

AMENDED RATE ORDER  
SONTERRA MUNICIPAL UTILITY DISTRICT

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JULY 18, 2016

WHEREAS, Sonterra Municipal Utility District (the "District") owns and operates a water, sewer, and drainage system to provide service to residential and commercial establishments within the District and provides solid waste collection services and parks and recreation facilities and services; and

WHEREAS, the Board of Directors deems it necessary at this time to amend the rates and charges and regulations for receiving services from or utilizing water, sewer, drainage, solid waste and parks and recreation facilities of the District; Now, therefore

BE IT ORDERED BY THE BOARD OF DIRECTORS OF SONTERRA MUNICIPAL UTILITY DISTRICT THAT:

Section 1: Definitions.

A. "Single-Family Residential User" shall mean any user of the District's water and/or sewer system that consists of one residence designed for use and occupancy by a single-family unit.

B. "Multi-Family Residential User" shall mean any user of the District's water and/or sewer system that consists of a building designed for use and occupancy by more than one single-family unit, including, but not limited to, apartments, townhouses, and other multi-family dwelling units.

C. "Commercial User" shall mean any user of the District's water and/or sewer system that is not a Single-Family Residential User or a Multi-Family Residential User, including, but not limited to, commercial establishments, churches, hotels, restaurants, businesses, schools, builders and clubs; provided, however, water provided to the emergency services district or volunteer fire department for fire-fighting and related purposes shall be exempt from fees charged under this Order for monthly payment purposes.

Section 2: Base Fee; Water and Sewer Rates.

A. Minimum Charge for Single Family Residential Users. The following minimum rates and charges for the supply of water for the first -O- gallons of water usage and for solid waste collection service shall be in effect, based on the meter size, for all Single Family Users within the District effective as of the June, 2013 meter readings:

| <u>Meter Size</u> | <u>Minimum Monthly Charge</u> |
|-------------------|-------------------------------|
| 5/8 or 3/4 inch   | \$42                          |
| 1 inch            | \$84                          |
| 1-1/2 inch        | \$114                         |

B. Volumetric Water Charges for Single Family Residential Users. All Single Family Users within the District shall be charged monthly for water usage in excess of -0- gallons at the following rates effective as of the July 2016 meter readings:

| <u>Gallons Used</u>      | <u>Volumetric Charge</u> |
|--------------------------|--------------------------|
| 0-2,000 gallons          | \$2.50 per 1000 gallons  |
| 2,001-6,000 gallons      | \$3.00 per 1,000 gallons |
| 6,001 to 10,000 gallons  | \$3.25 per 1,000 gallons |
| 10,001 to 15,000 gallons | \$4.50 per 1,000 gallons |
| Over 15,000 gallons      | \$5.50 per 1,000 gallons |

Upon termination of services by customer, final account will be a pro-rated charge for minimum services including total consumption based on number of days with service.

C. Minimum Sewer Charge for Single Family Residential Users. The following minimum rates and charges for the collection and disposal of sewage for the first -0- gallons of water usage shall be in effect, based on the meter size, for all Single Family Residential Users within the District effective as of the June, 2013 meter readings:

| <u>Meter Size</u> | <u>Minimum Monthly Charge</u> |
|-------------------|-------------------------------|
| 5/8 or 3/4 inch   | \$25                          |
| 1 inch or Greater | \$65                          |

D. Volumetric Sewer Charges for Single Family Residential Users. For all Single Family Users within the District shall be charged monthly for sewer service based on the customer's average winter water usage during the months of December through February in excess of -0- gallons at the following rates effective as of the June, 2013 meter readings:

|                     |                          |
|---------------------|--------------------------|
| 0-2,000 gallons     | \$3.25 per 1000 gallons  |
| 2,001-6,000 gallons | \$3.50 per 1,000 gallons |
| 6,001 and above     | \$7.62 per 1,000 gallons |

Upon termination of services by customer, final account will be a pro-rated charge for minimum services including total consumption based on number of days with service.

E. Minimum Charge for Commercial and Multifamily Users. The following minimum rates and charges for the first -0- gallons of water usage and, if applicable, for solid waste collection service if provided by the District, by a Commercial or Multifamily User effective as of the June, 2013 meter readings:

| <u>Meter Size</u> | <u>Minimum Monthly Charge</u>                                |
|-------------------|--------------------------------------------------------------|
| 5/8 or 3/4 inch   | \$35 (or \$56 if solid waste collection service is provided) |
| 1-1 1/2 inch      | \$65 (or \$86 if solid waste collection service is provided) |

|        |                                                                    |
|--------|--------------------------------------------------------------------|
| 2 inch | \$150 (or \$171 if solid waste collection service is provided)     |
| 3 inch | \$280 (or \$301 if solid waste collection service is provided)     |
| 4-inch | \$475 (or \$496 if solid waste collection service is provided)     |
| 6-inch | \$1,000 (or \$1,021 if solid waste collection service is provided) |

F. Volumetric Water Charges for Commercial and Multifamily Users. A Commercial or Multifamily User shall be charged monthly for water usage in excess of -o- gallons as follows effective as of the June, 2013 meter readings:

| <u>Gallons Used</u>        | <u>Volumetric Charge</u> |
|----------------------------|--------------------------|
| 0 to 50,000 gallons        | \$4.00 per 1,000 gallons |
| 50,001 to 100,000 gallons  | \$4.25 per 1,000 gallons |
| 100,001 to 450,000 gallons | \$5.50 per 1,000 gallons |
| 450,001 and above          | \$6.00 per 1,000 gallons |

