pay the disputed portion of a bill which exceeds the amount of that customer's average monthly usage at current rates pending the resolution of the dispute. For purposes of this Section only, the customer's average monthly usage at current rates is the average of the customer's gross water and wastewater usage for the preceding 12-month period. If no previous usage history exists, consumption for purposes of calculating the average monthly usage will be estimated on the basis of usage levels of similar customers under similar conditions.

3. Notwithstanding any other provision of this Order, a customer's service will not be discontinued for nonpayment of that portion of a bill under dispute pending resolution of the dispute. The customer must timely pay any billings not disputed.

H. Bill Adjustment Due to Meter Error. If any meter is found to be outside of the accuracy standards established by the American Water Works Association, proper correction will be made of previous readings for two months immediately preceding the removal of the meter from service for the test, or from the time the meter was in service since last tested, but not exceeding two months, based upon the error shown by such test, and adjusted bills will be rendered. No refund is required from the District except to the customer last served by the meter prior to the testing. If a meter is found not to have registered for any period, to have been bypassed or tampered with, to have not been installed, or for any reason is unable to be located, the District's representative will make a charge for units used, based on amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years, or used by similar users under similar circumstances.

I. Bill Adjustment Due to Meter Tampering. If a meter is found not to have been registered for any period, to have been bypassed or tampered with, to have not been installed, or, for any reason cannot be located, the District's representative will bill the customer for gallons used based on amounts used under similar conditions during the preceding or subsequent period or during corresponding periods in previous years, or used by similar users under similar circumstances. For purposes of this Section, meter tampering, bypass, or diversion or any similar term means tampering with a District meter or equipment causing damage or unnecessary expense to the District, bypassing the meter, or other instances of diversion, such as physically disorienting the meter, attaching objects to the meter to divert service or to bypass, inserting objects into the meter, and using other electrical or mechanical means to tamper with, bypass, or divert District service, failing to have a meter installed or covering or physically obstructing the location of the meter.

J. Equipment Damage Charges. The District will charge the responsible customer for all labor, material, equipment, and other costs necessary to repair or replace equipment damaged due to equipment tampering or bypassing, service diversion, or the discharge of wastes in violation of the terms of this Order. The District may charge for all costs necessary to correct service diversion or unauthorized taps where there is no equipment damage, including incidents where service is reconnected without authority. An itemized bill of these charges will be provided to the customer.

K. Late Charges. A late charge of ten percent (10%) of the amount of the bill will be added on the Delinquency Date and this late fee will continue to be assessed each month while the delinquent amount remains unpaid.

L. Right to Sue. The District reserves the right to institute suit for the collection of any amounts due and unpaid, together with interest thereon at the maximum legal rate and reasonable attorneys' fees.

M. Dishonored Check Charge. The District reserves the right to charge a customer paying a bill with a check which is dishonored an amount established from time to time by the District's representative, which amount will be based on the prevailing or usual charges made for dishonored checks and drafts by other vendors in the same general area as the District.

N. Notification of Alternative Payment Programs or Payment Assistance. If a customer contacts the District's representative due to an inability to pay a bill or a need for assistance with his bill payment, the District's representative will inform the customer of all available alternative payment and payment assistance programs available from the District, such as deferred payment plans, as applicable, and of the eligibility requirements and procedures for applying for them. A deferred payment plan is any arrangement or agreement between the District and a customer in which an outstanding bill will be paid in installments that extend beyond the due date of the next bill. All deferred payment agreements must be in writing. The District's representative may suspend the termination of services to customers for up to 30 days based upon the District's representative's determination that the customer is

making a good faith effort to pay the District's account; however, extensions beyond 30 days must be approved by the Board.

O. Post-Bankruptcy Services. In the event of bankruptcy of any District customer, amounts due for pre-bankruptcy services will be posted to the customer's existing account and amounts due for post-bankruptcy services will be posted to a separate account. The customer will be required to provide the District with adequate assurance of payment for services rendered after the date of the bankruptcy filing, in the form of a security deposit satisfying the requirements of this Order. Any existing security deposit will be held by the District as security for sums due for pre-bankruptcy services and will not be credited towards the security deposit for post-bankruptcy services. If the customer fails to furnish the required security deposit for post-bankruptcy services to the District, the District may discontinue service to the customer in accordance with the provisions of this Order.

