

**GULF COAST WATER AUTHORITY
RATE ORDER**

THE STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

RECITALS

WHEREAS, the Gulf Coast Water Authority (the "Authority"), is a conservation and reclamation district, body politic and corporate and a governmental agency of the State of Texas created and operating under the provisions of Articles 8280-339, Vernon's Texas Civil Statutes, as amended, and

WHEREAS, the Authority is the holder of permits and other rights for the storage, diversion, transport, and withdrawal of water from the Brazos River, Jones Creek, Oyster Creek, Chocolate Bayou, Mustang Bayou, and Hall's Bayou ("Raw Water"); and

WHEREAS, the Authority has entered into certain long term contracts with customers for the sale of sale of raw water and treated surface water; and

WHEREAS, said long term water contracts provide that the Authority may establish and adjust the rate for the sale of raw and treated surface water from time to time; and

WHEREAS, the General Manager is also charged by the Board of Directors with authority to make Interruptible Water sales; and

WHEREAS, the Board of Directors has determined it necessary and prudent to adjust its rate for the sale of Raw and Treated Surface Water; and

NOW THEREFORE, be it ordered by the Board of Directors of the Gulf Coast Water Authority that:

**ARTICLE I
FINDINGS; EFFECTIVE DATE; APPLICABILITY**

Section 1.01: Findings. Each of the recitals stated in this Rate Order are hereby adopted as findings of fact of the Board of Directors. All statutory and contractual requirements and conditions have been met for the establishment of fees, rates, and charges under this Rate Order.

Section 1.02: Effective Date: Prior Resolutions or Orders. This Rate Order shall be effective as of September 1, 2013. Any and all previously adopted or stated water rates pertaining to the sale Raw or Treated Surface Water, is repealed and superseded hereby in all respects as of September 1, 2013.

Section 1.03: Applicability. This Rate Order shall be applicable to all sales of Raw and Treated Surface Water under any Long Term Water Contract, and to the sale of Interruptible Raw Water Contract, except for irrigation water contracts used in conjunction with agricultural use.

ARTICLE II
DEFINITIONS; INTERPRETATIONS; REFERENCES

Section 2.01: Definitions. In addition to terms defined elsewhere in this Rate Order, and unless the context requires otherwise, the following terms used in this Rate Order shall have the following meanings and, to the extent applicable, shall serve to supplement terms defined elsewhere in this Rate Order:

- (a) "Authority" is defined in the recitals hereto and means and includes the legal successors or assigns of the Gulf Coast Water Authority.
- (b) "Customer Contracts" is defined in the recitals hereto and means and includes any amendments or supplements to the Customer Contracts.
- (e) "Raw Water" is defined in the recitals hereto and shall mean and include all untreated surface water diverted from Brazos River, Jones Creek, Oyster Creek, Chocolate Bayou, Mustang Bayou, and Hall's Bayou, to which the Authority has rights, powers, and authority under or evidenced by Certificate of Adjudication Nos. 12-5168, 12-5322, and 12-5171, and Water Permit No's 5169 and 5357, as amended, issued by the Texas Commission on Environmental Quality or its predecessors;
- (f) "Treated Surface Water" is defined as water that is treated and produced by the Thomas Mackey Surface Water Treatment Plant in Texas City, Texas;
- (c) "Water Contracts" is defined in the recitals hereto and means and includes any amendments or supplements to the Raw and Treated Surface Water Contracts, and any substantially similar contract or contracts hereafter entered into by the Authority customer relative to the sale of Water.
- (d) "Water Rate" shall mean the rates set forth in Attachment A hereof applicable to the sale of Water to customers .

Section 2.02: Interpretations. The article, section, and subsection headings of this Rate Order are included herein for convenience of reference purposes only and shall not constitute a part of this Rate Order or affect its interpretation in any respect. Except where the context otherwise requires, words imparting the singular number shall include the plural and vice versa. References to an entity refer to the legal successors of such entity, and to the board of directors, officers, or other officials of such entity where appropriate.

Section 2.03: References. Any reference in this Rate Order to a document shall mean such document and all exhibits thereto as amended or supplemented from time to time.

ARTICLE III
WATER RATES;

Section 3.01: Water Rates. (a) Unless otherwise agreed in writing, the Water Rate shall be as stated in Exhibit A, attached hereto.

(a) The various provisions of the Water Contracts, the Addenda, shall govern all matters other than the prevailing rate for the sale of Water, including but not limited to quality, quantity, diversion rates, diversion points, operations, repairs, maintenance, re-sales or exchanges, metering, billing, payment, credits against the


Water Rate, collections, late fees, penalties and interest, shortages or water and force majeure, in respect of the sale of Water thereunder.

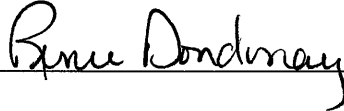
**ARTICLE IV
MISCELLANEOUS**

Section 4.01: Water Contracts: Addenda. In the event that any provision of this Rate Order is in conflict with any provision of the Water Contracts, the Addenda, , then the terms and provisions of this Rate Order shall control only with respect to the prevailing Water Rate and the Water Contracts, the Addenda, shall control with respect to any other matter.

Section 4.02: Future Amendments. As determined necessary by the Authority, the Authority reserves the right to amend from time to time: (1) the rates, charges and fees contained in this Rate Order; and (2) any other terms and provisions of this Rate Order.

PASSED AND APPROVED by the Board of Directors on 18th day of July, 2013.


James McWhorter, President

ATTEST: 



**EXHIBIT A
WATER RATES**

<u>RAW WATER - CANAL</u>	<u>(\$/MG)</u>
Ascend Performance Materials	118.4681
Ft. Bend WCID#2	187.1620
Missouri City	187.1620
Pearland	187.1620
INEOS	187.1620
Pecan Grove	380.8151

INTERRUPTIBLE RAW WATER

Southwyck Country Club	309.00
Sugar Creek Country Club	327.10
Texas Brine Corporation	338.25
Mainland Concrete	187.162
First Colony Community Services	268.77
Riverbend Country Club	187.162
Diamond K	187.162
Mag Creek Country Club	187.162
Texas City Golf Course	145.37

OPTION WATER

Sugar Land	26.59
INEOS	37.43

THOMAS MACKEY WATER TREATMENT PLANT (subject to final 2013 bond issuance cost)

	<u>RAW WATER</u>	<u>CAPITAL</u>	<u>M & O</u>
Texas City (north line)	145.37	72.67	444.93
LaMarque (north line)	145.37	72.67	444.93
WCID #1	145.37	72.67	444.93
NRG Texas LP	145.37	72.67	444.93
Bacliff	145.37	72.67	444.93
Bayview	145.37	72.67	444.93
WCID #12	145.37	72.67	444.93
San Leon	145.37	72.67	444.93
League City	145.37	72.67	444.93
Galveston	145.37	72.67	444.93
Hitchcock	145.37	72.67	444.93
WCID #8	145.37	72.67	444.93

MUD #12	145.37	72.67	444.93
LaMarque (south line)	145.37	72.67	444.93
FWSD #6	145.37	72.67	444.93
Texas City (south line)	145.37	72.67	-

Interruptible Treated Water

Treated Water

WCID #1	739.99
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RAW WATER TEXAS CITY (subject to final 2013 Bond Issuance cost)

GBR	340.59
Dow	340.59
Eastman	306.31
Valero	340.59
Marathon Petroleum	340.59
Texas City (Highway 146)	295.78
Water Treatment Plant	145.37
Ashland	145.37

SPOT RAW WATER –(TRUCKED)

\$750 minimum up to first million and \$375 per million thereafter.