

WATER SERVICE MANUAL

FOR WATER SUPPLY CONTRACTS

CITY OF HOUSTON
Department of Public Works & Engineering



OCTOBE 2020

TABLE OF CONTENTS

1.	DEFINITIONS	2
2.	OVERVIEW	5
3.	ESTABLISHING AND CHANGING WATER SERVICE	6
4.	BILLING	11
5.	SERVICE AND OPERATIONS	14
6.	METERING AND FACILITIES REQUIREMENTS.....	16
7.	SYSTEM RETURN FLOWS	17

1. DEFINITIONS

Unless the context requires otherwise, the following terms as used in the Contract and this Service Manual shall have meanings as follows:

Amended means substantively changed, superseded, expanded, renumbered rewritten, or otherwise altered and is interpreted broadly to include new provisions, such as chapters, Ordinances, laws, and regulations that may affect this Contract but may not exist at the time this Contract is executed.

Authorized Monthly Capacity means the amount of Water for a given month that the Utility Official determines the Customer is entitled to receive under the Contract as indicated in a Service Letter.

Capacity Charge means a capital recovery fee or any other charge for utility extensions that are (a) outside of the City's Capital Improvement Plan Service Area, (b) consistent with state law, and (c) required by Houston under its Ordinances or contracts to obtain funds to defray the cost of providing water utility infrastructure to new customers.

City Attorney means the City Attorney of Houston, Texas or his or her designees.

Construction Phasing Plan means a document originally created by the Customer's engineer that describes the future construction plans for the Customer System and the Customer's plans to purchase capacity in the Houston System. The Construction Phasing Plan may be attached as an exhibit to the Contract or as an application for a Service Letter.

Contract is the agreement executed between the Customer and Houston's City Council providing terms for the sale and delivery of Water and includes all exhibits, attachments, Service Letters, and items reasonably incorporated by reference.

Contract Quantity is the Contract Quantity, including authorized amount, Peak Usage and Peak Rate as specified in the Contract.

Customer is the entity identified in the preamble of a Contract, or any authorized successor or assign, or, to the extent applicable, any water utility that acquires treated Water under a contract. The Customer is solely responsible for complying with and enforcing all provision of this Contract on behalf of any other entity receiving water under the Contract and Customer's Representative, within his or her official capacity.

Customer's Representative means the Customer and any person that the Customer authorizes *in writing to the Utility Official* to act on behalf of the Customer regarding the Contract or Customer System.

Customer System means all facilities necessary to enable the Customer to receive Water from the Houston System, including without limitation, inter-connection lines, storage and re-pressurization facilities, meter vaults, casings, air gap and other backflow

prevention controls, valves and flow control devices as may be reasonably required by the Utility Official (subject to the terms of the Contract). (Contract 5.05, Manual 4.3)

Customer Water Management Requirements means terms the Customer must meet as a condition of service under the Contract or Service Manual.

Delivery Date means the day on which the City begins delivering Water in measurable quantities through the Point of Measurement and may begin charging the Customer for Water. Delivery date may also mean the date on which an increased amount of water is first delivered.

Department means the City of Houston Public Works Department.

Director means the Director of the Department, or his or her designee.

Facilities means any lines, taps, measuring equipment, valve control devices, backflow prevention devices, or other related improvements to property required by the Contract to enable the Customer to receive and measure Water from Houston at the Point of Delivery or the Point of Measurement.

Houston System means Houston's treated water system, including groundwater and surface water plants, transmission and distribution mains, storage facilities, valves and flow control devices.

Houston Water Management Requirements means the requirements in Article VII, Chapter 47 of the Houston Code of Ordinances, as amended, related to water conservation, drought management, plumbing code or similar policies and any authorized and subsequent policy document issued by the Director.

Impact Fee means a fee authorized under Texas Local Government Code Chapter 395, or any successor statute, and charged by Houston within its Capital Improvement Plan Service Area in accordance with applicable Ordinances.

Maximum monthly amount means the maximum amount of Water measured in gallons that the Customer may be authorized to take during a given month under the Contract without incurring a penalty and potentially defaulting on the Contract.

