



Jimmie Schindewolf, P.E.
General Manager

September 22, 2008

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Mr. Adrian Steffes
Bridgestone MUD
19627 Glenfinch Ln.
Spring, TX 77379

Re: Order Establishing Well Pumpage Fees and Water Importation Fees for the Fourth Quarter of the 2008 Fiscal Year and the First Through the Third Quarters of 2009 Fiscal Year and Adopting Rules and Regulations Concerning Measuring Well Pumpage and Water Importation and Collecting Fees (the "Order")

Dear Mr. Steffes:

The North Harris County Regional Water Authority (the "Authority") held a Public Hearing on September 8, 2008 to discuss proposed pumpage fees for the fourth quarter of the 2008 fiscal year and for the first through the third quarters of the 2009 fiscal year. Following the Public Hearing, the Authority Board of Directors (the "Board") adopted the above referenced Order during the regular Board meeting.

The Order establishes a pumpage fee effective October 1, 2008 for the fourth quarter of the 2008 fiscal year and for the first three quarters of the 2009 fiscal year. The fourth quarter 2008 fee remains \$0.99/1,000 gallons. Effective January 1, 2009, the first quarter fee increases to \$1.50/1,000 gallons and then remains at that same rate through the end of the third quarter 2009 (September 30, 2009).

The increase in the pumpage fee is necessary in order for the Authority to continue implementation of the 2008-2009 Capital Improvement Plan (the "CIP") that was adopted by the Board on December 3, 2007. For details of the CIP please visit the Authority website at www.nhcrwa.com. The revenue generated by the pumpage fee will be used to complete the ambitious surface water conversion program by the January, 2010 deadline and to establish and maintain debt service reserve funds for the revenue bonds that were sold in 2003, 2005, and most recently in August, 2008.

Enclosed for your information and reference is a copy of the Order and copies of the Pumpage and Billing forms for the 2008 and 2009 fiscal years. The PowerPoint presentation shown at the Public Hearing is available on the Authority website, and includes a very important slide that details all the components of the fee increase. We will soon post a revision of the Authority's brochure, "The Rising Cost of Water". The brochure will also be available in bulk quantities -- at no charge -- for utility districts to distribute to their customers. Please notify Lisa Sagstetter (281) 440-3924 if you would like to place an order for the brochure.

We certainly appreciate your support and cooperation as we move to complete construction of the 2010 Surface Water Distribution and Transmission System. Please call Cyndi Plunkett, Authority Financial Assistant, at (281) 440-3924 if you have any questions or need any additional information relative to the pumpage fee.

Sincerely,

Jimmie Schindewolf, P.E.
General Manager

JAS/cp
Attachments

cc: Robin S. Bobbitt, Johnson Radcliffe Petrov & Bobbitt PLLC
Danny Staab, Southwest Water Co
Gene Conner, General Manager
Cyndi Plunkett, Financial Assistant