ORDER ESTABLISHING SERVICE RATES, CHARGES, AND TAP FEES AND ADOPTING RULES AND POLICIES WITH RESPECT TO THE DISTRICT'S WATER, WASTEWATER, AND DRAINAGE SYSTEMS

(Effective October 19, 2026)

Sonterra Municipal Utility District (the "*District*") has been created and is operating under Chapter 8111, *Texas Special District Local Laws Code*, and Chapters 49 and 54, *Texas Water Code,* and provides, among other services, water, wastewater, and drainage services, solid waste services, and park and recreational facilities and services to the customers of and property owners in the District as well as certain areas located outside of the District.

Under Section 49.212, *Texas Water Code,* the District is authorized to adopt and enforce all necessary charges, fees, or rentals for providing District facilities or services and under Section 54.205, *Texas Water Code*, the District 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) preserve the sanitary condition of all water controlled by the District; (iii) prevent waste or the unauthorized use of water; and (iv) regulate privileges on any land or easement controlled by the District.

The Board of Directors of the District (the "*Board*") desires to establish and, as necessary, update and amend, the fees, charges, and rates applicable to the services provided by the District and the rules and regulations applicable to the District's facilities, systems, lands, and easements. This Order replaces and supersedes any prior orders relating to the matters discussed herein as of the Effective Date defined below.

IT IS, THEREFORE, ORDERED BY THE BOARD OF DIRECTORS OF SONTERRA MUNICIPAL UTILITY DISTRICT AS FOLLOWS:

Section 1. Definitions; General Policies.

A. Definitions.

(a) "*Backflow Prevention Device*" means an assembly or device that is designed to prevent backflow of water into the District's water 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.

(b) "*City*" means the City of Jarrell, Texas.

(c) "*Code*" or "*International Plumbing Code*" means the version of the International Plumbing Code adopted and enforced by the District, as amended.

(d) "*Commercial Customer*" means any customer of the District's Systems other than a Single-Family Residential Customer or a Multi-Family Residential Customer.

(e) "*Commission*" means the Texas Commission on Environmental Quality, or its successor agency.

(f) "*Connection*" means a separately-metered Single-Family Residential Customer, Multi-Family Residential Customer, or Commercial Customer, including a separately-metered Dwelling Unit in a Multi-Unit Residential Complex or a separately-metered business establishment located within a single commercial-use building.

(g) "*District's Operator*" means the contract operator of the District's water and wastewater systems or an employee of the contract operator.

(h) "*District's Representative*" means the general manager of the District or another representative or employee of the District acting under the direction of the general manager or the Board.

(i) "*District's Systems*" means the District's water, wastewater, and drainage systems located within the District's boundaries and any approved out-of-District service areas.

(j) "*Dwelling Unit*" means a residential dwelling unit occupied by a separate family or family unit.

(k) "*In-District Customer*" means a customer within any customer class established by this Order that is not an Out-of-District Customer.

(l) "*Jarrell Wastewater Contract*" means the Agreement for Wholesale Wastewater Service (Sonterra MUD) between the City and the District dated effective December 23, 2008, as amended, superseded, or restated from time to time.

(m) "*Living Unit Equivalent*" or "*LUE*" means a separately metered single-family residential Dwelling Unit, or its equivalent as provided in this Subsection. Each apartment or other Dwelling Unit in a Multi-Unit Residential Complex is equivalent to 0.7 LUEs. In the case of a Commercial Customer, LUEs will be determined based on meter size according to the following schedule:

Meter Size (in inches)	LUE Factor
5/8	1
3/4	1.5
1	2.5

1-1/2	5
2	10
3	24
4	42
6	92

The LUE Factor for Commercial Customers with meters larger than 6 inches will be determined by the District's engineer based on the Design Guidelines set forth in the District's Construction and Development Standards and Procedures, as adopted by the District's Board of Directors on July 17, 2023 and amended from time to time.

(n) "*Multi-Family Residential Customer*" means a customer of the District's Systems that consists of a building or buildings designed for use and occupancy by more than one family or family unit, including apartment complexes and other Multi-Unit Residential Complexes.

(o) "*Multi-Unit Residential Complex*" means a building containing more than four Dwelling Units; a building containing Dwelling Units, of whatever number, that are not separately metered; or a townhouse or condominium project containing Dwelling Units, of whatever number, that are not separately metered.

(p) "*Non-Domestic Waste*" means any wastewater other than Normal Wastewater.

(q) "*Normal Wastewater*" means ordinary liquid and water-carried waste from domestic activities that is amenable to biological treatment and is discharged from sanitary conveniences of buildings connected to the District's wastewater system.

(r) "*Out-of-District Customer*" means a customer within any customer class established by this Order—*i.e.*, Single-Family Residential, Multi-Family Residential, or Commercial—receiving water and/or wastewater service from the District at a property located outside the boundaries of the District.

(s) "*Rules*" means rules and regulations adopted by the District under Section 54.205, *Texas Water Code*, including the rules contained in this Order.

(t) "*Single-Family Residential Customer*" means a customer of the District's Systems that consists of one separately metered residence designed for use and occupancy by a separate family or family unit.

(u) "*Wastewater Treatment Access Fee*" means the wastewater impact fee imposed on each service unit of new development by the City that is collected by the District and remitted to the City in accordance with the Jarrell Wastewater Contract.

(v) "*Water Impact Fee*" means the water impact fee imposed on each service unit of new development by the District.

(w) "*Winter-Averaging Period*" means the consecutive months of December, January, and February, unless another period is established by the Board as the District's winter-averaging period.

B. All Services Required; All Services Charged. Except as otherwise expressly authorized in this Order or approved by the Board:

1. No service will be provided through the District's Systems unless the applicant agrees to take both water and wastewater service; however, this restriction will not apply to:

a. Water customers in the Hillside Estates Subdivision with existing on-site sewerage systems;

b. Customers utilizing fire hydrant meters approved or issued by the District for temporary and/or construction water service; or

c. Irrigation-only water customers.

2. The District will not provide water and/or sewer services to any person, firm, corporation, organization, or entity without charge.

C. Condition to Service—No Delinquency on Another District Account. A customer that is delinquent in the payment of any sum due to the District may not purchase any additional taps or make any additional connections to the District's Systems. No new accounts will be established for any customer not in good standing due to non-payment, and the District reserves the right to require a security deposit sufficient to protect the District's interests based on a customer's history of non-payment on any other District account.

D. Easements. Any applicant for a connection to the District's Systems must grant the District any easements required for a water meter and for ingress to and egress from the meter and the District's facilities as the District's Operator deems necessary.

E. Maintenance and Repair of Service Lines and Internal Plumbing. Each customer will be responsible for the maintenance and repair of the customer's water and sewer lines from their point of connection to the District's Systems to the improvement served, and for maintenance and repair of the customer's internal plumbing.

Section 2. Connections to the District's Systems.

A. Applications for Connections.

1. Application and Insurance. Any party desiring to make a connection to the District's Systems must submit an application to the District's Operator in the form approved by the Board. The applicant must, upon request, furnish the District's Operator with evidence that the person or entity that will actually install the tap and connecting line has comprehensive general liability insurance in the minimum amounts of **$300,000.00** bodily injury and **$1,000,000.00** property damage, with an underground rider and a completed operations rider.

2. Subdivision or Legal Lot Status Required. The District will only approve an application for connection to a legally platted lot or a tract that has legal lot status. The District may require any applicant for a connection to the District's Systems to provide evidence that the property to be served has been subdivided in accordance with the requirements of the City and/or Williamson County, as applicable. A copy of the recorded plat or a certificate from the applicable governmental authority confirming that the property has been subdivided or is exempt from the requirement of Chapter 212 or Chapter 232, *Texas Local Government Code*, as applicable, will satisfy this requirement.

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

4. Payment of Fees. An applicant for a connection to the District's Systems must, at the time the application for a connection is made, pay to the District's Operator: (1) the applicable Wastewater Treatment Access Fee; (2) the Water Impact Fee; (3) the water and sewer tap fees required by this Order; (4) all inspection fees required by this Order; and (5) all other fees and deposits required by this Order. No connection may be made

until all applicable fees are paid. Except as otherwise expressly provided in this Order, all fees and charges are non-refundable.

5. Inspection Fees. Inspection fees for new improvements at an existing service address will be added to the customer's water and wastewater bill. Inspection fees for new connections will be deducted from the deposit required under this Section, and the builder or developer will be required to replenish the deposit to its required level before any additional inspections will be conducted. Inhabiting any premises prior to satisfactory completion of the final plumbing inspection will result in termination of water service to the property. The District will not reconnect water and/or sewer service to the property until all inspections are completed and passed and verification is received by the District.

6. Additional Inspections. If more than one inspection is required before a tap is approved by the District, the fee for each additional inspection will be **$75.00** for each connection.

7. Costs to Repair Due to Connection. If the District incurs any costs to repair or restore yards, sidewalks, streets, or other improvements as a result of any connection, the applicant for the connection will be required to reimburse the District the total costs incurred as a condition to receiving service.

8. Pipeline Extensions and Excavation. If the District incurs any costs for excavations and/or extension or pipelines which may be required for water or wastewater service, the applicant for the connection will be required to reimburse the District the total costs incurred as a condition to receiving service.

B. Additional Requirements Applicable to Builders, Developers, and Contractors.

1. Builder Deposit. Each builder or developer, as applicable, must deposit the sum of **$750 per LUE** for each connection (the "*Builder Deposit*") with the District's Operator. This deposit must be paid before any application will be accepted or processed by the District. The applicant must provide the District with plans and specifications for the water connection and sewer connection for the project, which will be subject to review by the District's engineer. The sewer plans must include detailed information regarding the waste to be generated, the method of collection of the waste and the proposed connection to the District's wastewater system. In addition, the District may require that the applicant provide sampling and test results from a similar facility for the proposed facility which results shall also be reviewed and approved by the District's engineer.

2. Use of Deposit. The District's costs associated with processing the application for a connection and any related plan reviews, inspections, sampling, or testing including all legal, engineering, operator and/or management fees; the cost of any repairs to or inspection of the District's facilities caused by the builder's or developer's acts or omissions, or due to the acts or omissions 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 developer, builder, or contractor damage, dumping, or violations of the District's Rules; and the cost of connections, inspections, water service, and wastewater service will be billed by the District's representative to the responsible builder or developer, and will be payable upon demand by the District. 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: (i) that the deposit be replenished by the builder or developer by the amount transferred; or (ii) that an increased deposit of **$1,500 per LUE** 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. Any of the costs in this Section incurred by the District subsequent to a connection being made may be added to the customer's water and wastewater bill.