Meter or Houston's meter means the measuring device maintained by Houston at the Point of Measurement.

Minimum monthly amount means the minimum amount of Water measured in gallons the Customer must pay for during any given month under the Contract, regardless of actual use, without being in default of the Contract.

Notice means any notice required to be given under the Contract, which Notice must be given to the person and in accordance with the terms of the Contract section

concerning notices.

Ordinance(s) means the Code of Ordinances of Houston, as amended from time to time.

Overdue describes a bill which has not been paid by the Customer on the 21st, 31st, or 46th day, as applicable, after the bill date.

Parties means the Customer and Houston, collectively,

Point of Delivery means the output flange of the tap on Houston's water line that will serve the Customer under the provisions of the Customer's Contract.

Point of Measurement means the location of the meter(s) and associated facilities at which the Customer's consumption of Water is measured in accordance with the Customer's Contract.

Project Boundaries means the area served by the Customer at the time of the execution of the Contract as illustrated in Exhibit "A", and as said boundaries may be amended from time to time through annexation (subject to Houston Consent if required by law) or exclusion (subject to notice requirements herein) of land.

Service Letter means a document complying with Article VI of the Contract and signed by the Utility Official that changes or supplements the Terms of Service.

System Return Flows means Water that has passed the Point of Delivery and subsequently collected after non-consumptive use as authorized by the Customer's Contract.

Reuse means legal and beneficial use of System Return Flows or wastewater after treatment by the Customer or Customers' wastewater treatment plant owner/operator.

Utility Official means the Director of the Houston Public Works Department or his or her designee (or that person's designee), who may hereafter exercise the functions of the said Utility Official under the Contract, this Manual and/or any applicable Ordinances.

Water means treated or untreated surface water or groundwater obtained by or on behalf of the Customer from the Houston System pursuant to the Contract.

Water Course means the channel of a stream referenced in a TCEQ permit that authorizes the Customer to discharge Water.

Written or *writing* means reduced to words in an official document (a) on paper or (b) in an electronic medium that, under the laws of Texas, has the same legal effect as a paper equivalent.

2. OVERVIEW.

In 2013, Houston updated its standard Water Contract and Code of Ordinance provisions to address future water shortages; drought planning and management, and to address recommendations of the 2012 State Water Plan by encouraging water supply management and reuse. This Service Manual is part of the Standard Water Contract for both treated and untreated water supply customers and provides Houston and Customers the flexibility to respond to future supply and regulatory constraints and development demands.

2.1 Purpose. This Service Manual provides procedures and guidance for Customers with a City of Houston Treated Water Supply Contract. The Customer-specific Contract contains the essential contract terms. This Service Manual supplements the Contract terms to allow for adaptive management of Houston's regional Water service, the Customer's System, and applicable Regulatory Standards. This Service Manual also ensures that all Treated Water Supply Contract Customers receive service on similar terms. The language in this Service Manual applies to all Customers.

2.2 Changes & Updates. Houston's Public Works Department, with assistance from Houston's Legal Department is responsible for maintaining this Service Manual. Houston will update this Service Manual to address changing state, federal, and other governmental requirements as well as other changes that affect regional water planning. Houston will notify Customers of proposed changes using notices inserted with the Customer's bill or notice sent to the Customers' notice addresses and website updates at least 30 days before implementing final changes to this Service Manual. Upon a request from any Customer, Houston will provide up to 30 more days to further consider the proposed changes to the Service Manual. Customers should read this document periodically and check the Department's website to ensure the Customers have the most current Service Manual. The most current manual will supersede all previous manuals and apply to the Customer's Water service.

2.3 Notice Information.

Utility Official. The Department Director, or his or her designee, will serve as the Utility Official for functions referenced in this Service Manual. Customers seeking more specific contact information regarding the Utility Official may contact 311 or visit the Public Works website. Customers should send official notices required under the Contract and this Service Manual to the following address:

Utility Official, City of Houston
Houston Public Works Department
– Water Contracts/Regulatory
P.O. Box 1560
Houston, Texas 77251-1560

Customer. Notices to the Customer will be sent to the notice address in the Contract until the Customer requests to change the notice address. The Utility Official will change the Customer's notice address, which may be an electronic account, through a Service Letter, after the Customer verifies the new address or account. The Customer, in accordance with any bylaw or governing documents, may provide the Utility Official with the names and contact information of Customer Representatives authorized to perform under the Contract and receive notice on behalf of the Customer. In emergencies, the Customer should call the Utility Official with a Customer Representative's information and then send notice by mail as soon as possible.