X. Protection of the District's Systems.

A. Tampering or Damage Prohibited. It is unlawful for any person, unless authorized in writing by the District's representative, to tamper or interfere with; to obstruct access to; or, as the result of willful action, to injure, deface, or destroy any facilities that are a part of the District's Systems.

B. Unlawful Discharges. It is unlawful for any person to deposit, throw, drain, discharge, or otherwise cause to be injected into any sewer, manhole, catch basin, flush tank, or other facility that is a part of the District's Systems any debris or foreign substance that would interfere with the proper and routine functioning, or to discharge any waste into the District's Wastewater System:

1. other than through an authorized sewer tap for which necessary connection fees, deposits and other charges have been paid; or
2. generated on premises other than those for which the sewer tap was originally made; or
3. generated at a building other than that for which the sewer tap was originally made, unless approved in advance by the District's representative; or
4. of a type different from that contemplated at the time the sewer tap was originally made, unless approved in advance by the District's representative.

C. Service Line Maintenance. Each customer is responsible for the maintenance of the sewer service line from the point of connection to the District's Systems to the buildings or premises served. All sewer service lines must be maintained in such a manner as to prevent the infiltration of water or exfiltration of wastewater.

XI. Termination of Service.

A. Termination with Notice. District service may be terminated after proper notice for any of the following reasons:

1. within 30 days from the date of the issuance of a delinquent bill, the customer has neither (a) paid the delinquent bill and all other past-due bills nor (b) entered into a written deferred payment agreement and made all payments required under the plan;

2. the customer has defaulted in the obligations under any deferred payment agreement;

3. violation of the District's Rules pertaining to the use of service in a manner which interferes with the service of others or the operation of non-standard equipment, if a reasonable attempt has been made to notify the customer and the customer is provided with a reasonable opportunity to remedy the situation; or

4. failure to comply with deposit arrangements where required by this Order.

B. Termination Without Notice. District service may be terminated without notice (a) due to existence of a known dangerous condition, (b) if service is connected without authority, or (c) in instances of tampering with the District's equipment, bypassing the same, or other instances of diversion. If reasonable, given the nature of the hazardous condition, a written statement providing notice of and the reason for disconnection will be posted at the place of common entry or upon the front door of each affected structure as soon as possible after service has been disconnected.

C. Notice of Termination of Service. Proper notice of termination of service consists of a separate mailing by first-class mail, postage prepaid, at least 10 days prior to a stated date of disconnection, with the words "termination notice" or similar language prominently displayed on the notice. The information included in the notice will be provided in English and Spanish if necessary to adequately inform the customer. A statement notifying the customer that, if they are in need of assistance with payment of their bill, they may be eligible for alternative payment programs, such as deferred payment plans, and to contact the District representative for more information will be attached to or on the face of the termination notice. The notice will advise the customer of the basis for the District's decision to disconnect service and that he has the right to request a hearing on the matter by contacting the District's representative at least 48 hours before the stated date of disconnection. The District's representative's telephone number must appear on the notice together with information regarding appropriate times to contact the representative. If notice is mailed, the stated date of disconnection may not fall on a holiday or weekend, but will be the next working day after the 10th day. Payment at the District's authorized payment agency is considered payment to the District. The District will not issue a termination notice to the customer earlier than the first day a bill becomes delinquent, so that a reasonable length of time is allowed to ascertain receipt of payment by mail or at the District's authorized payment agency.

D. Customer Appeal Procedures.

1. Informal Hearing. Upon receipt of a customer's request to protest the termination of service, the District's representative will schedule an informal hearing with the customer and his representative prior to disconnection. The presiding officer at the informal hearing will be an individual who did not participate in the initial decision to pursue disconnection of the customer's service. The customer will be allowed to question the District's billing representative at the informal hearing regarding the basis for the decision to terminate service and present any testimony or evidence regarding the termination of service or its basis. The presiding officer will render a decision on the matter and state reasons for the decision and the grounds upon which the decision is based.

2. Appeal. The customer may appeal the decision of the presiding officer to the Board. If the customer posts a bond in an amount sufficient to cover the cost determined by the presiding officer to be due, the District will not proceed with termination of the customer's service until a final decision is made by the Board.