G. Minimum Sewer Charge for Commercial and Multifamily Users. The following minimum rates and charges for the collection and disposal of sewage for the first -o- gallons of water usage by a Commercial or Multifamily User effective as of the June, 2013 meter readings:

| <u>Meter Size</u> | <u>Minimum Monthly Charge</u> |
|-------------------|-------------------------------|
| 5/8 or 3/4 inch   | \$37.50                       |
| 1-1 1/2 inch      | \$65                          |
| 2 inch            | \$150                         |
| 3 inch            | \$280                         |
| 4-inch            | \$475                         |
| 6-inch            | \$1,000                       |

In addition, the District will charge the following fees and charges to any Commercial or Multifamily User who applies for non-residential sewer service from the District:

Sewer Surcharges:

|                                     |                                            |
|-------------------------------------|--------------------------------------------|
| Five day Carbonaceous Oxygen Demand | \$0.4867 per pound (in excess of 200 mg/l) |
| Five day Biochemical Oxygen Demand  | \$0.2255 per pound (in excess of 450 mg/l) |
| Total Suspended Solids              | \$0.1049 per pound (in excess of 200 mg/l) |

H. Volumetric Sewer Charges for Commercial and Multifamily Users. A Commercial or Multifamily User shall be charged monthly for sewer service based on water usage in excess of -o- gallons at a rate of \$7.62 per 1,000 gallons effective as of the June, 2013 meter readings.

I. Construction Water Minimum Charges and Volumetric Rates. During construction of a residence by, or for, a Single-Family Residential User, a homebuilder shall be charged a monthly minimum rate and shall pay water rates for usage as set forth above for Single Family Residential Users.

During construction of any improvement that is not a Single Family Residential User and prior to initial occupancy, the User shall be charged a monthly minimum rate and shall pay water rates for usage as set forth above for such other Users.

J. Temporary Service. At the District's Manager's discretion, the District may provide temporary water and sewer service for a period of less than one week for a one-time payment of \$100 in advance of such use.

K. Out-of-District Customers. In addition to the monthly minimum and volumetric rates set forth above in this Order, for out-of-district customers (other than tax-exempt out-of-district customers), the District will charge a monthly rate equal to two times the normal rate for the User class.

L. Sewer Service Required. Each Water User served by the District must also obtain sewer service from the District if sewer service is available to the User, except for water customers utilizing septic systems in the Hillside Estates Subdivision and for irrigation Users and customers utilizing fire hydrants for water supply purposes.

M. Surcharge for Certain Commercial Customers in Limited Purpose Annexation Area. In addition to the rates and charges elsewhere in this Order, those Commercial Customers within the area de-annexed by the City of Jarrell as a result of Amendment One to the Strategic Partnership Agreement between the District and the City of Jarrell who do not pay payments in lieu of taxes to the District shall be assessed each month a surcharge equal to the amount such Commercial Customers would have otherwise paid to the District on the same basis as similarly-situated Commercial Customers who do pay such payments in lieu of taxes.

Section 3: Irrigation Systems. Metered water connections authorized by the District and established solely for the purpose of providing water to irrigation systems shall be charged monthly for water usage at the rate for Commercial Users effective as of the May, 2012, meter readings. There shall be no sewer service charge for irrigation meters.

Section 4: Water Tap and Sewer Connection Fees.

A. Standard Single-Family Residential User. Prior to the connection of a Single-Family Residential User to the District's water system with a water meter that is 3/4" or 5/8", a water system tap fee of \$1,090 and a sewer system connection fee equal to the amount of the City of Jarrell's wastewater impact fee charged the District under the wholesale wastewater service agreement between the District and Jarrell shall be paid to the District plus the actual costs incurred by the District to repair or restore any yards, sidewalks, streets, or other improvements affected by the installation.

B. Non-Standard Single-Family Residential User. Prior to the connection of a Single-Family Residential User to the District's water and sewer system with a water meter that is larger than 3/4" or 5/8", a water tap fee equal to three (3) times the District's actual cost of installing the water tap, meter, and necessary service lines and a sewer system connection fee equal to the amount of the City of Jarrell's wastewater impact fee charged the District under the wholesale wastewater service agreement between the District and Jarrell, plus the cost of repairing or restoring any yards, sidewalks, streets, or other improvements affected by the installation shall be paid to the District.

C. Multi-Family User. Prior to the connection of a Multi-Family Residential User, a water tap fee and a sewer system connection fee equal to the amount of the City of Jarrell's wastewater impact fee charged the District under the wholesale wastewater service agreement between the District and Jarrell plus the cost of repairing or restoring any yards, sidewalks, streets, or other improvements affected by the installation shall be paid to the District and the fee shall be adjusted for the number of living unit equivalents ("LUEs") of the service based on an LUE factor of 0.7 times the number of residential units served by the District for water tap and sewer connection fees, times the amount of the water tap and sewer connection fees for Single-Family Residential Users in this Order.

D. Commercial User. Prior to connection of a Commercial User, a water tap fee and a sewer system connection fee equal to the amount of the City of Jarrell's wastewater impact fee charged the District under the wholesale wastewater service agreement between the District and Jarrell plus the cost of repairing or restoring any yards, sidewalks, streets, or other improvements affected by the installation shall be paid to the District and said fees shall be adjusted for the number of LUEs of service based on the criteria below, times the amount of water tap and sewer connection fees for Single-Family Residential Users in this Order:

| Meter Size<br>(Inch) | Type                  | LUE<br>Factor |
|----------------------|-----------------------|---------------|
| 5/8                  | Positive Displacement | 1             |
| 3/4                  | Positive Displacement | 1.5           |
| 1                    | Positive Displacement | 2.5           |
| 1-1/2                | Positive Displacement | 5             |
| 2                    | Positive Displacement | 8             |
| 2                    | Compound              | 8             |
| 2                    | Turbine               | 10            |
| 3                    | Compound              | 16            |
| 3                    | Turbine               | 24            |

|    |          |     |
|----|----------|-----|
| 4  | Compound | 25  |
| 4  | Turbine  | 42  |
| 6  | Compound | 50  |
| 6  | Turbine  | 92  |
| 8  | Compound | 80  |
| 8  | Turbine  | 160 |
| 10 | Compound | 115 |
| 10 | Turbine  | 250 |
| 12 | Turbine  | 330 |

E. Irrigation User. Prior to the connection of an irrigation system to the District's water system, a water tap fee equal to the same amount as provided in Section 4. D. above for Commercial Users plus the cost of repairing or restoring any yards, sidewalks, streets, or other improvements affected by the installation shall be paid to the District for irrigation systems that have been authorized by the District and that are to be used solely for the purpose of providing irrigation water to landscaped areas within the District; provided, however, Sonterra homeowners' associations requesting an irrigation meter shall pay a tap fee of \$200.