3. ESTABLISHING AND CHANGING WATER SERVICE

The following terms are prerequisites to service and to the extent applicable, remain conditions precedent to service or changes to service.

- 3.1 Application.** Before taking other steps to obtain Water service, the Customer must submit to the Utility Official an application(s) provided by the Department. The Customer should retain a copy of the application as well as any letters, permits, file numbers, and other related documents and references that will assist Houston in the establishment of Water service.
- 3.2 Points of Measurement.** All Water delivered to the Customer must be metered according to the requirements of this Service Manual at the Point of Measurement identified in the Contract in Exhibit "A".
- 3.3 Construction of Facilities.** The Utility Official, in his or her sole discretion, may require the Customer to install, replace, or repair facilities, such as a meter, service line, backflow prevention system, flow inhibitor, or other equipment ("Facilities") deemed necessary or desirable for the uniform, efficient, and secure operation of the Houston System. The Utility Official may also require the Customer to obtain rights of way or other interests in land necessary for the construction and operation of these Facilities, including extensions of service to the Facilities. The Customer must design, obtain, improve, construct, and convey or cause to be designed, obtained, improved, constructed, or conveyed, at no cost to Houston, such Facilities, including associated property interests, as directed by the Utility Official.
 - 3.3.1** Before the Delivery Date is set, the Customer must install the Facilities according to the specifications approved by Utility Official.

- 3.3.2** The Customer must not install the Facilities or equipment related to the Facilities without the prior and continuing approval of the Utility Official. The Customer, and not Houston, remains responsible and liable for operating, maintaining, and monitoring the Customer's System in accordance with all applicable laws and regulations, even after approval by the Utility Official.
- 3.3.3** The Customer must provide the Utility Official full access, including rights of entry and inspection, to the installation site for the Facilities.
- 3.4 Construction and Operational Standards.** To protect the Houston System, the Customer must design, construct, operate, and maintain the Customer System to comply with all applicable Regulatory Standards, the rules promulgated by the TCEQ, the Plumbing Code, Infrastructure Design Manual, Ordinances, requirements of applicable subsidence and/or groundwater conservation districts, and related regulations regarding backflow prevention and cross connections.
- 3.4.1** Before the Delivery Date is set, the Customer must obtain, and afterwards maintain, any necessary permits, licenses, approvals, easements, or rights necessary for construction and operation of the Facilities.
- 3.4.2** The Customer must provide at the Customer's expense metering equipment that is approved by the utility official and that is compatible without modification with the City's standard remote meter reading equipment at the Point of Measurement.
- 3.4.3** The Customer must (a) notify the Utility Official before the disinfection of the Customer System and (b) disinfect the Customer System in accordance with requirements approved by the Utility Official before the connection is made.
- 3.5 Customer Water Management Requirements.** Before the Delivery Date is set by the Utility Official, the Customer must adopt and implement the Water Management Requirements below.
- 3.5.1** The Customer's Water Management Requirements must include the following:
- 3.5.1.1** A Water Conservation Plan which meets the requirements of 30 T.A.C. Chapter 288, as amended, and provides for the utilization of reasonable practices, techniques, technologies, for domestic and commercial use, reduces the consumption of water on a per-unit basis, reduces the loss or waste of water, and improves efficiency for both domestic and commercial uses that meet or exceed Houston's current Water Conservation Plan and the Customer's most recent Water Conservation Plan; and
- 3.5.1.2** A Drought Contingency Plan which meets the requirements of 30 T.A.C. Chapter 288, as amended, in which the Customer commits

to achieve reductions in domestic and commercial water consumption equal to or greater than the commitments made by Houston in Houston's current Drought Contingency Plan.

