

MID VALLEY METROPOLITAN DISTRICT
RULES AND REGULATIONS



Adopted by the Board of Directors
Resolution No. 4, Series of 2013
Dated March 20, 2013

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RULES AND REGULATIONS AMENDMENTS
(Subsequent to March 20, 2013)

Date

Resolution Number

Section(s)

ARTICLE I

1.00 GENERAL

- 1.01 SCOPE: These Rules and Regulations shall govern the operations and functions of the Mid Valley Metropolitan District.
- 1.02 PURPOSE: The purpose of these Rules and Regulations is to provide for the administration and operation of the Water and Sewer Systems of the Mid Valley Metropolitan District.
- 1.03 POLICY: The Rules and Regulations hereinafter set forth will serve the public in securing the health, safety, prosperity, security, and general welfare of the inhabitants of the Mid Valley Metropolitan District.
- 1.04 DISTRICT MAP. A map showing the boundaries of the Mid Valley Metropolitan District is available for review in the District offices.
- 1.05 PENALTY: Unless otherwise specifically stated, the penalty for violation of any of these Rules and Regulations shall be a fine of one thousand dollars (\$1,000) for each day the violation continues. In addition, the violator shall be liable for reimbursement to the District of any and all actual costs, fees and/or damages the District may incur as a result of the violation, including without limitation, legal and engineering fees. Any penalty levied against a property shall constitute a lien against said property.
- 1.06 DISTRICT ACTION AT CUSTOMER EXPENSE: The Rules and Regulations of the District require District Customers to take certain actions at their own expense. In the event that a Customer fails or refuses to take such action, unless it is necessary for the District to act immediately to protect the health, safety, and welfare of the general public, the District shall mail a written notice to the Customer or the owner of the property on which District service is or will be received. The notice shall request that the required action be taken within the time specified in the applicable Rule or Regulation or, if no time is specified in the Rules and Regulations, then within a reasonable time as set forth in the notice. If the Customer still has not taken the required action within the allotted time, then the Customer shall be in violation of this Section and shall be subject to the penalty provisions of Section 1.05, above. The District may, but is not obligated to, take the required action and bill the expense to the Customer. The District shall be entitled to pursue all remedies granted to it by these Rules and Regulations and Colorado law for collection of the amounts due to it for taking such required actions on behalf of the Customer.
- 1.07 WAIVER FOR CAUSE: At its sole discretion, the Board of Directors may waive or modify any requirement, penalty, or liability for costs imposed by these Rules and Regulations. Such waiver or modification shall be only for good cause shown in a written application to the Board and must not cause the applicant or District to violate any federal, state, or local laws. Good cause shown shall include but not be limited to:
- A. Evidence that strict enforcement of the requirement, penalty, or liability would result in severe hardship, financial or otherwise, which would outweigh the benefits to the District from such strict enforcement; or
 - B. Evidence that the applicant will provide or has provided a benefit or benefits to the District that will outweigh the positive impacts of strict enforcement. Only the

Board of Directors is authorized to waive or modify any provision or requirement of the Rules and Regulations. The District expressly disclaims the authority or anyone other than the Board of Directors to provide such waiver or modification. To be effective, any waiver or modification granted by the Board must be reflected in the minutes of a regular or special Board meeting at which the requested waiver or modification was granted.

Further, approval by the District Engineer of designs, plans or other submittals, and acceptance by the Board of designs, plans or other submittals, does not relieve Customers or Developers of their obligation to comply with the District's Rules and Regulations. No deviation from the Rules and Regulations is permissible or will be allowed unless a specific waiver or modification is expressly granted by the Board.

- 1.08 EFFECTIVE DATE: The effective date of these Rules and Regulations shall be March 20, 2013.
- 1.09 AMENDMENT: These Rules and Regulations may be amended at any time and such amendment shall be effective as prescribed by the Board at the time of such Amendment, and if not prescribed at the time of Amendment, the Amendment shall be effective immediately upon adoption by the Board.
- 1.10 INSPECTION OR PURCHASE FEES: These Rules and Regulations shall be available to the public for inspection at the District's office, the Basalt Public Library and the offices of the Attorney for the District. A copy shall also be available for purchase at the District's cost of copy and assembly, not to exceed \$0.25 per page, as determined from time to time by the District Board. A copy may also be available free on the District website.

ARTICLE II

2.00 DEFINITIONS

Unless the context indicates otherwise, the meaning of terms used herein shall be as follows:

- 2.01 **ACCESSORY DWELLING UNIT:** Guest houses, separate apartments attached to Single Family Residential Units, and other separate residential units associated with Single Family Residential Units and containing their own separate kitchens.
- 2.02 **ACTUAL COST:** All direct costs applicable to the construction of a given facility, including surveys, construction, construction observation, preliminary and design engineering, inspection, administrative and legal costs and fees, plan approval fees, as-built drawings, and other costs necessary for completion.
- 2.03 **APPURTENANT:** Belonging to, accessory, or incident to, adjunct, appended or annexed to.
- 2.04 **AS-BUILT DRAWINGS:** Accurate drawings representing the final installed location of water and/or sewer lines which have been installed in accordance with an agreement or understanding with the District, and prepared in compliance with Article I, Section 3.05 of the Technical Specifications and Procedures of the District in Appendix B.
- 2.05 **AUTHORIZED REPRESENTATIVE:** A person employed or designated by the District who is authorized by the Board of Directors to conduct activities and other duties on behalf of the District.
- 2.06 **BEDROOM:** Any room in a building or other structure that is used predominantly for sleeping accommodations.
- 2.07 **BOARD and BOARD OF DIRECTORS:** The duly elected or appointed Board of Directors of the District, which acts as the governing body of the District.
- 2.08 **BUILDING DRAIN:** That part of the lowest horizontal piping of a building drainage system from the stack or horizontal branch, exclusive of storm sewer, extending to a point not less than five feet (5') outside of the building wall.
- 2.09 **COLLECTOR SEWER LINE:** Any sewer line owned by the District and designed to collect the flow from two or more sewer service lines in a subdivision, planned unit development, or other defined residential, commercial, or industrial area and to transport that collected flow to a sewer interceptor.
- 2.10 **CONNECTION:** Any physical connection of a service line to a pre-approved stubout or interceptor or collector sewer line, regardless of whether raw or potable water use actually commences at the time of connection and regardless of whether the service line is connected to the structure to be served.
- 2.11 **CONTRACTOR:** Any person, firm or corporation authorized by the District to perform work and to furnish materials within the District.
- 2.12 **CONVEYANCE OF WATER RIGHTS:** The legal process by which legal title to water rights to be dedicated is transferred to the District by appropriate deed.

- 2.13 CUSTOMER: Any person, company, corporation, governmental authority or agency, or other legal entity: (1) authorized to use raw or potable water or to connect to the District sewer system under a permit issued by the Board of Directors; (2) owning EQRs under the Free Tap Program; or (3) owning EQRs purchased pursuant to a Tap Fee Purchase Agreement.
- 2.14 DEDICATION: An appropriation of an interest in land or raw or potable water to some public use, made by the owner, and accepted for such use by or on behalf of the public.
- 2.15 DEPOSIT: Cash, letters of credit, payment and/or performance bonds, or other security for performance, as required by these Rules and Regulations, or as approved by the Board in its sole discretion.
- 2.16 DEVELOPER: Any land owner or owner's representative who seeks to have the land served by the District, other than an individual Customer.
- 2.17 DISTRICT: The Mid Valley Metropolitan District.
- 2.18 DISTRICT ENGINEER: Person or firm that has contracted to do engineering work for the District.
- 2.19 DUPLEX: Residential structures composed of two Single-Family Residential Units which share a common party wall.
- 2.20 EQUIVALENT RESIDENTIAL UNIT (EQR): A standard of measurement used by the District in calculating fees and water dedication requirements, based on the amount of water used and/or consumed and sewage produced by a Single Family Residential Unit. The standard volumetric use per day is 350 gallons.
- 2.21 EVAPO-TRANSPIRATIVE SEWER: Any individual sewer disposal system that processes or disposes of liquid or solid wastes by evaporation from the earth's surface to the atmosphere or by transpiration through plants.
- 2.22 EXTENSIONS OF SERVICE. Any extension of the District's raw or potable water utility for which a fee is assessed.
- 2.23 FREE TAP PROGRAM: A program established by the Board of Directors at the formation of the District, whereby the District agreed to waive Tap Fees for existing landowners in the District based on the number of equivalent residential units required for service to each landowner's property at that time. The District maintains a list of the participants in the Free Tap Program, designating the number of EQRs of service awarded to each, whether or not said EQRs have been used, and, if not used, whether said free taps are still valid.
- 2.24 HISTORICAL USE AFFIDAVIT: A document that sets forth the following information concerning a water right or rights proposed for dedication to the District:
- A. The name(s) and address(es) of the owners of the water rights proposed for dedication;
 - B. A legal description of the land to be annexed or provided with the District's water service;

- C. The total number of acres to be annexed or provided with the District's water service;
 - D. The total numbers of acres presently being irrigated and/or intended to remain in irrigation;
 - E. A copy of all decrees concerning all water rights appurtenant to the property and/or all water rights proposed for dedication;
 - F. A copy of any legal decree or judgment which affects the title of those water rights entered since the owner received title to the water rights appurtenant to the property and/or proposed for dedication;
 - G. A copy of the documents by which the owner receives title to the water rights appurtenant to the property and/or proposed for dedication;
 - H. A copy of all diversion records for the water rights proposed for dedication; and
 - I. The owner's statement as to the historic use of the water rights appurtenant to the property and/or proposed for dedication.
- 2.25 INCLUSIONS: The act of attaching, adding, joining, or uniting a parcel of land within the legal boundaries of the District.
- 2.26 INTERCEPTOR or TRUNK LINE: A sewer line larger than eight inches (8") in size that conveys wastewater flows from collector lines to the District's wastewater treatment facility.
- 2.27 IRRIGATED GREEN SPACE: Any lawn, garden, landscaped area, or open space irrigated by water from the District's potable or raw water system.
- 2.28 IRRIGATION MONTHS: Those months of the year when Irrigated Green Space usually requires watering, or from April 1st through October 31st.
- 2.29 KITCHEN: Any room used to cook, heat, or prepare food, as may be evidenced by the use or existence of the following items: sinks, refrigerators, places for food storage, stoves, ovens, microwave ovens, or hot plates. The Board reserves the right, in its discretion, to designate a given room as a kitchen; provided, however, that the existence of a stove, oven, microwave oven, or other cooking device within a room also containing a sink and refrigerator shall conclusively establish said room as a kitchen.
- 2.30 LICENSED PLUMBER or PIPE LAYER: The person who has been bonded and provided a license to work by the State of Colorado.
- 2.31 LINE CONNECTION AGREEMENT: An agreement between the District and a Customer which identifies the terms and conditions by which a Developer or Customer is permitted to connect to the District Water and/or Sewer System and receive water and/or sewer service therefrom via lines that are not accepted by the District or, in the event the District is not the beneficiary of security for the lines, subject to a provision that service will not be extended until acceptance by the District.

- 2.32 **LINE EXTENSION AGREEMENT:** An agreement between the District and a Customer which identifies the terms and conditions by which the parties agree to extend the District Water and/or Sewer System lines and permit the Customer to connect to the District Water and/or Sewer System and receive water and/or sewer service therefrom. The line extension agreement shall also include a security provision benefiting the District, and the District will agree to accept dedication of the lines upon completion and approval by District staff.
- 2.33 **LINE EXTENSION FEES:** Fees charged by the District for infrastructure installed by the District pursuant to Article IX of these Rules and Regulations and determined by the Board of Directors, based on the size in acres of the property to be served by the new connection, the zoning of the property, the existing and potential uses of the property, the potential EQR demand from the property, and any other similar, relevant factors which the Board of Directors believes should be considered in arriving at an equitable reimbursement to the District.
- 2.34 **MANAGER, DIRECTOR OR ADMINISTRATOR:** The person, if any, retained by the Board to administer and supervise the affairs of the District and its employees.
- 2.35 **MAY:** is permissive.
- 2.36 **MISUSE:** The use of the District Sewer System or raw or potable water in a manner or for a purpose other than its intended use or otherwise in violation of these Rules and Regulations.
- 2.37 **PERMIT:** Written permission of the Board of Directors to connect to a public sewer and/or water main of the District pursuant to the Rules and Regulations of the District.
- 2.38 **PERSON:** Shall mean any individual, firm, company, entity, society, corporation, association, partnership, group, Developer, or person authorized to represent such person.
- 2.39 **PLAT:** A map or chart, prepared and stamped by a surveyor licensed by the State of Colorado, of a piece of land subdivided into lots with streets, alleys, roads, easements, and other such avenues of transportation delineated thereon and drawn to a scale.
- 2.40 **POTABLE WATER:** Water that is intended and fit for human consumption, free from impurities in amounts sufficient to cause disease or harmful physiological effects. The bacteriological, chemical and radiological quality shall conform to State of Colorado Drinking Water Regulations.
- 2.41 **PRE-TREATMENT FACILITIES:** Structures, devices, or equipment approved by the District and installed for the purpose of removing harmful, untreatable, or prohibited substances from wastes discharged into a District sewer interceptor or collector.
- 2.42 **RAW WATER:** Water that has not been treated and is not fit for human consumption and that is primarily intended for irrigation uses.
- 2.43 **RAW WATER SYSTEM:** All facilities owned by the District and used for collecting, pumping, or disposing of raw water.

- 2.44 RAW WATER WORKS: All facilities owned by the District for transporting, distributing, storing, pumping, or measuring raw water.
- 2.45 REPLAT: To make a change in an original plat.
- 2.46 SAMPLING: The collection of sewage and/or water samples for analysis.
- 2.47 SEWAGE: Any liquid waste which may contain organic or inorganic material in suspension or solution originating from within residential, commercial, or industrial buildings, which is discharged into the District Sewer System.
- 2.48 SEWAGE TREATMENT WORKS: Those devices, facilities or locations to which the District sewage is conveyed by interceptors for the purpose of reducing the pollution content and from which point the sewage effluent leaves the District's sewer facilities.
- 2.49 SEWER SERVICE LINE: The pipe or line connecting the Customer's structure to the District's Sewer System up to and including the saddle and/or wye.
- 2.50 SEWER SYSTEM: All facilities owned by the District and used for collecting, pumping, treating, and disposing of sewage.
- 2.51 SHALL: is mandatory.
- 2.52 SINGLE FAMILY RESIDENTIAL UNIT: (EQR) All single-family homes, individually-billed mobile homes, mobile homes on single lots, and mobile homes established as permanent residences which have no more than one (1) kitchen.
- 2.53 SUBDIVIDE: To separate a tract of land into two or more lots, tracts, units, parcels, sites, separate interests in common, condominium interests or other divisions for the purpose, whether immediate or future, of transfer of ownership, building, or other development, or for street use by reference to such subdivision or recorded plat thereof.
- 2.54 SUFFICIENT LEGAL PRIORITY: Indicates that water rights proposed for dedication may reasonably be expected to provide a dependable water supply throughout the season of use in the amount for which they are decreed. In making this determination, factors to be considered shall include, but not be limited to, the adjudication date and appropriation date of the water rights, the decreed use or uses, the historic use of the water under the decree, the physical flow available, and the administration practices of the State Engineer.
- 2.55 TAP: The connection of a service line authorized by the District to a pre-approved stubout or a water main and/or sewer collector.
- 2.56 TAP FEE: The fee charged by the District for connecting to the District's lines, used to amortize the District's capital investment.
- 2.57 TAP FEE PURCHASE AGREEMENT: An agreement whereby Customers of the District agree to purchase a specified number of EQRs of service from the District over specified periods of time.
- 2.58 TESTING: The analysis of samples of waste water and/or water.