3. Pre-Construction Inspection. All property owners, builders, developers, and contractors must contact the District's Operator before beginning any work on property within the District or the District's out-of-District service area to file their construction plans and schedule an inspection to verify the location of all District facilities. A copy of the inspection report will be given to the responsible property owner, builder, developer, or contractor, or his or her representative, who will be responsible for the cost to repair any damage and the cost of any adjustments or relocations of District facilities determined to be necessary during the final site inspection described below. The cost for each inspection is **$50.00** and must be paid with payment of the tap fee.

4. Final Site Inspection. After completion of any construction or development project and before service is initiated or transferred, the District's Operator will conduct a final site inspection to inspect the water tap, meter, sewer connection, and all other District facilities on and connected to the property. The cost of this inspection is the combined cost of the water and sewer inspection fees included in Section 2.F. The property owner, builder, developer, or contractor, as applicable, will be responsible for the cost to repair any damage and the cost of any adjustments or relocations of District facilities that are determined to be

necessary (the "*Backcharges*"). If any re-inspections are required to ensure that the District's facilities are properly repaired, relocated, or adjusted, an additional fee of **$50.00** will be charged for each such re-inspection. Payment of all Backcharges and any inspection or re-inspection fees will be due and payable on demand, and service will not be initiated or continued to the property unless all Backcharges, inspection, and re-inspection fees are paid. The District will have the right to withhold the issuance of additional taps to any property owner, builder, developer, or contractor that has failed to pay Backcharges as required by this Section. The District reserves the right to withhold the transfer of service from a homebuilder to a Single-Family Residential Customer prior to the date that Williamson County has accepted the public roads and drainage facilities for operation and maintenance within the platted subdivision in which the property is located.

5. Erosion Control. All property owners, developers, builders, and contractors must provide temporary erosion, sedimentation, and water pollution prevention and control as required by the District's "Order Adopting Amended and Restated Rules Regarding Erosion Control and Protection of the District's Facilities, Land and Easements" and the applicable rules of the Commission (the "*Erosion Control Rules*"). The District may inspect any site for compliance with the Erosion Control Rules and, if non-compliance is found, assess a maximum penalty of **$5,000.00** per day of violation.

6. Park Development Fee. A park development fee of **$300 per LUE** must be paid to the District by each builder or developer for all property located within the boundaries of the District that will receive water and wastewater services from or through the District. This fee must be paid at the same time as the payment of the District's water and sanitary sewer tap fees. This fee will be set aside from other District revenues and used solely for the development, operation, and maintenance of parks, open space reclamation, and recreational facilities.

C. Scheduling Meter Installation; Risk of Loss. An applicant must schedule any new connection to the District's Systems by notifying the District's Operator and paying all required District fees at least 15 business days before the date the connection is proposed to be made. An applicant must schedule its water meter installation with the District's Operator at least 15 business days in advance of the date the installation is required. The District will not be responsible for any damage to or loss of a meter that occurs prior to occupancy of the residence or commercial building at which the meter has been installed. Any developer or builder that elects to have a meter installed prior to the occupancy of the residence or commercial building on a property will be solely responsible for any damage to or loss of the meter and will be required to pay for any necessary repairs or replacements until the residence or commercial building is occupied.

D. Wastewater Treatment Access Fee. Under the Jarrell Wastewater Contract, the District is required to collect a Wastewater Treatment Access Fee for each service unit of new development that connects to the District's wastewater system. This fee is currently **$1,720.00 per LUE** but is subject to change from time to time by the City. Each applicant for a new connection to the District's wastewater system must pay the applicable Wastewater Treatment Access Fee to the District at the time application for connection is made.

E. Water Impact Fee. The owner or developer of each service unit of new development to be connected to the District's water system located within the District's service area depicted on the map attached as **Exhibit "A"** must pay to the District the applicable Water Impact Fee of **$3,500 per LUE** at the time application for connection is made.

F. Taps, Inspections, and Related Fees.

1. Inspection Required. All new connections to the District's Systems must be inspected by the District's Operator before being covered in the ground. If a connection is made and covered before it is inspected and approved by the District's Operator, any existing water and/or wastewater service to the service address will be terminated and service will not be provided until the connection is uncovered, inspected, and approved and all related fees are paid.

2. Water Tap and Inspection Fees.

a. Single-Family Residential Tap Fees. The District's water tap fees for each new connection for a Single-Family Residential Customer are as follows:

Meter Size	Tap Fee
5/8" to 3/4"	**$1,090, plus Cost of meter**
Larger than 3/4"	**Cost to the District**

b. Multi-Family Residential and Commercial Tap Fees. The District's water tap fee for each new connection for a Multi-Family Residential Customer or Commercial Customer is **$1,090 per LUE, plus Cost of meter.**

c. Single-Family Residential Inspection Fees. All connections to the District's water system to serve Single-Family Residential Customers must be made in accordance with the District's Rules and all other applicable laws, rules, and regulations. An inspection fee of **$75.00** shall be paid to the District to cover the cost of making an inspection of single-family residential water connections.

d. Multi-Family Residential and Commercial Inspection Fees. All connections to the District's water system to serve Multi-Family Residential Customers or Commercial Customers must be made in accordance with the District's Rules and all other applicable laws, rules, and regulations. An inspection fee of **$75.00 per LUE** shall be paid to the District to cover the cost of making an inspection of multi-family residential and commercial water connections.

e. Irrigation-only Fees. No tap fee will be charged for a new irrigation-only water connection, but the applicant will be required to pay all costs associated with the purchase and installation of the meter, including an inspection fee of **$75 per LUE**.

3. Sewer Inspection Fees.

a. Single-Family Residential Inspection Fees. All connections to the District's sewer system to serve Single-Family Residential Customers must be made in accordance with the District's Rules and all other applicable laws, rules, and regulations. An inspection fee of **$350.00** shall be paid to the District to cover the cost of making an inspection of single-family residential sewer connections.

b. Multi-Family Residential and Commercial Inspection Fees. All connections to the District's sewer system to serve any Multi-Family Residential Customers or Commercial Customers must be made in accordance with the District's Rules and all other applicable laws, rules, and regulations. An inspection fee of **$350 per LUE** be paid to the District to cover the cost of making an inspection of multi-family residential and commercial sewer connections.

G. Temporary Construction Water; Fire Hydrant Meters. During construction, a developer, builder, or contractor may apply to use water from a District fire hydrant or flushing valve. As a condition to such use, the applicant must pay a **$75.00** non-refundable installation fee and a **$3,000.00** fire hydrant meter deposit to the District's Operator. Any unused portion of the deposit will be returned after the developer, builder, or contractor completes its project and pays all costs due for service under this Order and for repair of any damage to the meter or hydrant.

H. Plumbing and Cross-Connection Inspections and Related Fees.

1. Plumbing Inspections.

a. The District will conduct five inspections of the plumbing for new construction, as well as of any modifications to existing construction that affects a customer's plumbing, including as a result of remodeling, installation of irrigation systems and construction of swimming pools, 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:

Single-family residential inspections:	**$350.00**
Irrigation system inspections	**$70.00**
Other (including inspections of each Dwelling Unit within a Multi-Unit Residential Complex):	**To be determined** by the District's Representative based on size and scope of project

b. If an inspection is failed, a re-inspection fee of **$70.00** will be assessed for each required re-inspection, except for re-inspection of a Backflow Prevention Device, for which the re-inspection the fee will be **$85.00**. If a property is not accessible at the time of a scheduled inspection, the inspection will be deemed to have been failed and a re-inspection fee will be assessed.

2. Water Well Inspections: The District will conduct an inspection of all water well installations at the time of installation. The cost of the District for conducting such an inspection will be charged to the Customer.

I. Security Deposits.

1. Single-Family Residential Customers Who Are Owners of the Property. For new Single-Family Residential Customers who are owners of the property and who begin receiving service from the District's water and/or wastewater system after the effective date of this Order, a deposit of $150 must be paid to the District. For Single-Family Residential Customers who are owners of the property and who have service terminated, such customers shall pay to the District $100 per each disconnection, up to a maximum of $500. No interest shall be paid on any deposit.

2. Single-Family Residential Customers Who Are Renters of the Property: For new Single-Family Residential Customers Who Are Renters of the Property who begin receiving service from the District's water and/or wastewater system after the effective date of this Order, a deposit of $300 must be paid to the District. For Single-Family Residential Customers Who Are Renters of the Property who have service terminated, such customers shall pay to the District $100 per each

disconnection, up to a maximum of $500. No interest shall be paid on any deposit.

3. Multi-Family Residential Customers and Commercial Customers. For new Multi-Family Residential Customers and Commercial Customers who begin receiving service from the District's water and/or wastewater system after the effective date of this Order, such customers shall pay to the District a deposit as follows:

Meter Size	Deposit
5/8 or 3/4 inch	$300
1 inch or Greater	$600
2 inch	$1,000
3 inch	$2,000
4-inch	$3,000
6-inch	$6,000

For Multi-Family Residential Customers and Commercial Customers who have had service terminated, such customers shall pay to the District $100 per each disconnection, up to a maximum of $500. No interest shall be paid on any deposit.

4. Refund. The deposit provided herein shall be refunded to any Customer within ninety (90) days from the time that said Customer discontinues service to that location, provided that said Customer has paid all charges due to the District for service to that location. No interest shall be paid on any deposit.

Section 3. Swimming Pool Inspections and Fee. Every customer 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 customer of the intention to construct or install a swimming pool, the customer shall pay an inspection fee of **$75.00**. After the notification is received, the District's Operator shall ensure that all drains from the swimming pool are connected to the District's storm sewer system. After the drains have been installed, the customer 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 4. Initiation of Service; Winter-Averaging; Water And Wastewater Service Rates.

A. Application Form and Fee. An applicant for water and wastewater service from the District must complete a service application in the form approved by the Board and pay a non-refundable **$36.00** application fee to initiate service and establish a customer account with the District's online billing system.

B. Winter-Averaging; General Provisions.

1. Bills to Single-Family Residential Customers for sewer service will be computed based on (i) 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 during the Winter-Averaging Period, or (ii) the customer's actual water usage, whichever is less.

2. If a Single-Family Residential Customer does not have an acceptable history of water usage during the Winter-Averaging Period, the customer's monthly sewer bill will be based on the lesser of (i) 7,000 gallons, or (ii) the customer's actual water usage.