F. General. All connections to the District's water system shall be made by a representative of the District. Connections to the District's water system shall not be allowed prior to an approved sewer inspection as provided in this Rate Order.

G. Intent of Sewer System Connection Fee. The sewer system connection fee is intended by the District to pass through to the User the cost incurred by the District under its wholesale wastewater service contract with the City of Jarrell for the impact fee charged the District by Jarrell under that agreement.

Section 5: Transaction Fee. After completion of construction of any improvement to be connected to the District's water and/or sewer system, a one-time, nonrefundable fee of \$25 shall be charged to each applicant for service at such improvement, payable at the time of making application for service, said fee to cover the costs of opening the new account.

Section 6: Regulatory Assessment. Pursuant to Section 5.235 of the Texas Water Code, each connection to the District's water and/or sanitary sewer system is hereby assessed a charge of one-half of one percent of the District's charge for water and sewer service. This assessment is in addition to the rates provided for in the rate schedules listed above and will be forwarded to the Texas Commission on Environmental Quality for use in paying costs and expenses incurred in its regulation of water districts.

## Section 7: Inspections and Connections.

A. Residential Inspections. All residential connections to the District's sewer system shall be made in accordance with the provisions of the Rules and Regulations Governing Sewer House Lines and Sewer Connections. All connections to the District's sewer system shall be inspected by a representative of the District prior to being covered in the ground. In the event a connection is made and covered without inspection by a representative of the District, water service at such location shall be terminated. An inspection fee of \$100 shall be paid to the District to cover the cost of making initial inspections of single-family and multi-family residential sewer connections.

B. Multi-Family and Commercial Inspections. Any party whose use or development of property within the District is for service to a Multi-Family User or Commercial User must deposit the sum of \$2,000 with the District's representative to cover the District's costs associated with processing the application for service and any related plan reviews, inspections, sampling or testing. The deposit must be paid before any application relating to the use or development in question will be accepted or processed by the District. The applicant for such service shall provide the District with a set of plans and specifications for the design of the water connection and sewer disposal facilities for the facility. The sewer plans shall show the nature of wastes planned to be generated by the facility, the method of collection of the wastes and the proposed connection to the District's system. The plans and specifications shall be subject to review and approval by the District's engineers. In addition, the District may require that the applicant provide sampling and test results for the proposed facility which results shall also be reviewed and approved by the District's engineers.

All District fees set forth below as well as all legal, engineering and/or management fees which are incurred by the District relating to review and approval of the plans and specifications and test results submitted by the applicant for service and the issuance of an industrial waste discharge permit, if required, will be charged against the deposit. Any shortfall will be charged to and must be paid by the applicant. If there is a balance remaining in the escrow after payment of all fees related to the application for service, then the balance after the payment of all District costs will be refunded to the applicant without interest at that time. Any fees related to an application for service charged by the District subsequent to the initiation of service will be added to the User's initial bill(s).

Section 8: Maintenance and Repair. It shall be the responsibility of each User to maintain the water and sewer lines from the point of connection to the District's water and sewer system to the improvement served.

## Section 9: Special Requirements and Backcharges to Builders.

A. Pre-Facility Construction Inspection. All property owners (or their builders, contractors or other representatives) within the District must contact the District's operator, prior to starting any work on property within the District, to do an inspection to verify District facilities. If any District facility is either damaged or cannot be located, the operator will make necessary repairs or locate and make the facilities visible at the expense of the District. A copy of the inspection report will be given to the property owner or his representative.



After the inspection and any necessary work is completed, the property owner will then be responsible for paying the costs of all damages, adjustments, relocations and repairs found during the final site survey described below. The cost for each inspection is \$35 and must be paid with payment of the tap fee.

B. Final Site Survey. After construction has been completed on the property, but before service is initiated or transferred to a User, the District's operator will conduct a final site survey to inspect the water tap, meter, and all other District facilities on the property for a fee in the amount of \$50, which must be paid with payment of the tap fee. The property owner will be held responsible for any damages or adjustments to District facilities and the cost of repairing, adjusting or relocating the facilities (the "Backcharges") before service shall be initiated to a User. If any re-inspections of the facilities are required to ensure that the District's facilities are repaired, relocated or adjusted, a fee in the amount of \$35 shall be charged for each such re-inspection before service will be transferred to a subsequent User. Payment of the Backcharges, and any inspection or re-inspection fees, shall be made on or before the due date of the invoice for said charges. The District may withhold the provision of service to the property or to other property owned by any User or property owner (and his , builder or contractor or other representative) who has failed to timely pay for the Backcharges, inspection, or re-inspection fees, including specifically the provision of additional taps. The District reserves the right to withhold the transfer of service from a homebuilder to a Single Family Residential User prior to the date that Williamson County has accepted the public roads and drainage facilities for operation and maintenance within the platted subdivision where the property is located.