- 2.59 **TRANSFER OF WATER RIGHTS:** The conveyance of legal title to water rights to the District, as well as all actions required under the laws of the State of Colorado to be brought in the Water Court to ensure that a dedication requirement is fulfilled. Such action may include, but is not limited to, a change in the type, place, or time of use, a change in the point of diversion, a change from a fixed point of diversion to alternate or supplemental points of diversion, a change from alternate or supplemental points of diversion to a fixed point of diversion, a change in the means of diversion, a change in the place of storage, a change from direct application to storage and subsequent application, a change from storage and subsequent application to direct application, a change from a fixed place of storage to alternate places of storage, or any combination such changes. The term includes transfer of conditional as well as absolute water rights.
- 2.60 **USER:** Any person to whom raw or potable water and/or sewer service is served, whether renter, record owner, corporation, company, individual, etc.
- 2.61 **VIOLATION:** Any failure to follow, uphold, or comply with the requirements of these Rules and Regulations, intentionally or unintentionally, by act of commission or omission, whether or not the violator knew of the existence of the Rule or Regulation. Unless otherwise stated, each day that a Violation continues shall be considered a separate Violation, subject to the penalties which apply.
- 2.62 **WASTE OF WATER:** The use of raw or potable water in quantities or for periods of time in excess of what is required for the intended use.
- 2.63 **WATER:** Except where specifically described as “raw water,” all references herein to “water” refer to potable water.
- 2.64 **WATER MAIN:** A raw or potable water line owned by the District and installed in a public street, public property, or utility easement, including all structures up to and including the curb stop valve.
- 2.65 **WATER RIGHT:** A decreed right to use in accordance with its priority a certain portion of the waters of the State of Colorado by reason of appropriation.
- 2.66 **WATER SERVICE LINE:** The pipe or line in compliance with Article III of the Technical Specifications and Procedures of the District in Appendix B connecting the Customer’s structure to a District’s raw or potable water main, up to but not including the curb stop valve.
- 2.67 **WATER SYSTEM:** All facilities owned by the District and used for collecting, pumping, treating, and disposing of water.
- 2.68 **WATER WORKS:** All facilities owned by the District for transporting, distributing, storing, pumping, treating or measuring water.
- 2.69 **XERISCAPING:** A type of landscaping which emphasizes the conservation of water and the use of drought resistant native plants.

ARTICLE III

3.00 OWNERSHIP OF OPERATION OF FACILITIES

3.01 - POLICY: The District is a Colorado Special District, formed and functioning under the authority of C.R.S. §32-1-101 et. seq. The District was created for the diversion, treatment, and distribution of water for domestic and other uses, for the collection and treatment of sewage from District Customers, and for the maintenance, repair and replacement of all mains, hydrants, valves, and necessary service facilities. The District shall not be liable or responsible for inadequate, high, or fluctuating water pressure or for interruption of water or sewer service.

The District shall endeavor to plan for, capitalize and build adequate capital improvements as demand occurs, and shall operate and maintain the Districts' facilities in a sound and economical manner. However, the District shall not be liable or responsible for the consequences of its failure or refusal to accept additional or new service which would exceed the capacity of the District's facilities.

It is the District's basic policy that all water mains and sewer interceptors and collectors shall be publicly dedicated and operated, maintained, repaired and replaced by the District and that service lines and taps shall be installed, owned and maintained by the Customer; provided, however, the District shall reserve and always have a right of access to such service lines, curb stops and other facilities as necessary to carry out its functions. The installation, maintenance and repair of the service line is the responsibility of the Customer. Nothing herein shall be deemed a waiver by the District of the provisions of the Colorado Governmental Immunity Act, C.R.S. §24-10-101, et seq.

3.02 LIABILITY: No claim for damage shall be made against the District by reason of the following: breaking of any service or supply line, pipe, cock, or meter by any employee of the District; the unauthorized acts of any employee of the District; failure of the water supply; shutting off or turning on water in the water mains; the making of connections or extensions; damage caused by water running or escaping from open or defective faucets; broken or frozen service pipes or other facilities not owned by the District; damage to water heaters, boilers, or other appliances resulting from shutting water off, or from turning it on, or from inadequate, high, or fluctuating pressures; or for doing anything to the Water System of the District deemed necessary by the Board of Directors or its agents. The District hereby reserves the right to cut off the water supply or disconnect the sewer service at any time, for any reason deemed appropriate including, but not limited to, any violation of these Rules and Regulations or Board policies as set forth in the District minutes. This paragraph shall not relieve the District from liability for negligence of its employees, if such liability would otherwise have existed.

No claim for damage shall be made against the District by reason of the following:

- A. Blockage in the system causing the backup of waste water;
- B. Damage caused by "smoking" of lines to determine drainage connections to District lines;

- C. Breakage of water mains and/or sewer interceptors or collectors or water or sewer service lines by District personnel or third parties; or
- D. Interruption of water and/or sewer service and the conditions resulting therefrom where said interruption of service is brought about by request of claimant, interruption of electrical service or by circumstances beyond the District's control.
- E. Damage caused by sewer pressure jetting or other maintenance actions.

3.03 OWNERSHIP: Upon acceptance, all existing and future water mains and/or sewer interceptors or collectors, connected with and forming an integral part of the District Water and Sewer Systems, shall become the property and responsibility of the District. Said ownership will remain valid whether the water mains and/or sewer interceptors or collectors are constructed, financed, paid for, or otherwise acquired by the District, or by other persons.

That portion of all existing and future water service lines extending from the water main to and including the curb stop valve shall be the property of the District. That portion of the service line from the building to the curb stop valve shall be the property of the Customer. The Customer's obligation to bear the expense of installing and maintaining said water service line shall exist whether the service lines are constructed, financed, paid for, or otherwise acquired by the District or any other person. Any damage caused by the homeowner will be the responsibility of the homeowner.

That portion of all existing and future sewer service lines extending from the sewer interceptor to each unit or building connected with and forming an integral part of the District Sewer System shall be and become the property of the Customer. The Customer's obligation to bear the expense of installing and maintaining said sewer service line shall exist whether the service lines are constructed, financed, paid for, or otherwise acquired by the District or by another person. Any damage caused by the homeowner will be the responsibility of the homeowner.

Any provision herein to the contrary notwithstanding, the District reserves and shall at all times have a right of access to all service lines and other facilities necessary for the District to carry out its lawful functions.

3.04 RELOCATION OF SERVICE LINES: In the event the District relocates a water main or sewer interceptor or water or sewer line for which the District has responsibility, it shall be the responsibility of the Customer to relocate the service lines of which he or she has ownership. The Customer's responsibility under this Section includes, but is not limited to designing, constructing, installing, connecting and paying for the relocation of the service lines. The District shall notify the affected Customer(s) in writing of its intention to relocate a water main or sewer interceptor or water or sewer service line within thirty (30) days of the District making such determination. Upon the completion of the District's relocation of its water main or sewer interceptor, or water or sewer service line, the District shall notify the Customer of the completion and the Customer shall have six (6) months from such notification to connect to the relocated main, interceptor, or line, at which time the old main or interceptor, at the District's expense, or service line, at the Customer's expense, will be disconnected from the District's system and abandoned. The District Engineer shall cooperate with the Customer regarding the relocation of the service lines.

3.05 POWERS AND AUTHORITY OF AGENTS: The Director and other duly authorized employees of the District, bearing proper credentials and identification, shall be permitted to enter upon all properties served by the District for the purpose of inspection, observations, measurement, sampling, and testing, or any other reasonable purpose in accordance with the provisions of these Rules and Regulations. The right of entry shall include the right by authorized District employees or agents to verify fixtures, bedrooms, irrigated areas, and install, read, or otherwise gather data from water meter(s) on a Customer's property in order to assist the District in analyzing individual sewage production by the Customer. In addition, upon request, a Customer shall provide the District with any applicable water meter records which document the Customer's water usage, and shall consent to the District obtaining the Customer's water meter records from applicable entities possessing such records.

Except in the case of an emergency affecting the health, safety, and welfare of residents of the District or District property, entry upon the property of Customers shall only be made after reasonable notice and during reasonable business hours. All owners and tenants of property connected to District Water and/or Sewer Systems shall be deemed to have agreed to entry onto such property for the purposes set forth.

ARTICLE IV

4.00 USE OF DISTRICT WATER SYSTEM

No person shall uncover, make any connection with or opening into, use, alter, or disturb any public water main or appurtenances without first obtaining a Tap Permit from the District. All installations for water service from the District shall be made in accordance with these Rules and Regulations, the specifications and procedures set forth in Appendix B, and all federal, state, county and local requirements. Every permanent connection to the District Water System must be inspected by a representative of the District before it is covered. The District shall receive at least twenty-four (24) hours' notice of such inspections and shall charge the fees established in Section 7.12 and Appendix A for such inspections. If a connection to the District Water System is covered before inspection, it must be excavated for inspection at the Customer's expense. The District will mail to the owner of the property on which the uninspected connection is located a written request that such connection be excavated for inspection. If the connection is not excavated for inspection within ten (10) days from the date the request is mailed, the District shall excavate and inspect the new connection at the owner's expense.

- 4.01 RESPONSIBILITIES OF THE CUSTOMER: Each Customer shall be responsible for maintaining that portion of the water service line extending from the curb valve to each unit or building. Leaks or breaks in such service line must be repaired by the Customer within seventy-two (72) hours after notification of such condition by the District. If satisfactory progress toward repairing the said leak has not been accomplished within such time period, the District's authorized representative may shut off the water service until the leaks or breaks have been repaired. The authority of the District or other appropriate water service provider to shut off a Customer's water service for such purposes shall be deemed consented to by the Customer at the time water and/or wastewater treatment service is provided by the District. Any provision herein to the contrary notwithstanding, the District may, but is not required to, take immediate steps to repair any service line, leak or break which the District determines, in its sole discretion, to constitute an emergency. In such event the District shall recover the cost of such repair from the Customer owning such service line. If the Customer fails to pay any costs for which the Customer is responsible within thirty (30) days of the District mailing notice thereof to the Customer, the District may take such action as is necessary to collect such costs, including the imposition and foreclosure of a lien on the Customer's property, and the District shall be entitled to recover all costs of such collection, including reasonable attorneys' fees, late charges and interest.

All persons having boilers and/or other appliances on their premises depending on pressure or water or on a continual supply of water shall provide, at their own expense, suitable safety devices to protect themselves and their property against a stoppage of water supply or loss of pressure.

- 4.02 PROTECTION FROM DAMAGE; VIOLATIONS OF RULES AND REGULATIONS: No person shall break, damage, destroy, uncover, deface or tamper with any portion of the District Water System. Any person who shall violate the provisions of this Section may be charged pursuant to applicable state statute or local regulation, and upon conviction thereof shall be fined in an amount as established by the court for each violation. In addition to other penalties expressly provided in these Rules and Regulations, any

person violating this Section of the Rules and Regulations shall also be subject to a fine of up to five thousand dollars (\$5,000) per occurrence.

Any person violating any of the provisions of these Rules and Regulations shall, in addition to any and all other remedies and penalties provided for herein or at law or equity, become liable to the Board for any expense, loss or damage occasioned by reason of such violation, including attorneys' and engineering fees and costs.

4.03 WATER METERS: Each Customer's building or unit, as applicable, shall have a primary water meter and may be required to have a sub-meter as described herein:

A. Primary Water Meters: Effective September 1, 2005, prior to the receipt of new water service from the District, the Customer must install, at his or her expense, a primary volumetric water flow meter with radio readout device complying with the specifications set forth in Appendix B. Each water flow meter and radio readout device must identify the building or unit to which it belongs. Beginning September 1, 2005, for all new construction within the District, operational meters with radio readouts that comply with the requirements of this Section are mandatory for a Certificate of Occupancy. Also beginning September 1, 2005, any existing water meter that requires replacement (due to malfunction, etc.) shall be replaced with an operational meter and radio readout complying with the requirements of this Section and the specifications set forth in Appendix B. The meter and installation shall meet the specifications and procedures set forth in Appendix B. Each Customer shall be responsible for the repair and maintenance of his or her meter and radio readout in accordance with subsection (F) of this Section. If a meter cannot be read for any reason (dogs, broken, etc.), the District will estimate high the first month and advise the Owner to correct the problem by the next month. If, for reasons other than a broken meter or radio readout, the District is still unable to get a reading the next cycle, the Customer will be charged up to two hundred dollars (\$200.00) per month per EQR; or a standard rate based upon average monthly water use as determined by the District at its sole discretion. The District shall, in its sole discretion, elect which billing method to use. The Customer can return to a metered rate once the District can obtain a proper meter reading.

District Customers with water meters existing and located within the District as of the effective date of this provision [September 1, 2005], which meters are not in compliance with the requirements of this Section, shall have until the first of the following events occurs – (1) the existing meter fails or otherwise requires replacement; or (2) the District replaces the existing meter with one complying with this Section – to comply with the requirements of this Section for a primary volumetric water flow meter with radio readout device.

B. Sub-Meters: In order to facilitate proper accounting of water use records, if the District determines that it is necessary to measure separately the water use data for a particular class of use located on a Customer's property, the District may, in its sole discretion, require the Customer to install a sub-meter by which water flow to the individual class of use can be separately measured. A sub-meter is any meter whose flow reading constitutes a portion of the flow reading of a primary water meter. A radio readout shall be installed with all such sub-meters, and both devices shall be installed in accordance with the District's Rules and Regulations, including without limitation Appendix B, in a location readily

accessible to the District. The Customer shall be responsible for the installation, maintenance; repair and replacement of his or her sub-meter, and any defective or inoperable sub-meter shall be repaired or replaced in accordance with subsection (F) of this Section.

Customers may install voluntary sub-meters for their own use. Any such voluntary sub-meter will not be read by District personnel and shall not be installed with a radio readout. Customers may install sub-meters for any lawful purpose at their own expense. Customers are fully responsible for any damage to the Water System or for water leakage resulting from the installation of a sub-meter. No sub-meter shall be installed on the supply side of the primary water meter. The supply side shall mean in this context any point on the service line or the District line closer to the source of District water than the primary water meter. Customers desiring to install additional water meters on the supply side of their primary water meter to service a property or portion of a property to which a meter reading already applies, or would apply, must apply for additional water taps, creating additional primary meters. Regardless of the number of sub-meters or their respective readings, Customer water on the Water System as part of the installation of a sub-meter shall comply with the District Rules and Regulations, including without limitation Appendix B, except that radio readouts shall not be required on voluntary sub-meters.

- C. Notification: In the event a Customer elects to install a sub-meter, the District shall be so informed in writing prior to the installation and the location of any proposed readout of the sub-meter shall be reviewed and approved by the District to avoid confusion with the primary meter. All sub-meters shall be clearly labeled as sub-meters.
- D. Readings: The District shall be under no obligation to read or record sub-meter readings, but the District may in its own discretion do so. Normally sub-meters shall not be read by the District.
- E. Car Wash Sub-Meters: All car washes that are part of a larger service station or structure, or otherwise are not equipped with a separate, primary water flow meter, shall have installed a sub-meter, by which water flow to the car wash can be separately metered. A radio readout shall be installed with all car wash sub-meters. The installation of car wash sub-meters shall comply with the District Rules and Regulations, including, without limitation, the requirements of Appendix B. The Customer shall be responsible for the installation, maintenance, repair and replacement of his or her car wash sub-meter, and any defective or inoperable car wash sub-meter shall be repaired or replaced in accordance with subsection (F) of this Section.