3. Bills for sewer service to any customer other than a Single-Family Residential Customer will be calculated based upon the customer's current monthly water usage.

C. Monthly Charges for Single-Family Residential Customers:

1. Minimum Monthly Water Charge:

a.	5/8-inch meter:	**$46.00**
b.	3/4-inch meter:	**$69.00**
c.	1-inch meter:	**$115.00**
d.	1 ½-inch meter:	**$230.00**

2. Monthly Water Rates (per 1,000 gallons):

a.	0-2,000 gallons:	**$2.75**
b.	2,001 – 6,000 gallons:	**$3.30**
c.	6,001 – 10,000 gallons:	**$3.60**
d.	10,001 – 15,000 gallons:	**$5.00**
e.	Over 15,000 gallons:	**$6.00**

3. Minimum Monthly Wastewater Charge:

a.	5/8-inch meter:	**$26.00**
b.	3/4-inch meter:	**$39.00**
c.	1-inch meter:	**$65.00**

d. 1 ½-inch meter: **$130.00**

4. Monthly Wastewater Rates (per 1,000 gallons):

a. 0 – 2,000 gallons: **$3.35**

b. 2,001 – 6,000 gallons: **$3.60**

c. Over 6,000 gallons: **$7.85**

D. Monthly Charges for Commercial Customers:

1. Minimum Monthly Water Charge:

a. 5/8-inch meter: **$39.00**

b. 3/4-inch meter: **$58.50**

c. 1-inch meter: **$97.50**

d. 1 ½-inch meter: **$195.00**

e. 2-inch meter: **$390.00**

f. 3-inch meter: **$936.00**

g. 4-inch meter: **$1,638.00**

h. 6-inch meter: **$3,588.00**

2. Monthly Water Rates (per 1,000 gallons):

a. 0-50,000 gallons: **$4.50**

b. 50,001 – 100,000 gallons: **$4.75**

c. 100,001 – 450,000 gallons: **$6.00**

d. Over 450,000 gallons: **$6.50**

3. Minimum Monthly Wastewater Charge:

a. 5/8-inch meter: **$39.00**

b. 3/4-inch meter: **$58.50**

c. 1-inch meter: **$97.50**

d. 1 ½-inch meter: **$195.00**

e. 2-inch meter: **$390.00**

f. 3-inch meter: **$936.00**

g. 4-inch meter: **$1,638.00**

h. 6-inch meter: **$3,588.00**

4. Monthly Wastewater Rate: **$7.85** per 1,000 gallons

E. Monthly Charges for Multi-Family Residential Customers:

1. Minimum Monthly Water Charge: **$27.50** per Dwelling Unit.

2. Monthly Water Rates (per 1,000 gallons):

a. 0-50,000 gallons: **$4.50**

b. 50,001 – 100,000 gallons: **$4.75**

c. 100,001 – 450,000 gallons: **$6.00**

d. Over 450,000 gallons: **$6.50**

3. Minimum Monthly Wastewater Charge: **$27.50** per Dwelling Unit.

4. Monthly Wastewater Rate: **$7.85** per 1,000 gallons

F. Monthly Charges for Irrigation-Only Water Customers. Customers receiving irrigation water service through a dedicated irrigation-only water meter will be charged the minimum monthly water charge and the monthly water rates applicable to Commercial Customers. Irrigation-only water customers will not be billed for sewer services.

G. Construction Water and Wastewater Rates. During construction of a residence for a Single-Family Residential Customer, the builder will be charged the minimum monthly charges and monthly rates for water and wastewater that are applicable to the same class of Single-Family Residential Customers, either in-District or out-of-District. During construction of any improvement other than a residence for a Single-Family Residential Customer, the builder or contractor will be charged the same minimum monthly charges and monthly rates for water and wastewater that are applicable to the same customer class (*i.e.*, Commercial Customer or Multi-Family Residential Customer and in-District or out-of-District).

H. Monthly Charges for Fire Hydrant Meters (In-District):

1. Monthly Service Availability Charge: **$114.00**

2. Monthly Water Rates (per 1,000 gallons):

a. 0-50,000 gallons: **$4.50**

b. 50,001 – 100,000 gallons: **$4.75**

c. 100,001 – 450,000 gallons: **$6.00**

d. Over 450,000 gallons: **$6.50**

I. Monthly Charges for Fire Hydrant Meters (Out-of-District):

1. Monthly Service Availability Charge: **$342.00**

2. Monthly Water Rates (per 1,000 gallons):

a. 0-50,000 gallons: **$13.50**

b. 50,001 – 100,000 gallons: **$14.25**

c. 100,001 – 450,000 gallons: **$18.00**

d. Over 450,000 gallons: **$19.50**

J. Temporary Service. A customer may receive temporary water and sewer service for a period of five consecutive days for a flat fee of **$100.00**, payable at the time the service is requested, for the purpose of allowing the customer to maintain unoccupied rental or other property. This fee is non-refundable, will not be prorated, and will be used to cover the cost of initiating and terminating service, and the cost of water and wastewater utilized during the period of the temporary service connection.

K. Parks and Recreation Operation, Maintenance, & Development Fee. The following monthly fees will be charged to all water and wastewater customers within the boundaries of the District:

1. Single-Family Residential Customers: **$29.00**

2. Multi-Family Residential Customers: **$20.30 per Dwelling Unit**

3. Commercial Customers: **$29.00 per LUE**

L. Surcharges.

1. "Equivalent Amount" Surcharge applicable to all Out-of-District Customers. All Out-of-District Customers will be charged the rates and charges for water and wastewater service charged to In-District Customers plus an "equivalent amount" surcharge per LUE, calculated as

provided in this Subsection. The Board has determined that this "equivalent amount" surcharge is necessary because Out-of-District Customers do not pay operations and maintenance property taxes to the District to cover costs of operating, maintaining, and repairing the District's Systems. **The surcharge will be calculated and updated by the District each January**, based on the District's most recent audited financial statements, utilizing the following formula:

$$\frac{\text{Total General Fund Property Tax Revenue}}{\text{Total active water Connections or Wastewater Connections}} = X$$

$$\frac{X}{12} = Y$$

$$\frac{Y}{2} \text{ (rounded up to next whole dollar)} = \text{Equivalent Amount}$$

By way of illustration, based on the District's 2019 audit report, the 2020-2021 Equivalent Amount is $9.00, calculated as follows:

($405,922.00 ÷ 2,073) = $195.813

$195.813 ÷ 12 = $16.32

$16.32÷2 = $8.15, rounded up to $9.00

The current "equivalent amount" surcharge is **$13.00** for water customers and **$13.00** for wastewater customers.

2. Surcharge for Commercial Customers in De-annexed Area In addition to the other rates and charges provided by this Order, the Commercial Customers that are located within the area depicted on **Exhibit "B"** that was de-annexed by the City pursuant to "Amendment No. 1 to Strategic Partnership Agreement between the City of Jarrell, Texas, and Sonterra Municipal Utility District" dated effective July 3, 2014, that have either not signed an Agreement for Payments In Lieu of Taxes with the District and/or who are not current on their payments under such an agreement will be charged a monthly surcharge equal to 1/12 of the annual payment that would otherwise be due under such agreement. Any amounts payable under such an agreement or under this Subsection that are not paid when due or invoiced may be added to the customer's water and wastewater bill.

3. Regulatory Assessment. A regulatory assessment charge of ½% of retail water and sewer charges will be added to each customer's monthly billing commencing with all billings rendered by the District. The assessments

will be remitted by the District to the Commission and are to be used by the Commission in performing its regulatory duties and in providing technical assistance and training to utilities.

Section 5. Metering.

A. Meter requirements.

1. Use of Meter. Unless otherwise provided in this Order, 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 delivered to its customers.

3. Standard Type. The District will not furnish, set up, or put in use any meter which is not reliable and of a standard type which meets industry standards; provided, however, special meters not necessarily conforming to these standards may be used for investigation or experimental purposes.

B. Meter Readings.

1. Reading of Meters. As a matter of general practice, service meters will be read at monthly intervals, but meters may be read at other than monthly intervals if the District's Operator determines that the circumstances warrant a different interval.

2. Bill Adjustment Due to Meter Error. If any meter is tested and found to be outside of the accuracy standards established by the American Water Works Association, a correction will be made of previous readings for the 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, and adjusted bills will be rendered. Only the customer last served by the meter prior to the test will be entitled to a credit or refund. If a meter is found not to have registered for any period, to have been bypassed or tampered with, if no meter has been installed, or a meter is, for any reason, unable to be located, the District's Operator will bill for service based on amounts used under similar conditions during the preceding or subsequent period or during corresponding periods in previous years, or used by similar customers under similar circumstances.

3. Meter Tampering. All meters used to measure the water delivered to a customer are District property and meter tampering is strictly prohibited. For purposes of this Section, "meter tampering" or any similar term means tampering with a water meter or other District equipment;

damaging, destroying or altering a meter; bypassing a meter; reconnecting service without authorization to do so, whether the disconnection was due to non-payment or for any other reason; installing a lock or other device on a meter or otherwise impairing the ability of the District or its authorized representative to terminate service; any other instance of alteration, modification, diversion or bypass, including physically disorienting a meter; attaching objects to a meter, including in order to divert service or to bypass the meter; inserting objects into the meter; using electrical or mechanical means to tamper with, bypass, or divert water service; failing to have a meter installed; or covering or physically obstructing the location of a meter. Meter tampering or bypass and diversion of service 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 the amount of **$5,000.00** per violation, each day of which will constitute a separate violation, and will also be liable for the costs of all water unmeasured or diverted as a result, together with all attorney's and other professional 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.

4. Meter Re-reads and Meter Tests. The District's Operator will, upon request of a customer, re-read the customer's meter. Upon receipt of a request, the District's Operator 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 be correct, the District will charge the customer a fee to cover the cost of the re-read. If the original reading is found to be incorrect, there will be no charge to the customer.

The District's Operator will, upon request of a customer, "bucket-test" the accuracy of the customer's meter. Upon receipt of a request, the District's Operator will advise the customer that, if the test proves the meter is 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 be inaccurate, there will be no charge to the customer.

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 or below the test result under reasonable flow quantities, in which event the costs will be borne by the District. The customer may

receive a copy of the test report upon request.

C. Meter Test Facilities and Equipment.

1. The accuracy of a water meter will be tested by comparing the actual amount of water passing through it with the amount indicated on the dial. The test will be conducted in accordance with the standards for testing cold water meters prescribed by the American Water Works Association.