- 3.5.2** The Customer must be responsible for remaining familiar with the Houston Water Management Requirements and revising and updating the Customer's Water Management Requirements that provide similar levels of increases in water efficiency, reduction in waste or loss, and, during times of drought, similar goals to reduce Water consumption.
- 3.5.3** If the Customer is authorized under the Contract to furnish or sell Water to a third-party utility, the Customer must include in any contract or contract Renewal, provisions that require the third-party utility to adopt Water Management Requirements that meet or exceed the Customer's Water Management Requirements.
- 3.5.4** If the Customer is authorized under the Contract to resell Water to others, the Customer must include in any contract for resale of Water, or any renewal, language assigning all rights to System Return Flows to Houston.
- 3.5.4.1** Similarly, if the Customer (or any third-party it is authorized to sell or furnish Water to) does not treat its own wastewater, the Customer must include in any contract for wastewater treatment language assigning all rights to System Return Flows to Houston and requiring the cooperation of the wastewater treatment and/or disposer in making System Return Flows available to Houston.
- 3.5.4.2** Prior to the Delivery Date and as a condition of the Contract, the Customer must make every reasonable effort to amend any existing water and/or wastewater contracts contemplated above to fully implement the Customer's Water Management Plan Requirements.
- 3.6 Acceptance and Conveyance.** Upon completion of construction, the Facilities must be approved by the Utility Official and, when appropriate, accepted by the Utility Official prior to the Delivery Date.
- 3.6.1** Using a form approved by the City Attorney and as required by the Utility Official, the Customer must convey to Houston all portions of the Facilities necessary or desirable for the uniform, efficient, and secure operation of the Houston System.
- 3.6.2** The Customer may not alter, modify, tamper with, or connect with Houston's Facilities except as authorized in writing by the Utility Official.
- 3.7 Setting the Authorized Monthly Amount and Delivery Date.** After the Facilities are approved by, and when applicable, conveyed to Houston, the Utility Official may set or modify the Customer's Authorized Monthly Amount and Delivery Date in a Service Letter.

- 3.7.1** If the Customer wishes to increase the Authorized Monthly Amount after the Delivery Date, the Customer must request a Service Letter.
- 3.7.2** The Authorized Monthly Amount must be based on the volume of available Water for which impact fees or capacity charges have been paid by or on behalf of the Customer. The Authorized Monthly Amount must never exceed the Maximum Monthly Amount.
- 3.7.3** The Utility Official will provide the Customer with the amount of the impact fees or capacity charges in Houston’s response to the Customer’s application.
- 3.7.4** The Utility Official must not set the initial Authorized Monthly Amount, or authorize any increase, without having received full payment for impact fees or capacity charges.
- 3.7.5** The Utility Official and the Customer may agree to a Construction Phasing Plan (Subsection 2.8.5) to address future Facilities to be constructed at a later date and future changes in the Authorized Monthly Amount.
- 3.8 Service Letters.** Although no increases in the Contract Quantity are authorized except through amendment of the Contract, the Utility Official may issue Service Letters as necessary or desirable to administer the terms of the Contract. As authorized by the Contract, the Utility Official shall be required to respond to only one request for a Service Letter per Customer per calendar year. However, the Utility Official may respond to additional requests by a Customer within the same calendar year if the Customer pays, in addition to any other applicable charges, a fee equivalent to Houston’s charge for a water capacity reservation letter.

 - 3.8.1** The Contract may allow the Customer to request and the Utility Official to grant certain changes to the Customer’s Water service through a Service Letter, which do not increase the Contract Quantity, but which may affect or reduce:

 - 3.8.1.1** Points of Measurement and Delivery;
 - 3.8.1.2** Minimum Monthly Amount;
 - 3.8.1.3** Authorized Monthly Amount;
 - 3.8.1.4** Current Monthly Amount;
 - 3.8.1.5** Peak Usage;