C. Erosion Control. All property owners (or their builders, contractors or other representatives) must provide written evidence prior to construction that they will provide temporary erosion, sedimentation, and water pollution prevention and control as required in Item 201 of the North Central Texas' Council of Governments (NCTCOG) Standard Specifications for Public Works Construction. The District may inspect the site for compliance with the required erosion and sediment control plan(s) at any time and if non-compliance is found, assess a maximum fine of \$500 per day of violation.

#### Section 10: Security Deposits.

A. Single-Family Residential Users Who Are Owners of the Property. For new Single-Family Residential Users who are owners of the property and who begin receiving service from the District's water and/or sewer system after the effective date of this Order, a deposit of \$150 must be paid to the District. For Single-Family Residential Users who are owners of the property and who have service terminated, such Single-Family Residential Users shall pay to the District an increased amount of deposit such that the total deposit, after payment of all amounts due to the District, is \$250. No interest shall be paid on any deposit.

B. Single-Family Residential Rental Users: For new Single-Family Residential Rental Users who begin receiving service from the District's water and/or sewer system, and for Single-Family Residential Rental Users for whom the District does not have a deposit and who have services terminated, such Users shall pay to the District a deposit of \$300. No interest shall be paid on any deposit.



C. Multi-Family Residential Users and Commercial Users. For new Multi-Family Residential Users and Commercial Users and for Multi-Family Residential Users and Commercial Users who have service terminated, such Multi-Family Residential Users shall pay to the District a deposit as follows:

| <u>Meter Size</u> | <u>Deposit</u> |
|-------------------|----------------|
| 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        |

D. Refund. The deposit provided herein shall be refunded to any User within sixty (60) days from the time that said User discontinues service to that location, provided that said User has paid all charges due to the District for service to that location. No interest shall be paid on any deposit.

E. Builder Deposits. Prior to making any water taps for a builder or developer, the builder or developer must deposit with the District the sum of \$500 multiplied by that builder's or developer's estimated number of housing starts within the District for the next-ensuing three months or \$2,500, whichever is more. The deposit described herein may be applied by the District to the cost of repair of any damage caused to District property by the builder or developer or their agents or any other amounts owed by builder, developer or their agent hereunder, whereupon it will be the builder's or developer's responsibility to reinstate the original amount of the deposit prior to the District's operator making any additional water taps for said builder or developer. Said deposit will be refunded by the District upon completion of the building program of said builder; provided, however, that the deposit shall be forfeited as a penalty in the event any provision of this Rate Order or the District's Rules and Regulations Governing Sewer House Lines and Sewer Connections, as may be amended from time to time, is violated. 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.

Section 11: Easements. Before service is begun to any User or once begun but before reconnection is made, the person requesting such service shall grant to the District an easement of ingress and egress to and from the meter for such maintenance and repair as the District, in its judgment, may deem necessary.

Section 12: Platting. Prior to initial connection to the District's water, sewer, or drainage systems, any user shall submit to the District's Operator proof that the user's property has been platted in accordance with the subdivision ordinances of the City of Jarrell, Williamson County, or both. Acceptable proof of platting includes a copy of the recorded plat

or a certificate from the City of Jarrell or Williamson County that the property has been platted or that the property is legally exempt from the platting process.

Section 13: Plumbing Material Restrictions; Prohibition on Use of Specified Materials. The use of the following plumbing materials is prohibited in any and all improvements connected to the District's water system:

- (a) Any pipe or pipe fitting which contains more than 8.0% lead; and
- (b) Any solder or flux which contains more than 0.2% lead.

Section 14: Approval of Plans; Sample of Effluent. Before any connection, other than a Single-Family Residential User connection, is made to the District's water, sewer, or drainage system, or before any reconnection is made, the person requesting such connection shall submit to the District's engineer for review and approval the water, sanitary sewer, and drainage plans and specifications for the property for which the connection is sought. Such plans shall clearly show the estimated volumes of water 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 Texas Commission on Environmental Quality 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 his 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 15: Billing and Collection.

A. Charges for water and sewer service, and any other charges provided for in this Rate Order, shall be billed monthly. All bills shall be payable on the due date stated in the invoice for said charges. Unless payment is received on or before the due date, such account shall be considered delinquent and a penalty of 10% of the unpaid balance shall be assessed against the account. If the account is not paid within thirty (30) days after the due date, interest on the unpaid balance shall accrue at the rate of ten (10) percent per annum until paid.

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

C. Overbilling and Underbilling. If billings for District services are found to differ from the District's rates for the services, or if the District fails to bill the User for services, a billing adjustment will be calculated by the District. If the User is due a refund, an adjustment will be made for the entire period of the overcharges. If the User was undercharged, the District will backbill the User for the amount of the commodity actually

used by the User. If the underbilling is \$25 or more, the District will offer the User 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 may, but is not required to, offer a User a deferred payment plan.

D. Prorated Charges. When a bill is issued for a period of less than one month, charges will be computed as follows: For metered services, service shall be billed for the amount metered and the minimum charge will be the applicable minimum as shown in this Order prorated for the number of days service was provided. For non-metered services, the charge shall be prorated on the basis of the proportionate part of the period during which service was rendered.

E. Disputed Bills.

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

2. Notwithstanding any other section of this Order, the User is not required to pay the disputed portion of a bill which exceeds the amount of that User's average monthly usage at current rates pending the completion of the determination of the dispute. For purposes of this section only, the User's average monthly usage at current rates is the average of the User's gross District service for the preceding 12-month period. If no previous usage history exists, consumption for purposes of calculating the average monthly usage will be estimated on the basis of usage levels of similar Users under similar conditions.

3. Notwithstanding any other section of this Order, a User's service is not subject to discontinuance for nonpayment of that portion of a bill under dispute pending the completion of the determination of the dispute. The User is obligated to pay any billings not disputed under this subsection.