All car washes existing and located within the District as of the effective date of this provision [February 19, 2002], which are not in compliance with the requirements of this subsection (E), shall have until the first of the following events occurs – (1) the car wash is sold; or (2) the expiration of five years from the effective date hereof – to comply with the requirements of this subsection (E) for separate water metering.

F. Maintenance, Repair and Replacement of Water Meters, Sub-Meters and Radio Readouts. Each Customer shall be responsible for the maintenance, repair and replacement of his or her meter and radio readout and any sub-meter (hereinafter collectively referred to in this subsection as “meter or appurtenance”). Any defective or inoperable meter or appurtenance shall be repaired or replaced within ten (10) days following discovery of the need of such repair or replacement. In the event a defective meter or appurtenance is not repaired or replaced by the Customer within the 10 day period as provided, such repair or replacement may be completed by the District and the cost thereof charged to the Customer. If the District detects a problem that is not corrected by the Customer as required herein, the District will first replace the radio readout, charging the cost and expense therefore to the Customer. If that does not correct the problem, the Customer shall allow the District access to his or her water meter or sub-meter, as applicable, in order to test its functioning, which costs and expense shall be charged to the Customer. If the problem is a broken or faulty water meter or sub-meter, then the Customer shall hire a qualified plumber to correct the problem by repairing or replacing the meter or sub-meter, as required. If the Customer fails to take such action within fifteen (15) days, then the District may arrange to have the meter or sub-meter repaired or replaced and charge the costs and expenses therefore to the Customer. The Customer shall allow the District access to the meter or sub-meter and consents to the District’s entry for this purpose.

- 4.04 BACKFLOW PROTECTION DEVICES: Subject to Colorado statute, all water service installations shall include backflow/cross connection prevention devices, in accordance with Article X of the District Specifications and Procedures set forth in Appendix B.
- 4.05 PRESSURE REDUCING VALVES. All Customers are required to install a pressure reducing valve at the water meter location and to consult with County Building Code requirements for such valves. The Board of Directors of the District may, at its discretion, waive the requirements under this Section. See Appendix B, Article IX (general information) for the requirements for fire sprinkler systems.
- 4.06 USE OF WATER FROM DISTRICT HYDRANTS: Water from District hydrants may be used for fire fighting, construction, testing, or other purposes on the following conditions:
- A. The user must give prior notice to the District of the time, place, approximate amount of water to be used, and method to be used for measuring the water. Except for firefighting purposes, in no event shall use of water from District hydrants exceed 45,000 gallons of water per day per user. The user shall measure the water used with a hydrant meter. A hydrant valve and meter, provided by the District, must be used so that the main hydrant valve is not repeatedly opened and closed.
 - B. When water from the District hydrants is used by the Basalt and Rural Fire Protection District, any other fire protection entity, or any person for firefighting purposes, the person or fire protection entity shall provide the District with an estimate of the total gallons of water used and the name and address of the property owner for whose benefit the water was used. The property owner may be required to reimburse the District for the cost of all water used for firefighting purposes.

- C. The price for water used from District hydrants shall be calculated pursuant to Section 4.06 of these Rules and Regulations.
- D. Within five days after completion of the use of water from District hydrants, the Customer shall submit a complete accounting of the use, along with full payment, to the District.
- E. Any person who uses water from District hydrants without authorization, or who fails to comply with the rules set out in this Section, shall be subject to the remedies of the District set out in Section 7.16 of these Rules and Regulations, including a fine of one thousand dollars (\$1,000.00) per unauthorized use.

4.07 WATER USE RESTRICTIONS: The District reserves, in its sole discretion, the right to impose water use restrictions. In the event such restrictions are activated, all commercial and residential Customers of the District will be subject to the following watering schedule for lawn and garden irrigation from the District's system, based on the last digit of the Customer address:

- A. Even Numbered Properties: Tuesday, Thursday & Saturday
- B. Odd Numbered Properties: Sunday, Wednesday & Friday

No watering shall be allowed on Mondays or during the hours of 10:00 a.m. and 5:00 p.m. on Tuesdays through Sundays. Customers with newly installed landscaping may be exempted from the watering schedule upon the application for and approval of a special permit by the District, for a fee of fifteen dollars (\$15.00). The District Administrator is authorized to review and approve special permit applications. Special permits for newly sodded lawns, new trees and gardens will not exceed fourteen (14) consecutive days. Special permits for newly seeded lawns will not exceed twenty-five (25) consecutive days. Special permit holders are subject to the watering hour restrictions set forth herein.

- C. Penalties: Any violation of this Section (watering on the wrong day or time) subjects the offender to the following penalties:

- | | | |
|----|-------------------|------------------|
| 1. | First Violation: | Written warning. |
| 2. | Second Violation: | \$ 25 fine. |
| 3. | Third Violation: | \$ 50 fine. |
| 4. | Fourth Violation: | \$100 fine. |
| 5. | Fifth Violation: | \$500 fine. |

Successive violations are determined per irrigation season, and not from year to year. Upon discovery of a violation, the District shall provide the Customer with written notice of the violation and assessment of a penalty, if applicable, by certified mail, except notice of a first violation will be sent by regular mail. After a notice of a violation has been given, each day of continued violation is a separate offense. Penalties may be imposed by any of the District's employees or consultants, and payment of penalties is due within thirty (30) days of the date of mailing the notice thereof by the District, unless a written appeal is filed with the District within said thirty days. The decision of the Board of Directors on appeals shall be final. Until paid, all penalties imposed hereunder constitute a perpetual lien against the subject property pursuant to Section 7.13 of the District's Rules

and Regulations and C.R.S. §32-1-1001(j), which lien may be foreclosed in the manner provided by law for foreclosure of mechanics liens.

D. Emergency Curtailment: In the event of an emergency, the Board shall have the authority to restrict any or all of the following (in any order deemed appropriate by the Board):

1. Any and all outside water use;
2. Car washes;
3. High volume water users;
4. All commercial water use;
5. All residential water use, according to schedule set forth in A and B above;

In the event an emergency is declared and the provisions are implemented, the penalties and procedures set forth in subsection C apply; however, the penalties will be doubled.

ARTICLE V

5.00 USE OF DISTRICT SEWER SYSTEM:

No unauthorized person or entity shall uncover, make any connection with or opening into, use, discharge into, alter, or disturb any sewer interceptor or appurtenance without first obtaining a written permit from the District. All installations for sewer service from the District and work upon any portion of the District Sewer System shall be made in accordance with these Rules and Regulations, the specifications and procedures set forth in Appendix B, and all federal, state, county and local requirements. Every permanent connection to the District Sewer System must be inspected by a representative of the District before it is covered. The District shall charge the fees set forth in Section 7.18 for such inspections, which shall be performed upon receipt of at least twenty-four (24) hours' notice to the District. If a permanent connection to the District Sewer System is covered before inspection, it must be excavated for inspection at the Customer's expense. The District will mail to the owner of the property on which the uninspected connection is located a written request that the connection be excavated for inspection. If the connection is not excavated for inspection within ten (10) days after such request is sent, the District will excavate and inspect the connection at the owner's expense.

5.01 RESPONSIBILITIES OF THE CUSTOMER: Each Customer shall be responsible for maintaining the entire length of the service line up to and including the saddle and/or wye. Leaks, stoppage, or breaks in such service line must be repaired by the Customer within seventy-two (72) hours after notification of such condition by the District. If satisfactory progress toward repairing said leak, stoppage, or break has not been completed within such time period, the District's authorized representative may shut off the Customer's water service until the sewer leaks, stoppage, or breaks have been repaired. The authority of the District or other appropriate water service provider to shut off a Customer's water service for such purposes shall be deemed consented to by the Customer at the time water and/or wastewater treatment service is provided by the District. Any provision herein to the contrary notwithstanding, the District may, but is not required to, take immediate steps to repair any service line leak, stoppage or break which the District, may, but is not required to, take immediate steps to repair any service line leak, stoppage or break which the District, in its sole discretion, considers to constitute a health hazard or emergency. In such event, the District shall recover the cost of such repair from the Customer owning such service line. If the Customer fails to pay any costs for which the Customer is responsible within thirty (30) days of the District mailing notice thereof to the Customer, the District may take such action as is necessary to collect such costs, including the imposition and foreclosure of a lien on the Customer's property, and the District shall be entitled to recover all costs of such collection, including reasonable attorneys' fees and costs.

5.02 DISCHARGE RESTRICTIONS - GENERAL: Except as hereinafter provided, no person shall discharge, or cause to be discharged, to any interceptor, any waste prohibited by these Rules and Regulations, or any harmful waters or wastes, whether liquid, solid, or gas, capable of causing obstruction to the flow in sewer lines, damage or hazard to structures, equipment or personnel of the sewage works; inhibiting the biological activity in the waste water treatment facilities; otherwise interfering with the proper operation of the sewage works; constituting a hazard through exposure to the District sewer effluent; or causing the District to be in violation of federal, state or local laws.

- 5.03 DISCHARGE RESTRICTIONS - PROHIBITED WASTES: No person or entity shall discharge or cause to be discharged into the District Sewer System the following wastes:
- A. Water from storm drains, floor drains in garages, roof runoff, drainage collection systems, foundation drains, sumps, surface runoff, sub-surface drainage, or cooling processes.
 - B. Any oil, grease, or other similar petroleum product which is not water soluble. Such prohibited wastes shall include diluted wastes of such nature, including but not limited to, water or wastes containing grease, oil, hydrocarbons, fatty acids, soaps, fats, or waxes which exceed 50 mg/1 as determined by solvent (Freon) extraction.
 - C. Explosive materials, including but not limited to, gasoline, kerosene, naphtha, benzene, toluene, xylene, ethers, alcohols, ketones, aldehydes, peroxides, chlorates, perchlorates, bromates, carbides, hydrides and sulfides. Such limitation shall additionally include any waste capable of raising the Lower Explosive Limit (L.E.L.) of the ambient atmosphere in any sewer to five percent (5%) for any two (2) successive readings or to ten percent (10%) for any single reading on an explosion hazard meter.
 - D. Any solid or viscous substance in quantities or sizes capable of causing obstruction to the flow in the sewer lines or other interference with the proper operation of the District Sewer System, such as, but not limited to, ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastic, wood, unground garbage, whole blood, cattle manure, hair and fleshings, entrails, grit, brick, cement, onyx, carbide, and shredded or whole paper products other than tissue, toilet paper, and other products intended for toilet disposal.
 - E. Any waste having a temperature higher than one hundred fifty (150°) degrees Fahrenheit (66° Celcius).
 - F. Any waste having a Ph value lower than 5.5 or greater than 9.0.
 - G. Any toxic substance, or substance requiring pretreatment, as those terms are defined in 40 Code of Federal Regulations §403, as amended from time to time, unless otherwise covered under this Section.
 - H. Any radioactive wastes or isotopes.
 - I. Any noxious or malodorous substance capable of creating a public nuisance.
 - J. Any wastes having a color concentration in excess of thirty (30) color units, based on the Platinum Cobalt Scale.
 - K. Any wastes having a flash point lower than one hundred eighty-seven degrees Fahrenheit (187°F) (86°C) as determined by the Tagliabue (Tag.) closed-cup method.
 - L. Any waste having a five (5) day Biochemical Oxygen Demand which may contain more than 1,000 parts per million by weight as averaged during any twelve (12) hour period.

- M. Any wastes containing phenolic compounds over 5 mg/l expressed as phenol.
- N. Any cyanides or compounds capable of liberating hydrogen cyanide in excess of 1 mg/l expressed as hydrogen cyanide from any individual outlet.
- O. Any wastes containing sulfides over 3 mg/l expressed as hydrogen sulfide.
- P. Any wastes containing toxic or poisonous substances having a twenty-four (24) hour proportionate composite sample concentration, at point of discharge, in excess of the following:

1.	Total Chromium	as	Cr	7.5 mg/l
2.	Copper	as	Cu	4.5 mg/l
3.	Nickel	as	Ni	15.0 mg/l
4.	Cadmium	as	Cd	1.2 mg/l
5.	Zinc	as	Zn	12.0 mg/l
6.	Iron	as	Fe	15.0 mg/l
7.	Lead	as	Pb	15.0 mg/l
8.	Arsenic	as	As	0.25 mg/l
9.	Manganese	as	Mn	0.25 mg/l
10.	Selenium	as	Se	0.05 mg/l
11.	Silver	as	Ag	0.25 mg/l
12.	Mercury	as	Hg	0.10 mg/l

- Q. Any waste that would cause a violation of the District's Discharge Permit.

Any person or entity found to be discharging wastes prohibited by this Section shall be fined ten thousand dollars (\$10,000.00) for each day such prohibited discharge continues and for each subsection violated, along with all other remedies available at law or equity, including damages, attorneys' fees and costs.

5.04 SEWER TAP PERMIT PROVISIONS: The District Tap Permit allows discharge into the District Sewer System, through a specified sewer tap, of sewage not otherwise restricted or prohibited by these Rules and Regulations. Spot discharges of recreational vehicle wastes, portable toilet wastes, or any other wastes; and discharges of swimming pool water, must be specifically authorized by the Tap Permit or other written permit. The Tap Permit for swimming pools shall specify the hours when such pools may be drained into the District Sewer System, and may include limits on the amount of chlorine (expressed as mg/l) in such discharge.

5.05 DISCHARGE RESTRICTIONS - SPECIAL REVIEW: On written application from a Customer, the Board of Directors may, at its discretion, specially review a request to discharge into the District Sewer System any waste otherwise prohibited under this Article. Said written application shall include an analysis of the types, amounts, concentrations, and times of discharge of each prohibited waste, and an analysis of the impact of such discharge on the District Sewer System, including the District's sewer effluent. After consultation with the District Engineer, the Board may allow discharge of the prohibited waste, provided such discharge does not violate, or cause the District to violate, federal, state, county or local laws.

If approved, the Board may prescribe the times, places, concentrations, total amounts, fees and charges, and any other conditions under which such prohibited waste may be discharged. When necessary in the opinion of the Board, the Customer shall provide, at his or her expense, such pretreatment facilities as may be necessary to treat such prohibited waste prior to discharge to the interceptor. Plans, specifications, and any other pertinent information relating to proposed pretreatment facilities shall be submitted for the approval of the District and of the State Board of Health, and no construction of such facilities shall be commenced until such approval is obtained in writing. Where pretreatment facilities are provided for any prohibited waste, they shall be maintained in continuously efficient operation by the Customer, at his or her own expense.

When required by the District, the Customer served by a service line carrying prohibited wastes shall install and maintain, at his or her expense, a suitable control access hole in the service line to facilitate observation, sampling and measurement of the wastes. The access hole shall be installed by the Customer and maintained at the Customer's expense. In the event that no special access hole has been required, the control access hole shall be considered to be the nearest down-stream access hole in the interceptor to the point at which the service line is connected.

Grease interceptors or sand/oil/gas interceptors of a design set forth in Appendix B shall be provided when, in the opinion of the Board, or its designated representative, they are necessary for the proper handling of prohibited waste or liquid waste containing grease in an excessive amount, or any flammable wastes, sand, and other harmful ingredients. However, such interceptors shall not be required for dwelling units, unless such waste is generated by said units. Floor drains for automobile repair, automobile mechanics, tire repair, automobile painting, and automobile lubrication facilities shall be prohibited. The uses set forth in Section 5.06 shall require mandatory interceptors. Where installed, the interceptors shall be maintained by the Customer, at his or her expense, in continuously efficient operation at all times. The customer is required to provide pumping records of all pumping activity of grease interceptors to the District whenever the pumping activity occurs.