E. Disconnection. If payment of all delinquent and past due amounts has not been made by 5:00 p.m. on the date specified by written notice to the customer, and no other arrangements for payment have been made, service will be disconnected. In order to reconnect service, the customer must pay all delinquent and past-due amounts, plus the applicable reconnect fee. The reconnect fee will be due regardless of whether or not service has been physically disconnected. If payment is tendered after 2:00 p.m. on the date of disconnection, the customer must pay the after-hours reconnect fee in order to obtain same-day reconnection of service. If a customer defaults under a payment plan entered into with the District, termination procedures will immediately be initiated.

F. Disconnection on Holidays or Weekends. Unless a dangerous condition exists or the customer requests disconnection, service will not be disconnected on a day, or on a day immediately preceding a day, when personnel of the District are not available to the public for the purpose of accepting payments and reconnecting service.

G. Disconnection for Ill and Disabled. The District may not discontinue service to a delinquent residential customer permanently residing in an individually-metered dwelling unit if the customer establishes that discontinuance of service will result in a person residing at the residence becoming seriously ill or more seriously ill. Each time a customer seeks to avoid termination of service under this Section, the customer must have the attending physician (for purposes of this Section, the term "physician" means any public health official, including medical doctors, doctors of osteopathy, nurse practitioners, registered nurses, and any other similar public health official) call or contact the District's representative within 15 days of issuance of the bill. A written statement must be received by the District's representative from the physician within 30 days of the issuance of the bill. The customer who receives a waiver of disconnection under this Section must enter into a deferred payment plan with the District and remain in compliance with the plan.

H. Reconnection of Services. If service is discontinued for any reason, reconnection of services will be established within 24 hours of payment of the past due bill in its entirety and any other outstanding charges, including all reconnection fees.

I. Meter Removal. The District's representative will remove a customer's water meter if the customer illegally restores his service without payment of his delinquent account.

XII. Continuity of Service.

A. Service Interruptions.

1. The District will make all reasonable efforts to prevent interruptions of service. When interruptions occur, the District will re-establish service within the shortest possible time.

2. The District will make reasonable provisions to meet emergencies resulting from failure of service, and will establish procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.

3. In the event of a national emergency or local disaster resulting in disruption of service, the District may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

B. Record of Interruption. Except for momentary interruptions due to automatic equipment operations, the District's representative will keep a complete record of all interruptions, both emergency and scheduled. This record will show the cause for interruptions, date, time, duration, location, approximate number of customers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.

XIII. Customer Service Agreement and Plumbing Regulations.

A. Authority. Under the requirements of the Chapter 341, Subchapter C of the Texas Health and Safety Code and 30 Texas Administrative Code § 290.46(i), the District is required to adopt rules to allow for proper enforcement of the requirements of the TCEQ.

B. Applicability. All customers receiving utility service from the District are subject to the requirements of this Article. The provisions of this Article constitute a service agreement between the District and each customer receiving utility services from the District. By requesting or accepting utility services from the District, each customer agrees to comply with the provisions of this Article.

C. Purpose. Each customer must agree to comply with this Article as a condition to receiving services from the District.

D. Plumbing Restrictions.

The following undesirable plumbing practices are prohibited:

1. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination must be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
2. 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 must be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
3. No connection which allows water to be returned to the public drinking water supply is permitted.
4. No pipe or pipe fitting that contains more than 8% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
5. No solder or flux that contains more than 0.2% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.

E. Service Conditions. The following are the terms for the provision of service between the District and each customer of the District:

1. The customer must comply with the provisions of this Order as long as the customer is receiving service from the District.
2. The customer must allow his property to be inspected for possible cross-connections and other undesirable plumbing practices as required by this Order. These inspections may be conducted by a representative of the District prior to initiating service and periodically thereafter. All inspections will be conducted during the District's normal business hours.
3. The District will notify a customer in writing of any cross-connection or other undesirable plumbing practice that has been identified during the initial inspection or the periodic reinspection.
4. The customer must immediately correct any undesirable plumbing practice on his premises.
5. The customer must, at his expense, properly install, test, and maintain any backflow prevention device required by the District. Copies of all testing and maintenance records must be provided to the District.

