

NOTICE OF ADOPTED CONSOLIDATED RATE ORDER AND RULES AND REGULATIONS; ESTABLISHING DROUGHT CONTINGENCY PLAN; ESTABLISHING A WASTEWATER CONTROL ORDER; ESTABLISHING CERTAIN OTHER POLICIES; AND PROVIDING PENALTIES FOR VIOLATION THEREOF

TO: THE RESIDENTS, CUSTOMERS, AND TAXPAYERS OF FAULKEY GULLY MUNICIPAL UTILITY DISTRICT OF HARRIS COUNTY, TEXAS, AND TO ALL OTHER INTERESTED PERSONS:

NOTICE IS HEREBY GIVEN that the Board of Directors of FAULKEY GULLY MUNICIPAL UTILITY DISTRICT of HARRIS County, Texas (the "District") adopted, as of 17 October 2013, an ORDER ADOPTING CONSOLIDATED RATE ORDER AND RULES AND REGULATIONS; ESTABLISHING DROUGHT CONTINGENCY PLAN; ESTABLISHING A WASTEWATER CONTROL ORDER; ESTABLISHING CERTAIN OTHER POLICIES; AND PROVIDING PENALTIES FOR VIOLATION THEREOF.

The Rate Order of the District establishes the rates and conditions under which water and sanitary sewer service will be provided. The Rate Order also establishes the penalties for violation of any of the rules and/or regulations of the District.

The Rules and Regulations govern the design and installation of all connections and taps made to the District's water distribution system and sanitary sewer collection system, set the limitations of the flow of waste into the sanitary sewer system, provide policies for the protection of all facilities which are part of the District's waterworks and sanitary sewer system, and establish the enforcement of the Rules and Regulations. The Rules and Regulations provide that any pipe, pipe fitting, plumbing fitting, or fixture the wetted surface of which contains more than a weighted average of 0.25% lead (as calculated under section 1417(d)(2) of the Safe Drinking Water Act [42 U.S.C. 300g-6], as amended by Public Law 111-380) is prohibited for use in the installation or repair of any private plumbing facilities. The District will require customers to complete and submit a Customer Service Inspection Certification before the District provides continuous water service (i) to new construction, (ii) to any existing service where the District has reason to believe that cross connections or other unacceptable plumbing practices exist, and (iii) after any material improvement, correction, or addition to private plumbing facilities (i.e. swimming pools, spas, sprinkler system, addition to house). Each customer will be required to sign a Customer Service Agreement before the District initiates service to the customer. When service to an existing connection has been suspended or terminated for any reason, the customer must sign a Customer Service Agreement before the District reconnects service. Approved and testable backflow prevention assemblies must be installed on any connection that poses a high health hazard, as defined by the Texas Commission on Environmental Quality, or on any connection that the District or the District's Operator reasonably believes poses a threat to the District's water supply system.

Failure to adhere to the District's Rules and Regulations can result in the discontinuance of water service, disconnection and sealing of sanitary sewer

connections, and/or the imposition of civil penalties in an amount totaling twice the costs the District sustains due to the violation, not to exceed \$5,000.

The Drought Contingency Plan was adopted for the purpose of promoting water conservation practices on an ongoing basis and restricting water use during serious and/or emergency periods in order to preserve the District's water system's capability to provide adequate quantities of water at adequate pressure for purposes of public health, safety, and welfare. The Drought Contingency Plan defines "Moderate Water Shortage Conditions," "Severe Water Shortage Conditions," and "Critical/Emergency Water Shortage Conditions" and further sets forth the days and hours a resident and/or customer is allowed to discharge water outside a building or an enclosed structure during such periods. Failure to adhere to the Drought Contingency Plan on two occasions during any "Moderate Water Shortage Conditions," "Severe Water Shortage Conditions," or "Critical/Emergency Water Shortage Conditions," may result in termination of water service and/or the imposition of civil penalties of up to \$10,000.00 for each violation of this Drought Contingency Plan. Each day that a breach of any provision of this Drought Contingency Plan continues shall be considered a separate violation. Service will not be reinstated until the non-compliance is discontinued and the reconnect fee is paid.

The Wastewater Control Order governs wastes which may be introduced into the District's sanitary sewage collection and treatment system in order to comply with federal and state regulations and to protect the District's sanitary sewer system. The Wastewater Control Order contains technical definitions and prohibitions against the discharge of certain chemicals, heavy metals, toxic materials, garbage, and other wastes that are not amenable to biological treatment. The Wastewater Control Order also sets forth minimum preliminary pretreatment criteria for commercial waste producers and contains provisions for the imposition of certain commercial waste charges. The Wastewater Control Order provides for the District to conduct periodic sampling for connections discharging commercial waste and also allows the District certain rights of entry and other emergency relief to prevent or abate certain types of sewage discharges, as well as other means of enforcement. Failure to adhere to the District's Wastewater Control Order can result in the discontinuance of water service, disconnection and sealing of sanitary sewer connections, and/or the imposition of civil penalties in an amount totaling twice the costs the District sustains due to the violation, not to exceed \$5,000.

IN ADDITION, THE FOLLOWING CIVIL PENALTIES ARE IMPOSED FOR THE BREACH OF THE RATE ORDER, THE RULES AND REGULATIONS, THE DROUGHT CONTINGENCY PLAN, AND/OR THE WASTEWATER CONTROL ORDER OF THE DISTRICT:

THE VIOLATOR SHALL PAY THE DISTRICT TWICE THE COSTS THE DISTRICT HAS SUSTAINED DUE TO THE VIOLATION, UP TO \$5,000. THIS PENALTY IS IN ADDITION TO ANY OTHER PENALTY PROVIDED BY THE LAWS OF THE STATE OF TEXAS AND MAY BE ENFORCED

BY COMPLAINTS FILED IN THE APPROPRIATE COURT OF JURISDICTION IN THE COUNTY IN WHICH THE DISTRICT'S PRINCIPAL OFFICE OR MEETING PLACE IS LOCATED. IF THE DISTRICT PREVAILS IN ANY SUIT TO ENFORCE ITS RULES, IT MAY, IN THE SAME ACTION, RECOVER ANY REASONABLE FEES FOR ATTORNEYS, EXPERT WITNESSES, AND OTHER COSTS INCURRED BY THE DISTRICT BEFORE THE COURT. THE AMOUNT OF THE ATTORNEYS' FEES SHALL BE FIXED BY THE COURT.

The full text of the District's Rate Order, Rules and Regulations, Drought Contingency Plan, and Wastewater Control Order may be obtained at the offices of Coats, Rose, Yale, Ryman & Lee, P.C., 3 E. Greenway Plaza, Houston, Texas, 77046-0307.

The Rate Order, the Rules and Regulations, the Policy Regulating Water Use, and the Wastewater Control Order will be in full effect from and after 17 October 2013.

/s/ K.R. Kana
President, Board of Directors