5.06 MANDATORY INTERCEPTORS. The following uses shall be subject to special review by the District Engineer and required to install state-of-the-art interceptors.

A. Food service establishment: Designs for all drainage systems for commercial establishments serving or preparing food shall be subject to review and written approval by the District Engineer. All food service establishment drainage systems shall include a state-of-the-art grease interceptor and shall be constructed in accordance with the technical specifications as set forth at Appendix B, Article XI, Section 6.00.

B. Car wash: Designs for all commercial car wash drainage systems shall be subject to review and written approval by the District Engineer. All commercial car wash drainage systems shall include a state-of-the-art sand/oil/gas interceptor and shall be subject to best management practices as required and approved by the District Engineer.

5.07 PROTECTION FROM DAMAGE; VIOLATIONS OF RULES AND REGULATIONS: No person shall break, damage, destroy, uncover, deface or tamper with any portion of the District Sewer System. Any person who shall violate the provisions of this Section may be charged pursuant to applicable state statute or local regulation, and upon conviction

thereof, shall be fined in an amount as established by the court for each violation. Any person violating this Section of the Rules and Regulations shall also be subject to a fine of one thousand dollars (\$1,000.00) per occurrence, in addition to other penalties expressly provided in these Rules and Regulations.

Any person violating this section of the Rules and Regulations shall, in addition to any and all other remedies and penalties provided for herein or at law or equity, become liable to the Board for any expense, loss or damage occasioned by reasons of such violation, including attorneys' and engineering fees and costs.

ARTICLE VI

6.00 APPLICATION FOR SERVICE

- 6.01 INCLUSION: Except as hereafter provided, and subject to these Rules and Regulations, service shall be provided only to persons whose property is included within the District. It shall be incumbent upon the applicant to furnish satisfactory evidence of inclusion whenever such evidence is requested by the District. Evidence shall consist of a tax receipt, or certificate in lieu thereof, received from and signed by the County Treasurer. The District shall determine in its discretion whether satisfactory evidence of inclusion has been presented.

An applicant owning land both within and outside the boundaries of the District who desires service must include into the District all of his or her land contiguous to the parcel upon which service is desired, unless the District determines, in its discretion, otherwise.

The District's standard form of inclusion petition will be furnished to the applicant upon request. The applicant shall be required to execute a Special Fee and Cost Reimbursement Agreement (in the form set forth in Appendix C) prior to the District's review of the petition. Inclusion of property shall be accomplished in accordance with the provisions of C.R.S. §32-1-401, et seq., and all costs in connection therewith, including legal and engineering fees, publication and recording costs and all other actual costs incurred by the District, shall be borne by the applicant.

Any applicant for inclusion into the District may be required to enter into a pre-inclusion agreement with the District pursuant to C.R.S. §32-1-402(1)(c) as a condition of the District's approval of the inclusion petition. Said pre-inclusion agreement shall set forth the respective rights and obligations of the applicant and the District with respect to fees, charges, the construction of water mains and/or sewer and interceptors or collectors, and other terms and conditions under which the applicant's property may be included in the District. Any inclusion petition and/or pre-inclusion agreement provided to the applicant by the District shall be signed and returned to the District by the applicant within forty-five (45) days following receipt by the applicant. If the pre-inclusion or inclusion agreement is not executed and returned to the District by the applicant within forty-five (45) days from receipt thereof, the District's prior approval of the agreement shall be null and void and of no further force and effect, and a new request for approval of the inclusion petition and/or pre-inclusion agreement shall be required; provided, however, that the District may extend said 45-day execution deadline prior to its expiration for an additional thirty (30) days upon good cause shown by the applicant.

- 6.02 SERVICE OUTSIDE THE DISTRICT: The District may, in its sole discretion, furnish service to properties located outside the District Boundaries, but, under no circumstances shall the District construct any water mains and/or sewer interceptors or collectors, at its own expense, to service such properties. No service shall ever be provided to properties located outside the District Boundaries, except upon the express written consent of the Board of Directors. The District shall not be required to extend service outside of the District's Boundaries.

Charges for furnishing service and taps outside the District Boundaries shall be at the minimum rate of one and a half (1.5) times the current service charges for in-District service as provided for in the Rate and EQR Schedule in Appendix A, as the same may

be amended from time to time, or as agreed upon by the District and Customer. These Rules and Regulations shall be applicable to all property owners outside the District who are furnished water and/or sewer service by the District. No connection to the District Water and/or Sewer System shall be permitted until the property owner has agreed in writing to the District Rules and Regulations; provided, however, that the Board of Directors, in its discretion, may charge the higher fees provided for herein for properties not located within the District.

- 6.03 APPLICATION FOR WATER AND/OR SEWER SERVICE: Any owner of property who desires to have the privilege of water and/or sewer service from the District, whether such person intends to make use of EQRs purchased directly from the District, EQRs purchased under a Tap Fee Purchase Agreement, or EQRs issued under the Free Tap Program, shall submit an application for water and/or sewer service to the District along with any supporting documentation required thereby. The application shall be on the District's standard form and shall contain at a minimum the following:
- A. Name, address, and phone number of applicant;
 - B. Name, address, and phone number of owner of the premises where said connection is to be made or drain or line is to be laid;
 - C. Location of the proposed connection, drain or sewer lines;
 - D. Size and type of material to be used and any other information required by these Rules and Regulations governing the particular installation proposed;
 - E. Statement as to the type of connection and type of materials to be discharged into the District Water and/or Sewer System;
 - F. The Customer's consent to entry and water use record availability pursuant to Section 3.05 and consent to water shut off pursuant to Sections 5.01 and 6.01 of these Rules and Regulations;
 - G. The Customer's consent to abide by and be bound by these Rules and Regulations, as amended from time to time;
 - H. Information about the structure(s) to be served to calculate the EQR of sewer service requested, including a plumbing or mechanical plan showing all fixtures with a statement of the proposed use of those fixtures, if so requested by the District.

The application shall be accompanied by any Tap Fee required by these Rules and Regulations and by payment of the final inspection deposit required by Section 6.04, below. Upon approval such application shall constitute a contract; the District shall issue a Tap Permit to the applicant. No tap onto the District Water and/or Sewer System shall be allowed until: the required Tap Fee has been paid; a Tap Permit has been issued; and any and all other applicable fees have been paid. Tap Fees shall be non-refundable, unless expressly agreed to otherwise by the Board.

Any Developer who desires water and/or sewer service from the District for use in a town or county-approved subdivision shall be required to execute a Special Fee and Cost Reimbursement Agreement (in the form set forth in Appendix C) with the District

prior to the District's review of the Application. The Application shall be on the District's standard form, and shall be accompanied by: (1) any Tap Fee required by Section 7.03; (2) payment of the final inspection deposit required by Section 6.04; and (3) a request to enter into a Line Extension Agreement. The Developer shall comply with all conditions of Article VIII (Main Line Extensions) and Article IX (Line Extension Fees and Reimbursements) of these Rules and Regulations.

As noted above, EQRs may be purchased from the District under a Tap Fee Purchase Agreement. In the event the District determines that a Tap Fee Purchase Agreement shall be entered into by and between the District and a property owner, and following approval of such agreement by the District, said agreement shall be executed and returned to the District by the subject property owner within forty-five (45) days from receipt of the agreement. If said Tap Fee Purchase Agreement is not executed and returned to the District by the property owner within forty-five (45) days from receipt thereof, the District's prior approval of the agreement shall be null and void and of no further force and effect, and a new request for approval of the Tap Fee Purchase Agreement shall be required; provided, however, that the District may extend said 45-day execution deadline prior to its expiration for an additional thirty (30) day period upon good cause shown by the property owner.

In the event a Customer desires to increase its level of service and EQRs due to the addition of water fixtures, or desires to abandon and/or decrease the level of EQRs of service (in which case such EQR shall be deemed abandoned for all purposes, including tap fees previously paid), the Customer shall complete a new application for water and/or sewer service pursuant to the provisions of this Section. In the event of a proposed decrease in the EQRs, the water fixtures or other uses included in the proposed decrease must be removed and/or eliminated before such decrease will be approved.

- 6.04 FINAL INSPECTION / DEPOSIT: Prior to requesting a Certificate of Occupancy from the county or the Town of Basalt, as applicable, the Customer shall request the District to perform a final inspection of the property. During the final inspection, District personnel will inspect the Customer's water meter, backflow prevention device, pressure reducing valve, shut-off valves, sewer clean-out, curb box location and accessibility, and other water or sewer appurtenances required by these Rules and Regulations. The District shall charge the Customer a fee for the final inspection, and the amount of the fee is stated in Appendix A.

In order to ensure that the Customer requests a final inspection in the time-frame required hereby, at the time a Developer or property owner submits an application for water and/or sewer service to the District, the applicant shall pay a final inspection deposit to the District in the amount stated in Appendix A. If the Customer complies with this Section 6.04 by having a final inspection completed prior to the issuance of a temporary or permanent Certificate of Occupancy, then the District shall refund to the Customer the amount of the deposit minus the applicable final inspection fee.

If the Customer fails to request a final inspection as required hereby, then the Customer forfeits the inspection deposit. In addition, if the District determines that a final inspection is due for a property, but one was not timely requested or performed, District personnel shall be entitled to perform the final inspection and to charge the Customer the actual costs therefore. The payment or collection of such actual final inspection

costs shall be subject to the terms and conditions of Section 7.13 of these Rules and Regulations.

- 6.05 DENIAL OF APPLICATION FOR SERVICE: The District reserves the right to deny service for any or all of the following reasons:
- A. The connection of the system to the applicant's existing plumbing would constitute a cross-connection to an unsafe water supply;
 - B. There has been misrepresentation in the application as to the property and fixtures contained in the property, or the use to be made of the water supply;
 - C. The service applied for would create an excessive demand or adverse impact on the District Water and/or Sewer System, unless the Customer proposes a means to eliminate such excessive demand or adverse impact to the satisfaction of the District;
 - D. The Customer has violated these Rules and Regulations;
 - E. The District does not have any remaining uncommitted capacity in the wastewater treatment plant and/or other water and/or sewer facilities to be utilized by the Customer, as determined by the District.
- 6.06 WATER AND SEWER SERVICE REQUIRED: The District requires that all Customers connect to both the District's water and sewer services. The District reserves the right to deny service to any Customer that requests only water or sewer service. Water or sewer service shall only be provided separately under exceptional circumstances and upon the express written approval of the Board of Directors. Exceptional circumstances shall include but are not limited to the following:
- A. Financial hardship; and
 - B. Pre-existing well or septic tank in good working condition and in full compliance with all local and state laws and regulations. Provided, however, that the District shall require that connection to the non-connected service (i.e. the pre-existing well and/or septic tank) occur by a date certain or upon failure of the well and/or septic tank, whichever occurs first.

However, the District reserves its right under C.R.S. §32-1-1006(1)(A)(I) to compel the owner of premises located within the District boundaries and within four hundred feet of a District Water or Sewer Line to connect to the District lines whenever necessary for the protection of public health.

- 6.07 CHANGE IN CUSTOMER SERVICE: A Customer shall file an amended Application for Water and/or Sewer Service with the District prior to making any increase in the size of a structure served by the District or in the type of service received. Examples of such changes are the construction of additions to houses or other buildings, changes in use of an existing structure, adding water using fixtures or appliances, or connecting or additional connections to the District's lines. The District shall collect any additional water rights dedications, tap fees and/or service charges due and owing retroactive to the date of any such change. Customers purchasing real property in the District are strongly encouraged to verify that the amount and type of service for which the District is

currently charging is consistent with the type and amount of service which the seller purports to have paid for and wishes to convey. At any time the District may review actual water and/or sewer usage to determine if such actual usage is greater than that implied by the number of EQR units assessed to the user at the time the application for service was accepted. Winter water use records may be utilized for this purpose. If the District finds greater actual water and/or sewer usage the user shall be assessed a greater number of EQR units to reflect his actual water and/or sewer usage and shall be charged an additional tap fee. In no event shall a refund, credit, or rebate of Tap Fees or Line Extension Fees previously paid be permitted in the event of a decrease in the type or amount of service.

- 6.08 TRANSFER OF EQR CREDITS: EQR credits obtained under the Free Tap Program or obtained by direct purchase from the District are considered appurtenant to the structure and/or land for which they were obtained and may not be transferred.
- 6.09 TEMPORARY CONNECTIONS: At the discretion of the Board of Directors, temporary connections to the District Water and/or Sewer System may be permitted, pursuant to terms and conditions established by the Board. Any person wishing to make such a temporary connection must first make an application for service to the District, pay the fees required, have the application approved, and have a Tap Permit issued before making any connection. Each temporary connection shall be subject to inspection by a representative of the District. Unauthorized connections shall be subject to the penalties set forth at Section 7.15.

Temporary connections of construction trailers or non-permanent construction buildings to the District Water System and/or Sewer System may be made for periods not to exceed six months; provided, however, that an extension of such period may be granted at the District's discretion. At the time of making the application for water and/or sewer service, the applicant shall either:

- A. Pay the Tap Fee for 1.0 EQR of water and/or sewer service and demonstrate that a Tap Fee for at least 1.0 EQR of water and/or sewer service has been paid for the building under construction; or
- B. Demonstrate that a Free Tap for at least 1.0 EQR of water and/or sewer service applies to the building under construction.

The construction trailer or non-permanent construction building shall thereafter be assigned an EQR value of 1.0 for purposes of calculating monthly water and/or sewer service charges. If the applicant pays directly the Tap Fee for 1.0 EQR of water and/or sewer service, that amount shall be credited against the full Tap Fees due and payable for the building under construction. The water service line for a temporary connection to the District Water System shall be no greater than three-quarters of an inch (3/4") in diameter.

ARTICLE VII

7.00 FEES AND CHARGES

The information contained in this Section is pertinent to all charges of whatever nature to be levied for provision of water and/or sewer service inside the District. Said rates and charges shall be established by the Board and shall remain in effect until modified by the Board under the provisions of these Rules and Regulations and under the applicable statutes of the State of Colorado. Nothing contained herein shall limit the Board from modifying rates and charges or from modifying any classification.

7.01 APPLICATION OF THIS ARTICLE: The rates, charges and other information shown herein shall apply only to Customers inside the District and shall in no way obligate the District to provide service outside the District Boundaries under any of the conditions contained in this Article.

7.02 TYPE OF SERVICE: Water service shall be metered by the District. Unless otherwise stated, charges and fees for water and/or sewer service shall be based on EQRs of service calculated in accordance with the EQR Schedule in Appendix A. The charge per EQR shall be at the rates in the District's Rate and EQR Schedule, as the same may be amended from time to time.

7.03 TAP FEE: Except as otherwise determined by the Board, Tap Fees shall be charged to all Customers of the District as follows:

<u>Type of Use</u>	<u>Time of Tap Fee Payment</u>
Single family residence	All Tap Fees payable prior to issuance of a building permit.
Residential uses in mixed use building, multifamily	25% of all Tap Fees payable prior to issuance of a building permit for the building; balance due prior to issuance of the first temporary or final Certificate of Occupancy for any unit by the County or Town, or within twenty-four (24) months, whichever first occurs.
Commercial buildings, commercial uses in a mixed use building	Tap Fees for 1 EQR payable prior to issuance of a building permit and prior to any connection to District's Water and/or Sewer System, whichever first occurs; balance due prior to issuance of building permits for owner/tenant finish.