2. The District will provide the necessary standard facilities, instruments, and other equipment for testing its meters.

D. Meter Test Measurement Standards.

1. Measuring devices for meter tests may consist of a calibrated tank for volumetric measurement or tank mounted upon scales for weight measurement. If a volumetric standard is used, it will be accompanied by a certificate of accuracy from any standard laboratory. If a weight standard is used, the scales will be tested and calibrated periodically by such approved laboratory and a record maintained of the results of the test.

2. Standards used for meter testing will be of a capacity sufficient to insure a reliable determination of accuracy.

3. A standard meter may be provided and used by the District for the purpose of testing meters in place. Any standard meter will be tested and calibrated periodically to insure its accuracy within the limits required by these sections. In any event, these tests will be made at least once per year while the standard meter is in use, and a record of such tests will be kept by the District's Operator.

E. Meter Test Prior to Installation. No meter will be placed in service unless its accuracy has been established. If any meter is removed from service, it will be tested and adjusted before being placed back in service. No meter will be placed in service if its accuracy falls outside the limits as specified by the American Water Works Association.

Section 6. **Rendering and Form of Bills; Payment Obligation**. Bills for water and sewer 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. Bills will be rendered as promptly as possible following the reading of meters. One bill will be rendered for each meter. If a customer does not receive a bill or bills, his or her obligation to make payment for services rendered is not diminished or released.

Section 7. **Information to be Included on the Bill**. Each bill will show the

following information, if applicable, and will be arranged so as to allow the customer to readily compute his or her bill using a copy of the applicable rate schedule, which will be provided to the customer on request:

A. the date of reading, the current reading and the previous reading;

B. the number of gallons metered;

C. the total amount due for water service and, separately stated, the total amount due for sewer service, and total surcharge(s) if any;

D. the due date of the bill;

E. the total amount due as penalty for nonpayment within a designated period;

F. the local telephone number or toll free number where the District's Operator can be reached.

Section 8. **Overbilling and Underbilling**. If a bill for District services is found to differ from the District's rates for the services, or if the District fails to bill a 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 only for the amount of service actually used by the customer. If the underbilling is **$25.00** or more, the District's Operator will, except in the event of meter tampering, bypass, or diversion, offer the customer a deferred payment plan option for the same length of time as that of the underbilling. In cases of meter tampering, bypass, or diversion, the District's Operator may, but is not required to, offer a customer a deferred payment plan.

Section 9. **Prorated Charges**. If a bill is issued for a period of less than one month for metered service, charges will be computed based on the amount of metered service plus a portion of the minimum charge or charges set forth in this Order, prorated based on the number of days service was provided.

Section 10. **Disputed Bills**.

A. A customer may dispute a bill by giving written notice to the District's Operator. The District must receive written notice of a dispute prior to the date of proposed discontinuance of service in order for a customer to avoid discontinuance of service as provided in this Section. The District will render a decision as to the disputed bill in accordance with the provisions of this Order and based upon information provided to it by the District's Operator, the customer disputing the bill, and any other relevant information.

B. A customer is not required to pay the portion of a disputed bill that exceeds the applicable monthly minimum charge or charges, the amount of the customer's average monthly usage at current rates, plus any applicable surcharges imposed

by this Order pending the District's decision in connection with the dispute. For purposes of this Subsection only, the customer's average monthly usage at current rates means the average of the customer's total water and wastewater usage for the preceding 12-month period multiplied by the District's current rates for that quantity of service. If no previous usage history exists, consumption for purposes of calculating the average monthly usage will be estimated by the District's Operator based on usage by similar customers under similar conditions. All remaining portions of a disputed bill are required to be paid when due.

C. Notwithstanding any other section of this Order, a customer's service is not subject to discontinuance for nonpayment of the portion of a disputed bill that exceeds the amount described in Subsection B., above, pending a decision by the District in connection with the dispute. The customer is obligated to pay any billings that are not disputed and any sums required to be paid under Subsection B., above.

D. Adjusted Bills Due to Meter Tampering. If meter tampering occurs, a customer's bill may be determined based on any of the following methodologies, at the District's option:

a. Based upon service consumed by that customer at that location under similar conditions during periods preceding the initiation of the meter tampering. An estimated bill will be based on at least 12 consecutive months of comparable usage history of the customer, when available, or a lesser history if the customer has not been served at that location for 12 months. This Subsection does not prohibit the District from using another method of calculating a bill for unmetered water when the District's Operator determines that another method is more appropriate;

b. Based upon that customer's usage at that location after the meter tampering has been corrected; or

c. Where the amount of actual unmetered consumption can be calculated by industry-recognized testing procedures, the bill may be calculated for the consumption over the entire period of meter bypassing.

In addition to charges under this Subsection, the customer will be responsible for all penalties that may be applicable under this Order and for any charges incurred under Subsection E, below.

E. Equipment Damage Charges. The District will bill for all labor, material, equipment, and other costs incurred to repair or replace equipment damaged due to meter tampering, service diversion, or the discharge of waste that is prohibited from being discharged into the District's wastewater system. The District will charge for all costs incurred to correct any instance of meter

tampering, service diversion or unauthorized connections 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 upon request.

Section 11. Billing and Collection.

A. The District will bill each customer monthly for all services rendered in the preceding month. All bills will be considered past due and become delinquent if not paid in good funds by the third day after the date of issuance ("*Due Date*"). If the due 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. The customer will be subject to termination of service, if full payment, including late fees, is not received by the 20th day of the month ("*Delinquency Date*").

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

C. If the District institutes suit for the collection of any unpaid, past-due amounts, the District will be entitled to recover interest thereon at the maximum legal rate together with reasonable attorneys' fees, consultants' fees, and costs of court from the responsible party.

D. The District will have the right to charge any customer who pays his or her bill with a dishonored check an amount established from time to time by the District's Operator, which 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. If a customer pays his or her account with a dishonored check, the District reserves the right to refuse to accept further checks from the customer and to require all future payments to be made by certified check, money order, cash, or credit or debit card.

Section 12. Notification of Alternative Payment Programs or Payment Assistance. If a customer contacts the District's Operator regarding his or her inability to pay a bill or his or her need of assistance with bill payment, the District's Operator 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 procedure for applying for them. A deferred payment plan is any arrangement or agreement between the District and a customer under 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 Operator may suspend the termination of services to a customer for up to 30 days based upon the District's Operator'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.

Section 13. **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.

Section 14. **Termination of Service**.

A. Disconnection with Notice. District service may be disconnected after notice as provided for in this Order for any of the following reasons:

a. If, within 30 days from the date of the issuance of a currently delinquent bill, the customer has neither paid the delinquent bill and all currently past due bills nor entered into, and commenced paying under, a written deferred payment agreement;

b. If, the customer has defaulted in his or her obligations under any deferred payment agreement;

c. For use of service in a manner that violates this Order or interferes with the service of others or for 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

d. Failure to comply with any deposit requirements set forth in this Order.

B. Disconnection Without Notice. District service may be disconnected without notice where a known dangerous condition exists for as long as the condition exists, where service is connected without authority by a person who has not made application for a connection and/or service or is reconnected without authority following termination of service for nonpayment, or in instances of meter or equipment tampering or bypassing, or other instances of diversion. Where reasonable given the nature of the hazardous condition, a written statement providing notice of and the reason for disconnection will be posted at the entry or upon the front door of any affected structure as soon as possible after service has been disconnected.

C. Disconnection Prohibited. District service will not be disconnected in the following circumstances:

a. Due to delinquency in payment for District service by a previous customer at the premises; or

b. Due to a failure to pay the account of another customer as guarantor, unless the District has in writing required the guarantee as a condition precedent to service; or

c. If the customer has notified the District's Operator of his or her desire to dispute the bill, in which case the District will comply with the procedures set forth in Section 10 prior to disconnecting the customer's service.

Section 15. Notice of Disconnection of Service.

A. Mailed Notice. Proper notice of disconnection of service consists of a separate mailing by first class mail, postage prepaid, at least 10 days prior to the 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's Operator for more information will also be attached to or appear on the face of the notice. The notice will advise the customer of the basis for the District's decision to disconnect service and that the customer has the right to request a hearing by contacting the District's Operator at least 48 hours before the stated date of disconnection. The District's Operator's telephone number will appear on the notice, together with information regarding appropriate times to contact the representative. If notice is mailed, the stated date of disconnection will not fall on a holiday or weekend, but will be the next working day after the 20th day. The District will not issue a termination notice to the customer earlier than the first day a bill becomes delinquent, so that reasonable time is allowed to ascertain receipt of payment by mail.

B. Disconnection on Holidays or Weekends. Unless a dangerous condition related to the type of service provided 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 making collections and reconnecting service.

C. Disconnection for Ill and Disabled. The District will not discontinue service to a delinquent residential customer permanently residing in a separately metered Dwelling Unit if that 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 an 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 and provide a written statement to the District's Operator within 30 days of the issuance of the bill. A customer who avoids discontinuation of service under this Section must enter into a deferred payment plan with the District.

D. Customer Appeal Procedures.

1. Informal Hearing. Upon receipt of a customer's request to protest the termination of service, the District's Operator will schedule an informal hearing with the customer and his or her 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 Operator'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. Reconnection of Service. If a 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, then, regardless of whether or not service has been physically disconnected, the customer will be required to pay all past-due amounts, any additional security deposit required by this Order and the administrative fee specified in this Section. If service has been physically disconnected, all of such fees must be paid prior to service being reconnected. 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 applicable after-hours fee in order to obtain same-day reconnection of service. The following fees will apply:

Weekday, after 8 am and before 2:00 p.m. (all disconnections must be made during this time period):	**$45.00**
Weekday after hours reconnections (only at customer request):	**$200.00**

Weekend and holiday reconnections
(only at customer request): **$250.00**

If a customer's meter is removed to prevent unauthorized use, an additional reconnection fee of **$100.00** shall be charged. If service is discontinued due to non-payment, all charges must be paid by cashier's check or by approved money order prior to reconnection of service.

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

Section 16. Industrial Waste Regulations; Non-Domestic Waste Fees.

A. Prohibited Waste.

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

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

3. Swimming Pool Water. Swimming pool water may not be discharged into the District's wastewater system.

4. Well Water. No well water may be discharged into the District's wastewater system unless specifically approved in writing by the Board.

