

GULF COAST WATER AUTHORITY  
RATE ORDER

THE STATE OF TEXAS           §  
  §  
COUNTY OF GALVESTON       §

RECITALS

**WHEREAS**, the Gulf Coast Water Authority (the "Authority"), a conservation and reclamation district under the provisions of Section 59, Article XVI of the Texas Constitution created and operating under the provisions Chapter 712, Acts of the 59<sup>th</sup> Legislature, Regular Session, 1965 (originally codified as Article 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 raw water and treated surface water; and

**WHEREAS**, said long term water contract 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, 2015. Any and all previously adopted or stated water rates pertaining to the sale Raw or Treated Surface Water, is repealed and superseded hereby in all respects as of September 1, 2015.

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.
- (c) "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.
- (d) "Treated Surface Water" is defined as water that is treated and produced by the Thomas Mackey Surface Water Treatment Plant in Texas City, Texas;
- (e) "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.
- (f) "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 RATE

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.

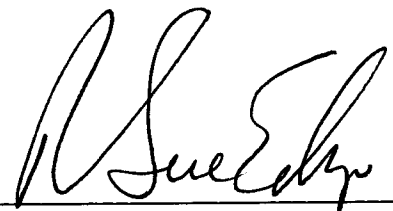
ARTICLE IV  
MISCELLANEOUS

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 or Reservation Fee, 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 August 20, 2015.

  
James McWhorter, President

ATTEST: 

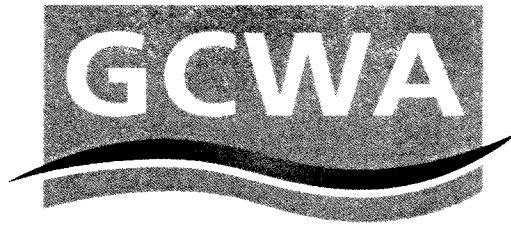




Gulf Coast Water Authority

**Exhibit A**  
**2016 WATER RATES**

<u>RAW WATER - CANAL</u>	<u>(\$/MG)</u>	
Ascend Performance Materials	196.65	
Ft. Bend WCID#2	196.65	
Missouri City	196.65	
INEOS Olefins and Polymers	465.24	
Pecan Grove	379.10	
Sugar Land	196.65	
<u>INTERRUPTIBLE WATER</u>		
Southwyck Country Club	309.00	
Sugar Creek Country Club	353.09	
Texas Brine Corporation	343.10	
Mainland Concrete	196.65	
First Colony Community Services (Fluor)	268.77	
First Colony Commons	196.65	
Riverbend Country Club	196.65	
Diamond K	196.65	
Mag Creek Country Club	196.65	
Texas City Golf Course	196.65	
<u>OPTION WATER</u>		
Sugar Land	39.33	
INEOS	93.05	
Ft. Bend WCID #2	39.33	
Pearland	39.33	
<u>THOMAS MACKEY WATER TREATMENT PLANT</u>	<u>RESERVE CAPACITY</u>	<u>M &amp; O</u>
	<u>RATE</u>	
Texas City (north line)	463.73	556.18
LaMarque (north line)	463.73	556.18
WCID #1	463.73	556.18
Bacliff	463.73	556.18
Bayview	463.73	556.18
WCID #12	463.73	556.18
San Leon	463.73	556.18
League City	463.73	556.18
Galveston	463.73	556.18



Gulf Coast Water Authority

**Exhibit A**  
**2016 WATER RATES**

Hitchcock	463.73	556.18
WCID #8	463.73	556.18
MUD #12	463.73	556.18
LaMarque (south line)	463.73	556.18
FWSD #6	463.73	556.18
Texas City (south line)	463.73	0
WCID #1 (south line)	463.73	556.18

RAW WATER TEXAS CITY (subject to final 2016 Bond Issuance cost)

GBR	472.17
Dow	472.17
Eastman	472.17
Valero	472.17
Marathon Petroleum	472.17
Texas City (Highway 146)	438.64
Water Treatment Plant	275.80
Ashland	274.35

SPOT RAW WATER-(TRUCKED)

\$1,000 minimum up to first million and \$500 per million thereafter.