The Board maintains authority to establish differential Tap Fees in its absolute discretion. Such fees shall be assessed as provided for in the EQR Schedule at Appendix A, as the same may be amended from time to time, or, to the extent Tap Fees or charges are set or determined in the Tap Fee Purchase Agreements, as provided

therein. Upon receipt by the District of payment for Tap Fees, a Tap Permit shall be provided to the Customer.

Except as otherwise provided under the Tap Fee Purchase Agreements, the standard District Tap Fees shall be as set forth in the Rate and EQR Schedule in Appendix A, as the same may be amended from time to time. No tap onto, or service from, the District's Water and/or Sewer System shall be allowed until any Tap Fee required by these Rules and Regulations has been paid and a Tap Permit has been issued. Tap Fees shall be non-refundable, unless otherwise expressly agreed by the Board.

In those situations where a prospective Customer applies for a connection permit for service to a structure not defined in the Rules and Regulations, or where, in the Board's opinion, said structure represents a classification not contemplated in the establishment of the previously defined Tap Fees, the Board shall, at its sole discretion, establish a fair, reasonable and equitable Tap Fee for said structure.

- 7.04 SERVICE CHARGE: Full service charges, calculated under the District's Rules and Regulations and EQR Schedule, as amended from time to time, shall commence and accrue from the date the Customer makes physical connection to the District Water and/or Sewer System and a Certificate of Occupancy is issued by Eagle County, Garfield County, or the Town of Basalt for the structure(s) served on the Customer's property. For any given month, service charges shall be based on the EQR value applicable during that month to the property being served, and any changes in EQR values shall also result in adjustments in monthly service charges. The Customer shall be liable to the District for payment of such service charges from the date of physical connection, regardless of whether the Customer actually receives or uses District water or sewer service by means of said connection. District sewer charges shall be as provided in the Rate and EQR Schedule in Appendix A.

District monthly water service charges shall be based on an increasing block rate structure, the EQR value applicable to the property, and the quantity of water used during that month. The ascending rate structure is set forth in the Rate and EQR Schedule in Appendix A. In addition to the above water service rates, the Customer will be assessed a base rate as set forth in the Rate and EQR Schedule in Appendix A.

Service charges which accrue on or after the date the Certificate of Occupancy is issued shall be due and payable whether or not the premises are occupied. There shall be no right to refund, rebate, or credit for such charges, except as otherwise stated in this Article.

- 7.05 PRESSURE ZONE OR OTHER SURCHARGES: Where any defined part of the District depends for its potable water or sewer service on a pumping station or discrete facility owned and maintained by the District, the Board of Directors may establish and charge such Customers a monthly pressure zone surcharge. The zone surcharge shall be based on the pro-rata cost to each applicable Customer of the pumping station or other facility and its maintenance, or other service provided by the District. The Board of Directors has established the following pressure zone surcharges:

- A. Aspen Junction Booster Station Surcharge: This booster station provides potable water service to portions of the Aspen Junction Subdivision and other areas adjacent thereto. The area eligible shall include all properties on Hillcrest Drive, all Silverado Townhomes, and the properties on Original Road that are located

above the Booster Station. The monthly surcharge for potable water service to Customers in Aspen Junction Subdivision and all other Customers served by the Aspen Junction Booster Station shall be equal to fifty-seven percent (57%) of the monthly charge for potable water service.

- B. River Ranch Station Surcharge: This lift station provides sewer service to the River Ranch Subdivision. The monthly surcharge for sewer service shall be equal to sixteen percent (16%) of the monthly charge for sewer service.
- C. Dakota Subdivision Lift Station Surcharge: This lift station provides sewer service to Dakota Subdivision, Eagle Dakota Subdivision, and Blue Lake V. The monthly surcharge for sewer service to all Customers in Dakota Subdivision, Eagle Dakota Subdivision, Blue Lake P.U.D. Filing No. V, and for all other users of the Dakota Subdivision Lift Station, shall be equal to twenty-six percent (26%) of the monthly charge for sewer service.
- D. Cerise Ranch Lift Station Surcharge: This lift station provides sewer service to the Cerise Ranch Subdivision. The monthly surcharge for sewer service to all Customers in the Cerise Ranch Subdivision and for all other users of the Cerise Ranch Lift Station shall be equal to thirty-six percent (36%) of the District's monthly charge for sewer service.
- E. Sopris Village Lift Station: This lift station provides sewer service to the Sopris Village Subdivision. The monthly surcharge for sewer service to all Customers in the Sopris Village Subdivision shall be equal to twenty one percent (21%) of the monthly charge for sewer service.
- F. Willits Lane Lift Station: This lift station provides sewer service to a large portion of the eastern part of the District. The monthly surcharge for sewer service to all Customers upstream of the Willits Lane Lift Station shall be equal to sixteen percent (16%) of the monthly charge for sewer service. This lift station provides sewer service to properties located between Aspen Junction and Sopris Village.

7.06 LOOPED LINE SURCHARGES: Where any defined part of the District depends for its potable water or sewer service on looped lines owned and maintained by the District, the Board of Directors may establish and charge the Customers in that part of the District a Tap Fee surcharge. The looped line surcharge shall be based on a pro-rata cost to each Customer of the looped line and is intended to reimburse the District for a portion of its expenses in constructing the lines. The Board of Directors has established the following looped line surcharges.

- A. Valley View and Summit Vista to Old Orchard Lines: These looped lines provide or will provide potable water service to the benefited property including but not limited to the Blue Ridge P.U.D., Kodiak Park, the El Jebel Mobile Home Park and adjacent property, and the Tree Farm. The benefited property is more fully described on a map prepared by the District Engineer which will be made available to the public upon request. The Tap Fee surcharge for potable water service to all Customers served by the Valley View and Summit Vista to Old Orchard looped lines shall be two hundred and sixty dollars (\$260.00) per EQR payable at the time Tap Fees are due in accordance with Section 7.03 of the District's Rules and Regulations.

- 7.07 1041 PERMIT AMENDMENT SURCHARGE: All property included in the District's 1041 Permit by the 1041 Permit Amendment approved by Eagle County on December 4, 2000 shall pay a 1041 Permit Amendment Surcharge in the amount of three hundred dollars (\$300.00) per EQR at the time of requesting water and/or sewer service from the District. The 1041 Permit Amendment Surcharge is to reimburse the District for costs it incurred in obtaining the 1041 Permit Amendment. A list of the properties subject to the 1041 Permit Amendment Surcharge is included in Appendix D to these Rules and Regulations.
- 7.08 PER-GALLON SERVICE CHARGES: Per gallon service charges shall apply to water service from District hydrants as set forth in the Rate and EQR Schedule in Section 1(E) of Appendix A to these Rules and Regulations.
- 7.09 AMENDED MONTHLY SERVICE CHARGES: In those situations where, in the Board's sole discretion, the monthly service charges shown in the previous articles do not represent a fair, reasonable and equitable charge for the intended use, the Board, at its sole discretion, may adjust said rates.
- 7.10 STANDBY FEES: The following Customers of the District shall be charged monthly standby fees as established in Appendix A, Section 1(F). For the purposes of this Section, the term "standard monthly service charge" shall not include the pressure zone surcharges set forth in Section 7.05, above.
- A. FREE TAP PROGRAM CUSTOMERS: Includes all Customers who have received the right to use EQRs of water and sewer service under the District's Free Tap Program. Such Customers shall commence paying the standby fees set forth under this Section when service is available within 100 feet of their property lines and within 400 feet of any structure to which water or sewer service is to be connected, but the Customer chooses not to physically connect to the District's Water and Sewer Lines. Failure by any Customer to pay such standby fees shall result in cancellation of the EQRs held by the Customer under the Free Tap Program after a hearing held at a regular or special meeting of the Board of Directors. Written notice of the hearing to cancel a Customer's Free Tap or Taps shall be sent to the Customer's last known address not less than ten (10) days prior to the hearing. The notice shall specify the place, date, and time of the hearing, and the reasons for cancellation of the Free Tap or Taps. At the hearing, the Customer shall have the opportunity to present testimony and other evidence to the Board. Any cancellation of the Customer's Free Tap or Taps shall be carried out by formal written resolution of the Board.
- B. TAP FEE PURCHASE AGREEMENT CUSTOMERS: Includes all Customers who have purchased EQRs of water and sewer service pursuant to Tap Fee Purchase Agreements with the District. In accordance with the Tap Fee Purchase Agreements, such Customers shall begin paying the standby fees set forth under this Section when the District service lines are extended to within 100 feet of the Customer's property lines, but they choose not to connect to such lines. For the purposes of this Section, it shall be assumed that the first EQRs purchased by a Tap Fee Purchase Agreement Customer shall be the first EQRs used by that Customer when any connection to the District lines is made. In the event that any Customer fails to pay the standby fees required under this Section, the District shall be entitled to pursue all remedies provided by statute or under the applicable Tap Fee Purchase Agreement.

- C. **SYSTEM DEVELOPMENT FEE PURCHASE AGREEMENT CUSTOMERS:** Includes all Customers who have purchased EQRs of water and sewer service pursuant to System Development Fee Purchase Agreements with the District. In accordance with the System Development Fee Purchase Agreements, such Customers shall commence paying the standby fees set forth under this Section three (3) years after the purchase of such EQRs, if District service lines have been extended to within 400 feet of the Customer's property lines, but they choose not to physically connect to the District lines. For the purposes of this Section, and in accordance with the System Development Fee Purchase Agreements, it shall be assumed that the first EQRs purchased by a System Development Fee Purchase Agreement Customer shall be the first EQRs used by that Customer when any connection to the District lines is made. In the event that any Customer fails to pay the standby fees required under this Section, the District shall be entitled to pursue all remedies provided by statute or under the applicable System Development Fee Purchase Agreement.
- D. **INACTIVE TAP CUSTOMERS:** Includes all Customers within vacant structures, with idle water or sewer connections, or whose service has been shutoff for non-payment of service charges or for any other violation of these Rules and Regulations.

At the discretion of the Board of Directors, any Customer who certifies in writing to the Board of Directors that his or her property will be vacant for at least twelve (12) months, or that the District water or sewer connections to the structure will be substantially idle for at least twelve (12) months, may be allowed to pay the standby fees set forth under this Section. This subsection (D) shall not apply to water or sewer service to structures which have not yet received a Certificate of Occupancy or Temporary Certificate of Occupancy.

Any District Customer whose water and/or sewer service has been shutoff by the District for non-payment of service charges or for any other violation of these Rules and Regulations shall be required to pay the standby fees set forth under this Section during the period that service has been shutoff. In no case, however, shall service that has been shutoff due to violation of the District's Rules and Regulations remain disconnected for more than twelve (12) months.

All District Water and Sewer service to the Inactive Taps qualifying for the standby fees under this subsection shall be disconnected, blocked, or turned off. Any such work done by District personnel pursuant to Section 7.17 shall be subject to the fees set forth in paragraphs F(1) and F(2), of the Rate and EQR Schedule in Appendix A. Any unauthorized reconnection, unblocking, or turning back on of District water or sewer service after it has been disconnected, blocked, or turned off pursuant to this subsection shall constitute an unauthorized use or connection pursuant to Section 7.16, subject to the one thousand dollar (\$1,000.00) fine under that Section.

- E. **CONSTRUCTION:** Includes all Customers who have purchased EQRs of water and sewer service for anticipated use upon the completion of new construction. During the construction, the District will charge a standby (or construction) fee for District water service and for District sewer service as set forth in the Rate and EQR Schedule in Appendix A. For all residential and commercial uses, the District shall require installation of a temporary meter at the owner's expense to

monitor construction water usage. Such charges terminate upon the issuance of a temporary or final Certificate of Occupancy at which time the service charges described in Section 7.04 shall commence. It is the Customer's responsibility to notify the District within ten business days when a temporary, or final, Certificate of Occupancy has been issued. Failure to notify the District will result in forfeiture of inspection deposit and back charging of service charges will apply.

- 7.11 PAYMENT OF SERVICE CHARGES: All accounts shall be in the name of the owner of property. Statements for service charges are directed to the owner rather than the occupant unless the owner completes and submits to the District an Authorization for Water & Sewer Charges to be sent in Care of the Tenant or Property Manager form.

When a Customer receives service for a number of units which are provided water service through one water meter, the District shall send only one bill to the Customer for water and sewer service for such units. In no event shall the District bill the owners of individual units within a multiple-use area unless service to each unit is metered separately.

Statements for service charges and/or standby fees shall be rendered to Customers at intervals to be established by the District, but not more frequently than monthly nor less frequently than quarterly. Charges for such things as late payments, turn-on, and turn-off shall be included in the statements. Statements shall be mailed after the specified billing period and shall be due and payable in full fifteen (15) days after the date of the statement. Payments will be deemed late twenty-one (21) days after the date of the statement and will be assessed a delinquency charge of five percent (5%) of the amount due or \$15.00, whichever is greater, for each month or part thereof in which such charge remains unpaid; however, in no event shall the delinquency charge exceed twenty-five percent (25%) of the amount due. In addition, interest shall be assessed on late payments (excluding the delinquency charge) at the rate of one and one-half percent (1.5%) per month until the late payments are paid. If any charges remain unpaid for thirty (30) days or more, the District may give the Customer notice that the Customer's water and/or sewer service shall be shut off if the delinquent charges are not paid in full within ten (10) days after the postmark on the notice. The notice shall be sent by regular and certified mail to the Customer's billing address ten (10) days before the date of the hearing and shall specify the date, time and place of hearing, as well as the reason or reasons for revocation of service and the amount of delinquent charges. The hearing shall be held by the District at a regular or special meeting of the Board of Directors at which time the Customer shall have an opportunity to present testimony and evidence to the Board. Within fifteen (15) days of the conclusion of the hearing, the Board shall issue a written Memorandum of Decision, which decision shall be final. Thereafter, the District may revoke service to the property by turning off, disconnecting, or blocking the water and/or sewer Lines serving the property. Such actions shall be subject to the fees set forth in paragraphs F(1), (2), and (3) of the Rate and EQR Schedule in Appendix A.

Any unauthorized reconnection, unblocking, or turning on of District water or sewer service after it has been disconnected, blocked, or turned off pursuant to this Section shall constitute an unauthorized use or connection pursuant to Section 7.16, subject to the one thousand dollar (\$1,000.00) fine under that Section.

In addition to the District's right to shut off service, the District may enforce the Customer's payment obligations by any and all other lawfully available means, including suits for collection and/or foreclosure of the District's lien on the Customer's property. In

any event, the District shall be entitled to recover all costs incurred in the collection of delinquent payments, including reasonable attorney's fees, recording fees, filing fees and court costs. Any deposit received by the District for service to the Customer may be applied against delinquent payments.

- 7.12 PAYMENT OF TAP FEES: Tap Fees due under Tap Fee Purchase Agreements shall be subject to the due dates, penalties, and interest charges set forth in those agreements. In addition to the penalty provided for in Section 7.16, late payments of Tap Fees not arising under Tap Fee Purchase Agreements shall be assessed a delinquency charge of five percent (5%) of the amount due or \$15.00, whichever is greater, for each month or part thereof in which such charge remains unpaid; however, in no event shall the delinquency charge exceed twenty-five percent (25%) of the amount due. In addition, interest shall be assessed on late payments (excluding the delinquency charge) at the rate of one and one-half percent (1.5%) per month until the late payments are paid. Statements, letters, notices, or other documents concerning unpaid Tap Fees shall be directed to the owner of the property for which the fee is due. Regardless of any rental agreement, lease agreement, or any other contractual agreement between an owner and occupant, the owner of a property for which a Tap Fee is due shall remain solely liable for payment of that fee.
- 7.13 MISCELLANEOUS COSTS AND EXPENSES: All costs and expenses incident to the installation and connection of water and/or sewer service lines shall be borne by the Customer. In addition, the Customer shall indemnify the Board for any loss or damage that may directly or indirectly be occasioned by the installation of the water and/or sewer service line. Miscellaneous fees and charges for District services are set forth in the Rate and EQR Schedule in Appendix A.
- 7.14 LIABILITY FOR PAYMENT COLLECTION, PERPETUAL LIEN: Any and all amounts due to the District including tap fees, service charges, other fees and penalties shall be paid by the owner of the property served. The District shall not be bound by any agreement between an owner and occupant concerning payment of charges, regardless of whether the District has been notified of the agreement. Until paid, all fees, rates, tolls, penalties, and charges shall constitute a first and perpetual lien on or against the property served, and any such lien may be foreclosed in the manner provided by law.

