

RESOLUTION ADOPTING POLICY AND PROCEDURES
FOR LEAK ADJUSTMENT CREDITS

WHEREAS, Harris County Municipal Utility District No. 501 (the "District") has been duly created and organized to provide water, sewer, and drainage facilities and services, as well as other matters, within its boundaries; and

WHEREAS, the District's Board of Directors wishes to establish a written policy and procedure for the consistent evaluation and treatment of requests for credits to water bills from District customers who have lost significant amounts of water due to an excusable defect in the customer's water line that was repaired within a reasonable time after discovery;

NOW, THEREFORE, the Board of Directors of Harris County Municipal Utility District No. 501 of Harris County, Texas, resolves as follows:

1. Any retail customer of the District may request an adjustment to a water bill showing excessive use due to a loss of water attributable to an excusable defect in the customer's water line (a "Leak Adjustment Credit") for a period not to exceed three consecutive billing cycles (as hereinafter defined). An "excusable defect" means a rupture in or leakage of the customer's water lines caused by freezing weather, settlement, corrosion, wear, or accident. The term does not apply to visible leaks, including defective or out-of-repair faucets and hose leaks.

2. In order to apply for a Leak Adjustment Credit, the customer must file a sworn written application with the District within six months of the date of repair of the excusable defect. A customer may apply for no more than one Leak Adjustment Credit in any twelve-month period for any one account. Such application shall contain at least the following information, as well as any other information the District may require:

- (a) The name of the applicant, the address or description of the property or premises furnished water, the bill which is sought to be corrected, the date of the bill, and the period of water usage covered by the bill (the "billing cycle(s)");
- (b) A statement of the date on which the excusable defect in the applicant's water line was discovered, the date on which it was repaired, and a statement that the water lost from the leak was not used in any manner by anyone;
- (c) A statement regarding whether any additional water consuming devices, including but not limited to a washing machine, toilet, pool, dishwasher,

water softening system, indoor greenhouse or aquarium, were placed in use on the applicant's premises during the relevant billing cycle(s);

- (d) Documentation evidencing the exact nature and date of repairs to the applicant's water line;
- (e) A statement that the applicant is personally familiar with all of the matters of facts stated in the application and sworn to therein, that they are made on his or her personal knowledge, and that they are each true and correct;
- (f) A certification by the applicant that the application contains no false statements; and
- (g) A written acknowledgement that the applicant makes the statements shown on the application and swears to their veracity for the purpose of inducing the District to grant a reduction in the amount of the water bill for which an adjustment is requested.

3. Applications for the Leak Adjustment Credit shall be made on the form attached to this Resolution, as may be amended from time to time by the District.

4. Upon receipt of a properly completed application, the District's Board of Directors shall review the application. If the Board grants a Leak Adjustment Credit, the applicant's bill shall be corrected by applying to the amount of the water consumption in excess of the applicant's average water usage, a rate of charge equal to one-half of the normal rate of such water usage by a customer in the applicant's user classification (excluding any West Harris County Regional Water Authority fees, which are not subject to adjustment or reduction), which reduction shall be calculated as follows:

- (a) The District shall determine, in its sole discretion, the applicant's average water usage (on the basis of historical usage and other relevant factors) prior to the billing cycle(s) in which the water loss occurred (the "Average Usage"). A Leak Adjustment Credit is available only for a customer with at least three billing cycles of usage history on their account at the subject address at the time of the water loss.
- (b) No adjustment shall be made and no credit shall be granted for: (1) West Harris County Regional Water Authority pumpage or surface water fees; and (2) the sewer portion of the bill, which is charged at a flat rate.

- (c) From the total water consumption shown on the bill submitted for adjustment, the Average Usage will be deducted. The resulting figure is the "Excess Usage."
- (d) The Excess Usage will be considered consumption beyond the Average Usage, and one-half of the District's regular water rate for consumption beyond the Average Usage (for customers in the applicant's user classification) pursuant to the District's Amended Rate Order in effect at the time of the water loss will be applied to the Excess Usage, and this will determine the amount the applicant must pay for the Excess Usage.
- (e) The regular rate for users in the applicant's rate classification will be applied to the Average Usage, and this amount will be added to the amount due for the Excess Usage calculated in accordance with section 4.(d) above. The total of those two amounts, plus the West Harris County Regional Water Authority pumpage or surface water fees due on the total unadjusted amount, will be the amount the applicant must pay for water usage during the period covered by the adjusted bill, in addition to any other amounts due pursuant to the District's Amended Rate Order.