5. Non-Domestic Waste.

a. No Non-Domestic Waste may be discharged into the District's wastewater system without the prior approval of the District. Any customer that desires to discharge Non-Domestic Waste must submit an application the District's Operator and pay a non-refundable application fee of **$4,000.00**. Each application must include:

1. Name and address of applicant;

2. Type of industry, business, activity, or other waste-creative process;

3. Quantity of waste to be discharged;

4. Typical analysis of the waste;

5. Type of pretreatment proposed; and

6. Such other information as the District may request in writing.

b. The District's Operator and engineer will review each application and make a recommendation as to approval or denial of the application to the Board. The District's approval of the application is subject to the approval of the City. 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. The District has determined that dry cleaning facilities and commercial laundry facilities pose special risks to the District's sanitary sewer system and the environment and, as such, the District shall require all such dry cleaning facilities and commercial laundry facilities to enter into a Wastewater Services Contract for Commercial Cleaners. A copy of the Wastewater Services Contract is attached as **Exhibit "C"**.

c. 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, the surcharge for excess strength wastewater applicable under the Jarrell Wastewater Contract, and any administrative expenses of the District, including any costs incurred under the Jarrell Wastewater Contract.

d. If, in the opinion of the District's Operator and engineer, pretreatment of any Non-Domestic Waste is necessary to prevent harm to the District's or the City's waste collection and/or treatment systems, to prevent interference with the proper and efficient operation and maintenance of such systems, or to comply with the City's requirements, pretreatment will be required as a condition to the District's approval of the application and acceptance of the Non-Domestic Waste.

B. Prohibited Discharges. If the District determines that there has been a unpermitted discharge of Non-Domestic Waste or a discharge of any other type of waste that is prohibited by this this Order, the discharge will constitute a violation of the Rules contained in this Order and, in addition to any penalties assessed by the District, the violator will be assessed and required to pay all reasonable expenses of the District incurred in connection with the violation, including the cost of any testing of waste associated with the violation, the cost

to repair any damage to the District's Systems, and any penalties or other costs assessed to the District under the Jarrell Wastewater Contract.

C. Special Requirements for Commercial Customers. In addition to the requirements elsewhere in this Order, unless otherwise exempted in writing by the District's Operator, for each Commercial Customer, the District shall take effluent samples every 90 days as determined by the District's Operator. A grab sample of the effluent from the connection to ensure that the quality of the effluent has not materially changed from that initially represented at the time of making the connection. The cost for the District to test the grab sample shall be **$75.00** or actual cost, whichever is higher, and shall be included in the Customer's next monthly billing. If the test shows the quality has materially degraded, the District may consider requiring pretreatment by the Customer or assessing surcharges to the Customer.

D. National Categorical Pretreatment Standard. If a Customer 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 Customer is prohibited from discharging pollutants into the District's sanitary sewer system in violation of applicable categorical pretreatment standards.

E. District Testing; Pretreatment. The District shall have the right to sample and test any Customer's discharge at the discretion of the District's Operator, with no limit as to the frequency of the tests, and to charge the Customer for the District's cost of such sampling and testing. The District also shall have the right to require pretreatment, at the Customer'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 (C) above.

F. Grease Traps. All commercial properties that include a restaurant or other use that involves the on-premises preparation of food for resale, including a commercial kitchen, must have installed a grease trap of a size and capacity approved by the District. Any such grease trap must be operated and maintained in accordance with all applicable State, federal and local regulations and this Order. A commercial customer which owns or occupies property that is required to utilize a grease trap must: (1) cause the grease trap to be cleaned every two months, or when 50% of the height of the grease trap, as measured from the bottom of the grease trap to the invert of the outlet pipe, contains grease and solids; (2) completely remove all grease and other residue from the grease trap when the grease trap is cleaned; (3) cause all grease and other residue removed from the grease trap to be properly disposed of by a permitted liquid waste hauler and in accordance with federal, state and local regulations, (4) file a copy of the manifest confirming the cleaning and disposal with the

District; and (5) the original manifest kept on file and make it available for inspection by the District for at least 12 months after the date of each cleaning. The District's Representative may establish other requirements for grease traps as necessary to protect the District's wastewater system.

Section 17. **Approval of Plans; Sample of Effluent**. Before any connection, other than a Single-Family Residential Customer 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 and the volumes and quality of effluent and the proposed points of connection to the District's system. All persons constructing or extending portions of the District's water and sewer systems must design the systems to meet applicable requirements of the Commission and the minimum fire flow requirements pursuant to the International Fire Code Section B105 "Fire Flow Requirements for Buildings," or the latest edition thereof.

The District's Operator, at its discretion, may also require that the applicant provide a sample of the proposed effluent for testing before any connection is made. A copy of such approved plans, with the District's engineer's approval indicated thereon, shall be submitted to the District's Operator. Any modification of such plans shall require re-approval by the District's engineer. The District reserves the right to require removal of any connection made in violation of this Section.

Section 18. **Adoption of International Plumbing Code**. The District hereby adopts the International Plumbing Code, and all regulations, parts, notations, references, and specifications therein are hereby adopted and made a part of these Rules. The District reserves the right to amend any provision of the Code to conform to local concerns that do not substantially vary with the rules or laws of the State of Texas or the requirements of the City.

A. Administrative Authority. The District's Operator will serve as the District's duly authorized administrative authority under the Code. The District's Operator may appoint such assistants, deputies, inspectors, or other employees or consultants as are necessary to carry out the functions of the Code.

B. Applicability. Except as specifically excluded under these Rules or by applicable law, the Code and these Rules shall apply to the erection, installation, alteration, repair, relocation, replacement, addition to, use, and maintenance of all plumbing within the District.

C. Licensing Requirement. Except as exempted by State laws, only persons properly licensed under State law may perform the erection, installation, alteration, repair, relocation, replacement, addition to, or maintenance of plumbing within the District.

D. Inspection Requirement. The erection, installation, alteration, repair, relocation, replacement, addition to, or maintenance of plumbing within the District must be inspected for conformity with the Code. In the event that a plumbing project fails one or more of the inspections, then the plumbing inspector shall re-inspect the project as necessary until the project is approved. All plumbing inspections must be performed by a licensed plumbing inspector employed by or directly paid by the District. The District will not accept an inspection performed by any other person.

E. Appeals. Disputes regarding interpretation of the Code may be brought to the attention of the District's Operator. An aggrieved party may appeal the decision of the District's Operator to the Board. Under no circumstances, however, shall the District provide water or wastewater service to the property that is the subject of the appeal until a final decision is made by the Board and all required fees are paid to the District. In all cases, strict interpretation of the Code shall prevail to protect the public health and safety of the community.

Section 19. Customer Service Agreement and Plumbing Regulations.

A. Authority. Under the requirements of the Chapter 341, Subchapter C of the *Texas Health & 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 Commission.

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

C. Purpose. 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 Section 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 agree to comply with this Section as a condition to receiving water and/or wastewater 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 a Code-approved 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 which contains more than one-fourth of one percent (.25%) 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 which contains more than two-tenths of one percent (0.2%) lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

6. Copper water lines, including customer service lines, will not be permitted unless completely wrapped with an impermeable material approved by the District's Representative at the time of installation, and such installation is inspected by the District's Representative prior to the time the lines are covered.

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 these Rules as long as the customer is receiving service from the District.

2. The customer must allow his or her property to be inspected for possible cross-connections and other undesirable plumbing practices. These inspections will be conducted by a licensed plumbing inspector employed by or directly paid by the District prior to initiating service and may be conducted periodically thereafter. All inspections will be conducted during the District's normal business hours.

3. The District will notify the customer in writing of any cross-connection or other undesirable plumbing practice which has been identified during the initial inspection or periodic re-inspection.

4. The customer must immediately correct any undesirable plumbing practice on his premises.

5. The customer must, at his or her 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 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 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. 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.

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

Section 20. Customer Service Inspections.

A. Authority. 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 customer must submit a completed customer service inspection certification to the District in the following instances:

1. Before the District provides continuous water service to new construction;

2. When the District has reason to believe that cross-connections or other potential contaminant hazards exist on any existing service; or

3. After any material improvement, correction, or addition to any existing private plumbing facilities.

A customer service inspection does not constitute a plumbing inspection required by Section 18 of this Order.

C. Certifications. A customer service inspection certification must be fully completed in the form promulgated by the Commission (Form 20699). The inspection must be conducted and the certification completed at the applicant's or customer's expense by:

1. A plumbing inspector or Water Supply Protection Specialist licensed by the Texas State Board of Plumbing Examiners and in good standing at the time of the inspection; or

2. A customer service inspector who has completed a Commission-approved training course, passed an examination administered by the executive director of the Commission, and holds current professional license as a customer service inspector.

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

E. Unacceptable Plumbing Practices. If potential contaminant hazards are discovered, they must be promptly eliminated 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.

Section 21. Applications for Development or Other District Approvals; Review Fees.

A. Applicants for reimbursement agreements, service commitments, out-of-District service, annexation, land plan revisions, construction plan review and/or inspection, subdivision plan review and/or inspection or any other District approvals are responsible for the payment of all legal, engineering, and/or management fees incurred by the District in reviewing their applications and negotiating and preparing any related approvals or agreements, and, in addition, will be responsible for the cost of updating the District's water and wastewater maps to reflect any facilities to be constructed by the applicant pursuant to any approved plans. 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 update of the District's water and wastewater maps, which amount will be at least $7,500 (or at least $15,000 for applications for out-of-District service or annexation), and the applicant must deposit this amount with the District prior to any review or processing work being initiated. All consultants' fees associated with the application, related agreement or map updates 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 approval will be granted or agreement executed by the District until all fees are paid.

B. Any District approvals will be valid for a period of three years from the date of approval only and, unless the project for which the commitment has been made or the plans have been approved has been completed within three years from the date of such approval, the approval will expire and the applicant will be required to submit a new application or set of plans to the District, and to pay all of the District's costs associated with its review and approval of such application or plans.

Section 22. <u>Penalties for Violation</u>.

A. The provisions of this Order constitute rules adopted under Section 54.205, *Texas Water Code*. Violation of any provision of this Order or the Rules will result in the offending party being subject to the payment of a penalty, not to exceed **$5,000.00** per violation, which will be set by the Board. Each day during which an offense continues will constitute a separate violation. In addition, the violating party will be liable to the District for any other penalty provided by the laws of this State, and any costs incurred by the District in connection with any repairs or corrections necessitated by the violation. If the District prevails in any suit to enforce the provisions of this Order or the Rules, the District may additionally recover its reasonable attorneys' fees, expert witness fees and other costs incurred by the District before the Court.

B. The District will publish notice of the rules contained in this Order as required by Section 54.207, *Texas Water Code*.

ADOPTED to be effective as of the 19th day of October, 2026 (the "*Effective Date*").