The District shall have the right to collect from any Customer who is delinquent in payment of the Customer's account, all legal, court and other costs and expenses necessary to or incidental to the collection of said account, including reasonable attorneys' fees, filing fees and other costs, and recording fees. A fee in the amount set forth in the Rate and EQR Schedule in Appendix A shall be imposed on any check tendered to the District which, upon presentment to the bank for payment, is returned unpaid due to insufficient funds, an overdrawn or closed account, or for whatever reason. Such fee shall accrue each time a check is returned unpaid.

- 7.15 SELLER'S AND BUYER'S RESPONSIBILITIES: The District assumes no responsibility for agreements between sellers and buyers of property within the District's Service Area. It shall be the responsibility of the buyer to ascertain whether appropriate fees and charges for the type and amount of service received from the District have been paid by the seller. Regardless of ownership, failure of the District to collect fees and charges at the time of the issuance of permits, or any other act or omission of the District, unpaid fees and charges shall constitute a first and perpetual lien on and against the property which lien may be foreclosed as provided by law and these Rules and Regulations.

- 7.16 UNAUTHORIZED USE OR CONNECTIONS: Any person who makes a connection to or otherwise uses the District's water, or discharges into the District Sewer System without first paying the appropriate fees and obtaining the appropriate permits shall be fined one thousand dollars (\$1,000.00) for each unauthorized use or connection. This fine shall be in addition to the District's right to charge for all services used, and to any and all other remedies which the District may have.

In addition, the District may require and/or carry out immediate disconnection of the service, in which event the District shall be entitled to collect any and all costs and damages incurred by the District as a result thereof, including the applicable fees set forth in the Rate and EQR Schedule of Appendix A; or the District may authorize connection on such terms and conditions as the District may approve. Should the District be required to pursue any legal proceeding or process with regard to unauthorized connection to the District's system or unauthorized use of District water, the person making the unauthorized use or connection shall be liable for all attorneys' fees, filing fees, recording costs, court costs or other legal expenses incurred by the District.

Any unauthorized reconnection, unblocking, or turning back on of District water or sewer service after it has been disconnected, blocked, or turned off pursuant to this Section shall constitute an additional unauthorized use or connection, subject to an additional fine of one thousand dollars (\$1,000.00).

- 7.17 REVOCATION OF SERVICE: Service shall be revocable by the District upon non-payment of fees owing to the District, or upon failure to comply with the Rules and Regulations of the District. In the event of said non-payment of obligations or non-compliance with the Rules and Regulations, the Customer shall be given written notice of a hearing to revoke service. The notice shall be mailed to the Customer's billing address ten (10) days before the date of the hearing and shall specify the date, time, and place of the hearing, as well as the reason or reasons for revocation of service and the amount of delinquent charges, if applicable. The hearing shall be held by the District at a regular or special meeting of the Board of Directors at which time the Customer shall have an opportunity to present testimony and evidence to the Board. Within fifteen (15) days of the conclusion of the hearing, the Board shall issue a written Memorandum of Decision, which decision shall be final. Thereafter, the District may revoke service to the property by turning off, disconnecting, or blocking the water and/or sewer lines serving the property. Such actions shall be subject to the applicable fees set forth in the Rate and EQR Schedule of Appendix A. The fee for disconnection of sewer service shall be one hundred and fifty dollars (\$150.00) each plus the District's actual costs of disconnection, and, upon disconnection of water and/or sewer service, the District shall notify the local building authority.

Any Customer who after notification fails to appear at the public hearing on their past due account and has not paid the account to the satisfaction of the Board within the allotted time will be assessed a fine in the amount of one hundred and fifty dollars (\$150.00) for the cost of the public hearing. The Board will also continue to terminate service if necessary.

Any unauthorized reconnection, unblocking, or turning back on of District water or sewer service after it has been disconnected, blocked, or turned off pursuant to this Section shall constitute an unauthorized use or connection pursuant to Section 7.16 above, subject to the one thousand dollar (\$1,000.00) fine under that Section.

- 7.17 **TURN-OFF SERVICE:** Customers desiring that their service be turned off, disconnected, or blocked for such purposes as vacancy of rental property, inactive taps pursuant to Section 7.10(D) or construction shall pay the applicable fees set forth in the Rate and EQR Schedule of Appendix A. Any unauthorized reconnection, unblocking, or turning back on of District water or sewer service after it has been disconnected, blocked, or turned off pursuant to this Section shall constitute an unauthorized use or connection pursuant to Section 7.16 above, subject to the one thousand dollar (\$1,000.00) fine under that Section.
- 7.18 **REIMBURSEMENT OF COSTS AND FEES TO DISTRICT:** Any person requesting inclusion or exclusion of property from the District, constructing a line extension project, or undertaking any other activity requiring preparation of plats or plans, legal and engineering review and advice, inspections, filing or recording fees, or other out-of-pocket expenses by the District shall be required to reimburse the District for all such costs and fees. Such person shall be required, prior to commencement of the project or activity, to enter into a Special Fee and Cost Reimbursement Agreement substantially similar to that set forth in Appendix C. Pursuant to that agreement, the person shall make such deposit as the Board, in its sole discretion, deems appropriate.

ARTICLE VIII

8.00 MAIN LINE EXTENSIONS

All line extensions shall be made under the observation of the District Engineer and constructed according to the District's specifications and procedures set forth in Appendix B, these Rules and Regulations, and all federal, state, county and local requirements

8.01 MAIN SIZES: The minimum size water main line shall be eight inches (8") in diameter and the minimum size sewer interceptor line shall be eight inches (8") in diameter, except as specifically reviewed and approved by the District Engineer and authorized by the Board.

8.02 APPLICATION FOR LINE EXTENSION: The fees and charges provisions of Article VII of these Rules and Regulations are also applicable to this Article VIII.

It shall be unlawful for any person to construct a line extension within the jurisdiction of the District without first having made formal application to the District for approval and having complied with these Rules and Regulations and any other requirements set forth by the District.

8.03 LINE EXTENSION AGREEMENTS: All line extensions for District water and/or sewer service shall require the execution of a Line Extension Agreement or Line Connection Agreement and a Cost Reimbursement Agreement, in forms approved by the attorney for the District and by the Board, and shall be made under the observation of the District Engineer. Such Agreement shall set forth the respective rights and obligations of the parties regarding the provision of District water and sewer service to the subject property.

Any Line Extension or Line Connection Agreement entered into by and between the District and a property owner following approval of the agreement by the District shall be executed and returned to the District by the property owner within forty-five (45) days from receipt of the agreement. If the Line Extension Agreement is not executed and returned to the District by the property within forty-five (45) days from receipt thereof, the District's prior approval of the agreement shall be null and void and of no further force and effect, and a new request for approval of the agreement shall be required; provided however, that the District may extend said 45-day execution deadline prior to its expiration for an additional thirty (30) days upon good cause shown by the property owner.

8.04 LOCATION OF LINE EXTENSIONS AND ADDITIONS: Line extensions shall be installed in roads or streets which the County, State Highway Department or other public agency has accepted for maintenance as public rights-of-way, or in easements granted to the District. Prior to the acceptance of water mains and/or sewer interceptors or collectors by the District, all easements necessary for the installation and maintenance of such mains shall be platted or conveyed to the District by warranty deed duly recorded in the County real estate records.

8.05 PROCEDURE FOR LINE EXTENSION CONSTRUCTION BY DEVELOPER: Plans for line extensions shall be submitted to the District and District Engineer along with a written request for a line extension. All plans and specifications which must be approved

by the Board must be submitted to the District at least thirty (30) days prior to the next Board meeting. Said plans shall be reviewed and approved for compliance with the District's service plan and Rules and Regulations and the costs associated for the District's determination of compliance shall be reimbursed by the Customer to the District.

- A. SECURITY/IMPROVEMENTS GUARANTY: In order to secure the construction and installation of the water and sewer system improvements for which the owner is responsible, Developer shall furnish the District with a certificate or other evidence, in good and sufficient form approved by the District's attorney, of an irrevocable letter of credit, performance bond, or other security, in an amount equal to the estimated costs of said facilities.

Pursuant to intergovernmental agreements between and among the District and the Town of Basalt, Eagle County, and Garfield County, Developer may also provide the District with a letter of credit in favor of the Town or the County. The letter of credit, if so provided, shall satisfy the requirement of a performance guarantee set forth in this Section. The District shall be a third-party beneficiary of any improvements agreement between the Developer and the applicable local governmental entity, and of any performance guarantee pursuant to such improvements agreement. In the event of a default by the Developer under a line extension agreement with the District, the District reserves the right to complete work on the affected property, using and relying upon the letter of credit as set forth in this Section or as may be agreed upon by the parties. Further, the District reserves its rights to notify the Town of Basalt or Eagle or Garfield County, as may be applicable, in the event of a default of the Developer's obligations under a line extension agreement.

Upon completion or performance of the required water and sewer system improvements and the conditions and requirements of the line extension agreement within the required time, and upon approval of such improvements in writing by the District, the District shall notify the applicable governmental entity that it may release to the Developer the performance guarantee within ten (10) days of acceptance by the District. If the improvements are not completed within the required time, the performance guarantee may be called by the District, and the monies may be used to complete the improvements; provided, however, that if such guarantee is not sufficient to pay the actual cost, the Developer shall be responsible for the balance. Upon request, the District will notify the applicable governmental entity that a portion of the construction and installation of the improvements which are the subject of the line extension agreement has been completed and that a corresponding portion of the performance guarantee(s) can be released to the Developer. Such release shall be within thirty (30) days after the District's acceptance of that portion of the improvements.

In the event that the District holds its own security for a project, the estimated costs of the public improvements required to be constructed shall be a figure mutually agreed upon by the Developer and the District. In the event the cost of the improvements exceed the estimated cost, the Developer shall be solely responsible for the actual cost. The purpose of the cost estimate is solely to determine the amount of security and shall be revised every twelve (12) months to reflect the actual costs, and the performance guarantee required by this

Agreement shall be adjusted accordingly. No representations are made as to the accuracy of these estimates, and Developer agrees to pay the actual costs of all such public improvements.

- B. **CONSTRUCTION OBSERVATION:** The Developer shall retain, at his sole expense, a licensed professional engineer for appropriate on-site observation to ensure that all sewer improvements are constructed to the satisfaction of the District. Construction observation fees incurred by the District on water and sewer improvements constructed by a Developer shall be paid by the Developer. Such fees shall include the costs of reasonable review of drawings and specifications, meetings, inspections, administration and any other time reasonably required of the District Engineer, attorney, manager, or other authorized representative.
- C. **AS-BUILT DRAWINGS, DEPOSIT, FORFEITURE:** The Developer shall submit, at the Developer's cost, reproducible As-Built Drawings, prepared and submitted according to the specifications and procedures set forth in Section 3.05 of Article I of Appendix B, digital video inspection of the interiors of the extended sewer lines along with a written inspection report and a summary of actual costs incurred by the Developer for the line extension project. No line extension project shall be approved, and no extended water mains and/or sewer interceptors or collectors shall be accepted by the District until satisfactory As-Built Drawings/Inspection Video for the project are received by the District and approved by the District Engineer, which review shall be completed within thirty (30) days of submission by the Developer. The District may deny service through any sewer main or sewer line extension until the above requirements have been met and the main line extension has been accepted by the District and approved by the Board. Submitted Inspection Video of sewer lines shall become the property of the District upon acceptance of the extended sewer lines.

At the same time and in addition to the deposit required for the cost of a line extension project, Developer shall deposit with the District the amount set forth in the Rate and EQR Schedule at Appendix A, to ensure that satisfactory As-Built Drawings and Inspection Video for the project are submitted to and approved by the District. The Board shall determine the amount of the As-Built Drawings deposit based on the District Engineer's estimate of the cost to prepare such drawings for each line extension project. Said Deposit shall not be released back to the Developer until satisfactory As-Built Drawings and Inspection Video are submitted by the Developer and approved by the District Engineer.

In the event that satisfactory As-Built Drawings and Inspection Video are not received by the District within thirty (30) days of the completion of construction, as required by the above provisions, the District shall mail a written notice to the Developer. The notice shall specify the date, time, and place of a hearing in which the Board will consider forfeiture of the As-Built Drawings/Inspection Video Deposit, and the reasons why forfeiture may be required. The notice shall be mailed not less than ten (10) days before the hearing, to the last known address of the Developer. At the hearing, the Developer shall be allowed to present testimony and other evidence. If in the opinion of the Board the Developer's failure to submit acceptable As-Built Drawings/Inspection Video should not be excused, the As-Built Drawings/Inspection Video deposit shall be forfeited as liquidated damages. Such forfeiture of the As-Built Drawings/Inspection Video

deposit shall be ordered by formal written resolution of the Board, and said Deposit shall be used to obtain acceptable As-Built Drawings/Inspection Video of the project; provided however, the Developer shall be responsible for the actual cost of the As-Built Drawings/Inspection Video if such costs is greater than the deposit.

- D. **WARRANTY:** By execution of a Line Extension or Connection Agreement with the District, Developer shall warrant any and all facilities which are conveyed to the District pursuant to this Agreement for a period of two (2) years from the date of acceptance of the facilities by the District. Specifically, but not by way of limitation, Developer shall warrant that:
1. The title conveyed shall be good and its transfer rightful as shown in Appendix D;
 2. Any and all facilities conveyed shall be free from any security interest or other lien or encumbrance; and
 3. Any and all facilities so conveyed shall be free of any defects in materials or workmanship for a period of two (2) years, as stated above.
- E. **ACCEPTANCE OF LINE EXTENSIONS:** Upon the completion of construction, installation, and connection of a line extension, Developer's engineer of record shall certify to the Board that these Rules and Regulations have been complied with and request the District to accept the facilities. The District Engineer shall confirm in writing to the Board that such facilities have been constructed and installed in accordance with these Rules and Regulations and in accordance with the applicable provisions of federal, state, county, and local laws. Upon satisfactory completion of the above requirements, the District shall formally accept the line extension by a motion entered in the minutes of the Board of Directors. Such acceptance, if given, shall constitute dedication by Developer of such facilities to the District. The parties agree that the District is under no obligation to provide water and/or sewer service to Developer until acceptance and dedication. The Developer shall, upon the District's acceptance, convey such lines and all appurtenances to the District, free and clear of all liens and encumbrances, by Bill of Sale (Sample located in Appendix D).
- 8.06 **SPECIAL STRUCTURES:** Special structures required to ensure proper operation of line extensions shall be constructed from designs as approved by the District Engineer in consultation with the Developer and the cost of construction shall be the responsibility of the Developer.
- 8.07 **OVERSIZING:** The District may, when it determines that it is appropriate to accommodate future service needs, require the construction of water mains and/or sewer interceptors or collectors of a size larger than the minimum sizes otherwise required by the District for service to a Developer's property. Participation by District in the cost of installation of oversized mains shall be at the sole discretion of the District.
- 8.08 **PRESERVATION OF GRAVITY SEWER SYSTEM:** In those instances where pumping stations and force mains are required, the sewer system shall be so designed as to permit eventual connection into a gravity system with a minimum of expense. Where practicable, easements shall be provided and lines constructed to connect into the

gravity system. The District may, in its discretion, require deposits to ensure the eventual construction of gravity lines.