F. Backflow Prevention Devices.

1. If there is an actual or potential source of contamination, pollution or hazard to the District's water system, no connection may be made to the District's water system unless:

- a. there is a Code-approved air gap between the potential source of contamination, pollution or hazard and the drinking water supply; or
- b. a Backflow Prevention Device is installed between the potential source of contamination, pollution or hazard and the drinking water supply.

2. A Backflow Prevention Device must be tested upon installation. The test must be conducted by an individual who has completed a Commission approved course on cross-connection control and backflow prevention and passed an exam administered by the Commission or its agent ("Recognized Tester"). The Recognized Tester must certify that the Backflow Prevention Device is operating within specifications and present evidence that the gauges used in the test have been calibrated and tested for accuracy in accordance with American Water Works Association or University of Southern California standards and that the Recognized Tester is currently certified to conduct Backflow Prevention Device Tests.

3. A Backflow Prevention Device that is installed to protect against High Health Hazards must be inspected and certified to be operating within American Water Works Association or University of Southern California specifications at least annually by a Recognized Tester. A High Health Hazard is a cross-connection, potential cross-connection, or other situation involving any substances 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.

4. All test and maintenance reports must be completed using a Commission form, or a form that contains the same information, and must be filed with the District within 30 days regardless of whether the test indicates a passed or failed test.

5. The District will maintain test and maintenance reports for a period of at least three years.

G. Enforcement. If a customer fails to comply with the terms of this Article, the District may assess fines in accordance with this Order, and must either terminate service and/or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this Article will be billed to the customer.

XIV. Customer Service Inspections.

A. Authority. Title 30 Texas Administrative Code §290.46(j) requires the District to adopt rules providing for the conduct and certification of customer service inspections.

B. Inspections. The applicant for service or the customer must submit a completed customer service inspection certification to the District in the following instances:

1. before the District begins providing continuous and adequate service to new construction;
2. when the District has reason to believe that cross-connections or other unacceptable plumbing practices exist on any existing service; or
3. after any material improvement, correction or addition to any existing private plumbing facilities.

C. Certifications. The certification must be completed in the form attached as **Exhibit C.** A customer service inspection certification must be completed at the applicant's or customer's expense by:

1. a Plumbing Inspector and Water Supply Protection Specialist licensed by the Texas State Board of Plumbing Examiners and in good standing at the time of the inspection,
2. a Certified Waterworks Operator who has completed a training course, has passed an examination administered by the Commission or its designated agent, and holds an endorsement granted by the Commission or its designated agent, or
3. a Licensed Plumber, if the inspection and certification are for a single-family residential service.

D. Records. The District will maintain copies of completed customer service certifications for a minimum of ten years.

E. Unacceptable Plumbing Practices. If unacceptable plumbing practices are discovered, they must be promptly corrected by the customer or applicant for service to prevent contamination of the water supplied by the District. The existence of an unacceptable plumbing practice is sufficient grounds for immediate termination of service without notice in order to protect the health and safety of all District customers. Service will not be restored until the potential source of contamination has been eliminated or additional safeguards have been taken and a new customer service inspection certification is provided to the District.

F. Enforcement. If the customer fails to comply with the terms of this Article, the District may assess fines as provided in this Order and may terminate service. Any expenses associated with the enforcement of this Article will be billed to the customer.

XV. Water Conservation and Drought Contingency Plan.

The terms and provisions of the District's Water Conservation and Drought Contingency Plan (as amended from time to time, the "Water Conservation and Drought Contingency Plan") are incorporated into this Order. The District may add the amount of any fines, penalties, or costs imposed under the Water Conservation and Drought Contingency Plan to the customer's utility bill, or the District may deduct the amount of any fines, penalties, or costs imposed as a result of a violation of the Water Conservation and Drought Contingency Plan from a customer's security deposit or any other amounts held by the District and may further require that the customer replenish the deposit by an equivalent amount.

XVI. Enforcement; Penalties.

A. Enforcement of Rules. Under Section 54.205 of the Texas Water Code, the provisions of this Order constitute rules that must be recognized by the courts as if they were penal ordinances of a city. This Order may be enforced by complaints filed in the appropriate court of jurisdiction in the county in which the District's principal office is located.