SIGNATURE PAGE TO ORDER ESTABLISHING SERVICE RATES, CHARGES, AND TAP FEES AND ADOPTING RULES AND POLICIES WITH RESPECT TO THE DISTRICT'S WATER, WASTEWATER, AND DRAINAGE SYSTEMS

SONTERRA MUNICIPAL UTILITY DISTRICT

Michael Cosimeno, President

ATTEST:

Sherry Roark, Secretary

EXHIBIT "A"
SERVICE AREA



EXHIBIT "B"
DE-ANNEXED AREA

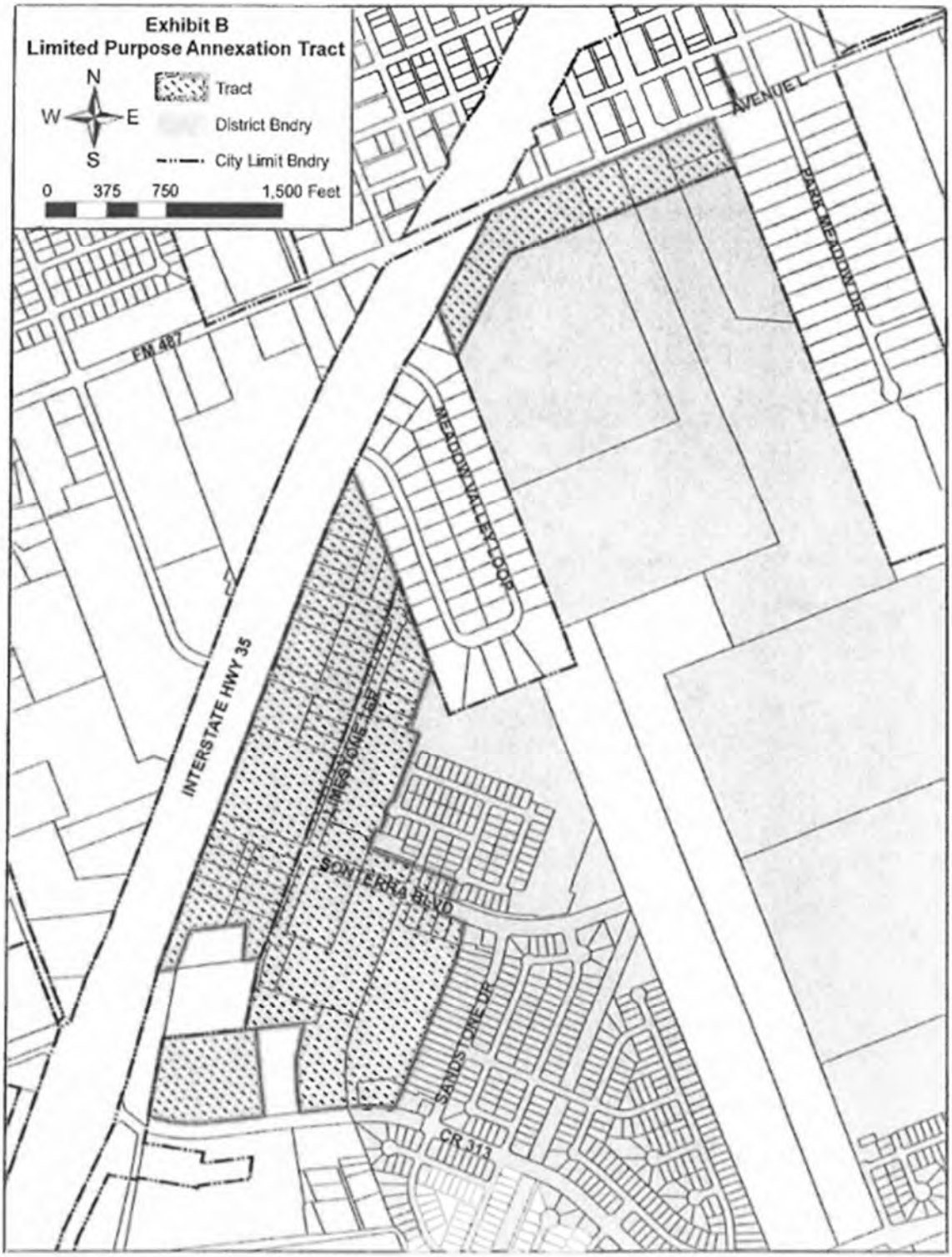


EXHIBIT "C"

WASTEWATER SERVICES CONTRACT FOR COMMERCIAL CLEANERS

THE STATE OF TEXAS §
§
COUNTY OF WILLIAMSON §

WHEREAS, Sonterra Municipal Utility District (the "*District*") provides water, sewer and drainage service to residential and commercial establishments within the District's jurisdiction;

WHEREAS, _____ (the "*Cleaner*") operates a commercial dry cleaning facility and/or commercial laundry at _____ (the "*Facility*") within the District's service area and desires to receive sewage treatment services from the District;

WHEREAS, the use of perchloroethylene, also known as tetrachloroethene, tetrachloroethylene, perc, and PCE, is prevalent in the commercial dry cleaning and commercial laundry business;

WHEREAS, perchloroethylene is a hazardous substance under the Comprehensive Environmental Response, Compensation and Liability Act ("*CERCLA*"), 42 U.S.C. §§ 9601-9675, and regulations promulgated pursuant to CERCLA;

WHEREAS, the Cleaner may use other organic solvents, detergents and/or stain and spot removers, including but not limited to 1,1,1-trichloroethane, trichloroethylene, methylene chloride, trichlorofluoroethane, stain/spot removers containing chlorinated and/or aromatic hydrocarbons, amonic detergents, and emulsifying, dispersing and pH controlling agents used for the removal of fats, oils, greases, paints and enamels, that may be hazardous substances pursuant to CERCLA and regulations promulgated thereto;

WHEREAS, perchloroethylene and other organic solvents, detergents and/or stain and spot removers may deteriorate or contribute toward the deterioration of pipes, pipe fittings, joints, and the sealants around such pipes, pipe fittings, and joints in the District's sanitary sewer system in a manner which causes such substances to be released into the environment;

WHEREAS, perchloroethylene and other organic solvents, detergents and/or stain and spot removers are toxic or otherwise injurious to human health and the environment when released into the environment;

WHEREAS, perchloroethylene and other organic solvents, detergents and/or stain and spot removers are persistent when released into the environment, and as such are expensive to contain and remove once released into the environment; and

WHEREAS, the District has determined not to allow discharges of any wastewater into

the District's sanitary sewer system from commercial dry cleaning and commercial laundry facilities to prevent harm to the District's facilities and the environment, unless such commercial dry cleaning and commercial laundry facilities agree by contract to strict controls on the use and discharge of perchloroethylene and other organic solvents, detergents and/or stain and spot removers;

NOW, THEREFORE, THIS CONTRACT is entered into by and among the District and the Cleaner this _____ day of _____, 2_____.

For and in consideration of the mutual promises and benefits set forth herein, the District and the Cleaner agree to the following:

1. Wastewater Services. The District agrees to receive into its sanitary sewer system wastewater discharged from operations at the Cleaner, subject to the terms of this Contract and the District rate order, as currently existing or hereinafter amended (the "*Rate Order*"). The Cleaner is hereby notified that it is also subject to all subsequent modifications, revisions, and/or amendments to the Rate Order that may be adopted by the District after the date first written above.

2. Compliance With Laws and Regulations. The Cleaner shall operate in compliance with all applicable federal, state and local laws and regulations, including but not limited to the National Perchloroethylene Air Emission Standards for Dry Cleaning Facilities, 40 C.F.R. Part 63, Subpart M; all applicable requirements set forth in and promulgated pursuant to the Clean Water Act, 33 U.S.C. §§ 1251-1387; all applicable requirements set forth in and promulgated pursuant to the Safe Water Drinking Act, 42 U.S.C. §§ 300f to 300j-26; all applicable requirements set forth in and promulgated pursuant to the Resource Conservation and Recovery Act ("*RCRA*"), 42 U.S.C. §§ 6901-6992k; all applicable requirements set forth in and promulgated pursuant to CERCLA, 42 U.S.C. §§ 9601-9675; all applicable requirements set forth in and promulgated pursuant to the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. §§ 11001-11050; all applicable requirements set forth in and promulgated pursuant to the Texas Solid Waste Disposal Act ("*TSWDA*"), Texas Health & Safety Code §§ 361.001-.754; and all applicable requirements set forth in and promulgated pursuant to any section within the Texas Water Code.

3. Maximum Contaminant Levels. The Cleaner (and any other person or entity associated with the Facility) is prohibited from discharging any wastewater containing any organic solvent, including but not limited to perchloroethylene, 1,1,1-trichloroethane, trichloroethylene, methylene chloride, trichlorofluoroethane, stain/spot removers containing chlorinated and/or aromatic hydrocarbons, amonic detergents, and emulsifying, dispersing and pH controlling agents used for the removal of fats, oils, greases, paints and enamels, into the District's sanitary sewer system in excess of the Maximum Contaminant Levels ("*MCLs*") established in 40 C.F.R. § 141.61. The Cleaner warrants and represents that it has checked all drains and pipes at the Facility and that no drain or pipe that may receive wastewater in excess of any MCL established in 40 C.F.R. § 141.61 discharges directly or indirectly into the District's sanitary sewer system. In the event any wastewater containing organic solvents, including but not limited to perchloroethylene, 1,1,1-trichloroethane, trichloroethylene,

methylene chloride, trichlorofluoroethane, stain/spot removers containing chlorinated and/or aromatic hydrocarbons, amonic detergents, and emulsifying, dispersing and pH controlling agents used for the removal of fats, oils, greases, paints and enamels, are discharged into the District's sanitary sewer system that exceed or may exceed the MCLs established in 40 C.F.R. § 141.61, the Cleaner shall immediately notify the District so that the District may take steps to control and/or contain the discharge with minimal disruptions to the wastewater treatment facility that will receive the discharge.

4. Stain/Spot Treatment. The Cleaner (and any other person or entity associated with the Facility) shall not pretreat any clothing with perchloroethylene prior to introducing such clothing into equipment, such as commercial washing machines, that discharge wastewater directly or indirectly into the District's sanitary sewer system. To the extent the Cleaner or any other person or entity uses any other stain/spot remover or other substance to pretreat clothing prior to introducing such clothing into equipment discharging directly or indirectly into the District's sanitary sewer system, the Cleaner shall verify that the wastewater discharged into the District's sanitary system does not contain any constituent of such stain/spot remover or other substance in excess of the MCLs established in 40 C.F.R. § 141.61.