- 3.8.1.6** Use of System Return Flows;
 - 3.8.1.7** Construction Phasing Plans; and
 - 3.8.1.8** The Contract Term.
- 3.8.2** The Utility Official may issue the Customer a Service Letter if the Utility Official, in his or her sole discretion, determines the following:
- 3.8.2.1** Granting the request will not increase the Contract Quantity;
 - 3.8.2.1.1** Granting the request will not create an undue hardship on the Houston System;
 - 3.8.2.2** Sufficient production, treatment, and service pumping capacity exists within the affected area of the Houston System to grant the Customer's request without creating undue hardship for Houston or other customers;
 - 3.8.2.3** The Customer has provided adequate information to evaluate the risks, if any, associated to the Houston System resulting from the request;
 - 3.8.2.4** The Customer agrees to obtain all necessary permits, plan approvals, bonds, or other requirements of the Ordinances or Customer Water Management Requirements;
 - 3.8.2.5** The Customer does not owe Houston any outstanding funds for Water, capacity, or other charges or taxes the City must collect in order to contract with or provide service to the Customer; and
 - 3.8.2.6** Granting the request will not provide a benefit not reasonably available to other similarly situated customers.
- 3.8.3** The Utility Official shall promptly review the Customer's request for a Service Letter and notify the Customer in writing after the Utility Official reviews the Customer's request. The Utility Official may provide Customer conditions, if any, required to grant the Service Letter.
- 3.8.4** Prior to issuance of a Service Letter, the City Attorney shall verify that the Service Letter complies with applicable Regulatory Standards and is consistent with the terms of the Contract and applicable Ordinances.
- 3.8.5** The Customer may request multiple increases in authorized monthly amount, peak usage, and other changes in a single application for a Service Letter by submitting a Construction Phasing Plan.

3.8.5.1 The Construction Phasing Plan must provide the Customer's projected demand for Water authorized under the Contract as build-out occurs.

3.8.5.2 In order to expedite the issuance of a Service Letter approving the Construction Phasing Plan, the Utility Official may offer a modified Construction Phasing Plan based on the constraints of the Houston System.

3.8.6 The Customer must pay impact fees or capacity charges before issuance of the Service Letter or according to the terms of the approved Construction Phasing Plan.

4. BILLING

4.1 Commencement of Billing. Houston may begin billing for Water using the applicable rate and fee, including any Water Reservation Fee at 12:01 a.m. on the actual Delivery Date in accordance with the Contract.

4.2 Charges for Water or Water Reservation. Charges for treated water contract customers are calculated according to Section 47-61(f) of the Ordinances and are available on the Houston Fee Schedule and the Department website. Charges for untreated water contract customers are calculated according to the City Fee Schedule per 1,000 gallons as specified in the Section 47-85 of the Ordinances and are also available on the Houston Fee Schedule and the Department website. Charges for water reservation are as specified in the water supply contracts.

4.3 Bills. At the end of each monthly billing period, Houston shall send a bill (or invoice) to the Customer showing Water delivered at the Point of Measurement and the appropriate charges for that given month.

4.4 Billing Address. As a default, the Customer's notice address will be the Customer's billing address. The Customer may request in writing and the Utility Official may accept a different billing address, which may be an electronic account. The Utility Official may require the Customer to complete a billing address form.

4.5 Impact Fees and Capacity Charges. When requesting an increase to the Authorized Monthly Amount, the Customer must pay impact fees or capacity charges within 45 days of Houston's response to the Customer's application unless Houston's response provides additional time. If the Customer does not pay within the allotted time, the Customer's request and application will expire.

4.6 Additional Charges. In addition to other charges, the Utility Official may:

4.6.1 Apply a surcharge on all amounts of Water the Customer takes above the peak rate restriction or the authorized monthly amount, or Customer's Peak Rate or Peak Usage equal to the disincentive permit fee charge a customer would pay

the applicable Subsidence District on the same volume of Water.

4.6.2 Calculate the surcharge described above using the following formula:

Formula:	Example (Using HGSD 2013 Disincentive Fee):
$S = (A - C) \times F$	$(50,000 \text{ gal.} - 40,000 \text{ gal.}) \times (\$7.00 / 1,000 \text{ gal.})$
	$S = \$70.00$

Where

S = Surcharge
A = Actual Amount Used
C = Contracted Amount (Peak Usage or Monthly Maximum Amount)
F = Harris Galveston Subsidence District (disincentive) Fee

4.6.3 Require the Customer to pay for portions of costs reasonably attributable to the Customer that Houston incurs to achieve compliance or modification of Houston's water rights or applicable Regulatory Standards.