B. Penalties. Service will not be provided by the District until all requirements of this Order have been met.

1. Violation of this Order will result in the offending party being subject to the payment of a fine in an amount per violation that does not exceed the jurisdiction of justice court, as provided by Section 27.031, Texas Government Code. In addition, the offending party will be liable to the District for all costs incurred by the District in connection with any repairs or corrections necessitated by the violation.

XVII. Effect. This Order supersedes all previous orders and resolutions of the District relating to the establishment of rates and charges, and adopting rules and policies with respect to the District's Systems.

XVIII. Filing; Publication. The attorney for the District is hereby directed to file a copy of this Order (i) with the Texas Commission on Environmental Quality and (ii) in the principal office of the District and to publish a substantive statement of the rules contained in this Order and the penalties for their violation as required by Section 54.207 of the Texas Water Code.

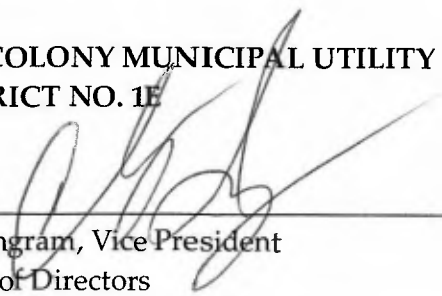
XIX. Exhibits. The following exhibits are attached to this Order and incorporated herein by reference.

- Exhibit A** - LUE Conversion Criteria for Out-of-District Connection Charges
- Exhibit B** - List of Inadmissible Wastes
- Exhibit C** - Customer Service Inspection Certification

EFFECTIVE the 21st day of April, 2014.

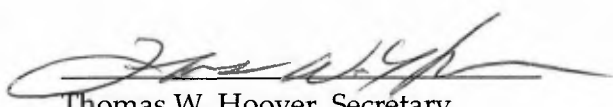
(Signature page follows.)

**THE COLONY MUNICIPAL UTILITY
DISTRICT NO. 1E**



Clay Ingram, Vice President
Board of Directors

ATTEST:



Thomas W. Hoover, Secretary
Board of Directors

EXHIBIT A

**LUE CONVERSION CRITERIA FOR OUT-OF-DISTRICT CONNECTION
CHARGES**

Bakery	0.000700 per Sq. ft.
Barber Shop, General	0.480000 per Bowl
Beauty Shop	0.480000 per Bowl
Bowling Alley	0.635000 per Lane
Car Repair	0.000160 per Sq. ft.
Carwash, Tunnel, Self Serve	6.350000 per Carwash
Carwash, Tunnel, w/attendants	31.430000 per Carwash
Carwash, Hand Type, Self Serve	1.220000 per Carwash Bay
Church	0.003200 per Seat
Club, Tavern, or Lounge	0.031700 per Occupant
Convenience Store	0.000200 per Sq. ft.
Country Club	0.320000 x Member
Day Care Center	0.031700 per Occupant
Dormitory	0.286000 per Bed
Fire Station	0.286000 per Capita
Funeral Home	2.140000 per Service
Gas Station with Carwash	9.350000 per Station
Gas Station without Carwash	1.750000 per Station
Grocery Store, 5,000-28,999 sq. ft.	0.000260 per Sq. ft.
Grocery Store, 29,000 + sq. ft.	0.000700 per Sq. ft.
Health Club	0.001210 per Sq. ft.
Homeless Shelter	0.105000 per Bed
Hospital	0.635000 per Bed
Hotel, Motel w/Kitchenettes	0.430000 per Room
Hotel, Motel	0.251000 per Room
Manufacturing	0.000160 per Sq. ft.
Mobile Home Park	0.880000 per Space
Nursing Home	0.286000 per Bed
Office	0.000335 per Sq. ft.