5. Spills. The Facility shall have no floor drains near the area where organic solvents, including but not limited to perchloroethylene, 1,1,1-trichloroethane, trichloroethylene, methylene chloride, trichlorofluoroethane, stain/spot removers containing chlorinated and/or aromatic hydrocarbons, amonic detergents, and emulsifying, dispersing and pH controlling agents used for the removal of fats, oils, greases, paints and enamels, are used that lead to the District's sanitary sewer or storm water drain. The Cleaner shall have absorbent cotton blankets, or other suitable cleanup and containment materials, available at the Facility for use in the event of a spill of any organic solvent, including but not limited to perchloroethylene, 1,1,1-trichloroethane, trichloroethylene, methylene chloride, trichlorofluoroethane, stain/spot removers containing chlorinated and/or aromatic hydrocarbons, amonic detergents, and emulsifying, dispersing and pH controlling agents used for the removal of fats, oils, greases, paints and enamels.

6. Storage Area. All organic solvents, including but not limited to perchloroethylene, 1,1,1-trichloroethane, trichloroethylene, methylene chloride, trichlorofluoroethane, stain/spot removers containing chlorinated and/or aromatic hydrocarbons, amonic detergents, and emulsifying, dispersing and pH controlling agents used for the removal of fats, oils, greases, paints and enamels, shall be stored in a separate area. The floor in the organic solvent storage area should be leak-proof, such as a floor constructed of stainless steel, fiberglass, or concrete with a thick coating of epoxy applied frequently enough to completely cover the floor area at all times, and designed to contain 110% of any organic solvent contained in any single container, tank, or dry cleaning equipment that contains organic solvent.

7. Storage Containers. The Cleaner (and any other person or entity associated with the Facility) shall keep all organic solvents, including but not limited to perchloroethylene, 1,1,1-trichloroethane, trichloroethylene, methylene chloride, trichlorofluoroethane, stain/spot removers containing chlorinated and/or aromatic hydrocarbons, amonic detergents, and emulsifying, dispersing and pH controlling agents used for the removal of fats, oils, greases,

paints and enamels, and all waste materials potentially contaminated with such organic solvents in leak-proof, tightly covered containers and stored in the organic solvent storage area. All spent cartridge filters shall be placed inside leak-proof, tightly covered containers and stored in the organic solvent storage area.

8. Secondary Containment. All dry cleaning machines, washers, dryers, or other equipment that use, contain or store organic solvents, including but not limited to perchloroethylene, 1,1,1-trichloroethane, trichloroethylene, methylene chloride, trichlorofluoroethane, stain/spot removers containing chlorinated and/or aromatic hydrocarbons, amonic detergents, and emulsifying, dispersing and pH controlling agents used for the removal of fats, oils, greases, paints and enamels, or any water contaminated by such organic solvents, shall be placed in an area surrounded by a containment curb or similar secondary containment structure designed to contain spills or leaks. The containment curb or similar secondary containment structure shall be non-porous, constructed of materials such as fiberglass, steel, or concrete with a thick coating of epoxy applied frequently enough to completely cover the containment area at all times, and designed to contain at least 110% of the contents of any single tank, container, or equipment that may contain organic solvents, including but not limited to perchloroethylene, 1,1,1-trichloroethane, trichloroethylene, methylene chloride, trichlorofluoroethane, stain/spot removers containing chlorinated and/or aromatic hydrocarbons, amonic detergents, and emulsifying, dispersing and pH controlling agents used for the removal of fats, oils, greases, paints and enamels, or water contaminated by such organic solvents.

9. Hazardous Waste. The Facility shall not be used as a hazardous waste treatment, storage, and disposal facility. No hazardous waste, whether generated by the Cleaner at the Facility, by the Cleaner at another facility, or by any third party, shall be transported to the Facility or to any facility receiving water or sewer services from the District. Further, all hazardous waste generated at the Facility, including but not limited to still residues from solvent distillation, spent filter cartridges, cooked powder residue, separator water, and any other contact water contaminated with organic solvent, shall be stored at the Facility only for such time as is necessary to accumulate sufficient quantities for transportation to a permitted hazardous waste treatment, storage, and disposal facility. Under no circumstances shall any hazardous waste be accumulated at the Facility for a length of time such that the Facility becomes subject to the requirements for hazardous waste treatment, storage, and disposal facilities.

10. EPA Identification Number. If it has not already done so, the Cleaner shall obtain an EPA identification number from the U.S. Environmental Protection Agency ("*EPA*") pursuant to 40 C.F.R. § 262.12 for the Facility notwithstanding any regulatory exemption or exception, including the provisions for conditionally exempt small quantity generators. The Cleaner shall comply with the manifest requirements in 40 C.F.R. Part 262 when transporting or arranging for the transportation of hazardous waste from the Facility, and the Cleaner shall use the EPA identification number that identifies the Facility in all such manifests.

11. Waste Disposal. The Cleaner shall arrange for the transportation of hazardous waste generated at the Facility, including but not limited to still residues from solvent distillation,

spent filter cartridges, cooked powder residue, separator water, and any other contact water contaminated with organic solvent, only with a transporter who complies with all applicable requirements for the handling and transportation of hazardous waste. The Cleaner shall transport or arrange for the transportation of hazardous waste generated at the Facility, including but not limited to still residues from solvent distillation, spent filter cartridges, cooked powder residue, separator water, and any other contact water contaminated with organic solvent, only to a permitted hazardous waste treatment, storage, and disposal facility who complies with all applicable federal, state, and local requirements set forth in and promulgated pursuant to RCRA, 42 U.S.C. §§ 6901-6992k, and TSWDA, Texas Health & Safety Code §§ 361.001-361.754. The Cleaner shall be obligated to make all reasonable inquiries regarding any hazardous waste transporter or hazardous waste treatment, storage, and disposal facility in order to verify compliance with all applicable federal, state, and local requirements. At a minimum, such inquiry shall include verification that each transporter has an EPA identification number and each hazardous waste treatment, storage, and disposal facility has an EPA identification number and a valid permit for hazardous waste treatment, storage, and disposal.

12. Operation and Maintenance. All dry cleaning and laundry equipment at the Facility shall be operated and maintained according to the manufacturer's instructions, including all instructions set forth in the operator's manual provided by the manufacturer and supplied with the dry cleaning and/or laundry equipment. The Cleaner shall keep a copy of the operator's manual at the Facility and shall make each person employed by the Cleaner aware of the location of the operator's manual.

13. Inspections. The Cleaner shall allow reasonable access on prior written request by the District to allow the District's representative to inspect the Facility for compliance with this Contract. Failure to provide access for such inspection shall be a violation of this Contract and sufficient grounds for the termination of water, sewer, and drainage services.

14. Wastewater Sampling. The District's representative shall be allowed to sample and analyze the wastewater discharged from the Cleaner into the District's sanitary sewer system to ensure compliance with this Contract, the Rate Order, and any applicable federal, state, or local law or regulation. The Cleaner shall provide reasonable access to the District's representative for purposes of sampling the Cleaner's wastewater discharge, and the Cleaner shall pay the District's reasonable costs for such sampling and analysis necessary to ensure compliance with this Contract, the Rate Order, and any applicable federal, state, or local law or regulation. Such sampling shall be no more frequent than once per month unless the analysis of any prior sample indicates a violation or potential violation of this Contract, the Rate Order, or any applicable federal, state, or local law or regulation, in which case subsequent samples shall be no more frequent than necessary to ensure continuous compliance with this Contract, the Rate Order, and any applicable federal, state, or local law or regulation.

15. Remedies. The District may terminate services provided under this Contract, at the Cleaner's sole cost and expense, including a reasonable fee for terminating service, court costs, attorneys' fees, and any other cost related to enforcing this Contract and terminating

service, for a violation of any provision set forth in this Contract. The District may also imposes fines and penalties authorized in the Rate Order or take any other action authorized in the Rate Order or under law for any violation of this Contract or the Rate Order, and, notwithstanding any provision in the Rate Order to the contrary, the Cleaner is liable for all costs related to enforcing the terms or conditions of this Contract or the Rate Order, including court costs and attorneys' fees.

16. Insurance.

A. The Cleaner shall maintain at its own expense environmental pollution insurance in the form of a pollution legal liability select policy or other environmental pollution insurance policy in full compliance with this paragraph and satisfactory to the District ("***Mandatory Insurance***"). The Mandatory Insurance shall provide coverage, with limits of not less than $1,000,000 (ONE MILLION DOLLARS) annual aggregate limit on a claims made basis, for the following: (i) the Cleaner's own pollution cleanup costs, including any costs or expenses for the investigation of, removal of, remediation of, or the rendering nonhazardous or less hazardous of, any environmental pollution conditions (whether pre-existing or new) resulting from the discharge, dispersal, release, or escape of pollutants into the environment or into the sewage treatment system of the District; (ii) any pollution cleanup costs by the District, including any costs or expenses for the investigation of, removal of, remediation of, or the rendering nonhazardous or less hazardous of, any environmental pollution conditions (whether pre-existing or new) resulting from the discharge, dispersal, release, or escape of the Cleaner's pollutants into the environment or into the sewage treatment system of the District; (iii) any governmental pollution cleanup costs that may result if the Cleaner or the District fails to perform any necessary cleanup, including any governmental costs or expenses for the investigation of, removal of, remediation of, or the rendering nonhazardous or less hazardous of, any environmental pollution conditions (whether pre-existing or new) resulting from the discharge, dispersal, release, or escape of the Cleaner's pollutants into the environment or into the sewage treatment system of the District; (iv) any property damage to tangible property of the District, including any damage to the sewage treatment system of the District; (v) any restoration costs for restoring the sewage treatment system of the District after cleanup of the pollution, or restoring the property or environment damaged by the pollution or the pollution cleanup, including any affected surface vegetation or soils, subsurface soils, surface water, or groundwater; (vi) any business interruption losses incurred by the District as a result of the pollution or pollution cleanup; (vii) any legal expense or defense costs that may be incurred by the District; (viii) any third-party claims for the cleanup of pollution conditions against the Cleaner or the District; (ix) any third-party claims for bodily injury resulting from the pollution conditions against the Cleaner or the District; and (x) any third-party claims for property damage resulting from the pollution conditions against the Cleaner or the District. Voluntary cleanups by the Cleaner or the District shall be specifically covered under the Mandatory Insurance. The Mandatory Insurance shall allow the Cleaner and the District to self-report pollution and recover cleanup costs either or both may incur after reporting the pollution voluntarily. Exclusions shall not be written that remove or limit the coverage intended by this paragraph.