- 8.09 EXTENSION OF MAIN OR INTERCEPTOR TO DESIGNATED POINT REQUIRED: The Customer or Developer shall extend any water main and/or sewer interceptor constructed pursuant to this article to a point on the property to be designated by the Board so that the District Water and Sewer Systems may continue beyond such property. The Board shall determine the point to which each new main line shall be extended based on the advice of the District Engineer, in accordance with the District Service Plan and the logical extension of service to adjoining properties. The Board shall also take into consideration pre-existing easements and rights-of-way and Developer-dedicated easements and rights-of-way in designating the point to which each main line shall be extended.
- 8.10 MAIN OR LINE EXTENSION CONSTRUCTION BY DISTRICT: Notwithstanding any provision of this Article, the District itself may, in its discretion, extend mains under such conditions as the Board deems appropriate. The District shall oversee such line extension projects, and, in conjunction with the District engineer and attorney, carry out all necessary planning, evaluation of bids, selection of contractors, financing, right-of-way acquisition, inspections and preparation of As-Built Drawings. Where water mains and/or sewer interceptors or collectors cannot be installed in a street, private drive or common area, and must be installed in easements along adjacent pieces of property, the mains will terminate at point on the line or corner of the property being served which requires the least amount of construction by the District. The District reserves the right to impose a Line Extension Fee surcharge pursuant to Section 9.01 payable by Customers utilizing District constructed water main and/or sewer interceptor extensions to recover the District's actual costs together with interest.
- 8.11 EXTENSIONS OF WATER MAINS AND/OR SEWER INTERCEPTORS OR COLLECTORS TO SERVE UNPLATTED PROPERTY, INSIDE THE DISTRICT: Extension of water mains and/or sewer interceptors or collectors to serve property already in the District, but not part of a platted subdivision, shall be financed by the Developer or Customer who constructs the mains, subject to the right of reimbursement as hereinafter provided, as otherwise provided by future agreement, or as provided in Tap Fee Purchase Agreements.
- 8.12 EXTENSIONS OF WATER MAINS AND/OR SEWER INTERCEPTORS OR COLLECTORS OUTSIDE THE DISTRICT LIMITS: No water mains and/or sewer interceptors or collectors shall be extended outside the District limits, except with the purpose of servicing property that is within the District (across islands, or between peninsulas). Exceptions may be granted upon the express consent of the Board of Directors under the terms of a revocable permit.
- 8.13 CONNECTING WATER MAIN LOOPS: Connecting water main loops and cross-ties within a subdivision shall be constructed and paid for by the Developer. If the connecting loop is such that property outside the subdivision abuts such loops or ties, and connections are made to such lines, the cost recovery provisions of Article IX these Rules and Regulations shall apply.
- 8.14 SOIL COMPACTION TESTS: Whenever a Developer or Customer seeking water or sewer service from the District is required to obtain a road cut permit from a governmental entity to install a water or sewer line in an existing public road, such

person shall be required to provide the District engineer with soil compaction tests from a registered soils engineer. The soils engineer shall conduct a minimum of one test for each layer or lift for each two hundred and fifty (250) linear feet or less of trench during construction as determined by the District Engineer, to confirm that ninety-five percent (95%) of maximum density based upon ASTM D69 or AASHTO T99 has been achieved. The District engineer will refuse to accept or approve mains which have been installed in public roads if such compaction tests results are not submitted and approved by the District Engineer.

ARTICLE IX

9.00 LINE EXTENSION FEES AND REIMBURSEMENTS

9.01 LINE EXTENSION FEES: In addition to the District's Tap Fee, the District may collect a Line Extension Fee from all Developers or Customers desiring to connect to the District Water and/ or Sewer System through a water main or sewer interceptor extension constructed and funded by the District. The Line Extension Fee shall be based on the size in acres of the property to be served by the new connection, the zoning of the property, the existing and potential uses of the property, the potential EQR demand from the property, and any other factors which the District believes should be considered in arriving at an equitable reimbursement; provided, however, the District's collection of Line Extension Fees under this Article shall not be construed as an obligation to provide operations, maintenance, repair, or replacement of such line extensions.

The Line Extension Fee charged against the benefited property shall not exceed the actual cost, including engineering fees, of the extension. In addition, the District may assess interest at its discretion. All Line Extension Fees charged pursuant to this Section are due and payable at the time a Tap Permit or Line Extension Agreement is issued. The District may charge an administrative fee for collection and reimbursement of Line Extension Fees, not to exceed one hundred dollars (\$100.00) per EQR. The District will use its best efforts to collect such fees; provided however, the District shall not be liable for the failure to collect such fees.

9.02 COST RECOVERY TO DEVELOPER: In the event that a Developer constructs a water main and/or sewer interceptor that benefits and serves more than Developer's property, the Developer may be eligible to receive cost recovery from benefited property owners in an amount proportionate to the parties' respective uses of the line, interest free. Subject to approval by the Board, the District will remit to Developer cost recovery fees collected for the use of such line for a period of five (5) years after execution by the Developer and District of the Line Extension Agreement for such line. Upon application prior to the termination of the initial five-year period, and upon District approval, such cost recovery payments shall continue for a maximum of five (5) additional years. The Developer's right to such cost recovery shall permanently cease at that time, regardless of the amount of cost recovery received. In no event shall the cost recovery exceed the Developer's total construction cost of the water main and/or sewer interceptor.

9.03 COST RECOVERY PROVISION IN LINE EXTENSION AGREEMENT: Cost recovery fees shall not be collected by the District or reimbursed to any Developer unless the District and Developer have previously entered into a written Line Extension Agreement containing provisions setting forth at least the following:

- A. The amount of interest-free cost recovery to be assessed to benefited property owners.
- B. The Developer's right to cost recovery.
- C. The procedure by which the District shall collect the cost recovery and forward payments to the Developer, including time limitations.
- D. The right of the District to retain an administrative fee not to exceed \$100 per EQR for all cost recovery fees collected.

- E. The District's obligation to use its best efforts to collect cost recovery fees. In addition, however, an agreement that the Developer will not hold the District itself liable for non-payment of cost recovery fees, or for any failure to collect cost recovery fees from benefited property owners.

All terms and conditions of the Line Extension Agreement shall comply with Articles VIII and IX of these Rules and Regulations.

ARTICLE X

10.00 WATER RIGHT DEDICATION REQUIREMENTS

10.01 INTENT AND PURPOSE: It is the intent and purpose of this Article to require the dedication of water rights prior to the extension of treated water service to new Customers; to ensure that the quantity of water so dedicated be equal to the quantity of water ultimately required to satisfy the uses of the new Customers; to thereby assure an adequate and stable supply of water to District service area; to prevent the abandonment of water rights to the detriment of the District; to ensure the financial stability of the District water utility; and to promote the general welfare of the public.

10.02 BASIC DEDICATION REQUIREMENTS:

- A. A dedication or transfer of direct flow and/or storage water rights to the District shall be required prior to the approval of the annexation of any land to the District; prior to all extensions of treated water service outside the District's boundaries; and prior to the District providing or extending any potable water service within the District.
- B. The dedication requirement shall be calculated on forms provided by the District in accordance with the EQR Schedule in Appendix A and Section C below. Such forms shall be accompanied by an historical use affidavit. For those persons whose total EQR value, for purposes of compliance with subsection (C) or (D) of this Section, is greater than 30 EQR, no historical use affidavit shall be required; however, an engineering analysis acceptable to the District of the historic use of the water rights proposed for dedication shall be required.
- C. The basic dedication requirement for District water service with standard sewer shall be 0.2 acre-feet per year of historic consumptive use from a water right of sufficient legal priority for each EQR of water use calculated under the EQR Schedule in Appendix A.
- D. Except as stated below, the basic dedication requirement for District water service with evapo-transpirative sewer shall be 1.0 acre-feet per year of historic consumptive use from a water right of sufficient legal priority, for each EQR of water use calculated under the EQR Schedule in Appendix A. With regard to any EQR value assigned by the EQR Schedule for irrigated green space, the basic dedication shall be 0.20 acre-feet per EQR.
- E. The basic dedication requirement for raw water or other uses not listed under the EQR Schedule in Appendix A shall be the quantity of water that ultimately will be required to satisfy the use or uses contemplated by the user. If a party required to dedicate water pursuant to this Article can establish by a preponderance of the evidence that his or her actual use will be less than that calculated under the EQR Schedule, that party shall only be required to dedicate the lesser amount.
- F. The person seeking approval of annexation, resubdivision, replatting, or the extension of treated water service outside the District, whether or not that person will be the ultimate user(s), shall satisfy the basic requirement.

- G. Sufficient water rights shall be dedicated so as to enable the District to divert a quantity of water, at any point of diversion it may determine, adequate to allow total consumptive use by the District of the quantities of water calculated under subsection (B) hereof.

10.03 PROCEDURE:

- A. In accordance with the basic requirements set forth in Section 10.02, the District shall determine, after consultation with a person or persons skilled in the knowledge of water rights, whether the water rights proposed for dedication pursuant to the provisions of these Rules and Regulations will be of sufficient priority under the laws of the state to ensure the District's ability to meet the service demands of the new user. This determination will be aided by a historic use affidavit or engineering report which shall be provided by the new user.
- B. The Board of Directors shall have the right, in its sole discretion, to accept or reject any water rights proposed for dedication which it determines to be without sufficient legal priority. If the Board of Directors determines that the water rights proposed for dedication fail to satisfy the basic dedication requirement, or that additional water rights cannot at this time be put to beneficial use or for other good cause are not needed, the following alternatives, or combination thereof, may be used to otherwise satisfy the basic dedication requirement:
 - 1. The person required to comply with the basic dedication requirement may pay to the District a cash amount to be determined by the Board in its discretion.
 - 2. The Board of Directors may, in its discretion, negotiate with the new user to establish other terms or conditions by contract, which shall constitute compliance with the basic dedication requirement of this Article.
- C. The new user shall dedicate the appropriate water rights to the District by filing with the Board of Directors an offer thereof. It is the intent of this Article that no water service shall be extended to a new user until the appropriate water rights have been dedicated to the District. However, if there are matters pending resolution in the water court concerning the water rights to be dedicated, or if there is other delay beyond the control of the new user, the Board of Directors shall have the discretion to approve the extension of such water service prior to the dedication of water rights to the District.
- D. The new user shall bear all costs and expenses attendant to the dedication of water rights to the District, including legal and engineering fees, filing and recording costs.

- 10.04 AGRICULTURAL AND OPEN SPACE PROPERTY: This subsection shall apply if the owner of property proposed to be annexed, resubdivided, replatted, or to be served with water service outside the District's boundaries desires to retain the land, or any portion thereof, in agricultural production or as open space prior to development. Such owner shall be permitted to lease back on an annual basis, and for irrigation, stock water, aesthetic, recreational, or historic purposes only, the water rights transferred pursuant to this Article. The terms of the lease shall be negotiated with the District.

10.05 EXCEPTIONS: This Article does not apply to the extension of new treated water service for which the basic dedication requirement has been previously been fulfilled.

ARTICLE XI

11.00 RAW WATER IRRIGATION

11.01 POLICY: It is the policy of the District that use of the District's potable water system for irrigation of all existing parks, green space, lawns, yards, and landscaping should be discouraged. Furthermore, the use of the District's potable water system for irrigation of all parks, green space, lawns, yards, and landscaping is prohibited, except in compliance with the provisions of this Article. It is the intent of this prohibition to encourage the use of raw water irrigation and to provide incentives to make inexpensive irrigation water available to residents of the District.

11.02 PENALTIES: Any use of the District's potable water supply in violation of this Article shall be subject to the penalties provided for in Section 1.05 of these Rules and Regulations. Additionally, in the event that there is significant use of potable water for irrigation through no fault of the District in a development where a raw water system has been installed by a Developer and the building permit applicant has received a water tap fee reduction pursuant to Section 11.03 of this Article, the building permit applicant shall take immediate steps to curtail such use or shall be subject to forfeiture of all or part of said water tap fee reduction and may be required to repay the amount of such tap fee reduction to the District at the discretion of the Board of Directors.

11.03 WATER TAP FEE REDUCTION: By reason of the prohibition on use of potable water supply for outside watering and irrigation imposed herein, the building permit applicant shall be entitled to a reduction of water tap fees in an amount equal to twenty-five percent (25%) of the water tap fees otherwise payable to the District for potable water service. Nothing herein shall require the District to refund any tap fees paid prior to the effective date of this Article XI.

11.04 DESIGN STANDARDS: A raw water system required by this Article shall conform to the following standards:

- A. Dedication Standard: Any raw water system to be owned, maintained, or dedicated to the District shall conform to the technical specifications for potable water systems as set forth in Appendix B, except as set forth in Appendix D-1. In lieu of copper service lines, raw water service line materials may conform to AWWA Standard C 901 (latest edition) for polyethylene pressure pipe and tubing. Any Developer submitting an application for dedication of a raw water system to the District shall submit plans of such system in accordance with the procedures set forth in Article 1 of Appendix B of these Rules and Regulations. Acceptance of a raw water system by the District shall be at the sole discretion of the District. The District's ownership and maintenance of such system shall extend only to the Main Lines.
- B. Minimum Standard: Where implementation of a raw water system conforming to the Dedication Standard is not feasible or not practical in the sole opinion and discretion of the Board of Directors, a Developer or user may be permitted to comply with the provisions of this Article by installing, owning, operating, and maintaining a raw water system that meets the "Minimum Standard" by complying with the design standards and specifications set forth in the American Water Works Association ("AWWA") Manual - 24, "Dual Water Systems" (AWWA, Denver, CO 1994). Compliance with the Minimum Standard shall

satisfy the requirements of this Article only so long as a raw water system meeting the Dedication Standard remains unfeasible or impractical in the sole opinion of the Board of Directors. The District shall not own, operate, or maintain a system meeting only the Minimum Standard, and the owners and users of such system shall be responsible for its continued operation, maintenance, and repair.

- C. Irrigation Plan / Request for Exemption: In extraordinary and unique circumstances, the Board of Directors may exempt property from the requirement of installing, using, or maintaining a raw water system complying with either of the two standards described above, provided that the owner or occupant of such property submits an alternative "Irrigation Plan" satisfactory to the District. The Irrigation Plan shall describe the amount of water used for irrigation on the property, shall state the reasons why a system complying with the Minimum Standard is not feasible, and shall describe measures designed to minimize the use of District potable water for irrigation. The exemption may be permanent or temporary at the Board of Directors' sole discretion. In deciding whether to grant an exemption under this provision, the Board shall consider, among other factors, the following: (1) the contents of the Irrigation Plan; (2) the historical water use on the property; (3) the proximity of the property to other properties served with irrigation water by the District and the potential effect of the exemption on the goal of encouraging other raw water system development; and (4) other measures undertaken with respect to the property – such as xeriscaping – that would encourage reduction of demand for District potable water.
- D. Public Notification: Notification shall be provided to inform the public that non-potable water is being used for irrigation and is not safe for drinking, cooking or bathing. The notification shall include posting of signs of sufficient size to be clearly read by the public at all of the entrances to all subdivisions utilizing raw water irrigation systems and in all public application areas (i.e., parks, greenbelts, common areas, etc.). All piping, valves and outlets shall be marked to differentiate raw water from potable water use. Outlets for raw water shall be posted or otherwise marked in a manner that will indicate clearly that the water is unsafe and shall not be used for drinking, cooking or bathing.

