



September 8, 2022
Board of Directors
Harris County MUD No. 136
Norton Rose Fulbright US LLP
C/O: Jane Maher
1301 McKinney, Suite 5100
Houston, Texas 77056

Re: Letter Agreement for Fuel Surcharge between Harris County MUD No. 136 (the “District”)

Dear Board of Directors,

As I am sure you have noticed, fuel prices have risen drastically over the first half of 2022. The Professional Services Agreement (the “Agreement”) entered into by and between the District and Municipal Operations and Consulting Inc. (the “Operator”) establishes hourly truck rates that are billed to the District if and when a utility truck is utilized while conducting the maintenance and operations of the District. These hourly rates were built around historic trends in the retail Houston fuel market and since then the market has moved away from these trends.

Based on the Houston, TX Regular Reformulated Retail Gasoline Price Index published by the U.S. Energy Information Administration, over 2020 and 2021 the average price per gallon of fuel was \$2.22. The average fuel price based on the same index year to date 2022 is \$3.74 per gallon or an increase of 68.5%.

In an effort to account for these increases the Operator respectfully requests that the District agree that should the average monthly fuel price, based upon the index referenced above, exceed \$3.00 per gallon, that a fuel surcharge would apply. The weekly price index will be averaged, on a per month basis, and the average will be used to calculate the surcharge. To ensure the District does not pay a surcharge on items that do not currently incur a utility truck charge (base plant operations, weekend plant operations, meter reading, et cetera), the percentages outline in the table below would only apply to hourly truck related charges when specifically listed on our monthly invoice.

Further, please know that our intent in attempting to recoup added cost via a surcharge is to avoid a hourly increase on truck rates. My reasoning for this is rooted in a hope that if/when the retail fuel market moves back towards historical trends that no added cost is incurred by the District.

If the Board is agreeable to the surcharge as explained above and provided in Exhibit “A”, please execute the letter agreement in the space provided below. This agreement will last for the duration of the Operations Contract between Municipal Operations & Consulting, Inc and Harris County MUD 136.

Sincerely,

Lonnie Wright

Agreed and accepted this _____ day of _____, 2022.

Harris County MUD No. 136

By:

Printed Name

Title

Exhibit "A"
Fuel Surcharge

The fuel surcharge shall apply when the average monthly retail gasoline price exceeds \$3.00 per gallon. The average monthly retail gasoline price shall be determined by utilizing the Weekly Houston, TX Regular Reformulated Retail Gasoline Price Index as published by the U.S. Energy Information Administration.

Fuel Price		Truck Surcharge
\$3.00	\$3.15	1.6%
\$3.16	\$3.30	3.1%
\$3.31	\$3.45	4.7%
\$3.46	\$3.60	6.3%
\$3.61	\$3.75	7.8%
\$3.76	\$3.90	9.4%
\$3.91	\$4.05	11.0%
\$4.06	\$4.20	12.5%
\$4.21	\$4.35	14.1%
\$4.36	\$4.50	15.7%
\$4.51	\$4.65	17.2%
\$4.66	\$4.80	18.8%
\$4.81	\$4.95	20.4%
\$4.96	\$5.10	21.9%
\$5.11	\$5.25	23.5%
\$5.26	\$5.40	25.1%
\$5.41	\$5.55	26.6%
\$5.56	\$5.70	28.2%
\$5.71	\$5.85	29.8%
\$5.86	\$6.00	31.3%
\$6.01	\$6.15	32.9%
\$6.16	\$6.30	34.4%
\$6.31	\$6.45	36.0%
\$6.46	\$6.60	37.6%
\$6.61	\$6.75	39.1%
\$6.76	\$6.90	40.7%
\$6.91	\$7.05	42.3%
\$7.06	\$7.20	43.8%
\$7.21	\$7.35	45.4%
\$7.36	\$7.50	47.0%
\$7.51	\$7.65	48.5%
\$7.66	\$7.80	50.1%
\$7.81	\$7.95	51.7%
\$7.96	\$8.10	53.2%
\$8.11	\$8.25	54.8%
\$8.26	\$8.40	56.4%
\$8.41	\$8.55	57.9%
\$8.56	\$8.70	59.5%
\$8.71	\$8.85	61.1%
\$8.86	\$9.00	62.6%