4.7 Payment of Charges. The Customer must make bill payments to Houston at the following address:

HPW Customer Account Services
P.O. Box 1560,
Houston, Texas 77210-4863

or to a specified electronic account administered by the Utility Official.

4.7.1 Bills shall be considered as received by the Customer, whether actually received or not, when deposited by Houston in the United States mail, postage prepaid, addressed to the Customer's last known billing address or when electronically transmitted to the user's last known electronic address or account.

4.7.2 The bill is overdue on the:

21st day after the bill date of the bill for commercial customers;
31st day after the bill date of the bill for most government customers;
and 46th day after the bill date if the Customer is a municipal utility district.

4.7.3 The Customer is in default of the Contract when the bill becomes overdue. The Customer's failure to pay the bill before it becomes overdue will be deemed to constitute receipt of the notice of default described in the Water Supply Contracts.

4.8 Interest on Overdue Payment. The Customer, including a commercial customer,

shall pay interest on any overdue amount of bills at the maximum rate allowed by Texas Government Code Chapter 2251 or any successor statute, whether the Customer is a government or non-government entity.

4.9 Suspension of Delivery. If the Customer does not cure the default within 30 days after a bill is overdue, Houston may suspend delivery of Water as set out in the Contract without the need of providing any further notice to the Customer beforehand. Suspending delivery of Water is in addition to any other remedy available to Houston.

4.10 Billing Adjustment. If the Utility Official finds that meter testing reveals the measuring equipment is not within the Meter Accuracy Requirement, or the account should otherwise be subject to a billing adjustment, such as due to meter reading errors, the Utility Official shall determine the Adjusted Period and the Adjusted Volume as specified in the City Code.

4.10.1 The Adjusted Period is the (a) the based on the number of days during which the Utility Official reasonably determines the measuring equipment was not operating within the Meter Accuracy Requirement or the date in which the meter measured accurately (b).

4.10.2 The Adjusted Volume is the number of days in the Adjusted Period multiplied by the Customer's average daily consumption. The Utility Official shall determine the Customer's average daily consumption based on billing periods substantially similar to the Adjusted Period.

4.10.3 Houston shall adjust the charge to the Customer only for the Adjusted Volume for the Adjusted Period.

4.11 Billing After Contract Term. The Customer is not guaranteed Water after the end of the Contract Period. After the Contract Period, Houston may continue to provide water service on a month-to-month basis to the Customer at the Resale Rate prescribed in Section 47-61(d)(2) of the Ordinance, or any successor ordinance, for rates for resale customers.

4.12 Waiver of Amount Requirement. In order to protect the Houston System and accommodate the Customer, the Utility Official may waive or reduce the minimum monthly amount, without Council approval or a Service Letter, for no more than one month at a time by sending written notice to the Customer.

4.12.1 The Utility Official is not limited to the number of written notices that may be sent as long as the Utility Official determines that waiver of the minimum monthly requirement is in the best interest of the Houston System.

4.12.2 During any month in which Houston is unable to deliver to the Customer the minimum amount then specified, whether as a result of curtailments or

suspensions under the Contract, or as a result of Force Majeure, the Customer shall be obligated to pay Houston only for the amount of Water delivered to the Customer under the Contract during such month.

5. SERVICE AND OPERATIONS

5.1 Houston System Operations. Houston shall provide Water to the Point of Delivery that meets the Regulatory Standards provided in the Contract.

5.1.1 OTHER THAN REGULATORY STANDARDS, HOUSTON MAKES NO WARRANTY EXPRESS OR IMPLIED, REGARDING THE QUALITY OR DELIVERY PRESSURE OF THE WATER, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR USE.

5.1.2 Houston has no responsibility for meeting the Customer's Regulatory Standards, maintaining the Customer System, or improving the Houston System to improve service to the Customer System.

5.2 Access to Facilities. During the term of the Contract, Houston shall have the right of ingress and egress in, upon, under, and over any and all land, easements and rights of way of the Customer on which Houston, with the Customer's consent, constructs or maintains facilities to deliver Water to the Customer.