F. Adjusted Bills Due to Meter Tampering. If meter tampering occurs, a User's bill may be determined based on any of the following methodologies:

(i) based upon service consumed by that User at that location under similar conditions during periods preceding the initiation of meter tampering. An estimated bill will be based on at least 12 consecutive months of comparable usage history of that User, when available, or a lesser history if the User 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 representative determines that another method is more appropriate

(ii) based upon that User's usage at that location after the meter tampering has been corrected; or

(iii) 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 section, the User will be responsible for all penalties and charges imposed otherwise herein.

G. Equipment Damage Charges. The District will charge for all labor, material, equipment, and other costs necessary to repair or replace equipment damaged due to meter tampering, service diversion, or the discharge of wastewater which the District's system cannot properly treat. The District will charge for all costs incurred to correct any instance of meter tampering, service diversion or unauthorized taps where there is no equipment damage, including incidents where service is reconnected without authority. An itemized bill of these charges will be provided to the User.

H. In the event that, due to non-payment of any sums due under this Rate Order which are not paid when due, the District institutes suit for the collection of any unpaid amounts, the District will be entitled to recover interest thereon at the maximum legal rate and reasonable attorneys' fees and costs of court from the responsible party.

I. The District will have the right to charge any User who pays his or her bill with a check which is dishonored an amount established from time to time by the District's representative, which amount will be based on the prevailing or usual charges made for dishonored checks and drafts by other vendors in the same general area as the District. If a User pays his or her account with a check that is dishonored, the District reserves the right to refuse to accept further checks from the User and to require all future payments to be made by certified check, money order, cash, or credit or debit card.

J. Post-Bankruptcy Services. In the event of bankruptcy of any District User, amounts due for pre-bankruptcy services will be posted to the User's existing account and amounts due for post-bankruptcy services will be posted to a separate account. The User 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 User fails to furnish the required security deposit for post-bankruptcy services to the District, the District may discontinue service to the User in accordance with the provisions of this Order.

Section 16: Termination and Reconnection of Service. The District may, in its discretion, disconnect service for failure to pay all charges by the due date of the invoice for such charges and may, in its discretion, disconnect service for violation of this Order; provided, however, that prior to disconnecting services, the District shall send written notice by United States first class mail to the user at the address of the connection and provide the user with five business days to pay the invoice. The written notice shall inform the user of the amount of the delinquent payment, the date service will be disconnected if payment is not made and the amount of any reconnect fee and required deposit, if applicable. A written

statement by the District's Operator that the notice was so mailed shall be prima facie evidence of delivery of same. If any part of a User's bill is delinquent, all charges shall be considered due and payable. If service to a user is disconnected for any cause, there shall be charged a reconnection fee of \$100 before service is again commenced to such User. If a User's meter must be removed to prevent unauthorized use, a reconnection fee of \$100 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.

Section 17: Plumbing Regulations; Prohibition Against Cross-Connections and Unacceptable Plumbing Practices; Penalty for Violation. Pursuant to Chapter 290 of the Texas Administrative Code, the District adopts the following plumbing regulations, which apply to all users of the District's potable water distribution system. The provisions of Section 18 shall also apply.

A. Service Agreements. Prior to receiving service from the District to new construction or to buildings containing new plumbing fixtures, or prior to having service reconnected to any building after termination of water service, a User must execute a Service Agreement in the form attached to this Rate Order as Exhibit A. The administrative cost of a Service Agreement is \$36 for a Single-Family Residential User.

B. Plumbing Fixtures. A User is not permitted to install any plumbing fixture which is not in compliance with a state approved plumbing code and the plumbing code, if any, required by the city in whose jurisdiction the District is located.

C. Prohibition Against Water Contamination. No direct connection between the District's potable water distribution system and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the District's potable water distribution system by the installation of an air-gap or an appropriate backflow prevention assembly in accordance with state plumbing regulations. In addition, all pressure relief valves and thermal expansion devices must be in accordance with state plumbing codes and the plumbing code, if any, required by the city in whose jurisdiction the District is located.

D. Backflow Prevention Assemblies. All sprinkler systems, spas and pools must have backflow prevention devices installed by the User at the User's sole cost and expense. In addition, the District, in its sole discretion, may require any User to install backflow prevention assemblies at any fixture in order to prevent contamination of the District's potable water distribution system. If the District determines that a User must install backflow prevention assemblies, the backflow prevention assemblies used must comply with a state approved plumbing code and the plumbing code, if any, required by the City of Jarrell, and must be tested and certified at the cost of the User at least annually by a recognized backflow prevention assembly tester. A list of certified backflow prevention assembly inspectors can be obtained from the local office of the Texas Commission on Environmental Quality.

If the District requires the installation of backflow prevention assemblies, then the District, in its sole discretion, may immediately terminate service to the User until such installation is



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

E. User Service Inspections. A User service inspection is required prior to the time the District (i) provides continuous water service to new construction, (ii) provides water service to private plumbing facilities that have been added to existing construction or materially improved or corrected, or (iii) continues service to a User when the District has reason to believe that cross-connections or other unacceptable plumbing practices exist. The cost of such User service inspection will be the sole responsibility of the User. The District's operator will perform this inspection at a cost of \$100 for Single-Family Residential Users and as otherwise provided for herein for Commercial Users. All fees relating to the User service inspection shall be paid by the User prior to the inspection, and if the inspection is made in connection with new construction, the fee will be collected with the tap fee.

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

F. Prohibition Against Cross-Connections. No cross-connection between the District's potable water distribution system and a private water system is permitted. Where an actual air gap is not maintained between the public water supply and a private water supply, an approved reduced pressure-zone backflow prevention assembly must be properly installed and such assembly must be annually inspected and tested by a certified backflow prevention device tester. A list of certified backflow prevention device testers may be obtained from the local office of the Texas Commission on Environmental Quality. By accepting service from the District, all Users agree to allow such annual inspection and testing of backflow prevention assemblies to take place during normal business hours. If any User

refuses to allow such annual inspection and testing, service to such User will be discontinued until such inspection and testing is completed.