5. If the applicant has already paid the bill for which a Leak Adjustment Credit is authorized, any excess amount actually paid by the applicant shall be applied as a credit to the applicant's account. In no case shall an actual refund of payment be made. If an applicant discontinues water service before subsequent charges have depleted the Leak Adjustment Credit, no refund to the applicant shall be made.

6. A determination by the District's Board of Directors regarding whether to grant a Leak Adjustment Credit and the amount of any such Leak Adjustment Credit in accordance with this Resolution shall be final.

7. The Board of Directors reserves the right to amend or repeal this Resolution at its sole discretion at any time without notice.

8. This Resolution is effective as of the date of this Resolution, and shall apply to all persons requesting a Leak Adjustment Credit from the District on or after this date.

Passed and approved this 7th day of September, 2016.

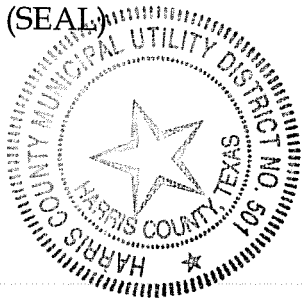


President, Board of Directors

ATTEST:



Secretary, Board of Directors



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501
Leak Adjustment Request Form**

Account No. _____

Service Address _____

Daytime Phone No. _____

E-Mail Address _____

Harris County Municipal Utility District No. 501 (the "District") has adopted a Policy and Procedures for Leak Adjustment Credits (the "Policy") under which the District will consider permitting a credit because of loss of water through an "excusable defect" in the customer's water line. An excusable defect means a rupture in or leak from the customer's water lines caused by freezing weather, settlement, corrosion, wear, or accident. **Visible leaks such as faucet and hose leaks are ineligible.** Credit may be given for one-half of the District's regular rate charged for water usage in excess of the customer's average usage, as determined by the District (the "Leak Adjustment Credit"). Credits are only available for a customer with at least three (3) billing cycles of usage history in the customer's name at the service address given above. No credit or adjustment will be given for: (1) West Harris County Regional Water Authority pumpage or surface water fees; and (2) the sewer portion of the bill, which is charged at a flat rate. The Leak Adjustment Credit is limited to a maximum of three (3) consecutive billing cycles and must be requested within six (6) months of the date of the repair. Customers may apply for no more than one (1) leak adjustment in any twelve (12) month period.

I, _____ (Give full legal name and/or business identity), am the Responsible Party for the account at the above service address. I am asking the District to reduce the water bills for this account, to the extent allowed by the District's Policy because of a leak beginning on (date) _____ and repaired on (date) _____. The water lost from this leak was not used by anyone. During this period, the following additional water appliances (washing machine, dishwasher, spa, toilet, aquarium, pool, indoor greenhouse, etc.) were installed at the service address (State "NONE" if none were added): _____.

IN ORDER TO PROCESS YOUR APPLICATION QUICKLY AND EFFICIENTLY, PLEASE READ THE FOLLOWING CAREFULLY AND GIVE A CLEAR DESCRIPTION OF THE REPAIRS.

Type of leak on customer's side of the meter: _____.

Description of repair: _____

Attach the bill or bills for which adjustment is being sought and documentation of the repair date, address, type of repair, and cost. Acceptable documents include plumber's statement/bill or a receipt for parts. Businesses with in-house maintenance may submit a statement signed by a minimum of two (2) employees who witnessed the repair. In all cases, the District retains the right to make field verifications before approving a Leak Adjustment Credit. You will be notified by mail or e-mail (if provided) generally within 90 days whether your request is approved or denied.

I am familiar with all of the facts stated in this document and they are true and correct. I certify that this application and attached documents contain no false statements.

Print Name: _____

Date: _____

Signature of person requesting a leak adjustment: _____

Complete the form and return to:
Harris County Municipal Utility District No. 501
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Phone: 713-860-6400
Fax: 713-860-6401