5.2.1 Houston may conduct inspections from time to time to determine that no conditions exist in the Customer System or the Project Boundaries that might adversely affect the Houston System.

5.2.2 Houston's inspectors and authorized contractors shall have full and unlimited rights of entry to the Customer's premises, although Customer has the right to request to accompany Houston's inspectors and authorized contractors. The Customer shall provide the Utility Official with any site safety rules prior to starting construction.

5.3 Customer System Operations. The Customer System begins at the Point of Delivery but excludes Houston's meter. The Customer must immediately correct any practices or operating conditions of the Customer System that the Utility Official, in his or her sole discretion, determines may negatively impact the Houston System.

5.3.1 If the Customer is a water utility, the Customer must set the rates it charges for utility service to its customers high enough to pay for the quantities of Water contemplated in the Contract.

5.3.2 Practices and operation conditions that require immediate correction include but are not limited to

5.3.2.1 Pressure variations that have the potential to damage the Houston System or cause the Houston System to violate applicable Regulatory Standards;

5.3.2.2 Inadequate or compromised backflow prevention devices; and

5.3.2.3 Leaks or breakage between the Point of Delivery and the Point of Measurement.

5.3.3 The Customer must promptly reimburse Houston for the cost for repairs or replacements necessary to repair damage on either party's System if Houston corrects such conditions.

5.3.4 The Utility Official may temporarily discontinue service if the Utility Official, in his or her sole discretion, determines that the Customer's System:

5.3.4.1 Violates applicable regulatory standards or the Contract terms;

5.3.4.2 May cause serious harm to the Houston System.

5.3.5 Except in cases of imminent harm or danger to the public, provides the Customer with notice.

5.4 Customer Maintenance and Regulatory Standards. The Customer is solely responsible for maintenance and regulatory compliance on Customer's System, including service lines between the Point of Measurement and the Point of Delivery.

5.4.1 The Customer must comply with all applicable sampling and reporting requirements, including those prescribed in Title 30, Section 290 of the Texas Administrative Code, as amended, and any successor regulation.

5.4.2 When reporting is required by federal or state regulation, the Customer will contemporaneously report to Houston's Regulatory Compliance Section any information contained in such reports that may affect Houston's System or require Houston to take action. Examples include, but are not limited to, Customer reports to comply with 30 T.A.C. Sections 290.109(c)(4)(C) and 290.115(e) (Stage 2 Disinfectant Byproducts).

5.4.3 The Customer must report to Houston's Regulatory Compliance Section any violation of or lapse in compliance requirements to the Utility Official immediately and must promptly cure the violation.

5.5 Groundwater Reduction Plan. The Utility Official must determine how Water delivered to the Customer will be included in any groundwater reduction plans according to the rules of the Customer's applicable subsidence district or groundwater conservation district. The Contract does not automatically provide the Customer inclusion in Houston's Groundwater Reduction Plan.

6. METERING AND FACILITIES REQUIREMENTS

- 6.1 Meter Installation.** Customer must notify Houston so that Houston can be present when the meter is installed and inspect the meter. If the meter fails any meter inspection as specified below, the meter must be replaced.
- 6.2 Metering Accuracy.** Houston shall maintain the meter at the Point(s) of Measurement in accordance with the manufacturer's specifications (in the case of Mag (Electromagnetic) or AWWA specifications (for all other types of meters) for the given rate of flow ("Meter Accuracy Requirement").
- 6.3 Meter Testing.** Houston shall conduct periodic meter tests on the meter in accordance with the meter manufacturer's recommendations and within applicable AWWA Standards and shall notify the Customer at least 48 hours in advance of the time and location at which tests are to be made.
- 6.3.1** If the Customer requests an additional test within 12 months of test conducted by Houston, Houston shall charge the Customer an amount equal to Houston's cost to perform such test, unless the test reveals that the measuring equipment is not within the Meter Accuracy Requirement.
- 6.4 Meter and Facilities Replacement.** Unless otherwise specified in this Service Manual or the Contract, Houston shall be responsible for replacing Houston meters and facilities and the Customer shall be responsible for replacing the Customer's meters and facilities.
- 6.4.1** As a prerequisite to continued service or change of service (see Sections 2.3 and 2.8), the Utility Official may determine that the Customer must, at no cost to Houston, replace the existing meter and other equipment at the following times:
- 6.4.1.1** After the Customer takes water above the current authorized peak usage or the maximum monthly amount;
- 6.4.1.2** When the Utility Official grants the Customer's request for an increased peak usage; or
- 6.4.1.3** Before the Department Director approves assignment of the Contract.
- 6.5 Customer Check.** At the Customer's own cost, the Customer may independently check Houston's meter and related equipment upon reasonable request. A reasonable request must provide the Utility Official 48 hours notification and the opportunity for the Utility Official to witness such tests and reschedule if the Utility Official is not available.