Photo Store, One-hour Processing	3.175000 per Store
Post Office, Excluding Dock	0.000254 per Sq. ft.
Prison	0.290000 per Capita
Racquetball Club	0.510000 per Court
Recreational Vehicle Park	0.238100 per Vehicle
Residence, Apartment w/Washer/Dryer	0.714000 per Unit
Residence, Apartment w/o Washer/Dryer	0.635000 per Unit
Residence, Condominium	0.714000 per Unit
Residence, Duplex	1.000000 per Unit
Residence, Single Family	1.000000 per Unit
Residence, Townhouse	1.000000 per Unit
Restaurant, Fast Food	0.006000 per Sq. ft.
Restaurant, Full Service	0.004000 per Sq. ft.
Retail	0.000223 per Sq. ft.
School, High	0.047600 per Seat
School, Others, Non-Residential	0.031700 per Seat
School, Others, Residential	0.317000 per Capita
Service Center	0.333000 per Employee
Shopping Center: Mixed Tenants (>150,000 sq. ft.)	0.000900 per Sq. ft.
Skating Rink	0.015900 per Capita
Stadium	0.010000 per Seat
Swimming Pool	0.015900 per Swimmer
Theater, Indoor	0.015900 Seat
Toilet	0.254000 per Toilet
Transportation Terminal	0.015900 per Passenger
Warehouse	0.000096 per Sq. ft.
Washateria	0.517500 per Washing Machine

EXHIBIT B

LIST OF INADMISSIBLE WASTES

The following is a list of inadmissible wastes, specifying materials that may not be discharged to the District's wastewater collection system and concentrations of substances which may not be exceeded in discharges to the District's wastewater collection system. The following list constitutes prohibited substances for discharge to the District's wastewater collection system of toxic or regulated pollutants which may pass through to the receiving stream, could cause interference with the operation of the treatment works or could cause a violation of the State or Federal discharge permit provisions. If any pollutant approaches or exceeds standards, investigative sampling will be conducted to determine the source and a limit for the pollutant will be calculated. Discharges to the District's wastewater collection system will be limited in accordance with the following lists:

1. Wastewater having a temperature that would result in the total combined influent to the treatment District's wastewater collection system to exceed a temperature of 104 degrees Fahrenheit.
2. Wastewater having a pH value lower than 5.5 or higher than 10.5.
3. Wastewater containing gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid or gas.
4. Wastewater containing grease, fats, waxes, oil, plastic or other substances which will solidify or become discernibly viscous at any temperature between 32 degrees Fahrenheit and 90 degrees Fahrenheit.
5. Wastewater with a radioactive content greater than allowed by applicable provisions of the Texas Radiation Control Act, Article 4590 (f), Revised Civil Statutes of Texas, and the Texas Regulations for Control of Radiation issued thereunder.
6. Wastewater with a hydrogen sulfide concentration greater than 1.0 milligram per liter (single grab sample).
7. Wastewater containing any substance in a concentration sufficient to cause inhibition or upset to the treatment process.
8. Wastewater which will, alone or in conjunction with other wastewater, cause the wastewater entering any entry point into the District's wastewater collection system to exceed a five-day Biochemical Oxygen Demand (BOD), concentration of 220 milligrams per liter or a Total Suspended Solids (TSS), concentration of 240 milligrams per liter, based on a properly weighted 24 hour composite sample.

9. Industrial Wastewater will not be discharged to the District's wastewater collection system without prior written approval from the District. If an Owner desires to provide wastewater service to an industry, the POA will provide the District at least 120 days advance written notice.
10. Hazardous wastes prohibited by regulatory agencies will not be discharged to the District's wastewater collection system.

***** FOR WATER SERVICE TO CHANGE FROM BUILDER TO HOME OWNER, THIS FORM MUST BE FILLED OUT BY AN APPROVED INSPECTOR WITH THE CREDENTIALS AS SHOWN UNDER 290.46 (j)(1).**

Appendices
§290.47

§290.47(d) Appendix D: Customer Service Inspection Certificate

Customer Service Inspection Certificate

Name of PWS _____
 PWS I.D.# _____
 Location of Service _____

- Reason for Inspection: New construction.
 Existing service where contaminant hazards are suspected
 Major renovation or expansion of distribution facilities

I _____, upon inspection of the private water distribution 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 drinking 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 Commission regulations. | <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 assembly 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 water distribution 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 water distribution facilities installed on or after July 1, 1988. | <input type="checkbox"/> | <input type="checkbox"/> |

I further certify that the following materials were used in the installation of the private water distribution 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.

Remarks: _____

 Signature of Inspector

 Title

 Date

 Registration Number

 Type of Registration

EXHIBIT C