

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
OF HARRIS COUNTY, TEXAS**

**c/o Coats, Rose, Yale, Ryman & Lee, P.C.
3 Greenway Plaza, Suite 2000
Houston, Texas 77046-0307**

March 16, 2010

TO: Residents of Harris County MUD No. 102

FROM: Board of Directors
Harris County MUD No. 102 (the "District")

SUBJECT: West Harris County Regional Water Authority (the "WHCRWA") Surface Water Fee

Enclosed you will find a brochure from the West Harris County Regional Water Authority entitled "Some Important Information About the Rising Cost of Water." We encourage you to read this information carefully, because it will help explain why your water bills will increase in the near future.

In December 2007, the District began receiving surface water from the WHCRWA. The WHCRWA's surface water fee is significantly higher than the groundwater pumpage fee that the District had been paying prior to December 2007. The District's customers have been paying the WHCRWA's groundwater pumpage fee since 2002 as a pass-through from the District. The fee is reflected as a line item on your water bill each month. To date, the District has not charged the customers the surface water rate. Instead, the District has absorbed the extra cost.

The District's Board has determined that it can no longer subsidize the WHCRWA's surface water rate. Therefore, beginning with the water bill that you receive in April 2010, you will notice an increase in the WHCRWA charge. To help minimize the impact to the customers, the District's Board will implement the increase in quarterly stages. Thus, by the end of 2010, the WHCRWA fee that you see on your water bill will reflect the full surface water cost that the District pays to the WHCRWA. The table below reflects how the quarterly increase will impact the average water bill:

	December-09	January-10	April-10	July-10	October-10	January-2011**
WHCRWA fee per 1,000 gallons	\$1.05	\$1.05	\$1.20	\$1.35	\$1.50	\$1.63
WHCRWA fee for 10,000 gallons*	\$10.50	\$10.50	\$12.00	\$13.50	\$15.00	\$16.30
Total water bill for 10,000 gallons (based on current rates)	\$38.50	\$38.50	\$40.00	\$41.50	\$43.00	\$44.30

* The average residential water usage is 10,000 gallons per month

** WHCRWA surface water rate is subject to increase effective January 1, 2011

Every year, the WHCRWA raises the fees that it charges to water districts within its jurisdiction. The District will continue to pass these extra charges on to the District's customers. Therefore, in the future you can expect to see additional increases in the WHCRWA fee on your water bill. Please be aware, however, that these increases are not within the control of the District.