- 6.5.1** In the event of a dispute between Houston and the Customer as to the accuracy of the testing equipment used by Houston to conduct the accuracy test, the Parties may agree for the test to be conducted by an independent measuring equipment company suitable to both the Customer and the Utility Official.
- 6.5.2** The Customer must pay all costs associated with such testing. The Utility Official may accept the test result of the independent measuring equipment company but is not required to do.
- 6.6 Check Meters.** The Customer may install, at the Customer's own cost and expense, such check meters as it deems appropriate in each of the Customer's pipelines, but Houston shall have the right of ingress and egress to such check meters during all reasonable hours.

7. SYSTEM RETURN FLOWS

- 7.1 Rights to System Return Flows.** Houston has all rights to System Return Flows and may make whatever use of the System Return Flows Houston deems desirable, except as otherwise provided below.
- 7.2 System Return Flow Use Requirements.** To the extent permitted by law and as provided in this Manual, the Utility Official may authorize the Customer to use some part of the System Return Flows it generates by a Service Letter.
- 7.2.1** In order to maintain freshwater flows into the Galveston Bay and the associated estuary system and as a condition of service, the Customers may use System Return Flows only if:
- 7.2.1.1** The Customer diverts no more than 50% of the total volume produced by the Customer on a daily basis under the Customer's TPDES or other wastewater permit, whether discharged, applied to direct reuse, or otherwise used, from the permitted wastewater treatment plant and discharges the remaining volume and allow the same to flow into a state watercourse as authorized;
- 7.2.1.2** At no cost to Houston, the Customer installs, maintains, and updates meters, SCADA, and other AWWA recommended equipment to collect information reporting all discharges and reuse and provides the Utility Official with full access to the information collected;
- 7.2.1.3** The Customer limits its reuse of Water provided under the Contract to within the Project Boundary;

- 7.2.1.4** The Customers' reuse complies with all relevant provisions of the Ordinances, state and federal laws, and applicable regulations, as such Ordinances, laws, and regulations may be amended and may be reasonably interpreted by the Director;
- 7.2.1.5** Prior to seeking and also prior to implementing any permit or permit amendment related to reuse, discharge, or acquisition of surface water, the Customer provides the Utility Official with information that the Utility Official reasonably determines is necessary to evaluate any effect on System Return Flows and Houston's water rights;
- 7.2.1.6** The Customer complies with all applicable federal and state laws regarding reuse; and
- 7.2.1.7** After the Customer uses its 50% of the System Return Flows, and as permitted by regulatory standards, the Customer will return the unconsumed portion of the System Return Flows supplied to the Customer by Houston to watercourses consistent with this Manual, the Service Letter, Houston's water rights permits and State law.
- 7.2.2** The Utility Official shall approve the Customers' request to use System Return Flows if the Utility Official finds that:

 - 7.2.2.1** the Customers' re-use request in the Service Letter meets the requirements of this Section 6.2;
 - 7.2.2.2** the Customer does not owe Houston any outstanding funds for Water, capacity, or other charges or taxes the City must collect in order to contract with the Customer; and
 - 7.2.2.3** The Customers' reuse causes no materially adverse impact on Houston's water rights, the Houston System, and Houston's obligations to the watercourse.
- 7.3 Review of System Return Flow Use.** The Utility Official may conduct performance audits and review the findings for the Customer's System Return Flows every three years, during water shortage periods, or after a breach of the Contract.