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

G. Notice of Unacceptable Plumbing Practices. The District shall notify the User in writing of any cross-connection or other unacceptable plumbing practice which has been identified during the User service inspection, the final plumbing inspection, any periodic re-inspection, or any other inspection. At its sole cost and expense, the User shall immediately correct any unacceptable plumbing practice on its premises and properly install, test and maintain any backflow prevention device required by the District within two (2) working days of receipt of notice of the improper cross-connection. The User shall provide copies of all testing and maintenance records on such devices to the District within three (3) working days of the testing or maintenance. If the User fails to correct the noted unacceptable plumbing practice, the District may immediately terminate water service or, at the User's sole cost and expense, eliminate the cross-connection or correct the unacceptable plumbing practice.

H. Special Requirements for Commercial Users. In addition to the requirements elsewhere in this Order, including Section 22 hereof, unless otherwise exempted in writing by the District's operator, for each Commercial User, the District shall take the effluent samples every 90 days as determined by the District's Manager. 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 or actual cost, whichever is higher, and shall be included in the User's next monthly billing. If the test shows the quality has materially degraded, the District may consider requiring pretreatment by the User or assessing surcharges to the User.

I. Meter Tampering. All water meters used to measure the water delivered to a User by the District 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, or using other 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 the meter. Meter tampering or bypass or 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 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 fees incurred by the District and costs of court. The District may offset a User'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.

J. Meter Re-reads and Meter Tests. The District's representative will, upon request of a User, re-read the User's meter. Upon receipt of a request, the District's representative will advise the User that, if the meter reading proves accurate, the User 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 User 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 User.

The District's representative will, upon request of a User, "bucket-test" the accuracy of the User's meter. Upon receipt of a request, the District's representative will advise the User that, if the meter test proves accurate, the User 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 User a fee to cover the cost of the test. If the meter is found to be inaccurate, there will be no charge to the User.

If a User requests that a meter be pulled and tested for accuracy, the User 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 User may receive a copy of the test report upon request.

K. Penalty for Violation. The failure of a User to comply with the terms of this Section will be considered a violation of this Rate Order. If such a violation occurs, or if the District determines the existence of a serious threat to the integrity of the District's water supply, the District, in its sole option, may, in addition to all other legal remedies available to it, including those remedies set out in this Rate Order, immediately terminate service or, at the User's sole cost and expense, install the plumbing fixtures or assemblies necessary to correct the unacceptable plumbing practice. If the District terminates service in order to preserve the integrity of the District's water supply, service will be restored only when the source of the potential contamination no longer exists or until additional safeguards have been taken. Any and all expenses associated with the enforcement of this Section shall be billed to the User.

A. Section 18: Adoption of Plumbing Code. Notwithstanding anything in Section 17 to the contrary, the provisions of this Section 18 shall also apply to plumbing installations in the District. In the event of a conflict between Sections 17 and 18, this Section 18 shall apply unless otherwise contrary to law or applicable rules of the Texas Commission on Environmental Quality.

A. Adoption. The District hereby adopts the International Plumbing Code (the "Code"), as published by the International Code Council, as amended from time to time,

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 of Jarrell.

B. Administrative Authority. The District shall act through its Manager as the duly authorized Administrative Authority under the Code. The District's Manager may appoint such assistants, deputies, inspectors, or other employees or consultants as are necessary to carry out the functions of the Code.

C. 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.

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

E. Inspection Requirement. The erection, installation, alteration, repair, relocation, replacement, addition to, use 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.

F. Appeals. Disputes regarding interpretation of the Code may be appealed to the District's Manager. An aggrieved party may also appeal the decision of the Manager to the District's Board of Directors. 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 of Directors 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.

G. Enforcement. Inhabiting the premises prior to satisfactory completion of the final plumbing inspection shall result in termination of water service to the property. The District shall not reconnect water and/or sewer service to the property until all inspections (including the CSI) are completed and passed and verification is received by the District. All violations are subject to payment of a penalty fee of \$200 and a reconnect fee prior to, and as a condition of, water service. The District's Manager is hereby authorized to discontinue or cause to be discontinued all water service to any and all premises, lands, buildings, or structures where it is found that an immediate hazard exists to the purity of the District's water supply.

Section 19: No Guarantee of Specific Quantity or Pressure of Water. The District does not guarantee any User any specific quantity or pressure of water for any purpose

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

Section 20: No Free Service. No free service shall be provided by the District to any person, organization, or institution, including charitable institutions other than fire service water and water provided to the emergency services district; provided, however, the District's Manager, in his discretion, may delay or forgive payments in cases of military hardship. No user shall be allowed to temporarily discontinue service or payment for service.

Section 21: Required Service. No service shall be given from the District's water or sewer system unless the user agrees to take both water and sewer service, except for construction water, irrigation water and water for landscape amenities and filling lakes.

Section 22: Quality of Sewage.

A. Domestic Waste. Only ordinary liquid and water-carried waste from domestic activities that is amenable to biological treatment and that is discharged from sanitary conveniences of buildings connected to a public sanitary sewer system shall be discharged into the District's sanitary sewer lines. Waste resulting from any process of commerce or industry may not be discharged into the District's sanitary sewer lines except as authorized pursuant to subsection (B) below.

B. Commercial and Industrial Waste. All discharges other than waste described in subsection (A) are prohibited unless the user has applied to and received written authorization from the District for such discharge. The applicant must file a statement with the District containing the following information:

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.

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. Any restaurants or similar Commercial Users shall install a grease trap of at least 750 gallons or larger, if required by the District's Engineer. The Commercial User shall provide records of pumping and disposal related to any grease trap to the District on the 15th of January, March, May, July, September, November or more often upon request (within seven days when requested). 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 D.