B. The District shall be named as an additional insured with waiver of subrogation rights

on all insurance coverage provided by the Cleaner except where the District may decline same in advance and in writing.

C. The Mandatory Insurance shall be maintained without a reduction in or narrowing of coverage during the period the District provides services under this Contract and for at least 4 years following the termination of services provided under this Contract. The Mandatory Insurance shall provide coverage for the acts and omissions of the Cleaner and its agents, employees, contractors and subcontractors. The Mandatory Insurance shall require that the District be provided with thirty (30) days advance written notice of cancellation, reduction, change or renewal of each such policy. Proof of insurance satisfactory to the District, including proof that the District has been named as an additional insured as provided in paragraph B, shall be provided by the Cleaner at execution of this Contract and attached to this Contract as **Exhibit "A"**.

D. The Mandatory Insurance shall provide that the District shall not be subject to the "other insurance" condition or other policy terms which conflict with this Contract. It is the intent of this Contract that the Mandatory Insurance, including the interest of the District as an additional insured, shall be primary insurance and not contributory with other insurance which the District may have in effect.

E. The Mandatory Insurance shall be provided by financially responsible insurance carriers licensed to do business in the state of Texas and rated by AMBest Rating Service as A- or better.

F. The Cleaner's failure to maintain the Mandatory Insurance shall be a basis for termination of services to be provided by the District under this Contract.

17. INDEMNITY.

A. AS PART OF THE CONSIDERATION FOR THE RIGHT TO DISCHARGE WASTEWATER FROM COMMERCIAL DRY CLEANER AND/OR COMMERCIAL LAUNDRY ACTIVITIES INTO THE SANITARY SEWER SYSTEM OF THE DISTRICT, THE CLEANER HAS AGREED TO AND DOES HEREBY FULLY AND COMPLETELY INDEMNIFY AND HOLD THE DISTRICT, EACH ANY EVERY MEMBER OF THE BOARD OF DIRECTORS OF THE DISTRICT, CONSULTANTS RETAINED BY THE DISTRICT TO CARRY OUT THIS CONTRACT OR OTHERWISE TO ASSIST IN PROVIDING WASTEWATER SERVICES TO THE CLEANER, CONTRACTORS OR EMPLOYEES RETAINED OR HIRED BY THE DISTRICT TO CARRY OUT THIS CONTRACT OR OTHERWISE TO ASSIST IN PROVIDING WASTEWATER SERVICES TO THE CLEANER, AND ANY OTHER AGENT OR REPRESENTATIVE OF THE DISTRICT WHO CARRIES OUT THIS CONTRACT ON BEHALF OF THE DISTRICT OR WHO ASSISTS THE DISTRICT IN PROVIDING WASTEWATER SERVICES TO THE CLEANER (COLLECTIVELY, THE "DISTRICT AND ITS AGENTS") HARMLESS FROM EVERY CLAIM, ACTUAL LOSS, DAMAGE, INJURY, COST, EXPENSE, JUDGMENT, OR LIABILITY SUSTAINED OR INCURRED BY, OR BROUGHT AGAINST THE DISTRICT AND ITS AGENTS, OF EVERY KIND OR CHARACTER WHATSOEVER, IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE, DIRECT OR

INDIRECT, FOR BODILY INJURY, DEBT, PROPERTY DAMAGE, ECONOMIC LOSS AND/OR ANY INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH THE DISCHARGE OF WASTEWATER FROM COMMERCIAL DRY CLEANER AND/OR COMMERCIAL LAUNDRY OPERATIONS INTO THE SANITARY SEWER SYSTEM OF THE DISTRICT. THIS INDEMNITY AND HOLD HARMLESS AGREEMENT RUNNING IN FAVOR OF THE DISTRICT AND ITS AGENTS IS SPECIFICALLY INTENDED TO COVER ALL COSTS OF ANY FUTURE CLAIMS OR LITIGATION, INCLUDING COURT COSTS, ATTORNEYS' FEES, AND/OR OTHER DEFENSE COSTS, AND EXPRESSLY INCLUDES ANY AND ALL CLAIMS THAT MAY BE BROUGHT BY PRIVATE PERSONS OR GOVERNMENTAL AGENCIES UNDER CERCLA (42 U.S.C. §§ 9601-9675), RCRA (42 U.S.C. §§ 6901-6922K), TSWDA (TEXAS HEALTH & SAFETY CODE §§ 361.001-.754), OR ANY OTHER FEDERAL OR STATE STATUTORY CAUSE OF ACTION. FURTHERMORE, THIS INDEMNITY AND HOLD HARMLESS AGREEMENT RUNNING IN FAVOR OF THE DISTRICT AND ITS AGENTS IS SPECIFICALLY INTENDED TO OPERATE AND BE APPLICABLE EVEN IF IT IS ALLEGED, CHARGED, OR PROVEN THAT ALL OR SOME OF THE FACTS, INCIDENTS OR EVENTS COMPLAINED OF OR ALL OR SOME OF THE DAMAGES SOUGHT WERE SOLELY AND COMPLETELY CAUSED BY THE FAULT OR SOLE OR CONCURRENT NEGLIGENCE (INCLUDING GROSS NEGLIGENCE) OF THE DISTRICT, THE DISTRICT AND ITS AGENTS, OR ANY PERSON, ENTITY OR PORTION COMPRISING THE DISTRICT AND ITS AGENTS OF EVERY KIND OR CHARACTER WHATSOEVER, WHETHER AN AFFIRMATIVE ACT OR AN OMISSION, INCLUDING WITHOUT LIMITATION ALL TYPES OF NEGLIGENT CONDUCT (INCLUDING GROSS NEGLIGENCE) IDENTIFIED IN THE RESTATEMENT (SECOND) OF TORTS. FINALLY, IT IS AGREED THAT NO STATUTE OF LIMITATIONS PERIOD OR PERIOD OF LACHES SHALL BEGIN TO RUN AGAINST THIS INDEMNITY AND HOLD HARMLESS AGREEMENT UNTIL EACH CLAIM, DEMAND, OR CAUSE OF ACTION FOR WHICH HOLD HARMLESS OR INDEMNITY PROTECTION IS SOUGHT HAS BEEN ASSERTED AGAINST THE PARTY OR PARTIES SEEKING TO INVOKE THE PROTECTION OF THIS INDEMNITY AND HOLD HARMLESS AGREEMENT AND UNTIL SUCH PARTY HAS RECEIVED WRITTEN NOTIFICATION OF SUCH CLAIM, DEMAND, OR CAUSE OF ACTION.

B. THESE CONTRACTUAL PROVISIONS RELIEVE ONE PARTY FOR RESPONSIBILITY IT OTHERWISE WOULD HAVE UNDER THE LAW FOR DAMAGES OR OTHER LIABILITY ARISING OUT OF THIS CONTRACT.

C. THE PARTIES HAVE NEGOTIATED IN GOOD FAITH TO ELIMINATE UNKNOWN AND ARBITRARY ASPECTS OF THEIR RELATIONSHIP AND TO ALLOCATE THE RISK OF LOSS IN A MANNER THAT IS COMMENSURATE WITH THE EXPECTED BENEFITS. THE PARTIES HAVE ATTEMPTED TO STATE THEIR AGREEMENT CLEARLY AND EXPRESSLY WITHIN THE FOUR CORNERS OF THIS CONTRACT. THE PARTIES AGREE THAT ALL PROVISIONS OF THIS CONTRACT ARE INTENDED TO APPLY EVEN IF THEY HAVE THE RESULT OF RELIEVING ONE PARTY FROM RESPONSIBILITY IT WOULD OTHERWISE HAVE UNDER THE LAW FOR ITS CONDUCT, INCLUDING ITS SOLE OR CONCURRENT NEGLIGENCE (INCLUDING GROSS NEGLIGENCE), OR FOR ANY DAMAGES OR LIABILITY THAT WOULD OTHERWISE BE IMPOSED BY THE LAW IN

CONNECTION WITH EITHER PARTY'S CONDUCT. EACH PARTY AGREES AND COVENANTS THAT IT WILL NOT CONTEST THE ENFORCEABILITY OF ANY PROVISION OF THIS CONTRACT UNDER THE "EXPRESS NEGLIGENCE" RULE AND EACH PARTY AGREES AND COVENANTS THAT IF A PROVISION OF THIS CONTRACT IS NEVERTHELESS DEEMED BY A COURT TO BE SUBJECT TO THE "EXPRESS NEGLIGENCE" RULE AND THAT IF THE PROVISION IS AMBIGUOUS, SUCH PROVISION WILL NOT BE DECLARED UNENFORCEABLE. INSTEAD, SUCH AMBIGUOUS PROVISION SHALL BE ENFORCED IN ACCORDANCE WITH THE COMMERCIAL AND ECONOMIC TERMS OF THE PARTIES' OVERALL AGREEMENT AND, TO THAT END, AND TO THAT END ONLY, ORAL TESTIMONY AND OTHER WRITING SHALL BE CONSIDERED BY THE COURT OR JURY TO DETERMINE THE INTENT OF THE PARTIES WITH RESPECT TO SUCH PROVISION.

18. Non-assignment. The Cleaner shall not assign or delegate this Contract to any person or entity, and the Cleaner shall be responsible for all duties and obligations set forth in this Contract notwithstanding any acts by third parties or intervening events.

19. Severability. In the event that any one or more of the provisions contained in this Contract or in any other instrument referred to herein, including but not limited to the Rate Order, shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Contract or any other such instrument.

20. Amendments, Waiver. This Contract may not be amended except in a writing specifically referring to the Contract and signed by the District and the Cleaner. Notwithstanding this paragraph, the Rate Order may be amended as provided in paragraph 1. Any right created under this Contract may not be waived, except in a writing specifically referring to this Contract and signed by the party waiving the right. The failure of a party to enforce strictly any provision of this Contract shall not be deemed to act as a waiver of any provision, including the provision not so enforced.

21. Merger. This Contract and the exhibit attached hereto constitute the entire understanding between the parties and supersede any prior negotiations, discussions, agreements, and understandings between the parties with respect to the subject of this Contract.

AGREED TO AND ACCEPTED as of the date first written above.

SONTERRA MUNICIPAL UTILITY DISTRICT

_____
President, Board of Directors

ATTEST:

_____
Secretary, Board of Directors

THE CLEANER

_____

By: _____
Name: _____
Title: _____

Address: _____