11.05 RAW WATER FOR EXISTING DEVELOPMENTS: All Users in existing developments equipped with raw water irrigation systems shall use the raw water system for irrigation and are prohibited from using the District's potable water for irrigation.

11.06 RAW WATER FOR NEW DEVELOPMENTS: Any Developer applying for new water service from the District and submitting for approval a proposed water system shall include a raw water system conforming to the standards described in Section 11.04 as part of the proposed water system. Along with the preliminary drawings and plans for the overall water system as provided in Article II of Appendix B, the Developer shall include a report listing any irrigation water rights owned by the Developer and a map showing any irrigation ditches, pipelines, or other irrigation facilities already serving the land. Plans and specifications for the raw water system are subject to review and approval by the District Engineer and any warranty provisions imposed by the District. However, the raw water system shall be owned, operated, repaired and replaced by the Developer or its successors-in-interest, unless the Board, in its sole discretion, opts to accept dedication of the system. The District shall have the right to refuse potable water service to any Developer until compliance with the provisions of this Section has been satisfied. The District may, at its option, require oversizing of any raw water main in

order to provide for later connection to other development within or outside of the Developer's property. Participation by the District in the cost of installing oversized systems shall be at the sole discretion of the Board of Directors.

- A. Water Tap Fee Reduction for Installation of a Raw Water Irrigation System: Any Customer of an existing development installing a raw water system conforming with the Dedication Standard or the Minimum Standard shall be entitled to a water tap fee reduction equal to twenty-five percent (25%) of the tap fees owed by such Customer for potable water service, which water tap fee reduction shall be included in a Line Extension Agreement for the system.

11.07 SYSTEM OWNERSHIP AND OPERATION:

- A. Raw Water Irrigation System Meeting Dedication Standard: Upon review and approval by the District Engineer of a raw water system meeting the Dedication Standard, and acceptance of said system by the Board, in its sole discretion, the District may choose own, operate, repair and replace the raw water system, subject to any warranty provisions imposed by the District, and shall charge such fees to the Users of said system as appropriate under the provisions of this Article. However, the District is under no obligation to accept dedication of any raw water systems meeting the Dedication Standard.
- B. Raw Water Irrigation System Meeting Minimum Standard: Upon review and approval by the District Engineer of a raw water system meeting the Minimum Standard, the Developer or its successors-in-interest shall be responsible to own, operate, maintain, and repair the raw water system, and the District shall charge such fees to the Users of said system as appropriate under the provisions of this Article.
- C. Unauthorized Cross Connections Prohibited: Regardless of ownership, no cross connections to the District's potable water system shall be permitted for raw water systems absent the express, written permission of the District.

11.08 METERING AND ADMINISTRATION OF FEES: All billing by the District for raw water use fees shall be made to the Customer based upon flow meter rates and/or a flat monthly fee (for those properties that do not have meters installed). Flow meters shall be installed at appropriate places (to be determined by the District Engineer) to meter the collective use of raw water by Customers. Open spaces or common element areas typically owned by homeowners associations shall have meters to monitor raw water usage. Single family users shall not be metered.

- A. Homeowners associations that pay metered raw water rates or flat fees must own property rights to which a lien could be assessed in the event of nonpayment of raw water use fees. Where such an association does not already exist, any users of District raw water shall form such an association and, if necessary, dedicate or assign property rights to it for the purpose of complying with this provision.
- B. Homeowners associations that pay metered rates may bill their members for raw water based upon actual use, flat rates, or whatever method the association deems proper.

All fees, rates, tolls, penalties, or charges of the District shall be paid by the owner of the property served. The District shall not be bound by any agreement between an owner and occupant concerning payment of charges, regardless of whether the District has been notified of the agreement. Until paid, all fees, rates, tolls, penalties, and charges shall constitute a first and perpetual lien on or against the property served, and any such lien may be foreclosed in the manner provided by law.

The District shall have the right to collect from any Customer who is delinquent in payment of the Customer's account, all legal, court and other costs and expenses necessary to or incidental to the collection of said account, including reasonable attorneys' fees, filing fees and other costs, and recording fees. A fee in the amount set forth in the Rate and EQR Schedule in Appendix A shall be imposed on any check tendered to the District which, upon presentment to the bank for payment, is returned unpaid due to insufficient funds, an overdrawn or closed account, or for whatever reason. Such fee shall accrue each time a check is returned unpaid.

11.09 SERVICE CHARGES:

- A. Full service charges, calculated under this Article XI and the Rate and EQR Schedule of Appendix A, as amended from time to time, shall commence and accrue from the date the Customer makes physical connection to the Raw Water System. The Customer shall be liable to the District for payment of such service charges from the date of physical connection, regardless of whether the Customer actually receives or uses District raw water service by means of said connection. Service charges that accrue on or after the date of physical connection to the Raw Water System shall be due and payable whether or not the premises are occupied, and there shall be no right to a refund, rebate, or credit for such charges.
- B. Raw water service charges shall be as set forth in the Rate and EQR Schedule of Appendix A.
- C. All accounts are in the name of the owner of property. Statements for service charges are directed to the owner rather than the occupant unless the owner completes and submits to the District an Authorization for Water & Sewer Charges to be Sent in Care of the Tenant or Property Manager form.

Statements for service charges shall be rendered to Customers at intervals to be established by the District, but not more frequently than monthly or less frequently than quarterly. Charges for such things as late payments, turn-on, and turn-off shall be included in the statements. Statements shall be mailed before the specified billing period and shall be due and payable in full fifteen (15) days after the date of the statement. Payments will be deemed late twenty-one (21) days after the date of the statement, and late payments (excluding any delinquency charges) will be assessed interest at the rate of one and one-half percent (1.5%) for each month, or part thereof, in which such charge remains unpaid. If any charges remain unpaid for thirty (30) days or more, the District may give the Customer notice that the Customer's raw water service shall be shut off if the delinquent charges are not paid in full within ten (10) days after the postmark on the notice. The notice shall be sent by regular and certified mail to the Customer's billing address ten (10) days before the date of the hearing and shall specify the date, time and place of hearing, as well as the reason or

reasons for revocation of service and the amount of delinquent charges. The hearing shall be held by the District at a regular or special meeting of the Board of Directors at which time the Customer shall have an opportunity to present testimony and evidence to the Board. Within fifteen (15) days of the conclusion of the hearing, the Board shall issue a written Memorandum of Decision, which decision shall be final. Thereafter, the District may revoke service to the property by turning off, disconnecting, or blocking the raw water service lines serving the property. Such actions shall be subject to the fees set forth in the applicable Rate and EQR Schedule in Appendix A.

Any unauthorized reconnection, unblocking, or turning on of District raw water service after it has been disconnected, blocked, or turned off pursuant to this Section shall constitute an unauthorized use or connection pursuant to Section 7.16 of these Rules and Regulations, and subject to the one thousand dollar (\$1,000.00) fine under that Section.

In addition to the District's right to shut off service, the District may enforce the Customer's payment obligations by any and all other lawfully available means, including suits for collection and/or foreclosure of the District's lien on the Customer's property. In any event, the District shall be entitled to recover all costs incurred in the collection of delinquent payments, including reasonable attorney's fees, recording fees, filing fees and court costs. Any deposit received by the District for service to the Customer may be applied against delinquent payments.

11.10 MANDATORY POSTING: The Customers and Homeowner Associations served by raw-water irrigation systems shall post and maintain notices to the public warning that the irrigation water is non-potable and is unsafe and shall not be used for drinking, cooking or bathing. The Customer and Homeowner Association shall post such signs in accordance with Section 11.04(D). It is the raw water Customer's responsibility to ensure that all signs remain in place and in good condition.

11.11 INTERCONNECTED SYSTEMS AND TAP FEES: At the option of the Board, the District may require any new raw water system meeting the Dedication Standard to be connected to a raw water system already owned by the District. The District may establish and collect tap fees for connection to such system on a case by case basis. All such connections shall be undertaken pursuant to the Rules and Regulations of the District, which may require inspections and the installation of meters at the cost of the Customer.

11.12 MAINTENANCE:

A. District Owned Raw Water Systems: The District may at its discretion choose to accept dedication of and own, operate, maintain, and repair raw water systems that comply with the Dedication Standard. Maintenance of District raw water systems shall be governed by the District's Rules and Regulations and the discretion of the Board of Directors.

B. Privately Owned Raw Water Systems: The Developers or their successors-in-interest shall own, operate, maintain, and repair all raw water systems that comply with the Minimum Standard. Maintenance of private raw water systems shall be governed by the District's Rules and Regulations and is subject to the

observation, inspection, and approval of the District Engineer. The Developer or its successor-in-interest is required to operate, maintain, and repair the privately owned raw water system in good workmanlike order. If the District deems necessary at the Board's discretion, and after notice and the right to cure have been given, the District has the right, but not the obligation, to perform any maintenance or repair work on a privately owned raw water system and to bill that work to the owner of the system. Payment for such repair work shall be subject to all lien rights of the District and to any other remedy allowed by law or otherwise prescribed in the Rules and Regulations of the District.

11.13 COVENANTS FOR CUSTOMERS OF RAW WATER SYSTEMS: Prior to receiving the water tap fee reduction described in this Section, Customers of raw water systems shall include the following provisions in their restrictive covenants. If the Customers' properties are not already subject to restrictive covenants, new covenants consisting of the following provisions shall be created, accepted, and recorded by the Customers:

- A. Outside Use of Potable Water Prohibited: Any outside use of potable water is strictly prohibited. This restriction on use applies when the raw water system is operational and during periods, not to exceed three (3) days, when the raw water system is shut down for maintenance or repair purposes. If the raw water system is shut down for a period exceeding three (3) days, then Customers may commence outside use of potable water, subject to payment for such use pursuant to the District's potable water rates; provided, however, that any outside use of potable water must stop and shall be prohibited once the raw water system becomes operational again.
- B. Violations: In the event of any violation of the provisions of this Section, then, in addition to the penalty provision of Section 1.05 of the District's Rules and Regulations, the District shall have the right to levy an assessment or fine of One Hundred Dollars (\$100) per day for every day the violation exists and continues. In the event that the violation is continuing or reoccurring, successive fines shall be assessed at such periodic intervals as the District deems appropriate. Fines so assessed shall be due and payable to the District within ten (10) days following notice of the assessment. If not paid within fifteen (15) days of the notice of assessment, the same shall be considered delinquent. All delinquent fines assessed shall bear interest at the rate established by the District from time to time, but in no event less than twelve percent (12%) per annum. The District may further assess a late charge of five percent (5%) for each month the delinquency continues; provided, however, that such late charge shall not exceed twenty-five percent (25%) of the total amount due.

Any such fines, assessment, interest or late charge shall constitute a personal obligation of the owner of the lot or parcel on which the violation occurred, which the District may enforce through an action at law. In addition, the District may record, in the Office of the Clerk and Recorder of Eagle County or Garfield County, Colorado, a Statement of Lien setting forth the name of the owner, the legal description of the lot or the parcel and the amount of the delinquent assessment, which Statement shall be signed and acknowledged by the Secretary of the District and shall be served upon the owner by ordinary mail, at the address of the lot, parcel, or at such other address as the District may have in its records for the owner thereof. Upon the expiration of not less than ten (10) days after mailing of such notice, the District may proceed to foreclose the

Statement of Lien in the same manner as provided for the foreclosure of mortgages on real property. The District shall be entitled to recover as a part of any action (whether a foreclosure action or a personal action) the full amount of all delinquent assessments, together with interest, late charges, costs and expenses of suit, including without limitation its reasonable attorney fees incurred.

The District's rights in the event of a violation of the restrictions on outside water usage provided herein are in addition to any remedy allowed by law or otherwise prescribed in the Rules and Regulations of the District. Without limiting the generality of the foregoing, the District shall have the additional and further right to suspend potable water service and/or raw water irrigation service to any lot owner or user upon not less than ten (10) days advance written notice, pending the correction of any violation or delinquency.

- C. Repair of Raw Water Service Lines: Any excavation or repair work on raw water service lines shall be governed by and completed in accordance with the reasonable engineering requirements and specifications of the District and is subject to the observation, inspection, and approval of the District Engineer. Any party proposing to undertake excavation or repair work on a raw water service line shall notify the Mid Valley Metropolitan District of that intent at least twenty-four (24) hours prior to the start of the work in order to give the District the opportunity to observe. No excavation of or repair to raw water service lines shall be completed and covered until the District is notified and given a reasonable opportunity to inspect the work.
 - D. Covenant Modifications: The covenant provisions regarding raw water irrigation cannot be revoked, amended or modified without the District's consent and approval.
- 11.14 NO WASTE OR MISUSE: Raw water Customers shall not waste or misuse the District's raw water. If the Board of Directors determines that waste or misuse has occurred, the offending Customer shall be charged in arrears for the twenty-five percent (25%) water tap fee reduction provided to the Customer or building permit applicant. In addition, the Board of Directors may impose a reasonable penalty for waste or misuse in an amount to be determined on a case by case basis. No Customer shall use the District's raw water off of the Customer's property to which it is appurtenant.
- 11.15 WATER RIGHT DEDICATION REQUIREMENTS: A dedication or transfer to the District of direct flow water rights to be used for raw water irrigation on property to be served by the District shall be required prior to the District extending potable water service to the property. When making such a water rights dedication, the party shall comply with the terms of this Section, as well as Article X of the District's Rules and Regulations.
- A. Subject to subsection (B) below, the basic dedication requirement for raw water shall be in accordance with Sections II(D)(1) and (2) of the EQR Schedule in Appendix A, as applicable, or the quantity of water that ultimately will be required to satisfy the use or uses contemplated by the Developer or User. If a party required to dedicate water pursuant to this Section can establish by a preponderance of the evidence that his or her actual use will be less than that calculated under the EQR Schedule, that party shall only be required to dedicate the lesser amount.

- B. Sufficient water rights shall be dedicated so as to enable the District to divert, at any point of diversion that it may determine, a quantity of water adequate to provide a total consumptive use by the District of the quantities of water calculated under subsection (A) hereof.
- C. The person seeking approval for inclusion, resubdivision, replatting, or the extension of potable water service outside of the District, whether or not that person will be the ultimate user of the raw water system, shall be required to satisfy the basic raw water dedication requirement.

11.16 APPLICABILITY OF DISTRICT RULES AND REGULATIONS: Except where expressly noted otherwise, all references to “water” in these Rules and Regulations shall apply to “potable water” only. However, the following provisions, policies, requirements, and procedures shall apply with equal force to both potable water and raw water regardless of what term is used:

- Section 1.02 Purpose
- Article III Ownership and Operation of Facilities (applies in its entirety)
- Section 4.02 Protection from Damage; Violations of Rules and Regulations
- Section 4.08 Water Use Restrictions
- Section 6.03 Application for Water and/or Sewer Service
- Section 6.04 Denial of Application for Service
- Section 6.05 Change in Customer Service
- Section 7.15 Unauthorized Use or Connections
- Section 7.16 Revocation of Service
- Article VIII Main Line Extensions (applies in its entirety)
- Article IX Line Extension Fees and Reimbursements (applies in its entirety)
- Article X Dedications (applies in its entirety except where directly contradicted by any provisions of Article XI)