C. National Categorical Pretreatment Standard. If a user is subject to a national categorical pretreatment standard pursuant to regulations promulgated by the Environmental Protection Agency under Section 307 of the federal Clean Water Act, the user is prohibited from discharging pollutants into the District's sanitary sewer system in violation of applicable categorical pretreatment standards.

D. District Testing; Pretreatment. The District shall have the right to sample and test any user's discharge at the discretion of the District's operator, with no limit as to the frequency of the tests, and to charge the user for the District's cost of such sampling and testing. The District also shall have the right to require pretreatment, at the user's expense, of any discharge of non-domestic waste if the District determines in its sole discretion that pretreatment of such waste is necessary to protect the District's sanitary sewer system or the environment, even if pretreatment is not otherwise required pursuant to subsection (C) above.

Section 23: Swimming Pool Inspections and Fee. Every User who plans to construct or install a swimming pool within the District shall notify the District's operator in writing prior to commencing construction of the pool. Upon notification by the User of the intention to construct or install a swimming pool, the User shall pay an inspection fee of \$75. After the notification is received, the District's operator shall ensure that all drains from the swimming pool are connected to the District's sanitary sewer system. After the drains have been installed, the User shall notify the District's operator, who shall make an inspection of all swimming pool drains to verify that the proper connection is made, before service is authorized for said swimming pool.

Section 24: Penalties for Violation. Any person, corporation, or other entity who:

- (1) violates any provision of this Order; or
- (2) makes unauthorized use of District services or facilities; or
- (3) causes damage to District facilities by using such facilities in a manner or for a purpose contrary to the purpose for which such facilities were designed; or
- (4) uses or permits the use of any septic tank or holding tank within the District if the User receives water service from the District and sewer service is Available from the District; or
- (5) violates the District's Rules and Regulations Governing Sewer House Lines and Sewer Connections; or
- (6) violates the District's order(s) adopting any Drought Contingency Plan or Water Conservation Plan; or
- (7) constructs facilities or buildings which are not included in the approved plans for development described in this Order; or
- (8) fails to timely file any reports or other documents as required by this Order;

shall be subject, in addition to the penalties described elsewhere in this Order, to a penalty of up to \$5,000 for each breach of the foregoing provisions. Each day that a breach of any provision hereof continues shall be considered a separate breach. No penalties shall be assessed until the User is given notice of the violation and an opportunity to a hearing before the Board at which the violation and penalties will be considered by the Board

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

Section 25: Applicability of Rate Order. This Order and all of the provisions herein apply only to utility service to land within the District. The Board of Directors shall determine whether to provide any utility service to areas outside of the District and the terms and conditions for such service.

Section 26: Fire Hydrant Temporary Meters. During construction, a builder may use water from a fire hydrant or flushing valve only after paying a \$75 installation fee and a \$2,550 deposit to the District's Operator for installation of a temporary meter. The deposit will be returned after the builder completes all construction. The deposit described herein may be applied by the District to the cost of water usage by a builder or a builder's agent and to the cost of repair of any damage to the hydrant caused by a builder or a builder's agent.

Section 27: Solid Waste Collection Services. All Single-Family Residential Users must obtain solid waste collection services as provided by the District. The monthly fee for residential solid waste collection services is included in the Base Fee for water and solid waste service pursuant to Section 2. A. and 2. E. above.

Section 28: Parks and Recreation Land Dedication Requirement and Fees.

A. Park Land Dedication Requirement. The District hereby finds and determines that:

(1) the provision of parks and recreational facilities is necessary and desirable for the health and well-being of the people of the District; and

(2) it is the policy of the District and the purpose of this Section to encourage and require owners of land in the District who desire to develop their property and obtain services from the District to dedicate land to the District to be used by the District for parks and recreational facilities for the use and benefit of residents in the District. Pursuant to said determinations, the District hereby requires that as a condition of committing or providing service to lands hereafter subdivided or developed within the District, the developer shall dedicate to the District land in the amount of 1 acre for every 50 acres of land subdivided or developed by the developer at the time of such subdivision or development. Any land to be dedicated to the District in accordance with this Section must be approved by the District's Manager.

B. Fee in Lieu of Dedication. In lieu of dedicating park land, the developer may elect to pay to the District a fee of \$100 per LUE of subdivided or developed land. This fee

must be paid coincident with 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 park, open space and recreational facilities.

C. Monthly Parks and Recreation Operation and Maintenance Fee. The fee from each Single-Family User in the District for parks and recreational facilities and the use thereof shall be \$24.00 per month. The fee per apartment in the District for parks and recreational facilities and the use thereof shall be following amounts per month: (i) \$6.25 for an efficiency apartment; (ii) \$8.00 for a 1 bedroom apartment; (iii) \$15.00 for a 2 bedroom apartment; and (iv) \$24 for a 3 bedroom or larger apartment.

Section 29: Effective Date. This Order supersedes all prior orders, resolutions, and other actions of the Board concerning fees and charges for District services and the changes herein are to become effective as of July 18, 2016.

July PASSED, APPROVED AND ADOPTED on the 18<sup>th</sup> day of \_\_\_\_\_, 2016.

SONTERRA MUNICIPAL UTILITY DISTRICT

[DISTRICT SEAL]



John Faske, President

ATTEST:

Thomas Slowbe  
Assistant Secretary



## EXHIBIT A

### SERVICE AGREEMENT

I. PURPOSE. Sonterra Municipal Utility District (the "District") is responsible for protecting the drinking water supply from contamination or pollution that could result from improper plumbing practices. The purpose of this service agreement is to notify each customer of the plumbing restrictions that are in place to provide this protection. The District enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the District will begin service. The provision of service by the District to the customer shall be subject in all respects to the policies and rates of the District in effect from time to time.

II. PLUMBING RESTRICTIONS. State regulations prohibit the following unacceptable plumbing practices.

A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.

B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.

C. No connection which allows water to be returned to the public drinking water supply is permitted.

D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.

E. No solder or flux which contains more than 0.2 percent lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

III. SERVICE AGREEMENT. The following are the terms of the service agreement between Sonterra Municipal Utility District (the "District") and \_\_\_\_\_ (the "Customer").

A. The District will maintain a copy of this agreement as long as Customer and/or the premises is connected to the District's water system.

B. Customer shall allow his/her property to be inspected for possible cross-connections and other unacceptable plumbing practices. These inspections shall be conducted by the District or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other unacceptable plumbing practices exist; or after any major changes to the private plumbing facilities. The inspections shall be conducted during the District's normal business hours.

C. The District shall notify Customer in writing of any cross-connection or other unacceptable plumbing practice which has been identified during the initial inspection or the periodic re-inspection.

D. Customer shall immediately correct any unacceptable plumbing practice on his/her premises.

E. Customer shall, at his/her expense, properly install, test, and maintain any backflow prevention device required by the District. Copies of all testing and maintenance records shall be provided to the District.

F. Customer understands and agrees that the District does not guarantee any specific quantity or pressure of water for any purpose whatsoever and that the District is not liable to customer for failure or refusal to furnish any particular amount or pressure of water to Customer at any time.

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

CUSTOMER'S

SIGNATURE: \_\_\_\_\_

DATE:

\_\_\_\_\_  
ADDRESS:

\_\_\_\_\_

## EXHIBIT B

### Backflow Prevention Assembly Test and Maintenance Report

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

#### BACKFLOW PREVENTION ASSEMBLY TEST AND MAINTENANCE REPORT

NAME \_\_\_\_\_ OF \_\_\_\_\_ PWS: \_\_\_\_\_

PWS \_\_\_\_\_ I.D. \_\_\_\_\_ #:

LOCATION \_\_\_\_\_ OF \_\_\_\_\_ SERVICE: \_\_\_\_\_

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

☐ Not needed at this address

#### TYPE OF ASSEMBLY

☐ Reduced Pressure Principle

☐ Pressure Vacuum Breaker

☐ Double Check Valve

☐ Atmosphere Vacuum Breaker

Manufacturer: \_\_\_\_\_ Size: \_\_\_\_\_

Model Number: \_\_\_\_\_ Located \_\_\_\_\_ At: \_\_\_\_\_

Serial \_\_\_\_\_ Number: \_\_\_\_\_

| Reduced Pressure Principle Assembly |           | Pressure Vacuum Breaker                  |                                 |
|-------------------------------------|-----------|------------------------------------------|---------------------------------|
| Double Check Valve Assembly         |           | Air Inlet                                | Check Valve                     |
| 1st Check                           | 2nd Check | Opened at _____ psid                     | _____ psid                      |
| Relief Valve                        |           | Did Not<br>Open <input type="checkbox"/> | Leaked <input type="checkbox"/> |

|                            |                                                                                                      |                                                                             |                         |                         |            |
|----------------------------|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-------------------------|-------------------------|------------|
| Initial Test               | DC – Closed<br>Tight <input type="checkbox"/><br>RF _____<br>psid<br>Leaked <input type="checkbox"/> | Closed<br>Tight <input type="checkbox"/><br>Leaked <input type="checkbox"/> |                         |                         |            |
| Repairs and Materials Used |                                                                                                      |                                                                             |                         |                         |            |
| Test After Repair          | DC – Closed<br>Tight <input type="checkbox"/><br>RF _____<br>psid<br>Leaked <input type="checkbox"/> | Closed<br>Tight <input type="checkbox"/>                                    | Opened at _____<br>psid | Opened at _____<br>psid | _____ psid |

The above is certified to be true.

Firm name: \_\_\_\_\_

Certified

Tester:

Firm Address: \_\_\_\_\_

Cert.

Tester

No.:

Date: \_\_\_\_\_

EXHIBIT C  
Customer Service Inspection Certification

Name of PWS: \_\_\_\_\_

PWS I.D. #: \_\_\_\_\_

Location of Service: \_\_\_\_\_

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

Non-  
Compliance    Compliance

(1) No direct connection between the public water supply and a potential source of contamination exists. Potential sources of contamination are isolated from the public water system by an air gap or an appropriate backflow prevention assembly in accordance with state plumbing regulations. Additionally, all pressure relief valves and thermal expansion devices are in compliance with state plumbing codes.

☐☐

(2) No cross-connection between the public drinking water supply and a private water system exists. Where an actual air gap is not maintained between the public water supply and a private water supply, an approved reduced pressure zone backflow prevention assembly is properly installed and a service agreement exists for annual inspection and testing by a certified backflow prevention device tester.

☐☐

(3) No connection exists which would allow the return of water used for condensing, cooling or industrial processes back to the public water supply.

☐☐

(4) No pipe or pipe fitting which contains more than 8.0% lead exists in private plumbing facilities installed on or after July 1, 1988.

☐☐

(5) No solder or flux which contains more than 0.2% lead exists in private plumbing facilities installed on or after July 1, 1988.

☐☐

(6) No plumbing fixture is installed which is not in compliance with a state approved plumbing code.

☐☐

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

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

Service Lines:    Lead ☐        Copper ☐    PVC ☐        Other ☐  
Solder:            Lead ☐        Lead Free ☐    Solvent Weld ☐    Other ☐

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

\_\_\_\_\_  
Signature of Inspector

Registration Number

\_\_\_\_\_  
Title

Type of Registration

\_\_\_\_\_  
Date

License Expiration Date

EXHIBIT D  
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 impose 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: \_\_\_\_\_